High Yield Municipal Fund*

Market Overview

While risk appetites in general remained intact during first quarter 2024, interest rates retraced some of their late-2023 rally. Municipal bonds—and high yield municipal bonds, in particular—performed quite well amidst the rising-rate backdrop. The S&P Municipal Bond High Yield Index's gain of 2.5% handily outpaced the S&P Municipal Bond Index's 0.1% decline. The S&P Short Duration Municipal Yield Index split the difference, advancing 1.3%.[1]

Current Dynamics Are Supportive of Munis

The combination of robust economic activity and sticky but somewhat manageable inflation during the quarter appeared to fuel hopes that a soft landing was not only possible but also likely, and would require only limited Federal Reserve policy intervention to achieve. Futures markets recalibrated their expectations for the number and magnitude of 2024 rate cuts, going from six cuts totaling 150 basis points in January to only three for 75 basis points by quarter end.[2] The outlook grew more hazy in early April, however, as a hot inflation print for March threatened to derail the 2024 rate cuts that both the market and the central bank appear to want.

In an environment not terribly supportive of fixed rate assets, munis in general comported themselves well and high yield munis surged. It's been our observation that market technicals tend to be particularly impactful on muni performance in the short term; indeed, supportive supply/demand dynamics bolstered muni returns in the first quarter. After shedding considerable assets for the past two calendar years, muni bond mutual funds saw strong inflows to start 2024. Muni funds attracted nearly $8 billion year to date through February, with high yield-focused portfolios garnering about 40% of the flows.[3] While this is encouraging, we'd caution that demand also started strong in 2023 before fading as the year progressed.

Issuance, too, may be poised for a turnaround after two years of declining net supply. First quarter issuance of about $100 billion was a 25% improvement relative to the same period in 2023, and two-thirds of this amount represented new money.[4] We think this trend has the potential to persist. Municipal coffers generally are well funded following years of federal-level support and the tax-revenue snapback that accompanied post-Covid economic reopenings, while the volatile interest rate environment further disincentivized taking on additional debt. Waning federal support for state and local governments combined with what could be peak policy rates seem likely to pique the interest of potential issuers. And while the imbalance between supply and demand has helped bolster prices in recent years, we think there is sufficient pent-up demand for muni bonds to absorb any uptick in issuance—particularly with both absolute and tax equivalent yields at levels such high levels.

Fundamentally, the municipal market remains robust. Unlike the US federal government, the fiscal positions of state and local governments are strong overall. Total financial assets for state and local governments ended 2023 at an all-time nominal high, and expenditures, while above trend, have begun to moderate.[5] Municipal bond defaults are far less common than defaults by corporate issuers—muni issuers have multiple levers that can be pulled to help service their debt, including tax increases, spending cuts and drawing on reserves—and current fiscal dynamics should help support historically low default rates as well as high recovery rates in the event of default.

How Soon Is Now?

We believe current conditions in the municipal bond market—marked by elevated yields, favorable technicals and healthy fundamentals—help support putting money to work in fixed-rate, tax-exempt bonds.[6] Longer-dated issues may be particularly attractive at the moment, offering the opportunity to lock in yields not seen in many years.

While we are constructive on the municipal market as a whole, we believe there are a number of unloved, overlooked or contrarian sectors in which fundamental, research-driven managers can uncover particularly attractive investment opportunities. With about $4 trillion distributed across more than one million distinct

1. Source: FactSet; data as of March 31, 2024.
2. Source: Bloomberg World Interest Rate Probabilities; data as of April 3, 2024.
3. Source: Morningstar; data as of March 20, 2024.
4. Source: SIFMA; data as of March 31, 2024.
5. Source: Federal Reserve; data as of December 31, 2023.
6. Source: CME Group; data as of March 20, 2024.

* The First Eagle High Yield Municipal Fund was known as the First Eagle High Income Fund prior to December 27, 2023.

municipal bonds and 50,000 issuers, the municipal bond market is large but highly fragmented, which historically has resulted in pricing inefficiencies and opportunities for skilled active investors to add value.[7] Through rigorous underwriting we seek to uncover what we consider hidden gems that are well-managed and well-positioned in their markets while offering favorable yields and dollar prices that we believe have the potential to compensate over the long term. As we ramp up our portfolios, we are looking to both the new issue and secondary markets for such opportunities.

7. Source: Securities Industry and Financial Markets Association; data as of March 30, 2023.

Portfolio Review

High Yield Municipal Fund A Shares (without sales charge*) posted a return of 4.20% in first quarter 2024. The Fund outperformed the S&P Municipal Yield Index in the period.

Leading contributors in the First Eagle High Yield Municipal Fund this quarter included Sanctuary LTC LLC, Lifespace Communities Inc Obligated Group, Hidalgo County Regional Mobility Authority, Brightline Trains Florida LLC and California Community Housing Agency Creekwood Apartments.

Sanctuary and Lifespace own and operate nonprofit lifecare facilities, a sector that seems to have fallen out of favor with the market in recent years. Given their need to constantly maintain and improve their facilities in order to maintain high occupancy levels, operators of nursing homes and continuing care retirement communities tend to be highly levered with limited equity cushions in their capital structures. The Covid-19 pandemic presented additional challenges to these businesses, ranging from unstable patient/resident levels to spiking nursing costs, and many are still working through the fallout. Selective credit work has presented opportunities to acquire the bonds of what we believe to be quality lifecare operators at very high yields and low dollar prices. This includes Sanctuary and Lifespace, both of which maintain diversified portfolios of facilities in attractive markets and have demonstrated the ability to consistently meet their debt-coverage targets.

Unlike healthcare, toll-road development deals in general have been popular among investors in recent years, and it's been difficult to source investments in this space offering what we view to be sufficient yields. The bonds issued by the Hidalgo County RMA are helping redevelop a corridor in this southern Texas county along the Mexico border, and are backed by revenues generated by both toll payments and vehicle registration fees. In addition to an attractive yield, we believe this offering taps into the general trend toward re-shoring Asian production to North America and the increased logistics and transportation needs that is accompanying it. While there's still construction risk as the roadway is being built, we believe that is mitigated in part by the counterparties involved, including the Texas Department of Transportation.

The leading detractors in the quarter were Buckeye Tobacco Settlement Financing Authority, Rider University A New Jersey Non-Profit Corp , Southeastern Regional Medical Center Obligated Group, Knox College/Illinois and UNC Health Appalachian Obligated Group .

A settlement of lawsuits filed against tobacco manufacturers by state attorneys general in the mid-1990s resulted in the creation of a Tobacco Master Settlement Agreement (MSA) into which manufacturers are required to make annual payments in perpetuity. A number of states—including Ohio, through the Buckeye Tobacco Settlement Financing Authority—issued bonds backed by their expected future payment stream from the MSA.

Bonds issued to support Rider University were downgraded by Moody's during the quarter, their fourth downgrade since 2020, but we believe recent cost-cutting and enrollment trends bode well for this credit going forward.

Hospitals generally appear to be unloved by the market in recent years. Networks were forced to defer high-margin elective procedures in favor of less-profitable pandemic care during the peak of the Covid outbreak, and surging wage inflation ate into margins once volumes began to normalize. We believe hospital operators are rebounding at different rates, and the inefficiency of the hospital sector of the bond market has presented opportunities to invest in what we believe to be improving credit stories before they are recognized by the market. This includes Southeastern Regional Medical Center, which operates in North Carolina.

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.

Average Annual Returns

Data as of 31-Mar-2024

	New Strategy (YTD)[1]	1 Year	5 Years	10 Years	Since Inception	Gross Expense Ratio[2]	Net Expense Ratio	Adjusted Expense Ratio[3]	Fund Inception Date[4]
Class A (FEHAX) w/o load	4.20%	10.38%	3.68%	3.12%	4.36%	1.53%	1.25%	0.85%	Jan 3, 2012
Class A (FEHAX) w/ load	-0.46%	5.36%	2.72%	2.65%	3.97%	1.53%	1.25%	0.85%	Jan 3, 2012
Class C (FEHCX)	3.15%	8.57%	2.93%	2.37%	3.58%	2.28%	2.00%	1.60%	Jan 3, 2012
Class I (FEHIX)	4.37%	10.62%	3.97%	3.42%	6.67%	1.28%	1.00%	0.60%	Nov 19, 2007
Class R6 (FEHRX)	4.54%	10.80%	4.03%	-	3.79%	1.28%	1.00%	0.60%	Mar 1, 2017
S&P Municipal Yield Index	1.95%	7.80%	3.00%	4.48%	4.52%	-	-	-	-

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. The average annual returns are historical and reflect changes in share price, reinvested dividends and are net of expenses. "With sales charge" performance for class A shares gives effect to the deduction of the maximum sales charge of 2.50%. The average annual returns for Class C shares reflect a CDSC (contingent deferred sales charge) of 1.00% in the year-to-date and first year only. Class I shares require $1MM minimum investment and are offered without sales charge. Class R6 shares are offered without sales charge. Operating expenses reflect the Fund's total annual operating expenses for the share class of the Fund's most current prospectus, including management fees and other expenses.

1. John Miller started as lead portfolio manager of the Fund beginning 2-Jan-2024.
2. First Eagle Investment Management, LLC (the "Adviser") has contractually agreed to waive and/ or reimburse certain fees and expenses of Classes A, C, I, and R6 so that the total annual operating expenses (excluding interest charges on any borrowings, taxes, brokerage commissions and other expenses incurred in placing orders for the purchase and sale of securities and other investment instruments, acquired fund fees and expenses, dividend and other expenses relating to short sales, and extraordinary expenses, if any) ("annual operating expenses") of each class are limited to 0.85%, 1.60%, 0.60%, and 0.60% of average net assets, respectively. Each of these undertakings lasts until 28-Feb-2025 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, C, 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) 0.85%, 1.60%, 0.60%, and 0.60% 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. The Adviser has contractually agreed to waive its management fee for the period from 1-Nov-2023 through 30-Apr-2024. This waiver has the effect of reducing the management fee shown in the table for the term of the waiver from 0.45% to 0.00%. Any waiver that is directly attributable to the management fee for the period from 1-Nov-2023 through 30-Apr-2024 will not be repaid to the Adviser.
3. The Adjusted Expense Ratio excludes certain fees and expenses, such as interest expense and fees paid on Fund borrowings and/or interest and related expenses from inverse floaters. The Fund is currently in a "ramp-up" period, during which it may not be fully invested, and certain of these expenses may change over time.
4. Effective 27-Dec-2023, the Fund changed its name and principal investment strategy. Performance for the periods prior to 27-Dec-2023 is based on the investment strategy utilized by the Fund at those times.

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

Fee waivers were in effect for some of the periods shown. Had fees not been waived and/or expenses reimbursed, returns would have been lower.

Inception date shown for the S&P Municipal Yield Index matches the High Yield Municipal Fund Class I shares, which have the oldest since inception date for the High Yield Municipal Fund.

The Fund commenced operations in its present form on 30-Dec-2011, and is successor to another mutual fund pursuant to a reorganization 30-Dec-2011. Information prior to 30-Dec-2011 is for this predecessor fund. Immediately after the reorganization, changes in net asset value of the Class I shares were partially impacted by differences in how the Fund and the predecessor fund price portfolio securities

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

The **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. **Duration** is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. **Default Rate** measures how often a particular type of bond (categorized by issuer, sector, credit rating, etc.) or other borrower has defaulted (missed or delayed scheduled payments) over a given period of time.

Risk Disclosures

All investments involve the risk of loss of principal.

The transition of the First Eagle High Yield Municipal Fund (the "Fund") from the First Eagle High Income Fund was effected on or about December 27, 2023. There continues to be increased operational risks associated with the transition, during which the Fund has acquired new and additional trading and counterparty relationships, new and additional borrowing and leverage arrangements, and new and additional capabilities for the management of derivatives, and may require more. Beyond the inherent risks of transition and associated complexity, because some, but not all of the required or desirable operational capabilities and investment and counterparty arrangements were fully implemented prior to the effective date of the transition, until such time as that occurs, the Fund's flexibility to fully implement its new objective and strategies may continue to be limited during the transition period.

During the transition period, it is expected that the Fund will not be as invested in income-producing securities that are exempt from regular federal income taxes as will be the case once the transition is complete. As a result, a higher percentage of the Fund's dividends are expected to be ordinary dividends rather than "exempt-interest dividends" during the transitional phase.

The Fund may invest in high yield, fixed income securities that, at the time of purchase, are non-investment grade. High yield, lower rated securities involve greater price volatility and present greater risks than high rated fixed income securities. High yield securities are rated lower than investment-grade securities because there is a greater possibility that the issuer may be unable to make interest and principal payments on those securities. High yield securities involve greater risk than higher rated securities and portfolios that invest in them may be subject to greater levels of credit and liquidity risk than portfolios that do not.

Municipal bonds are subject to credit risk, interest rate risk, liquidity risk, and call risk. However, the obligations of some municipal issuers may not be enforceable through the exercise of traditional creditors' rights. The reorganization under federal bankruptcy laws of a municipal bond issuer may result in the bonds being cancelled without payment or repaid only in part, or in delays in collecting principal and interest.

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.

Funds that invest in bonds are subject to interest-rate risk and can lose principal value when interest rates rise, while they typically increase their principal values when interest rates decline. Bonds are also subject to credit risk, in which the bond issuer may fail to pay interest and principal in a timely manner, or that negative perception of the issuer's ability to make such payments may cause the price of that bond to decline.

S&P Municipal Bond Index measures the market-value-weighted performance of bonds issued by state and local municipalities in the U.S. and its territories. **S&P Short Duration Municipal Yield Index** measures the performance of high yield and investment grade municipal bonds with duration range of one to 12 years maturity. **S&P Municipal Bond High Yield Index** consists of bonds in the S&P Municipal Bond Index that are not rated or whose ratings are less than or equal to BB+ by SPGR, Ba1 by Moody's, or BB+ by Fitch Ratings. **S&P Municipal Yield Index** measures the performance of high yield and investment grade municipal bonds. Index constituents are market value-weighted and adjusted for credit rating and concentration limits.

Indices 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 High Yield Municipal Fund as of 31-Mar-2024: Sanctuary LTC LLC 3.66%; Lifespace Communities Inc Obligated Group 1.10%; Hidalgo County Regional Mobility Authority 0.66%; Brightline Trains Florida LLC 3.52%; California Community Housing Agency Creekwood Apartments 1.00%; Buckeye Tobacco Settlement Financing Authority 0.82%; Rider University A New Jersey Non-Profit Corp 1.20%; Southeastern Regional Medical Center Obligated Group 0.83%; Knox College/Illinois 0.19%; UNC Health Appalachian Obligated Group 0.19%.

The commentary represents the opinion of the High Yield Municipal Credit 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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1345 Avenue of the Americas, New York, NY 10105 | www.firsteagle.com

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