

First Investors Funds

First Investors Tax Exempt Income Fund

Ticker

FITAX (Class A)
FITDX (Advisor)
FITEX (Institutional)

Fund Inception Date

8/3/1977 (Class A)
5/1/2013 (Advisor and Institutional)

Dividend Distribution

Monthly

Benchmark

ICE BofA Merrill Lynch Municipal Securities Master Index

Morningstar Category

Muni National Intermediate

Number of Holdings as of 6/30/18

156

Portfolio Managers

Clark Wagner, since 1991
Patrick Tucci, CFA, since 2016
Timothy Pynchon, CFA, since 2018
(Green Square)

Foresters Investment Management Company, Inc. is the Fund's investment adviser and Green Square Asset Management, LLC serves as the subadviser to the high yield portion of the Fund.

Overall Morningstar Rating



Class A shares rated 4 overall stars by Morningstar among 261 U.S. Muni National Intermediate funds for the period ended 6/30/18 based on risk-adjusted performance.¹

Market Overview

U.S. fixed income markets experienced mixed performance for the quarter, as the broad market (measured by the ICE BofA ML U.S. Broad Market Index) lost -0.14% for the quarter, while U.S. Treasury bonds (measured by the ICE BofA ML Treasury Master Index) were marginally positive at 0.11%. As widely anticipated, the Federal Reserve increased its benchmark interest rate by 0.25%, signaling that two more hikes were likely by the end of 2018. The yield curve continued to flatten with the spread between 2- and 10-year U.S. Treasuries narrowing to 0.32%, the tightest range since August 2007. Investment grade corporate bonds (measured by the ICE BofA ML Corporate Master Index) were the weakest domestic fixed income market, down -0.94% for the quarter, and were hurt by widening credit spreads as well as reduced demand from foreign buyers. According to Bloomberg News, the credit metrics of investment-grade companies have weakened as the market has grown bigger, allowing the outstanding debt to more than double to \$5 trillion over the last decade. Municipal bonds (up 0.89% as measured by the ICE BofA ML Municipal Securities Master Index) outperformed U.S. Treasuries, benefiting from lower municipal issuance this year. The high yield market (measured by the ICE BofA ML US HY Cash Pay Constrained Index) was the strongest fixed income market for the quarter (1.00%).

Performance Review

The First Investors Tax Exempt Income Fund was up 0.74% (Advisor class) for the second quarter, slightly underperforming its peer group which gained 0.78%, and its benchmark which gained 0.89%. The second quarter was not nearly as turbulent for the municipal bond market as it was in the first quarter of 2018. The first quarter saw an uptick in price volatility and an increase in interest rates. Couple that with the uncertainty surrounding the impacts of tax reform, and we were happy to turn the page and move into the second quarter. Tax reform was disruptive to our market, but not devastating. It did have an impact on the amount of new issue supply and the level of participation by certain buyers of muni bonds. A decrease in tax rates for corporations impacts the buying behavior of banks and insurance companies who are a big component and traditional buyers of the asset class. With lower tax rates generally comes less need for investment in municipals when compared to other fixed income products. This drop off in demand was somewhat offset by the decrease in new issue supply which helped in balancing market technicals for quarter. The second quarter also experienced steady inflows into muni funds which is helpful for improving demand. These three conditions, plus a stable interest rate environment, lead to positive second quarter performance.

The new 5% allocation to the high yield muni sleeve in the Tax Exempt Income Fund was a strong driver of performance this quarter. The ICE BofAML US Municipal High Yield Securities Index has returned 5.05% year to date and 2.86% for the second quarter. An overweighting within shorter maturity bonds had a negative impact on performance as the 0-5 year maturity part of the yield curve underperformed the overall market. Relative to its Muni National Intermediate Morningstar peer group, the Fund's 12-month yield ranks at the top of the first quartile as of the quarter-end.

¹ For the three-, five- and 10-year periods, respectively, the Fund was rated 4, 4 and 4 stars among 261, 233 and 154 funds in the U.S. Muni National Intermediate category for the time periods ended 6/30/18. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. Past performance is no guarantee of future results.

First Investors Tax Exempt Income Fund

Average Annual Total Return Performance as of 6/30/18 (%)

Class	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	Expense Ratio	
									Gross (%)	Net (%)
A (without sales charge)	0.56	-0.55	0.53	1.60	2.75	3.78	—	8/3/1977	1.00	0.96
A (with sales charge)*	-3.43	-4.51	-3.53	0.23	1.91	3.35	—	8/3/1977	1.00	0.96
Advisor	0.74	-0.31	0.87	1.92	2.98	—	1.92	5/1/2013	0.69	0.66
Institutional	0.64	-0.31	0.88	1.75	2.89	—	1.86	5/1/2013	0.68	0.64
ICE BofA ML Municipal Securities Master Index	0.89	-0.26	1.69	2.99	3.71	4.57	—	12/30/1988		
Muni National Intermediate	0.78	-0.26	1.14	2.30	2.89	3.67	—	12/1/1976		

* Effective 1/31/17, 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)	3.05	0.14	2.53	8.88	-3.18	7.23
Advisor	3.28	0.50	2.80	9.17	-3.38	7.23
Institutional	3.40	-0.13	2.69	9.14	-3.08	7.23
ICE BofA ML Municipal Securities Master Index	5.42	0.44	3.55	9.78	-2.89	7.26
Muni National Intermediate	4.46	-0.23	2.50	6.29	-2.34	5.55

Top Ten Holdings as of 6/30/18 (%)

Holdings	% of Total
NYC Municipal Water Authority, 6.000%, 06/15/2021	3.8
Pierce Cnty WA Sch Dist #10, 5.000%, 12/01/2039	2.1
Superior WI Ltd Oblig Rev, 6.900%, 08/01/2021	2.1
New York St Dorm Auth Revs NYU, 5.750%, 07/01/2027	1.8
California State GO, 5.000%, 09/01/2035	1.8
Texas State Wtr. Dev. Brd. Rev., 5.000%, 10/15/2043	1.8
Port Authority of NY & NJ, 5.000%, 10/15/2042	1.8
Denton TX ISD, 5.000%, 08/15/2040	1.7
Chicago Illinois Brd Ed Lease, 6.000%, 01/01/2020	1.6
Atlanta Ga Wtr & Wastewtr Rev, 5.500%, 11/01/2019	1.4

Glossary

The ICE BofA 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 months 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 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.

The ICE 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 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 Merrill Lynch 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 Morningstar Muni National Intermediate Category invests in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of 4.5 to 7.0 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: Call Risk, Credit Risk, Derivatives Risk, High Yield Securities Risk, Interest Rate Risk, Liquidity Risk, Market Risk, Municipal Securities Risk, Security Selection Risk and Tax 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 current maximum sales charge of 4.00%. Prior to 1/31/2017, 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.

These views represent the opinions of the Portfolio Managers and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on June 30, 2018, and are subject to change based on subsequent developments. We disclaim any responsibility to update such views. The Fund's portfolios and strategies are subject to change.

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, writing to the address below, 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 decisions.