

First Investors Funds

First Investors Limited Duration Bond Fund¹

Ticker

FLDKX (Class A)
FLDLX (Advisor)
FLDMX (Institutional)

Fund Inception Date

5/19/2014 (All classes)

Dividend Distribution

Monthly

Benchmark

ICE BofA ML 1-5 Year US Broad Market Index

Morningstar Category

Short-Term Bond

Number of Holdings as of 9/30/18

253

Portfolio Managers

Rodwell Chadehumbe, since 2014

Clinton Comeaux, since 2018
(Muzinich)

Bryan Petermann, since 2018
(Muzinich)

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

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. Treasuries, 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. Treasuries 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 US 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

The First Investors Limited Duration Bond Fund was up 0.60% (Advisor Class) for the quarter, outperforming its Morningstar peer group as well as its benchmark by 10 and 32 bps, respectively. The Fund's outperformance was mostly driven by an overweight to investment grade corporate bonds relative to its peer group, especially in the Financials and Industrial sectors which had the largest sector contributions for the quarter. The Fund's relative performance also benefited from its 5% allocation to the high yield sector which outperformed the 1-5 year broad market. An overweight to asset-backed securities relative to the benchmark was another driver to positively affect performance for the quarter as was security selection within the investment grade Energy and Communication sectors. Lastly, the Fund's underweight in U.S. Treasuries, which lagged for the period, added to the quarter's outperformance. Detracting from performance for the quarter was the Fund's security selection in investment grade Utility and Financial sectors.

Outlook

The Fund's strategy going forward will be focused on four themes. It will maintain its neutral allocation (about 5%) to high yield relative to its Morningstar peer group. At the credit level, the Fund will continue to ensure its overall credit rating remains investment grade. Although the Fund's average duration was two years as of 9/30/18, the Fund's average duration will likely range between 1.75 and 2.25 years. Lastly, it will maintain its average maturity of less than four years.

¹ Effective January 8, 2018 the portfolio's name changed from the First Investors Limited Duration High Quality Bond Fund to the First Investors Limited Duration Bond Fund.

First Investors Limited Duration Bond Fund

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)	0.53	-0.27	-0.52	0.30	-	-	0.24	5/19/2014	0.97	0.79
A (with sales charge)*	-2.04	-2.78	-2.98	-0.54	-	-	-0.34	5/19/2014	0.97	0.79
Advisor	0.60	-0.05	-0.25	0.59	-	-	0.58	5/19/2014	0.77	0.51
Institutional	0.53	-0.04	-0.19	0.74	-	-	0.75	5/19/2014	0.57	0.36
ICE BofA ML 1-5 Year US Broad Market Index	0.28	-0.06	-0.30	0.81	1.20	2.55		12/31/1996	-	-
Short-Term Bond	0.50	0.45	0.43	1.36	1.24	2.52		8/1/1971	-	-

*Effective 6/12/17, the maximum sales charge on Class A Shares was changed from 5.75% to 2.50%.

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)	1.07	0.62	0.00	-	-	-
Advisor	1.37	0.93	0.31	-	-	-
Institutional	1.61	1.06	0.58	-	-	-
ICE BofA ML 1-5 Year US Broad Market Index	1.34	1.58	1.06	1.89	0.11	2.67
Short-Term Bond	1.65	2.04	0.18	1.08	0.43	3.67

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

Holdings	% of Total
U.S. Treasury Notes, 1.375%, 10/31/2020	4.1
U.S. Treasury Notes, 2.875%, 09/30/2023	3.1
Morgan Stanley, 5.500%, 07/28/2021	2.0
Halfmoon Parent, Inc., 3.200%, 09/17/2020	1.9
Anheuser-Busch InBev Finance, Inc., 2.650%, 02/01/2021	1.8
Georgia-Pacific, LLC, 5.400%, 11/01/2020	1.8
Sempra Energy, 2.784%, 03/15/2021	1.8
American International Group, Inc., 6.400%, 12/15/2020	1.7
Citibank Credit Card Issuance Trust, 2.490%, 01/20/2023	1.7
Dominion Energy, Inc., 5.200%, 08/15/2019	1.6

First Investors Limited Duration Bond Fund

Glossary

BofA ML US Broad Market Index tracks the performance of U.S. dollar denominated investment grade debt publicly issued in the US domestic market, including U.S. 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 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 1-5 Year US Broad Market Index** tracks the performance of U.S. dollar denominated investment grade debt publicly issued in the U.S. domestic market, including U.S. Treasury, quasi-government, corporate, securitized and collateralized securities. Investors cannot invest directly in an index.

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 Short-term Bond Category** invest primarily in corporate and other investment-grade U.S. fixed-income issues and typically have durations of 1.0 to 3.5 years.

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, Derivatives Risk, Exchange-Traded Fund Risk, High Yield Securities Risk, Interest Rate Risk, Market Risk, Prepayment and Extension Risk, Sector 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 2.50%. 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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