

Small Cap Opportunity Fund

Market Overview

The outperformance of US small cap stocks in the third quarter served as a good reminder that the small cap premium—though it has fallen out of favor from time to time over the past 100 years or so—has persevered over the long term.

Down more than 20% for the year to date through early April, the Russell 2000 Index has since rallied nearly 40% off its 2025 lows, including a 12.4% gain in the third quarter. The Russell 2500 Index, which advanced 9.0% in the quarter, has followed a similar trajectory. Both outpaced the 8.1% move in the S&P 500 Index, which is notable given the chronic underperformance of smaller stocks since the financial crisis.¹

Can Improving Fundamentals Help Right the Ship?

We've repeatedly highlighted in our commentaries the attractive market valuations to be found among smaller stocks, and valuations generally remain cheap despite the recent market appreciation—if not quite as cheap as they were a year ago. However, for the current rally to persist—and for the third quarter to represent the beginning of a transition toward a more normal relationship between small and large cap stock performance—small company fundamentals have to cooperate.

Fortunately, we have started to see just that, with significant improvements evident in small cap earnings and revenue on both an absolute basis and relative to large caps. Amid a backdrop of 3.8% GDP growth and manageable inflation, Russell 2000 second quarter earnings growth came in at nearly 72% year over year, and estimates call for another 40%-plus expansion in the third quarter when reports start trickling out in the coming weeks. S&P 500 earnings growth, in contrast, was a relatively pedestrian 13.8% in the second quarter and is expected to slow into the single digits in the third. Similarly, small cap revenue growth is forecast to improve over the next several quarters and ultimately surpass that of large cap stocks.²

Many of the businesses in our universe are also benefiting from interest rate trends this year, as floating-rate debt is a far more common source of financing among smaller companies than large. After peaking at about 4.8% in January, the 10-year US Treasury ended September closer to 4.2%, a decline that represents real, hard-dollar savings for any company carrying variable-rate debt. Should rates continue to fall—a possibility given that markets are currently pricing in a strong likelihood of another 50 basis points worth of cuts to the federal funds rate before year end, following September's 25 basis point cut—interest rate expense could follow suit.³

As we have noted previously, sometimes the mere cessation of selling can underpin price appreciation in smaller names, even absent meaningful changes in fundamentals. This can be particularly beneficial for investors who take advantage of indiscriminate selling pressure to reposition their portfolios into higher-quality names, as we sought to do through the tariff-induced market volatility earlier this year. Once buying resumes, it doesn't take massive inflows to significantly move markets; with an aggregate market capitalization less than that of artificial intelligence (AI) highflyer Nvidia,⁴ for example, even moderate flows into the small cap space can have a meaningful impact on overall prices and drive large portfolio gains.

Speaking of Nvidia, certain sectors of smaller stocks are benefitting from the same massive AI spending that has boosted the California-based chipmaker and other megacaps—but in a more indirect, “pick-and-shovel” sort of way. This includes companies involved in such disparate lines of business as producing the steel rebar used to construct massive AI data centers, servicing the turbines that generate their needed electricity, installing the systems that help optimize their power consumption, and manufacturing the cables that link everything together. One advantage of these types of companies relative to those with an AI focus is that they are able to easily scale existing assets to tap into new customer opportunities; that is, they can produce more revenue on their existing asset base by increasing unit volumes, often without the need for investments in research and design or pricey capacity buildouts. Unlocking such opportunities generally translates into better margins—and better stock performance.

Nothing Lasts Forever

So, are we nearing the end of the era of large cap dominance? While we're hopeful that performance dynamics return to historical trends, the future is uncertain, and there are a host of risks that could drag down stocks of all capitalizations. We'll stay focused on what we can control: trying to ensure our portfolio is cheaper than the market and that it is well positioned for upside should small stocks continue to climb.

1. Source: FactSet; data as of September 30, 2025.
2. Source: LSEG I/B/E/S; data as of October 3, 2025.
3. Source: CME FedWatch; data as of October 9, 2025.
4. Source: Bloomberg; data as of September 30, 2025.

Portfolio Review

Small Cap Opportunity Fund A Shares (without sales charge*) posted a return of 13.00% in third quarter 2025. Industrials, information technology and materials were the leading contributors among equity sectors; communication services was the only detractor and utilities and consumer staples also lagged. The Fund outperformed the Russell 2000 Value Index in the period.

Leading contributors in the First Eagle Small Cap Opportunity Fund this quarter included Coeur Mining, Inc., Ameresco, Inc. Class A, CECO Environmental Corp., Hecla Mining Company and Performant Healthcare, Inc.

Coeur Mining is a precious metals mining company with a focus on gold and silver. The company reported strong results for its most recent quarter, driven by production growth and cost controls from the recent expansion of its Rochester mine, as well as higher gold and silver prices. Coeur also generated record free cash flow during the quarter, which it used to reduce debt and fund stock repurchases.

Ameresco is a clean-tech integrator and renewable energy company leveraging smart technology to help governments and commercial and industrial clients decarbonize and build energy resilience throughout North America and Europe. The company reported better-than-expected results for its most recent quarter, easing concerns that the Trump administration's focus on federal budget cuts and less environmentally friendly policies could lead to contract cancellations. With a suite of solutions that lower energy and operational expenses for its customers, we think Ameresco appears well positioned for secular success despite the potential headwind from federal budgets.

CECO Environmental provides pumps, valves and water-flow products and systems for industrial air, industrial water and energy transition markets. The company reported better-than-expected results for its most recent quarter and raised its forward guidance. CECO is seeing strong demand across key growth segments—including power generation to meet the needs of new data centers—as well as spending on energy infrastructure and industrial reshoring.

Hecla Mining is the largest producer of silver in the US and Canada. The company reported better-than-expected earnings for its most recent quarter, with record revenue and free cash flow from higher production volume, good control costs and higher commodity prices. Hecla has been using free cash flow to reduce debt. We think the company is a high-quality operator, and we like Hecla's focus on strengthening its balance sheet.

Performant Healthcare provides auditing services to insurance, government health programs and other healthcare payers. During the quarter, the company entered into an agreement to be acquired by Machinify, another healthcare payment integrity platform firm, at an attractive valuation to its market valuation in an all-cash transaction.

The leading detractors in the quarter were FTAI Infrastructure Inc., Portillo's, Inc. Class A, Tronox Holdings Plc, Intrepid Potash, Inc. and Goodyear Tire & Rubber Company.

FTAI Infrastructure owns and develops the transportation and energy infrastructure assets—including high-quality rail-port, short-line rail and power-generation properties—formerly owned and managed by Fortress Investment Group. Shares were down because of consternation over the complicated financing structure for FTAI's acquisition of the Wheeling & Lake Erie Railway. This transaction could ultimately be transformational for FTAI by deleveraging the balance sheet once outlined synergies have been realized.

Portillo's is a fast-casual restaurant chain specializing in Chicago-style street food. Shares traded down on reduced financial guidance and weaker than expected results from new locations, prompting our exit from the position.

Tronox produces titanium dioxide pigment to brighten and strengthen paints, coatings and other products. Protracted oversupply, competitive developments from China and the company's inability to restructure its overleveraged balance sheet triggered our sale of this holding.

Intrepid Potash is the only US producer of potash, with assets in Utah and New Mexico. The company reported positive results for the quarter, but a lower production outlook and broader concern about global oversupply pressured shares. With a rich, long-lived asset base, Intrepid is well positioned to benefit from its focus on the strategic importance of domestic production of potash to ensure fertilizer/ food security.

Goodyear manufactures tires globally for a wide range of vehicles and machinery. Sales and margins were pressured during the quarter by soft demand from original equipment manufacturers, pricing pressure from low-cost competitors and higher raw material costs. We continue to regard Goodyear as an attractive asset play poised for a comprehensive turnaround, through both improved operational efficiencies and portfolio rationalization.

We appreciate your confidence and thank you for your support.

Sincerely,

First Eagle Investments

* Performance for Class A shares without the effect of sales charges and assumes all distributions have been reinvested, and if a sales charge was included values would be lower.

Trailing Returns

Data as of 30-Sep-2025

	Calendar YTD	1 Year	3 Years	Inception	Gross Expense Ratio ¹	Net Expense Ratio	Fund Inception Date
First Eagle Small Cap Opportunity Fund Class A (FESAX) w/o load	11.14%	9.23%	15.45%	3.40%	1.28%	1.26%	Jul 1, 2021
First Eagle Small Cap Opportunity Fund Class A (FESAX) w/ load	5.62%	3.77%	13.48%	2.16%	1.28%	1.26%	Jul 1, 2021
First Eagle Small Cap Opportunity Fund Class I (FESCX)	11.40%	9.52%	15.75%	4.22%	1.07%	1.01%	Apr 27, 2021
First Eagle Small Cap Opportunity Fund Class R6 (FESRX)	11.39%	9.62%	15.78%	3.67%	1.01%	1.01%	Jul 1, 2021
Russell 2000 Value Index ²	9.04%	7.88%	13.56%	4.01%			
Russell 2000 Index	10.39%	10.76%	15.21%	2.73%			

The performance data quoted herein represents past performance and does not guarantee future results. Market volatility can dramatically impact the fund's short term performance. Current performance may be lower or higher than figures shown. The investment return and principal value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Past performance data through the most recent month end is available at www.firsteagle.com or by calling 800-334-2143. "With load" performance for Class A Shares gives effect to the deduction of the maximum sales charge of 5.00%. Class I Shares require \$1mm minimum investment, and are offered without sales charge. Class R6 is offered without sales charge.

1. First Eagle Investment Management, LLC (the "Adviser") has contractually agreed to waive and/or reimburse certain fees and expenses of Classes A, I and R6 so that the total annual operating expenses (excluding interest, taxes, brokerage commissions, acquired fund fees and expenses, dividend and interest expenses relating to short sales, and extraordinary expenses, if any) ("annual operating expenses") of each class are limited to 1.25%, 1.00% and 1.00% of average net assets, respectively. Each of these undertakings lasts until 28-Feb-2026 and may not be terminated during its term without the consent of the Board of Trustees. The Fund has agreed that each of Classes A, I and R6 will repay the Adviser for fees and expenses waived or reimbursed for the class provided that repayment does not cause annual operating expenses (after the repayment is taken into account) to exceed the lesser of: (1) 1.25%, 1.00% and 1.00% of the class' average net assets, respectively; or (2) if applicable, the then-current expense limitations. Any such repayment must be made within three years after the year in which the Adviser incurred the expense.

2. Primary index.

Investments are not FDIC insured or bank guaranteed and may lose value.

The annual expense ratio is based on expenses incurred by the Fund, as stated in the most recent prospectus.

Risks

All investments involve the risk of loss of principal.

Diversification does not guarantee investment returns and does not eliminate the risk of loss.

There are risks associated with investing in **foreign investments (including depository receipts)**. Foreign investments, which can be denominated in foreign currencies, are susceptible to less politically, economically and socially stable environments, fluctuations in the value of foreign currency and exchange rates, and adverse changes to government regulations. The **value and liquidity of portfolio holdings may fluctuate** in response to events specific to the companies or markets, as well as economic, political or social events in the United States or abroad. During periods of market volatility, the value of individual securities and other investments at times may decline significantly and rapidly. The securities of small and micro-size companies can be more volatile in price than those of larger companies and may be more difficult or expensive to trade. A principal risk of investing in **value stocks** is that the price of the security may not approach its anticipated value or may decline in value. "Value" investments, as a category, or entire industries or sectors associated with such investments, may lose favor with investors as compared to those that are more "growth" oriented. Strategies whose investments are **concentrated in a specific industry or sector** may be subject to a higher degree of risk than funds whose investments are diversified and may not be suitable for all investors.

Definitions

Federal funds rate is the interest rate at which depository institutions (banks and credit unions) lend reserve balances to other depository institutions overnight on an uncollateralized basis. **Gross domestic product (GDP)** measures the total value of all economic output in goods and services for an economy. A **floating interest rate** adjusts periodically based on movements in an underlying reference

Russell 2000® Value Index (Gross/Total) measures the performance of the small cap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (two-year) growth and lower sales per share historical growth (five-year). A total-return index tracks price changes and reinvestment of distribution income. **Russell 2000® Index** (Gross/Total) measures the performance of the small-cap segment of the US equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. A total-return index tracks price changes and reinvestment of distribution income. **Russell 2500™ Index** (Gross/Total) measures the performance of the small to midcap segment of the US equity universe, commonly referred to as "smid" cap. It includes approximately 2,500 of the smallest securities in the Russell 3000® based on a combination of their market cap and current index membership. A total-return index tracks price changes and reinvestment of distribution income. **S&P 500 Index** (Gross/Total) is a widely recognized unmanaged index including a representative sample of 500 leading companies in leading sectors of the US economy. Although the S&P 500 Index focuses on the large cap segment of the market, with approximately 80% coverage of US equities, it is also considered a proxy for the total market. The S&P 500 Index includes dividends reinvested. A total return index tracks price changes and reinvestment of distribution income.

Indexes are unmanaged and do not incur management fees or other operating expenses. One cannot invest directly in an index.

The holdings mentioned herein represent the following total assets of the First Eagle Small Cap Opportunity Fund as of 30-Sep-2025: Coeur Mining, Inc. 1.57%; Ameresco, Inc. Class A 1.21%; CECO Environmental Corp. 1.12%; Hecla Mining Company 1.07%; Performant Healthcare, Inc. 0.27%; FTAI Infrastructure Inc. 0.48%; Portillo's, Inc. Class A 0.00%; Tronox Holdings Plc 0.00%; Intrepid Potash, Inc. 0.42%; Goodyear Tire & Rubber Company 0.28%.

Additional Disclosures

The commentary represents the opinion of the Small Cap team as of the date noted. The opinions expressed are not necessarily those of the firm. These materials are provided for informational purposes only. These opinions are not intended to be a forecast of future events, a guarantee of future results or investment advice. Any statistics contained herein have been obtained from sources believed to be reliable, but the accuracy of this information cannot be guaranteed. The views expressed herein may change at any time subsequent to the date of issue hereof. The information provided is not to be construed as a recommendation or an offer to buy, hold or sell or the solicitation of an offer to buy or sell any fund or security. The Fund's portfolio is actively managed and holdings can change at any time. Current and future portfolio holdings are subject to risk.

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Investors should consider investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about our funds and may be viewed at www.firsteagle.com. You may also request printed copies by calling us at 800-747-2008. Please read our prospectus carefully before investing.

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