

# First Investors Funds

# First Investors Fund For Income

## Ticker

FIFIX (Class A)  
FIFKX (Advisor)  
FIFLX (Institutional)

## Fund Inception Date

1/1/1971 (Class A)  
4/1/2013 (Advisor and Institutional)

## Dividend Distribution

Monthly

## Benchmark

BofA Merrill Lynch BB-B US Cash Pay High Yield Constrained Index

## Morningstar Category

High Yield

## Number of Holdings as of 9/30/17

413

## Portfolio Managers

Clinton Comeaux  
since 2009  
Bryan Petermann  
since 2010

## Market Overview

The broad U.S. fixed income market (measured by the BofA ML U.S. Broad Market Index) lost 0.52% in September, but was up 0.83% for the quarter and 3.19% year-to-date. Safer assets, such as government bonds, declined in September on investors' renewed hopes for pro-business policies from Washington. Fixed income markets, especially Treasuries, were hurt in September by renewed expectations of higher interest rates as the Fed suggested another hike in December and several additional hikes for 2018. The Fed is planning to move ahead with the reduction of its \$4.5 trillion balance sheet starting in October. This move will reverse some of the effects of quantitative easing that have been supportive of bond prices in recent years.

U.S. Treasuries (measured by the BofA ML Treasury Master Index) were weak in September as investors sought riskier assets, but they remain positive for both the quarter and year. The investment grade corporate bond market (measured by the BofA ML Corporate Master Index) performed better than Treasuries, losing 0.24% in September, but remaining up 1.36% for the quarter and 5.29% for the year. Short-term rates are slowly rising as long-term rates continue to fall which has contributed to a flattening of the yield curve. Municipal bonds (measured by the BofA ML Municipal Securities Master Index) followed the same trend as Treasuries in September, down 0.39%. They are up 1.18% for the quarter and 4.62% year-to-date, as investor demand continues to rise. High yield (measured by the BofA ML US HY Cash Pay Constrained Index), which is less interest rate sensitive than some other fixed income sectors, had positive performance in September as investors have been seeking riskier assets. High yield continues to be one of the strongest domestic fixed income sectors, up 2.03% for the quarter and 7.05% year-to-date.

The international fixed income market has continued to see strong growth, returning 8.63% year-to-date. International interest rates are slowly increasing, but not as fast as in the U.S., where quantitative easing has been discontinued. The U.S. dollar depreciation trend is likely to continue for some time as this has been a multi-year trend. Interest rates are expected to continue rising. However, gains from a depreciating dollar should offset losses from rising interest rates.

## Performance Review

The First Investors Fund For Income returned 1.83 % (Advisor class) for the quarter, just 11 basis points shy of its benchmark. The risk-on sentiment that has persisted for much of 2017 remained in place during the third quarter, with credit continuing to outperform Treasuries. Spreads over Treasuries tightened, as investors were willing to pay more in search of higher yields influenced by improving global economic data, a low default environment and record low levels of volatility. Caa rated bonds outperformed their counterparts, and the Fund's overweight (relative to its benchmark) to that credit quality was a positive for the Fund. However, the Fund was underweight Baa rated credits and overweight B rated credits. This caused the Fund to lag slightly as Baa bonds outpaced B bonds. Security selection along the yield curve was positive for the Fund, with the greatest contributors in the 5-7 year maturities, as the intermediate to long end of the yield curve began and ended the quarter in approximately the same place.

**Average Annual Total Return Performance as of 9/30/17 (%)**

Class							Since	Inception	Expense Ratio	
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Inception	Date	Gross (%)	Net (%)
A (without sales charge)	1.77	5.93	6.79	4.21	4.71	4.79	–	1/1/1971	1.15	1.15
A (with sales charge)*	-2.14	1.79	2.65	2.77	3.84	4.38	–	1/1/1971	1.15	1.15
Advisor	1.83	6.12	7.05	4.52	–	–	4.26	4/1/13	0.85	0.85
Institutional	2.18	6.59	7.59	4.83	–	–	4.60	4/1/13	0.74	0.74
BofA ML US HY C Pay BB-B Constd Index	1.94	6.57	7.97	5.79	6.14	7.25	–	12/29/72		
US Fund High Yield Bond	1.76	5.92	7.72	4.22	5.08	5.75	–	9/24/71		

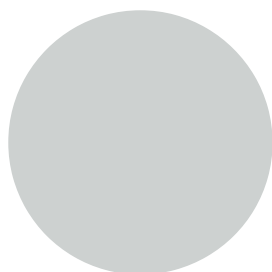
\*Effective 6/12/17, Class A sales charge is 4.00%  
 Returns for periods less than one year are cumulative and not annualized.

**Calendar Year Returns as of 9/30/17 (%)**

	QTD	YTD	2016	2015	2014	2013	2012
A (without sales charge)	1.77	5.93	10.91	-2.28	0.56	6.22	13.11
Advisor	1.83	6.12	11.19	-2.29	1.06	6.24	13.11
Institutional	2.18	6.59	11.42	-2.08	1.24	6.73	13.11
BofA ML Municipal Master Index	1.94	6.57	14.76	-2.82	3.48	6.29	14.58
US Fund High Yield Bond	1.76	5.92	13.18	-4.07	1.11	6.92	14.69

**Portfolio Allocation**

- Fixed Income (100%)
- Cash (0%)



**Top Ten Holdings as of 9/30/17 (%)**

Holdings	% of Total
Staples, Inc. 5.000%, 08/14/2024	0.9%
Valeant Pharmaceuticals International, Inc.m 6.375%, 10/15/2020	0.9%
Rain CII Carbon, LLC., 7.250% 04/01/2025	0.8%
CSC Holdings, LLC. 7.250%, 04/01/2021	0.8%
Ardagh Holdings USA, Inc., 7.250%, 05/15/2024	0.7%
Sprint Communications, Inc. 6.000%, 11/15/2022	0.7%
SunCoke Energy Partners, LP. 7.500%, 06/15/2025	0.6%
Midcontinent Communications & Finance Corp., 6.875%, 08/15/2023	0.6%
First Quantum Minerals, Ltd., 7.250%, 05/15/2022	0.6%
Sinclair Television Group, Inc., 5.375%, 04/01/2021	0.6%

**Modern Portfolio Theory Statistics as of 9/30/17 (%)**

	3 Year			5 Year			10 Year		
	First Investors Fund For Income A	BofAML US HY C Pay BB-B Constd Index	US Fund High Yield Bond	First Investors Fund For Income A	BofAML US HY C Pay BB-B Constd Index	US Fund Muni National Interm	First Investors Fund For Income A	BofAML US HY C Pay BB-B Constd Index	US Fund Muni National Interm
Standard Deviation	4.53	5.18	4.99	4.34	4.81	4.63	8.73	9.21	9.41
Alpha	-0.68	0.00	-1.23	-0.65	0.00	-0.73	-1.85	0.00	-1.46
Beta	0.84	1.00	0.95	0.87	1.00	0.95	0.93	1.00	1.01
Sharpe Ratio	0.86	1.05	0.79	1.03	1.22	1.05	0.53	0.76	0.60
Information Ratio	-1.02	–	-1.74	-1.12	–	-1.31	-1.11	–	-0.92
Tracking Error	1.48	0.00	0.85	1.21	0.00	0.76	2.08	0.00	1.51
R2	92.68	100.00	97.34	94.13	100.00	97.55	95.03	100.00	97.45

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 4.00%. Class A returns prior to 6/12/17 were based on the 5.75% sales charge. 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 [firstinvestorsfunds.com](http://firstinvestorsfunds.com).

# First Investors Fund For Income

## Glossary

The **BofA ML U.S. Broad Market Index** tracks the performance of US dollar denominated investment grade debt publicly issued in the US domestic market, including US Treasury, quasi-government, corporate, securitized and collateralized securities.

The **BofA ML U.S. Corporate Master Index** is an unmanaged index comprised of U.S. dollar denominated investment grade corporate debt securities publicly issued in the U.S. domestic market with at least one year remaining to final maturity.

The **BofA ML Treasury Master Index** measures the total return performance of U.S. Treasury bonds with an outstanding par that is greater than or equal to \$25 million.

The **BofA ML Municipal Securities Master Index** measures total return on tax exempt investment grade debt publicly issued by U.S. states and territories, and their political subdivisions, including price and interest income, based on the mix of these bonds in the market.

The **BofA ML BB-B U.S. Cash Pay High Yield Constrained Index** contains all securities in the BofA Merrill Lynch US High Yield Cash Pay High Yield Index rated BB1 through B3, based on an average of Moody's Services, Inc., Standard & Poor's Ratings Services and Fitch Ratings, but caps issuer exposure at 2%.

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

The **Morningstar High-Yield Bond Category** concentrates on lower-quality bonds, which are riskier than those of higher-quality companies.

**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 the Fund are: Credit Risk, Floating Rate Loan Risk, High Yield Securities Risk, Interest Rate Risk, Liquidity Risk, Market Risk and Security Selection Risk. Past performance is no guarantee of future results.*

## Sector Overweight/Underweight as of 9/30/17 (%)

Moody's Rating	First Investors Fund For Income Fund	BofA Merrill Lynch BB-B US Cash Pay High Yield Constrained Index
A	0.00%	0.00%
Baa	1.08%	1.27%
Ba	33.51%	46.92%
B	53.13%	47.20%
Caa	10.12%	2.69%
Not Rated	2.17%	1.92%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

Source: Bloomberg, 9/30/17. Past performance does not guarantee future results.

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