

# First Investors Funds

# First Investors Equity Income Fund

## Ticker

FIUTX (Class A)  
FIUUX (Advisor)  
FIUVX (Institutional)

## Fund Inception Date

4/1/2013  
(Advisor and Institutional Classes)  
2/22/1993  
(Class A)

## Dividend Distribution

Quarterly

## Benchmark

S&P 500 Index

## Morningstar Category

U.S. Fund Large

## Number of Holdings as of 6/30/17

157

## Portfolio Managers

Sean Reidy since 2011

## Market Overview

U.S. equities were positive again in June, posting new records and capping off a strong quarter and first half of the year. The S&P 500 Index returned 0.62% for the month of June, 3.09% for the quarter and 9.34% year-to-date. This was the seventh consecutive positive quarter for the Index.

Improving economic fundamentals across the board in the U.S. continued to be influenced by low inflation, solid employment numbers, low market volatility and strong corporate earnings which increased 14% from last year, their best growth since 2011. From a price-to-earnings perspective, the equity market is slightly rich, but dividend yields and price-to-book ratios are more reasonably priced.

Since November's U.S. presidential election, the equity market volatility has been relatively benign with the S&P 500 Index having an intra-period decline of only 3% in 2017. Over the past 20 years, market intra-calendar year declines of more than 10% have not been an uncommon occurrence. While the market is expected to continue to be positive, and there are no signs of an imminent recession, market volatility will likely increase in the near term.

## Performance Review

The First Investors Equity Income Fund finished the second quarter positive at 2.17% (Advisor class) while the S&P 500 Index returned 3.09%. Because this Fund is value focused, particularly in large-cap dividend paying equities, it has lagged the S&P 500 Index in 2017. Growth has outperformed value threefold both in the second quarter as well as year-to-date, although this trends seems to have reversed in June. Large-cap outperformed small-cap stocks for the quarter; however, the Fund benefited from a positive stock selection effect within its small-cap allocation. Within the sectors, the slight overweight to the weak energy sector was a detractor. The overall stock selection effect was negative; however the Fund experienced positive stock selection in both consumer cyclical and consumer defensive sectors. Growth style equities have seen a boost in the first five months of the year due to overall improving economic conditions, such as low unemployment, coupled with improving fundamentals and earnings which have been driving the market. Conversely, in June investors pulled back from richly valued growth stocks and value style came back into favor. If this new trend from June continues, value stocks may outperform growth stocks. The First Investors Equity Income Fund may be seen as a healthy compliment to some of the more growth-oriented equity funds.

2017 Second Quarter Fund Commentary  
**First Investors Equity Income Fund**

**Average Annual Total Return Performance as of 6/30/17 (%)**

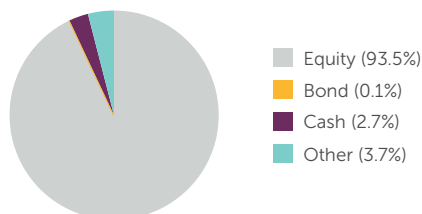
Class	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	Expense Ratio	
									Gross (5%)	Net (%)
A (without sales charge)	2.00	5.44	13.25	6.02	11.49	5.05	-	2/22/93	1.23	1.23
A (with sales charge)	-3.83	-0.66	6.74	3.94	10.17	4.43	-	2/22/93	1.23	1.23
Advisor	2.17	5.68	13.69	6.42	-	-	10.10	4/1/13	0.86	0.86
Institutional	1.77	5.61	13.68	6.43	-	-	10.19	4/1/13	0.79	0.79
S&P 500 Index	3.09	9.34	17.90	9.61	14.63	7.18	-	9/11/89		
US Fund Large Value	1.77	5.54	16.36	6.13	12.39	4.74	-	5/1/31		

Returns for periods less than one year are cumulative and not annualized.

**Calendar Year Returns as of 6/30/17 (%)**

	QTD	YTD	2016	2015	2014	2013	2012
A	2.00	5.44	12.86	-1.50	7.93	29.58	10.45
Advisor	2.17	5.68	13.20	-1.04	8.19	-	-
Institutional	1.77	5.61	13.31	-1.05	8.42	-	-
S&P 500	3.09	9.34	11.96	1.38	13.69	32.39	16.00
US Fund Large Value	1.77	5.54	14.59	-4.08	10.15	31.15	14.55

**Portfolio Allocation**



**Leading Stock Contributors**

	Contribution
Johnson & Johnson	0.17
Microsoft Corp	0.17
Phibro Animal Health Corp Class A	0.12
JPMorgan Chase & Co	0.12
Verizon Communications Inc	0.12

**Top Ten Holdings as of 6/30/17 (%)**

Holding	Industry	% of Total
Microsoft Corp.	Technology	2.30
Johnson & Johnson	Healthcare	2.20
Pfizer, Inc.	Healthcare	2.10
JPMorgan Chase & Co.	Financial Services	1.90
Wells Fargo & Co.	Financial Services	1.90
Merck & Company, Inc.	Healthcare	1.70
Cisco Systems, Inc.	Technology	1.70
Chubb Ltd.	Financial Services	1.60
Verizon Communications, Inc.	Communication Services	1.60
Philip Morris International, Inc.	Consumer Defensive	1.60

**Leading Stock Detractors**

	Contribution
General Electric Co	-0.18
Cisco Systems Inc	-0.14
Altria Group Inc	-0.13
Silicon Motion Technology Corp ADR	-0.08
Devon Energy Corp	-0.08

**Modern Portfolio Theory Statistics as of 6/30/17**

	3 Year			5 Year			10 Year		
	First Investors Equity Income A	S&P 500 Index	US Fund Large Value	First Investors Equity Income A	S&P 500 Index	US Fund Large Value	First Investors Equity Income A	S&P 500 Index	US Fund Large Value
Standard Deviation	9.49	10.35	10.42	8.91	9.56	9.64	13.97	15.21	15.51
Alpha	-2.50	0.00	-3.06	-1.63	0.00	-1.74	-1.49	0.00	-2.35
Beta	0.90	1.00	0.98	0.91	1.00	0.98	0.91	1.00	1.01
Sharpe Ratio	0.64	0.92	0.60	1.25	1.46	1.25	0.39	0.50	0.34
Information Ratio	-1.63	-	-1.33	-1.35	-	-0.90	-0.72	-	-1.13
Tracking Error	2.02	0.00	2.39	2.03	0.00	2.17	2.76	0.00	2.01
R2	96.63	100.00	94.76	95.71	100.00	94.96	97.18	100.00	98.35

The performance data quoted represents past performance. Past performance does not guarantee future results. 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. Current performance and expense ratios may be higher or lower than the data quoted. Performance of share classes will differ because each class is sold pursuant to different sales arrangements and bears different expenses. The Class A returns shown with sales charges are based on the maximum sales charge of 5.75%. Returns may reflect waivers or reimbursements of certain expenses. Absent these waivers or reimbursements, returns would be lower. To obtain more current performance data as of the most recent month-end, please visit [firstinvestors.com](http://firstinvestors.com).

# First Investors Equity Income Fund

## Glossary

**S&P 500 Index** is an index of 500 stocks seen as a leading indicator of U.S. equities and a reflection of the performance of the large cap universe.

**Alpha** is a measure of performance on a risk adjusted basis.

The **Morningstar US Options Writing Category** consists of portfolios that use options as a significant and consistent part of their overall investment strategy.

**Beta** measures market volatility; a benchmark generally has a beta of 1.0; an investment with a beta under 1.0 is considered less volatile.

**R-Squared** measures the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

**Standard Deviation** is a statistical measure of the historical volatility of a mutual fund or portfolio; the higher the number the greater the risk.

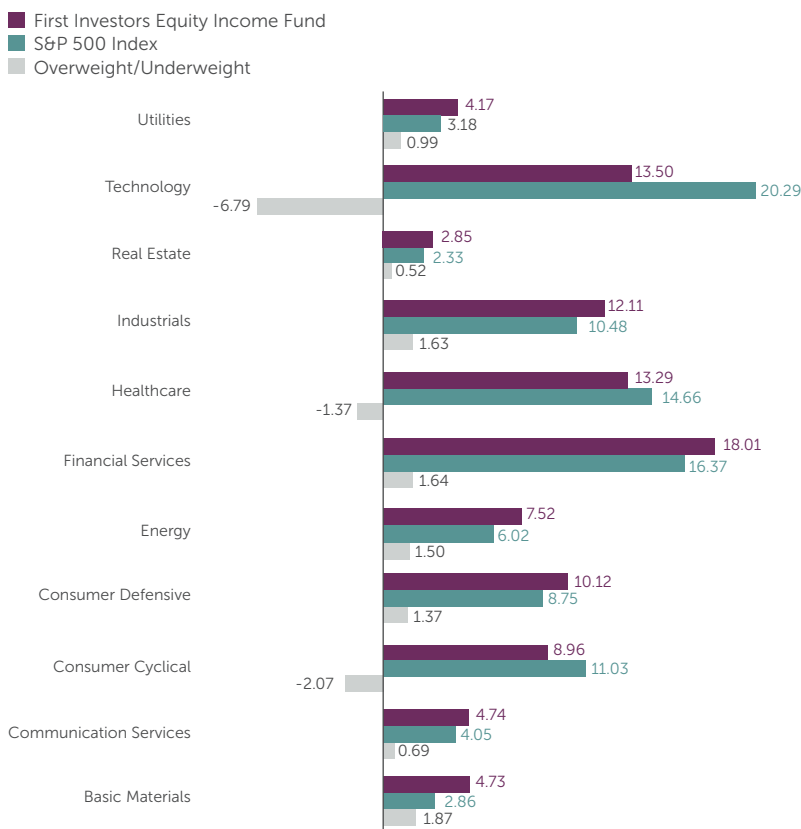
**Sharpe Ratio** measures reward vs. risk; a higher number is more favorable.

**Information Ratio:** In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

**Tracking Error:** Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

All investments involve risk, including possible loss of principal. You can lose money by investing in a fund. There is no guarantee that the Fund's investment objective will be achieved. The principal risks of investing in this Fund are: Call Options Risk, Dividend Risk, Market Risk, Mid-Size and Small-Size Company Risk, Security Selection Risk, Undervalued Security Risk. Past performance is no guarantee of future results.

## Sector Overweight/Underweight (% of Total) as of 6/30/17



Largest Sector Contributors V.S. S&P 500		Largest Sector Detractors V.S. S&P 500	
Consumer Cyclical	0.29	Consumer Cyclical	0.29
Consumer Defensive	0.27	Consumer Defensive	0.27
Basic Materials	0.02	Basic Materials	0.02

Source: Morningstar Direct, 6/30/17. Past performance does not guarantee future results.

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Foresters Financial Holding Company, and its subsidiaries, are relying upon the exemption from fiduciary status for arm's-length transactions with independent and sophisticated financial institutions contained in Section (c)(1) of the Department of Labor's definition of fiduciary, 81 Fed. Reg. 68, at 20999 (April 8, 2016) ("Fiduciary Rule") in connection with clients subject to the Employee Retirement Income Security Act of 1974, as amended or Section 4975 of the Internal Revenue Code of 1986, as amended. Accordingly, these materials will not cause us to become a fiduciary within the meaning of the Fiduciary Rule.

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