

First Investors Funds

First Investors Limited Duration Bond Fund

Ticker

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

Fund Inception Date

5/19/14 (All classes)

Dividend Distribution

Monthly

Benchmark

Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index¹

Morningstar Category

Short-Term Bond

Number of Holdings as of 3/31/19

285

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

The change in Federal Reserve policy this quarter resulted in yields falling across the entire curve as yields for U.S. Treasuries between one 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 minimal 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 note 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, Federal Reserve Bank of San Francisco 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- and 10-year yields only slightly inverted, and only for a few days towards the end of March. The Fed research showed that a negative "term premium" or spread between the two benchmark U.S. Treasury yields preceded all of the recessions since 1955, with only one false positive observed.

Performance Review

During the first quarter of 2019, the **First Investors Limited Duration Bond Fund** returned 1.84% (Advisor Class), versus 1.21% for the Fund's benchmark (Bloomberg Barclays US Government / Credit 1-3 Year Index). The Fund also outperformed its Morningstar peer group by 13 basis points with a return of 1.71% for the peer group average. The Fund's outperformance was driven by five positive factors. First, the Fund was overweight investment grade corporate bonds relative to its peer group. Second, security selection with investment grade corporate bonds (especially Financials) was additive to relative Fund performance. Third, security selection with U.S. Treasuries was a positive factor as the Fund had some exposure to five-year U.S. Treasury securities. Fourth, the Fund's overweight in covered bond securities relative to its peer group was a positive factor. Lastly, the Fund's 5% allocation to 1- to 5-year high yield securities (although neutral compared to its peers) was additive relative to its benchmark during the quarter. Although the Fund outperformed both its peers and its benchmark during this period, it had two negative performance contributors. The Fund had an average 6.5% allocation to floating rate securities (mostly investment grade corporate bonds) which lagged fixed securities on a relative basis, given yields significant moved lower during the review period. Also, security selection within asset backed securities (ABS) was negative as the Fund had exposure to shorter (one year and less) ABS securities which lagged during the period.

Outlook

The Fund's strategy going forward will retain its overweight to investment grade corporate bonds as well as a 5% allocation to high yield. At the credit level, the Fund will continue to ensure its overall credit rating remains investment grade. We will aim for a 1.9 year average portfolio duration and maintain its average maturity below 4 years.

¹ Effective January 31, 2019, the portfolios' benchmark changed from the ICE BofA ML 1-5 Year U.S. Broad Market Index to the Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index.

First Investors Limited Duration Bond Fund

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)	1.77	1.77	2.94	0.82	–	–	0.67	5/19/14	0.98	0.79
A (with sales charge)	-0.72	-0.72	0.33	-0.03	–	–	0.14	5/19/14	0.98	0.79
Advisor	1.84	1.84	3.22	1.08	–	–	0.98	5/19/14	0.76	0.51
Institutional	1.88	1.88	3.38	1.30	–	–	1.17	5/19/14	0.60	0.36
Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index	1.21	1.21	3.03	1.32	1.22	1.59		1/30/76	–	–
Short-Term Bond	1.71	1.71	2.97	1.87	1.45	2.70		8/1/71	–	–

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)	0.16	1.07	0.62	0.00	–	–	–
Advisor	0.34	1.37	0.93	0.31	–	–	–
Institutional	0.50	1.61	1.06	0.58	–	–	–
Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index	1.60	0.84	1.28	0.65	0.77	0.64	1.26
Short-Term Bond	0.97	1.65	2.04	0.18	1.08	0.43	3.67

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

Holdings	% of Total
U.S. Treasury Notes, 1.375%, 10/31/2020	4.1
U.S. Treasury Notes, 2.625%, 12/31/2023	2.5
U.S. Treasury Notes, 2.500%, 01/15/2022	2.5
Morgan Stanley, 5.500%, 07/28/2021	2.0
JPMorgan Chase & Co., 4.500%, 01/24/2022	2.0
Halfmoon Parent, Inc., 3.200%, 09/17/2020	1.8
Georgia-Pacific, LLC, 5.400%, 11/01/2020	1.7
Sempra Energy, 3.060%, 03/15/2021	1.7
Citibank Credit Card Issuance Trust, 2.490%, 01/20/2023	1.7
Tesla Auto Lease Trust, 3.710%, 08/20/2021	1.6

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Glossary

The **Bloomberg Barclays 1-3 Year U.S. Government/Credit Bond Index** is the one- to three-year component of the Bloomberg Barclays U.S. Government/Credit Bond Index that includes securities in the Government and Credit Indexes. The Government Index includes Treasuries (that is, public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (that is, publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government). The Credit Index includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements.

The **ICE BofA ML 1-5 Year U.S. 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.

The **Bloomberg Barclays US Aggregate Bond Index** is a market capitalization-weighted index. Most U.S. traded investment grade bonds are represented. Municipal bonds, and Treasury Inflation-Protected Securities are excluded, due to tax treatment issues. The index includes U.S. Treasury securities, government agency bonds, mortgage-backed bonds, corporate bonds, and a small amount of foreign bonds traded in U.S.

The **Morningstar Short-Term Bond Category** invests 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 this Fund are: Call Risk, Credit Risk, Derivatives Risk, Exchange-Traded Fund Risk, High Yield Securities Risk, Interest Rate Risk, Liquidity Risk, Market Risk, Options Risk, Prepayment and Extension Risk, Sector 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 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 firstinvestorsfunds.com.

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