

# First Investors Funds

# First Investors Special Situations Fund

## Ticker

FISSX (Class A)  
FISTX (Advisor)  
FISUX (Institutional)

## Fund Inception Date

9/18/1990 (Class A)  
4/1/2013 (Advisor and Institutional)

## Dividend Distribution

Annually (December)

## Benchmark

Russell 2000 Value Index

## Morningstar Category

Small Value

## Number of Holdings as of 6/30/18

131

## Portfolio Managers

Steven S. Hill, since 2013

## Overall Morningstar Rating



Class A shares rated 4 overall stars by Morningstar among 358 Small Value funds for the period ended 6/30/18 based on risk-adjusted performance.<sup>2</sup>

## Market Overview

The major U.S. equity indexes ended the second quarter of 2018 with gains, led by small-cap (7.75%) and growth stocks (5.25%)<sup>1</sup>, with the main drivers being an upbeat earnings season, record high M&A activity and generally positive economic data. This performance occurred despite escalating trade tensions and signs of political instability in Europe. The S&P 500 Index returned 3.43%, while the Dow Jones Industrial Average only gained 1.26% for the quarter, as blue chip stocks were hurt by the escalating trade issues between the U.S. and China. Alternatively, the Nasdaq Composite Index touched all-time highs, rising 6.61% as investors viewed technology stocks as safer picks during the trade tensions. Small-cap performance can largely be traced to their revenues predominantly being sourced within the U.S., and, therefore, having less exposure to overseas trade issues. Energy was the strongest S&P 500 sector for the quarter, up 13.48%, boosted by rising crude oil prices. Information Technology also showed solid performance, registering 7.09% during the quarter. Real Estate, which struggled earlier this year, continued to recover due to improving fundamentals. Industrials hit a rough patch owing to investors moving out of the sector given the tighter trade conditions.

## Performance Review

The First Investors Special Situations Fund gained 4.67% (Advisor Class) for the quarter vs 8.30% for the Fund's benchmark, the Russell 2000 Value Index. The quarter's benchmark relative underperformance can be attributed to a few factors including the Fund's holdings in mid-cap stocks which continue to experience underperformance compared to small-caps. The Fund's below benchmark allocation to the Real Estate sector, which is enjoying an uptick in performance after an underwhelming 2017, also contributed to its benchmark relative underperformance for the quarter as did the stock selection in the Consumer Discretionary, Information Technology and Materials sectors. The Fund outperformed the benchmark in Consumer Staples from its positive stock selection in the sector. An underweight to the negatively performing Financials sector also added value to the fund for the quarter. Compared to its Morningstar category, the Fund's lower allocation to Energy, the strongest performing sector for the quarter, was a detractor along with stock selection in Materials. The Materials sector had subdued earnings in the second quarter on fears of the trade disputes.

<sup>1</sup> Small caps measured by the Russell 2000 Index and growth stocks by the S&P 500 Growth Index.

<sup>2</sup> For the three-, five- and 10-year periods, respectively, the Fund was rated 3, 4 and 4 stars among 358, 316 and 220 funds in the US Fund Small Blend funds category for the time period 6/30/18. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Past performance is no guarantee of future results.

## First Investors Special Situations Fund

## Average Annual Total Return Performance as of 6/30/18 (%)

Class	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	Expense Ratio Gross (%)	Expense Ratio Net (%)
A (without sales charge)	4.59	1.35	11.83	8.14	11.12	9.57	—	9/18/90	1.31	1.31
A (with sales charge)	-1.44	-4.48	5.42	6.03	9.81	8.92	—	9/18/90	1.31	1.31
Advisor	4.67	1.52	12.22	8.47	11.43	—	11.25	4/1/2013	0.97	0.97
Institutional	4.70	1.57	12.36	8.62	11.61	—	11.44	4/1/2013	0.87	0.87
Russell 2000 Value Index	8.30	5.44	13.10	11.22	11.18	9.88	—	12/31/1978		
Small Value	6.61	3.72	12.44	9.13	9.87	9.71	—	6/1/1956		

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

## Top Ten Holdings as of 6/30/18 (%)

Holding	Industry	% of Total
American Financial Group, Inc.	Financial Services	1.90
Sterling Bancorp	Financial Services	1.70
AptarGroup, Inc.	Consumer Cyclical	1.50
Berkshire Hills Bancorp, Inc.	Financial Services	1.40
TCF Financial Corp.	Financial Services	1.40
Phibro Animal Health Corp.	Healthcare	1.30
Century Communities, Inc.	Consumer Cyclical	1.30
Trinseo SA	Consumer Cyclical	1.30
Brown & Brown, Inc.	Financial Services	1.20
ServiceMaster Holdings, Inc.	Industrials	1.20

## Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012
A (without sales charge)	17.68	15.59	-1.05	5.71	29.97	9.34
Advisor	18.02	15.96	-0.75	6.05	—	—
Institutional	18.18	16.08	-0.59	6.17	—	—
Russell 2000 Value Index	7.84	31.74	-7.47	4.22	34.52	18.05
Small Value	9.10	25.74	-7.01	3.30	36.20	16.02

## Glossary

**The Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that Index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

**The Morningstar Small Value.** Small-value portfolios favor U.S. firms at the smaller end of the market-capitalization range. The value style is assigned to portfolios where value characteristics predominate.

**The Standard & Poor's 500 Growth Index (S&P 500 Growth)** is a capitalization-weighted index of 500 stocks that exhibit strong growth characteristics.

**The Standard & Poor's 500 Index (S&P 500)** is a capitalization-weighted index of 500 stocks. The Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

**The Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

**The Nasdaq Composite Index** is the market capitalization-weighted index of over 3,300 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depository receipts, common stocks, real estate investment trusts) and tracking stocks, as well as limited partnership interests. The index includes all Nasdaq-listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds or debenture securities.

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 the Fund are: Exchange-Traded Fund Risk, Market Risk, REIT Risk, Security Selection Risk, Small-Size and Mid-Size Company Risk and Undervalued Securities Risk. Past performance is no guarantee of future results.

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 [foresters.com](http://foresters.com).

These views represent the opinions of the Portfolio Manager and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on June 30, 2018, and are subject to change based on subsequent developments. We disclaim any responsibility to update such views. The Fund's portfolios and strategies are subject to change.

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