2019 First Quarter Fund Commentary

First Investors Funds

First Investors Fund For Income

Ticker

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

Fund Inception Date

1/1/71 (Class A)
4/1/13 (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 3/31/19

343

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

The change in Fed policy this quarter resulted in yields falling across the entire yield curve as yields for U.S. Treasury bonds between 1-year and 30-years fell by 21 to 28 basis points. This resulted in a particularly strong quarter for U.S. fixed income with the Bloomberg Barclays Aggregate Bond Index gaining 2.94% over the quarter.

Returns were positive across all of the fixed income sectors, including corporate, U.S. Treasury, agency, and mortgage-backed securities. In addition to lower yields benefiting prices, spreads in investment grade corporate bond prices tightened (decreased) by 32 basis points over the quarter, further contributing to rising bond prices.

The current fixed income environment is challenging because of the incredibly flat yield curve. This means that going further out on the yield curve by buying longer-maturity securities is likely to have a very small impact on the yield that is received. This can lead to purchases of lower credit quality securities in order to obtain a higher yield which, to our thinking, is simply trading interest rate risk for credit risk.

There has been a significant amount of attention focused on the recent "yield curve inversion" which means that a longer-term U.S. Treasury yield fell below a shorter-term yield. In this case, the yield on the widely watched 10-year U.S. Treasury yield fell below the yield for the 3-month U.S. Treasury bill yield which some view as a precursor to a recession. While this inversion is certainly worth noting, San Francisco Federal Reserve research has shown that comparing the 10-year U.S. Treasury yield to the 1-year U.S. Treasury yield had the most predictive ability in forecasting recessions. It is important to note that the 1-year and 10-year yields only slightly inverted, and very briefly, for a few days towards the end of March. The Fed research showed that a negative "term premium" or spread between the 10-year and 1-year U.S. Treasury yields preceded all of the recessions since 1955 with only one false positive when only an economic slowdown occurred.

Performance Review

The First Investors Fund For Income returned 6.61% (Advisor Class) for the first quarter versus 7.34% for the ICE BofA ML BB-B U.S. HY Cash Pay Constrained Index. These results highlight notably strong credit selection in a quarter when duration in fixed income rebounded sharply. Duration is a measure of interest rate sensitivity and we have continued to keep less interest rate sensitivity than the market, while making up for our shorter-duration posture with strong credit selection, particular in the 1-3 year and 3-5 year duration buckets. From an industry-based perspective, the Fund most outperformed the market in Energy on the basis of strong credit selection in exploration and production companies, and in services in which the Fund captured more individual idiosyncratic positive credit events. The Fund lagged the Index most through its small, overweight allocation to Telecommunications. From a rating perspective, our BB cohort's duration underweight hurt the Fund, as did our overweight in less interest-sensitive B rated credits. However, we made up for these gaps largely through superior credit selection in a narrow range of select CCC+ rated bonds. We note that we typically maintain a CCC posture well below that of the market. This quarter, when the rally was largely rate driven, that selectivity paid off as broadly, the lowest-rated high yield segment underperformed the quality portions of the market. We modestly expanded the Fund's exposure to floating rate loans in the quarter even though markets do not seem to fear a near-term interest rate increase. Rather, we believe that they have lagged high yield's sharp rally and now represent good value in a market with fundamentally decent credit characteristics.

Foresters Financial

First Investors Fund For Income

Outlook

Toward the end of the quarter, the U.S. Treasury yield curve inverted, with the 10-year yielding less than the three-month. Historically, an inversion of the yield curve has been predictive of a recession within the next two years. Many market observers believe that "this time is different" given unprecedented global central bank stimulus that has distorted real rates. While this might be true, it is worth considering what a negative yield curve says about the economy. If long-term rates are lower than shorter rates, this suggests investors are concerned about taking longer-term risk. In other words, they are nervous about investing in businesses or taking on risk that essentially spurs economic growth. Additionally, an inverted curve is challenging for banks as they borrow at the short end and lend at the longer term. Flatter credit curves make it uneconomic for banks to lend longer term, even if central banks hope to spur lending with low rates. Lending/borrowing is another example of risk taking. While "this time *may* be different," we believe investors are best served by a manager focused on avoiding defaults and managing risk.

Average Annual Total Return Performance as of 3/31/19 (%)

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)	6.57	6.57	4.94	6.06	3.26	8.57	–	1/1/71	1.19	1.19
A (with sales charge)	2.15	2.15	0.81	4.61	2.43	8.13	–	1/1/71	1.19	1.19
Advisor	6.61	6.61	5.20	6.33	3.52	–	3.95	4/1/13	0.95	0.95
Institutional	6.66	6.66	4.97	6.49	3.70	–	4.18	4/1/13	0.81	0.81
ICE BofA ML BB-B U.S. HY Ca Pay Cons Index	7.34	7.34	6.33	7.76	4.74	10.07	–	12/29/72	–	–
High Yield Bond	6.35	6.35	4.33	6.97	3.45	9.49	–	9/24/71	–	–

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

Calendar Year Returns (%)

	2018	2017	2016	2015	2014	2013	2012
A (without sales charge)	-2.69	6.41	10.91	-2.28	0.56	6.22	13.11
Advisor	-2.42	6.68	11.19	-2.29	1.06	6.24	13.11
Institutional	-2.62	7.17	11.42	-2.08	1.24	6.73	13.11
ICE BofA ML BB-B U.S. HY Ca Pay Cons Index	-2.04	6.96	14.76	-2.82	3.48	6.29	14.58
High Yield Bond	-2.59	6.40	13.18	-4.07	1.11	6.92	14.69

Top Ten Holdings as of 3/31/19 (%)

Holdings	% of Total
CRC Escrow Issuer, LLC, 5.250%, 10/15/2025	1.0%
CSC Holdings, LLC, 10.875%, 10/15/2025	1.0%
Alliance Data Systems Corp., 5.375%, 08/01/2022	1.0%
Sprint Communications, Inc., 6.000%, 11/15/2022	0.9%
GCI, Inc., 6.875%, 04/15/2025	0.9%
DaVita, Inc., 5.125%, 07/15/2024	0.9%
Tribune Media Co., 5.875%, 07/15/2022	0.9%
Midcontinent Communications & Finance Corp., 6.875%, 08/15/2023	0.8%
Intelsat Jackson Holdings SA, 6.989%, 01/02/2024	0.8%
Targa Resources Partners, LP, 4.250%, 11/15/2023	0.8%

Foresters Financial

Glossary

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

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 **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.

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%. 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.

Foresters Financial