

Small Cap Opportunity Fund

Market Overview

Risk assets preserved 2025's positive momentum in the early stages of 2026 before the war with Iran ultimately weighed on investor confidence. Throughout the period's volatility, however, the outperformance of smaller stocks relative to large ones was a constant.

Though well off its early-quarter peak, the Russell 2000 Index managed to eke out a gain of 0.9% compared to the 4.3% decline of the S&P 500 Index. The Russell 2000 Value Index was even more robust, with a 5.0% advance.¹

Only the Beginning?

The strong rally in smaller stocks this quarter—with growth lagging value across capitalizations—reminds us that an awakening beast can roar. Despite this recent show of strength, however, it's perhaps too soon to take a victory lap. Longer-term performance trends remain skewed toward large growth names, with the relative performance of small caps still near previous cyclical troughs. While encouraged by the three-year string of annual gains for smaller stocks and their resilience through the challenges of first quarter 2026, there's still plenty of catching up to do given the long run of large caps.²

While the war with Iran may have prompted what appears to be the largest ever physical supply disruption to world oil markets and potentially stymied economic growth, which triggered higher inflation and dampened future earnings growth, we remain constructive on the outlook for small cap stocks. Although geopolitical disruptions may spur management to defer guidance on upcoming quarterly earnings calls, continued strong growth may be in prospect. Published forecasts reflect 73% earnings growth for the Russell 2000 in 2026 and 35% in 2027 compared to 19% and 17%, respectively, for the S&P 500. Small cap revenue growth, too, is forecast to improve over the next several quarters.³

Meanwhile, higher energy prices—and the war itself—have created direct beneficiaries. Research indicates providers to oil servicers and chemical processors are well positioned, as are companies with upside exposure to higher chemical, fertilizer and metals prices. Suppliers to defense contractors may also benefit.

While broader tailwinds from low energy prices may be curtailed by the war, at least temporarily, aggressive capex—including for artificial intelligence (AI) infrastructure—could provide an offset. Although software companies at risk of disintermediation have suffered, small

cap tech companies supporting the AI-infrastructure build—with very little additional spending needed for research and development—are positioned to flourish. Additionally, semiconductor and semiconductor capital equipment companies are finally reaping the rewards of a long-awaited upturn in the cycle.

The 175 basis point cut in the federal funds rate since September 2024 is generally supportive of small company earnings. Smaller companies tend to be more reliant on short-term, floating-rate debt than large cap names; thus, lower rates provide companies carrying variable-rate debt with hard-dollar savings. Having started 2026 with a dovish tilt—with futures markets then discounting two 25 basis point cuts across the year—the subsequent prospect of oil-shock induced inflation has altered expectations. Absent much tighter financial conditions or substantial deterioration in labor markets, Federal Reserve rate cuts in 2026 may be challenging. That said, even without further dovish action by the Fed in 2026, rates are still substantially lower than in 2022.

While uncertain macroeconomic environments—and resultant volatile markets—can discourage capital markets activity, initial public offerings (IPOs) this year may nonetheless be robust. Last year is a case in point; deal activity rebounded in 2025, despite tariff volatility and a government shutdown. And despite the challenges of first quarter 2026, 127 companies went public.⁴

This year, a still-vigorous pipeline awaits. Aside from the backlog of mature, high-profile companies, many private equity firms have held smaller portfolio companies longer than optimal, creating pressure to exit and return capital to investors. Additionally, companies that postponed IPOs due to government shutdowns could re-emerge—facilitated by a benign regulatory environment—focused on increased capital access and reduced compliance burdens.⁵

Earnings as the Ultimate Arbiter

While fully acknowledging that the valuation gap between smaller company stocks and large could persist for some time before the market recognizes the discrepancy, we believe that solid fundamentals—underpinned by earnings—may ultimately prevail.

Volatility, always prevalent in small cap markets, has increased since the war in Iran. But along with volatility may come opportunity to buy and sell at sometimes distorted valuations. Seasoned through multiple cycles, we continue to do what we've always done: keep our focus on the spreadsheets to understand each company's earnings power. We then watch and wait for rational entry and exit prices, targeting a portfolio that is cheaper than the market and well positioned for upside.

1. Source: FactSet; data as of March 31, 2026.

2. Source: Bloomberg; data as of March 31, 2026.

3. Source: LSEG I/B/E/S; data as of April 10, 2026.

4. Source: Wall Street Horizon; data as of March 31, 2026.

5. Source: Cleary Market Watch; data as of February 5, 2026.

Portfolio Review

Small Cap Opportunity Fund A Shares (without sales charge*) posted a return of 5.96% in first quarter 2026. Information technology, energy and industrials were the leading contributors among equity sectors; healthcare, communication services and financials were the largest detractors. The Fund outperformed the Russell 2000 Value Index in the period.

Leading contributors in the First Eagle Small Cap Opportunity Fund this quarter included Ultra Clean Holdings, Inc., Oil States International, Inc., Lincoln Educational Services Corporation, Advanced Energy Industries, Inc. and FormFactor, Inc.

Ultra Clean develops and supplies components, parts and subsystems for ultra-high-purity cleaning and analytical services for the semiconductor industry. Shares were strong as sustained demand for AI and data centers fueled confidence in the semiconductor upcycle. Beyond strong demand, Ultra further benefited from a mix shift toward increased chip complexity. Future success may hinge on continued growth in AI and memory spending, high-capacity utilization and a multiyear semiconductor cycle.

Houston-based Oil States provides equipment and services to the oil and natural gas industry, focusing on shale basins in the US and deepwater/offshore developments internationally. Shares rallied on very strong bookings during the quarter and improved operator-empowered solutions and services inside the wellbore. We value the company's reduced cash spend on land businesses in favor of focusing on offshore opportunities.

Lincoln Educational provides career-oriented post-secondary education for automotive technology, HVAC, electrical, welding and healthcare with 22 campuses in 12 states. Interest in and demand for Lincoln's programs has been heightened by structural shortages of skilled labor, increased infrastructure and energy investment and rising interest in alternatives to traditional four-year degrees given broader questions about the longer-term impact of AI on white-collar jobs. Organic expansion at existing campuses, contributions from new campuses, and program replications have improved campus utilization, underpinning higher operating leverage and margin expansion.

Advanced Energy Industries designs and manufactures highly engineered equipment for the conversion, measurement and control of electrical power into high-performance energy. Applications include semiconductor manufacturing, data-center computing, industrial production and medical equipment. Continued capex for AI data-center builds—now extended beyond just a handful of hyperscalers—has underpinned sustained demand for Advanced Energy's established products, with very little additional spend needed for product development. The company has also benefited from the upcycle in semiconductors.

FormFactor designs and manufactures testing and measurement equipment, with an emphasis on probe cards that allow chipmakers to test products at the wafer level before they are packaged and installed in devices like cell phones. The company delivered strong results during the quarter as demand for denser and more complex chips increased

the level and complexity of testing in advanced packaging, high-performance computer and data centers. Formfactor has gained share across all three producers of memory chips, while better yields, cycle times and throughput—combined with lower costs—have underpinned expanded margins.

The leading detractors in the quarter were Vital Farms, Inc., Alphatec Holdings, Inc., Beta Bionics, Inc., SI-BONE, Inc. and Herc Holdings, Inc.

Vital Farms produces and sells pasture-raised eggs from humanely bred chickens through a network of small, family-owned farms. The company reported weaker-than-expected results for its most recent quarter and provided disappointing guidance. We believe the company's long-term growth targets are intact and that its valuation is very attractive for a premium-branded food company.

Alphatec develops surgical tools, implants and biologics for the treatment of spinal disorders. The company reported better-than-expected results for its most recent quarter and reaffirmed its forward guidance. However, shares traded down after a large competitor reported an acceleration in its spine business, which raised concerns about Alphatec's ability sustain market share growth. We continue to believe that the company is on track to achieve its 2027 growth goals.

Beta Bionics manufactures automated insulin pumps for diabetes care. During the quarter, the stock declined following weaker than expected growth in new patients and a warning letter from the Food and Drug Administration (FDA) citing a number of violations related to its internal reporting process. The broader decline in healthcare stocks was also a headwind. While we continue to believe that company's long-term growth to simplify diabetes care and provide better patient outcomes, we exited the position as part of our approach to tax management with a potential to revisit as the company progresses.

SI-BONE designs and sells implants and surgical instruments that address musculoskeletal disorders, with a focus on the pelvic region, to treat lower back pain. The company's fundamentals have been steady with strong sales growth, but its stock traded down alongside the broader decline in healthcare stocks. We continue to like the strong adoption rates of SI-BONE's products and the productivity of its sales and distribution teams.

Herc is one of the largest equipment-rental companies in North America and was spun off from auto rental company Hertz in 2016. The company provides vehicles and equipment across 2,000 categories, with a core fleet in aeriels, material handling, earthmoving equipment and other items like tools and trucks. Herc reported better-than-expected earnings for its most recent quarter, but its sales and forward guidance both disappointed. The company completed its acquisition of H&E Equipment Services in 2025, and we believe it is well positioned to improve utilization through its expanded fleet within certain segments of non-residential construction, like data centers and infrastructure.

* 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 31-Mar-2026

	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	5.96%	32.49%	11.74%	4.67%	1.24%	1.24%	Jul 1, 2021
First Eagle Small Cap Opportunity Fund Class A (FESAX) w/ load	0.66%	25.88%	9.86%	3.55%	1.24%	1.24%	Jul 1, 2021
First Eagle Small Cap Opportunity Fund Class I (FESCX)	6.03%	32.87%	12.04%	5.39%	1.03%	1.00%	Apr 27, 2021
First Eagle Small Cap Opportunity Fund Class R6 (FESRX)	6.02%	32.94%	12.06%	4.96%	0.93%	0.93%	Jul 1, 2021
Russell 2000 Value Index ²	4.96%	28.09%	13.80%	5.29%	0.93%	0.93%	-
Russell 2000 Index	0.89%	25.72%	13.05%	3.09%	0.93%	0.93%	-

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-2027 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.

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. 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. 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. Funds 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.

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 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. **S&P 500 Index** (Gross/Total) measures the performance of 500 of the top companies in the leading industries of the US economy and is widely recognized as a proxy for the US market as a whole. 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 03/31/2026: Ultra Clean Holdings, Inc. 1.17%; Oil States International, Inc. 1.08%; Lincoln Educational Services Corporation 1.29%; Advanced Energy Industries, Inc. 1.21%; FormFactor, Inc. 0.88%; Vital Farms, Inc. 0.34%; Alphatec Holdings, Inc. 0.34%; Beta Bionics, Inc. 0.11%; SI-BONE, Inc. 0.36%; Herc Holdings, Inc. 0.43%.

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.

The Fund may invest in gold and precious metals through investment in a wholly-owned subsidiary of the Fund organized under the laws of the Cayman Islands (the "Subsidiary"). Gold Bullion and commodities include the Fund's investment in the Subsidiary.

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.

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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 obtained by visiting our website at www.firsteagle.com or calling us at 800-334-2143. The prospectus or summary prospectus should be read carefully before investing.

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