

First  
Investors  
Funds

# First Investors Investment Grade Fund

## Ticker

FIIGX (Class A)  
FIIJX (Advisor)  
FIIKX (Institutional)

## Fund Inception Date

2/19/1991 (Class A)  
4/1/2013 (Advisor)  
4/1/2013 (Institutional)

## Dividend Distribution

Monthly

## Benchmark

BofA ML U.S. Corporate  
Master Index

## Morningstar Category

U.S. Fund Corporate Bond

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

144

## Portfolio Manager

Rajeev Sharma since 2009

## 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 Master) 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 Investment Grade Fund returned 1.23% (Advisor class) for the quarter, slightly underperforming the benchmark's (measured by the BofA ML US Corporate Master) 1.37% gain. Fixed income markets as a whole remained positive in the third quarter, though they were pulled down in September, and investment grade corporates were the top performing investment grade asset class. Renewed expectations of further interest rate hikes as well as growing pro-business sentiment in Washington have detracted from fixed income returns as investors drift toward riskier assets. The Investment Grade Fund has maintained an overweight to Baa rated credits, which were the best performing investment grade credit quality for the quarter. Security selection within Financials was also beneficial to the Fund.

## First Investors Investment Grade 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)	1.17	3.67	0.97	2.85	2.62	4.64	–	2/19/91	1.15	1.15
A (with sales charge)*	-2.87	-0.50	-3.04	1.47	1.78	4.22	–	2/19/91	1.15	1.15
Advisor	1.23	3.96	1.32	3.18	–	–	2.76	4/1/13	0.85	0.85
Institutional	1.17	4.00	1.41	3.25	–	–	2.93	4/1/13	0.74	0.74
BofA ML U.S. Corporate Master Index	1.37	5.30	2.27	3.99	3.52	5.67	–	12/29/72		
US Fund Corporate Bond	1.27	4.98	2.31	3.55	3.35	5.70	–	9/24/71		

\* Effective 6/12/17, the maximum sales charge on Class A Shares was changed from 5.75% to 4.00%.

\*\* Expense Ratio as of 12/31/16.

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

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

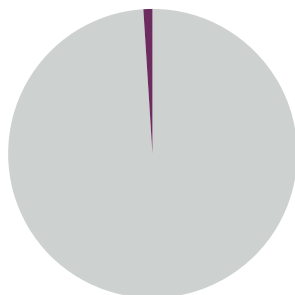
	QTD	YTD	2016	2015	2014	2013	2012
A	1.70	2.48	4.59	-0.85	5.72	-1.25	10.93
ADV	1.76	2.70	4.86	-0.55	6.04	–	–
Institutional	1.92	2.80	2.80	5.02	-0.49	–	–
BofA ML U.S. Corporate Master Index	2.42	3.88	5.96	-0.63	7.51	-1.46	10.37
US Fund Corporate Bond	2.23	3.66	6.62	-1.98	7.20	-1.19	11.01

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

Holdings	% of Total
Morgan Stanley, 5.500%, 07/28/2021	2.00
JPMorgan Chase & Co., 3.540%, 05/01/2028	1.50
Diamond 1 Finance Corp., 4.420%, 06/15/2021	1.40
Wells Fargo & Co., 3.450%, 02/13/2023	1.40
BP Capital Markets, PLC., 3.216%, 11/28/2023	1.40
Wells Fargo & Co., 4.750%, 12/07/2046	1.10
General Electric Capital Corp., 4.650%, 10/17/2021	1.10
Verizon Communications, Inc., 4.272%, 01/15/2036	1.10
Ford Motor Credit Company, LLC., 8.125%, 01/15/2020	1.10
Home Depot, Inc., 5.875%, 12/16/2036	1.10

## Portfolio Allocation

- Fixed Income (99.49%)
- Cash (0.51%)



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

	3 Year			5 Year			10 Year		
	First Investors Investment Grade A	BofA ML U.S. Corporate Master Index	US Fund Corporate Bond	First Investors Investment Grade A	BofA ML U.S. Corporate Master Index	US Fund Corporate Bond	First Investors Investment Grade A	BofA ML U.S. Corporate Master Index	US Fund Corporate Bond
Standard Deviation	3.14	3.77	3.73	3.44	3.89	3.94	5.51	5.89	5.82
Alpha	-0.17	0.00	-0.33	-0.52	0.00	-0.17	-0.52	0.00	0.17
Beta	0.82	1.00	0.97	0.87	1.00	1.00	0.91	1.00	0.97
Sharpe Ratio	0.90	0.97	0.86	0.69	0.85	0.80	0.77	0.90	0.91
Information Ratio	-0.96	-	-0.61	-1.20	-	-0.27	-0.66	-	0.03
Tracking Error	0.82	0.00	0.70	0.77	0.00	0.63	1.48	0.00	1.12
R2	97.59	100.00	96.50	97.13	100.00	97.42	93.83	100.00	96.46

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 Investment Grade Fund

## Glossary

The **BofA ML U.S. Cash Pay HY Constrained Index** tracks U.S. dollar, Canadian dollar, British Pound, and Euro denominated debt rated BB+, BB, or BB- issued in major domestic or Eurobond markets. Qualifying securities must have 12 month or more until maturity, a fixed coupon, and a minimum outstanding of \$100mm. Index constituents are capitalization-weighted based on current amount outstanding, the current market price, and accrued interest

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 U.S. Corporate Master Index** includes publicly-issued fixed-rate non-convertible investment grade dollar-denominated, SEC-registered corporate debt having at least one year to maturity and an outstanding par value of at least \$250 million.

The **Morningstar U.S. Corporate Bond** portfolios concentrate on bonds issued by corporations. These tend to have more credit risk than government or agency-backed bonds.

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

**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 investing involves risk, including possible loss of principal. You can lose money by investing in a mutual fund. There is no guarantee that the fund's investment objective will be achieved. The principal risks of investing in the funds is: Credit Risk, Interest Rate Risk, Prepayment and Extension Risk, Liquidity Risk, Market Risk, Derivatives Risk, Sector 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 Investment Grade	BofA ML U.S. Corporate Master Index
Aaa	0.58	2.16
Aa	3.53	9.42
A	34.56	38.12
Baa	55.73	45.30
Ba	4.22	2.83
B	0.00	0.01
Not Rated	1.38	2.17
<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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