

First Investors Funds

First Investors Hedged U.S. Equity Opportunities Fund

Ticker

FHEJX (Class A)
FHEKX (Advisor)
FHELX (Institutional)

Fund Inception Date

8/1/16 (All shares)

Dividend Distribution

Annual

Benchmark

70% Russell 3000 Index
30% BofA ML 3 Mo T-Bill Index

Morningstar Category

US Fund Option Writing

Number of Holdings

Number of Equity Holdings 282
Number of Futures and Options 13

Portfolio Managers

Gregg R. Thomas, CFA
Kent M. Stahl, CFA
since 8/1/16

Market Overview

U.S. equities rose for the eighth-straight quarter. Despite continued White House turmoil and heightened U.S. tensions with Russia and North Korea, strong employment data and corporate earnings helped propel equity indices. The persistently low rate of inflation growth has been a concern for the Federal Reserve (“the Fed”) even though the economic landscape has remained largely positive. Core consumer price inflation (“CPI”) rose 0.2% in August after five consecutive months of downside surprises, providing some relief for the Fed and increasing expectations for interest-rate increases at the end of the year and in 2018. In a widely anticipated move, the Fed announced that its balance-sheet normalization program would begin in October, reiterating that the process would be gradual and predictable. In the wake of their failure to repeal the Affordable Care Act, Republicans pivoted to tax reform and unveiled a long-awaited blueprint in September. Economic data released during the most recent quarter was generally encouraging.

Performance Review

The First Investors Hedged U.S. Equity Opportunities Fund returned 2.80% (Advisor class, gross of fees) for the quarter, bringing its year-to-date return to 7.03%. It outperformed the benchmark (70% Russell 3000 Index and 30% BofA ML 3-Month T-Bill Index) by 0.62 % for the quarter and by 0.73 % year-to-date. The Fund consists of an equity portfolio component and two risk control components. The equity portfolio component seeks to maximize returns through equity exposure across the capitalization spectrum. The two risk control components are designed to reduce the Fund’s overall volatility, as well as attempt to prevent large downside losses. The Fund’s overall performance was driven entirely by its equity portfolio during this strong period for equities. The equity portfolio was able to outperform the Russell 3000 Index. This outperformance came primarily from its growth tilt, underweight to the Energy sector and positive stock selection effect in several sectors. Since equity markets were strong during both the first quarter and year-to-date and also lacked downside volatility, the cost of the risk control components detracted from overall performance.

Outlook

As the U.S. continues to trend toward later stages of the economic cycle, stable growth is driving market gain. Corporate fundamentals, including earnings momentum, remain strong. A number of drivers are providing comfort to current conditions, including continued low inflation, market stability, higher-profit margins and the possibility of tax reform and increased rates.

Conversely, ongoing geopolitical concerns, Fed leadership uncertainty, and a sustained low-volatility environment are helping to offset positive sentiment. From a factor perspective, we favor value in the U.S. on a relative basis. We are also cautious on traditional growth strategies following the sustained and narrow market leadership of technology “FANG” (Facebook, Amazon, Netflix, and Alphabet (Google)) stocks in the U.S. Low volatility looks expensive, having begun resurgence late in the second quarter, but without a clear and immediate catalyst for reversion, we believe it remains a good way to reduce risk with overweight value and growth strategies. As factor leadership rotates, factor breadth (measured by the number of factors needed to explain at least 60% of variance) has continued to increase. At the stock level, the number of stocks outperforming the market by more than 25% on a rolling 12-month basis (a measure of broader market breadth) has come off of its lows, but remains narrow. Together, these suggest an improving environment for fundamental stock pickers.

First Investors Hedged U.S. Equity Opportunities Fund

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

Class	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	Expense Ratio	
									Gross (%)	Net (%)
A (without sales charge)	1.32	8.24	8.68	–	–	–	6.58	8/1/16	2.06%	2.06%
A (with sales charge)	-4.52	1.99	2.47	–	–	–	1.29	8/1/16	2.06%	2.06%
Advisor	1.41	8.53	9.11	–	–	–	6.94	8/1/16	1.78%	1.78%
Institutional	1.41	8.63	9.20	–	–	–	7.02	8/1/16	1.67%	1.67%
Russell 3000 (70%)/ BoFA 3-mo. Treasury Bill (30%)	3.28	9.78	13.05	7.70	10.01	5.88	–			
Russell 3000 Index	4.57	13.91	18.71	10.74	14.23	7.57	–	12/31/78		
BoFA 3-month Treasury Bill	0.26	0.57	0.66	0.32	0.22	0.47	–	12/30/77		
U.S. Fund Option Writing	2.14	5.98	7.50	3.44	5.01	2.57	–	12/7/77		

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

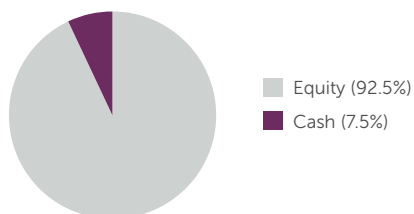
Calendar Year Returns as of 9/30/17 (%)

	QTD	YTD	2016	2015	2014	2013	2012
A	1.32	8.24	–	–	–	–	–
Advisor	1.41	8.53	–	–	–	–	–
Institutional	1.41	8.63	–	–	–	–	–
Russell 3000 (70%)/ BoFA 3-mo. Treasury Bill (30%)	4.57	13.91	9.07	0.60	8.80	22.65	11.46
Russell 3000 Index	0.26	0.57	12.74	0.48	12.56	33.55	16.42
BoFA 3-month Treasury Bill	3.28	9.78	0.33	0.05	0.03	0.07	0.11
U.S. Fund Option Writing	2.14	5.98	4.19	-0.75	4.22	12.05	5.89

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

Holding	Industry	% of Total
Bristol-Myers Squibb Co.	Healthcare	1.8
PNC Financial Services Group, Inc.	Financial Services	1.4
Citigroup, Inc.	Financial Services	1.1
Genesee & Wyoming, Inc. – Class "A"	Industrials	1.1
Facebook, Inc. – Class "A"	Technology	1.0
Nike, Inc.	Consumer Cyclical	1.0
M&T Bank Corp.	Financial Services	1.0
ServiceNow, Inc.	Technology	0.9
Microsoft Corp.	Technology	0.9
CoStar Group, Inc.	Real Estate	0.9

Portfolio Allocation



Leading Stock Contributors

	Contribution
Bristol-Myers Squibb Co.	0.30
PNC Financial Services Group, Inc	0.18
Netflix, Inc	0.16
Facebook Inc. – Class "A"	0.14
NVR, Inc	0.13

Leading Stock Detractors

	Contribution
Envision Healthcare Corp.	-0.15
Nike, Inc. – Class "B"	-0.13
Zillow Group, Inc. – Class "C"	-0.13
Hologic, Inc	-0.13
Ulta Beauty, Inc	-0.12

Modern Portfolio Theory Statistics as of 9/30/17

	3 Years			5 Years			10 Years		
	First Investors Hedged Equity A	Russell 3000 (70%)/BoFA 3-mo. Treasury Bill (30%)	U.S. Fund Option Writing	First Investors Hedged Equity A	Russell 3000 (70%)/BoFA 3-mo. Treasury Bill (30%)	U.S. Fund Option Writing	First Investors Hedged Equity A	Russell 3000 (70%)/BoFA 3-mo. Treasury Bill (30%)	U.S. Fund Option Writing
Standard Deviation	–	7.13	4.37	–	6.82	4.24	–	10.88	7.64
Alpha	–	0.00	-1.23	–	0.00	-1.02	–	0.00	-1.53
Beta	–	1.00	0.59	–	1.00	0.60	–	1.00	0.67
Sharpe Ratio	–	1.03	0.72	–	1.40	1.12	–	0.54	0.32
Information Ratio	–	–	-1.29	–	–	-1.58	–	–	-0.72
Tracking Error	–	0.00	3.05	–	0.00	2.88	–	0.00	4.35
R2	–	100.00	94.77	–	100.00	94.45	–	100.00	90.23

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.

First Investors Hedged U.S. Equity Opportunities Fund

Glossary

The Russell 3000 Index is a market capitalization weighted equity index that seeks to be a benchmark of the entire U.S. stock market. More specifically, this index encompasses the 3,000 largest U.S.-traded stocks, in which the underlying companies are all incorporated in the U.S.

The Morningstar US Fund Option Writing category aims to generate a significant portion of their returns from the collection of premiums on options contracts sold. This category includes covered call strategies, put writing strategies, as well as options strategies that target returns primarily from contract premiums. In addition, option writing funds may seek to generate a portion of their returns, either indirectly or directly, from the volatility risk premium associated with options trading strategies.

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

The BofA Merrill Lynch 3-Month Treasury Bill Index is an unmanaged index tracking 3-month U.S. government securities. The index is produced by Merrill Lynch, Pierce, Fenner & Smith, Inc.

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.

Information Ratio, in investing terminology, is 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.

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

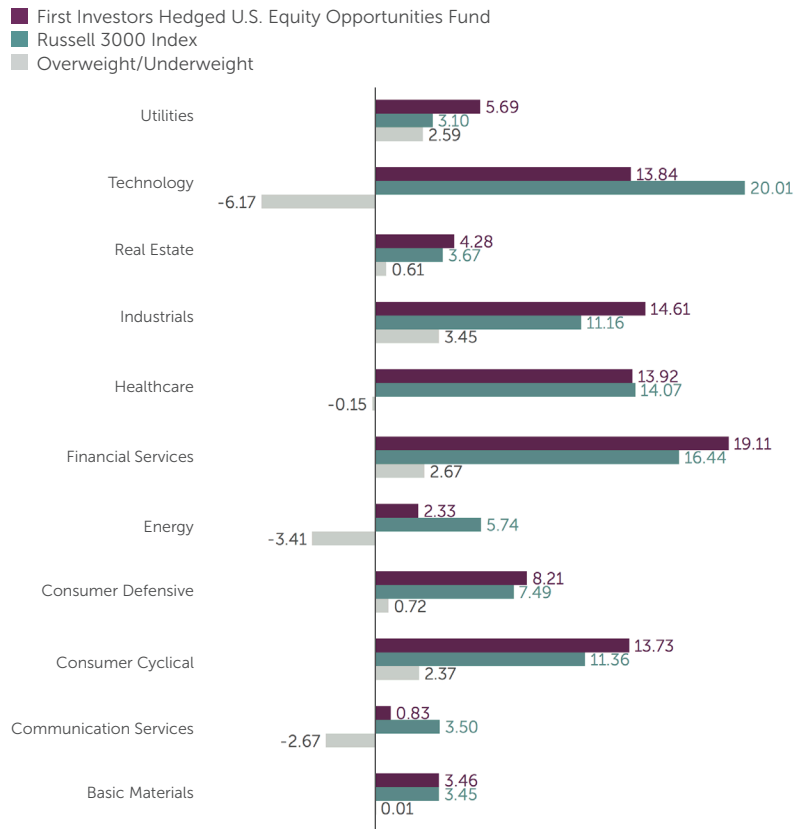
Sharpe Ratio measures reward vs. risk; a higher number is more favorable.

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

Tracking Error measures 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: Emerging Markets Risk, Foreign Securities Risk, Hedging Risk, Multi-Style Risk, Quantitative Strategies Risk, Exchange-Traded Funds Risk, Market Risk, Mid-Size and Small-Size Company Risk, Security Selection Risk, High Portfolio Turnover Risk and Tax Risk. Past performance is no guarantee of future results.

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



Source: Morningstar Direct, 9/30/17.

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These views represent the opinions of our subadviser, Wellington Management, 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 September 30, 2017, 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.

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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