2018 Third Quarter Fund Commentary

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

ICE BofA ML BB-B U.S. HY Cash Pay Constrained Index

Morningstar Category

High Yield

Number of Holdings as of 9/30/18

358

Portfolio Managers

Foresters Investment Management Company, Inc. is the Fund's investment adviser and Muzinich & Co. Inc. serves as subadviser of the Fund.

Clinton Comeaux, since 2009

Bryan Petermann, since 2010

Market Overview

As widely anticipated, the Federal Reserve (Fed) increased its benchmark interest rate by 25 basis points (bps) in September. The Fed is expected to maintain a gradual pace of rate hikes while it continues to steadily shrink its balance sheet. The benchmark 10-year U.S. Treasury note yield rose 20 bps in September to 3.06%, up from 2.86% at the end of August and 2.86% at the end of June.

Fixed income markets in the U.S. experienced mixed performance for the quarter with credit-related sectors significantly outperforming interest rate-sensitive sectors. The broad U.S. fixed income market (measured by the ICE BofA ML U.S. Broad Market Index) was flat, while U.S. Treasury bonds were the weakest sector for the quarter with the ICE BofA ML Treasury Master Index losing -0.66%. Investment grade corporate bonds (measured by the ICE BofA ML Corporate Master Index), while losing some ground in September, posted their first positive quarter this year (0.96%). Municipal bonds (measured by the ICE BofA ML Municipal Securities Master Index) held up slightly better than U.S. Treasurys, down -0.25% for the quarter, benefiting from lower muni issuance levels this year. Leveraged loans (measured by the Credit Suisse Leveraged Loan Index) outperformed U.S. Treasurys in the rising rate environment, up 1.93% for the quarter, and remain the strongest domestic fixed income market this year, up 4.36%. The high yield market (measured by the ICE BofA ML BB-B U.S. HY Cash Pay Constrained Index), helped in part by a risk-on sentiment, was the strongest fixed income market during the quarter, returning 2.38%.

Most sovereign bond markets (in local currencies) had mixed quarterly performance. Among developed countries, Italian bonds saw increased volatility over the past few months and remained the worst local market for 2018. As a whole, the FTSE World Government ex U.S. Bond Index lost -2.19% for the quarter, hurt by a negative currency exchange effect due to an appreciating U.S. dollar. Emerging Markets (EM) fixed income has struggled this year but staged a nice recovery towards the end of the quarter with dollar-denominated EM debt (measured by the ICE BofA ML Global Emerging Market Sovereign Index) gaining 2.29% for the quarter. Overall, EM fixed income, with a year-to-date loss of -5.5%, has been hurt by an appreciating U.S. dollar, trade tensions, rising U.S. yields and weaker-than-expected growth in China, and continues to be the weakest fixed income market.

Performance Review

In a strong rebound quarter in which investors moved back into U.S. high yield, the First Investors Fund For Income was up 2.20% (Advisor Class) for the quarter, marginally underperforming the ICE BofA ML BB-B U.S. HY Cash Pay Constrained Index (2.38%).

From a sector perspective, the Fund most outperformed the benchmark through superior selection of energy exploration and production firms, as well as through an underweighting of homebuilders which have been proving weak on slowing home sales as interest rates rise. The Fund lost ground against the index in cable and satellite TV where our shorter-duration positioning underperformed the market's sector blend even while delivering attractive positive results. From a ratings perspective, the Fund benefited from better-than-index selection across both BB and BB- bonds, but also outperformed through an under-allocation vs. the benchmark in the poorly performing BB+ range. Broadly, we believe that credit fundamentals in the high yield space remain relatively good, while rising U.S. Treasury rates present a headwind to many fixed income assets. As a result, we have positioned the portfolio with a higher weighting toward lower-rated, more credit-sensitive issues and away from the more rate-sensitive BB+ range. This strategy is also reflected in the Fund's positive performance relative to the benchmark achieved with a small allocation over the quarter to outperforming CCC+ rated bonds.

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From an asset allocation perspective, we have been running the Fund with a small allocation (less than 10%) to the floating rate senior loan market. While loans have delivered solid, low-volatility returns year-to-date which has helped to stabilize the portfolio in a challenging rate environment, they lagged the third quarter's high yield rally. This is reflected as well in a comparison of Fund returns to the benchmark on the basis of duration (interest rate sensitivity). The Fund outperformed the index through the "belly" of the curve, meaning both the 1-3 year and 3-5 year remaining duration buckets, but gave part of this back through more conservative performance in the shortest duration bucket under one year where floating rate loans reside.

Outlook

U.S. risk has significantly outperformed both its European and emerging markets counterparts. Is the outperformance a function of strong U.S. economic data or a flight to quality into the perceived safety of the U.S.? Domestic economic data has been strong (i.e., jobs, Purchasing Managers Index, GDP) and tax reform has added a further boost to corporate profitability. While corporate fundamentals in Europe remain strong, concerns about Brexit and the Italian budget have weighed on investors while the U.S. has remained largely insulated from these pressures. In emerging markets, trade disputes with China and idiosyncratic crises in Brazil, Turkey and Argentina have led to risk-off sentiment. Are investors favoring the U.S. as a safe haven? U.S. valuations certainly reflect a strong technical bid, but corporate fundamentals remain attractive as reflected in particularly low default rate projections. The question remains, where can an investor find the best reward per unit of risk? In our view, U.S. credit remains a compelling asset class even in a rising rate environment, offering more yield and price-stability potential than a higher rated paper more correlated to interest rate changes. While a trade war would be anticipated to provide headwinds to global growth, we think this would potentially impact equity valuations more than bond prices as U.S. companies remain generally well positioned to pay back what they owe over the coming months. The asset class is not cheap in our view, but it is performing.

Average Annual Total Return Performance as of 9/30/18 (%)

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)	2.13	1.42	1.87	5.87	3.97	6.29	–	1/1/1971	1.23	1.21
A (with sales charge)*	-1.96	-2.53	-2.39	4.43	3.11	5.86	–	1/1/1971	1.23	1.21
Advisor	2.20	1.64	2.17	6.15	4.22	–	3.87	4/1/2013	0.96	0.94
Institutional	2.24	1.36	1.91	6.31	4.31	–	4.11	4/1/2013	0.80	0.78
ICE BofA ML BB-B U.S. HY Ca Pay Cons Index	2.38	1.90	2.30	7.34	5.38	8.54	–	12/29/1972		
High Yield Bond	2.02	1.84	2.36	6.41	4.31	7.62	–	9/24/1971		

**Effective 6/12/17, the maximum sales charge on Class A Shares was changed from 5.75% to 4.00%.*
Returns for periods less than one year are cumulative and not annualized.

Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012
A (without sales charge)	6.41	10.91	-2.28	0.56	6.22	13.11
Advisor	6.68	11.19	-2.29	1.06	6.24	13.11
Institutional	7.17	11.42	-2.08	1.24	6.73	13.11
ICE BofA ML BB-B U.S. HY Ca Pay Cons Index	6.96	14.76	-2.82	3.48	6.29	14.58
High Yield Bond	6.40	13.18	-4.07	1.11	6.92	14.69

Top Ten Holdings as of 9/30/18 (%)

Holdings	% of Total
Sprint Communications, Inc., 6.000%, 11/15/2022	0.9
DaVita, Inc., 5.125%, 07/15/2024	0.9
Intelsat Jackson Holdings SA, 8.000%, 02/15/2024	0.8
CSC Holdings, LLC, 10.125%, 01/15/2023	0.8
Ardagh Holdings USA, Inc., 7.250%, 05/15/2024	0.8
Sprint Corp., 7.875%, 09/15/2023	0.8
SunCoke Energy Partners, LP, 7.500%, 06/15/2025	0.8
Tribune Media Co., 5.875%, 07/15/2022	0.7
Midcontinent Communications & Finance Corp., 6.875%, 08/15/2023	0.7
T-Mobile USA, Inc., 6.000%, 04/15/2024	0.7

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Glossary

The **ICE BofA ML BB-B U.S. HY Cash Pay 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 **ICE BofA ML U.S. Broad Market Index** tracks the performance of U.S. dollar denominated investment grade debt publically issued in the U.S. domestic market, including U.S. Treasury, quasi-government, corporate, securitized and collateralized securities.

The **ICE 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 **ICE BofA ML U.S. Corporate Master Inde**x 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 **ICE 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 **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the performance of institutional leveraged loans.

The **FTSE World Government ex U.S. Bond Index (WGBI)** measures the performance of fixed-rate, local currency, investment-grade sovereign bonds excluding the U.S. The WGBI is a widely used benchmark that currently includes sovereign debt from over 20 countries, denominated in a variety of currencies, and has more than 30 years of history available.

The **Morningstar High-yield bond Category** consists of portfolios that concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk.

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.

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%. Prior to 6/12/2017, the maximum Class A sales charge was 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.

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For more information about First Investors Funds and variable products from Foresters Financial Services, Inc., you may obtain a free prospectus and summary prospectus by contacting your Financial Services Representative, calling 800 423 4026 or visiting foresters.com. You should consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information about the funds, and should be read carefully before you invest or send money. An investment in these funds is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Neither Foresters Financial Services, Inc. nor its affiliates offer legal or tax advice. Please consult your tax adviser before making any tax-related retirement decisions.

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