

# First Investors Funds

# First Investors Global Fund

## Ticker

FIISX (Class A)  
FIITX (Advisor)  
FIUX (Institutional)

## Fund Inception Date

11/16/1981 (Class A)  
4/1/2013 (Advisor and Institutional)

## Dividend Distribution

Annually

## Benchmark

MSCI All Country World Index

## Morningstar Category

World Large Stock

## Number of Holdings as of 9/30/18

112

## Portfolio Managers

Pedro Marcal, since 2018

## Overall Morningstar Rating



Advisor shares rated 4 overall stars by Morningstar among 739 World Large Stock funds for the period ended 9/30/18 based on risk-adjusted performance.<sup>4</sup>

## Market Overview

Despite simmering trade tensions, U.S. equities produced their best quarter in nearly five years as stocks were fueled by strong U.S. economic growth and upbeat corporate earnings. Economic data supporting the rally included second quarter GDP of 4.2% September's U.S. consumer confidence hitting its highest level since 2000 and average monthly initial jobless claims falling to the lowest level in almost 50 years.<sup>1</sup>

Large-cap stocks, which lagged last quarter, were the strongest market capitalization. The S&P 500 Index returned 7.71%, its best quarter since the fourth quarter of 2013. The Dow Jones Industrial Average outperformed other major indexes with a gain of 9.63% for the quarter. Small caps (measured by the Russell 2000 Index) gained 3.58% for the quarter. Small caps continued to outperform the broad market for the year as they are mostly domestic-centric companies and, therefore, are less impacted by international trade tensions.

As part of a wider restructuring of the Global Industry Classification Standards, the Telecommunication Services sector was replaced by Communication Services which now includes several FAANG<sup>2</sup> names such as Alphabet, Facebook and Netflix.<sup>3</sup> This move dramatically alters the sector's characteristics, incorporating a higher risk/return profile at the expense of its historically greater dividend yields. Healthcare, which benefited from a sector rotation accompanied by receding regulatory fears, was the best performing sector for the quarter with a return of 14.53%, outpacing Information Technology which gained 8.80%.

The divergence between U.S. stocks and the rest of the world's equity markets has widened over the past several months, as less synchronized global growth, trade concerns and other geopolitical issues hurt investors' appetite for international markets. At the end of September, trade tensions were partly alleviated with the forming of the United States-Mexico-Canada Agreement (formerly NAFTA) that was recognized by the member states on September 30.

International equities (measured by the MSCI ACWI ex US Index) returned 0.71% for the quarter. Japan was one of the strongest developed overseas markets with the MSCI Japan Index gaining 3.68% for the quarter on the heels of Shinzo Abe's sweeping victory in the presidential elections. Euro zone equities (MSCI EURO Index) were marginally negative at -0.43% for the quarter.

Down -1.09% for the period, emerging market (EM) equities (measured by the MSCI EM Index) continued to lag developed markets. Over the past several months, emerging markets experienced tightening financial conditions resulting from rising U.S. interest rates and a stronger dollar, as well as countries like Turkey and Argentina being hurt by structural weaknesses.

<sup>1</sup> Source: Bloomberg, 9/30/18. Represents quarter-over-quarter, annualized.

<sup>2</sup> FAANG stocks also include Amazon and Apple. Google has re-branded itself as Alphabet.

<sup>3</sup> Source: MSCI, "The New GICS Communication Services Sector." This was part of a major restructuring of the Global Industry Classification Standards that occurred on 9/24/18, and saw several sectors reclassified.

<sup>4</sup> For the three-, five- and 10-year periods, respectively, the Fund was rated 3, 4 and 3 stars among 739, 611 and 348 funds in the World Large Stock funds category for the time periods ended 9/30/18. 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.

## Performance Review

The First Investors Global Fund rose 4.27% (Advisor) for the third quarter, outperforming its Morningstar peer group, which gained 3.47% (Morningstar World Large Stock Funds), but underperformed the MSCI All Country World Index (ACWI) by just 0.14%. Stock selection was a large contributor to performance.

From a sector point of view, the top contributors were Communications Services, Financials and Information Technology. The largest detractors were Energy, Industrials and Consumer Staples. The portfolio was helped by stock selection in Communications Services, Real Estate, Financials and Utilities. The portfolio was hurt by stock selection in Energy, Industrials and Consumer Discretionary. The portfolio benefitted from an overweight position in Information Technology and an underweight position in Real Estate. The portfolio was hurt by its overweight position in Communications Services and by its underweight position in Industrials.

From a country point of view, the top contributors were Japan, the U.S. and the U.K. The largest detractors were Hong Kong, China and the Netherlands. The portfolio was helped by stock selection in Japan, the U.K., Taiwan, Sweden and the U.S., while positions in Hong Kong, Canada, France, the Netherlands and Italy hurt performance. The portfolio benefited from an overweight position in the U.S. and an underweight Canada as overweights in China and Germany and an underweight in Brazil negatively impacted performance.

## Outlook

We are optimistic about Japan, especially with Prime Minister Abe securing a third term in office. We expect both monetary and fiscal policies to remain on course in the country. Japanese Corporate earnings have been among the biggest upside surprises among major markets in recent quarters. In the quarter ending June 30, 2018, Nikkei earnings growth was 14.5%, one of the best among major markets. Japanese corporates are focusing more on corporate governance and shareholder returns, and we have seen consistent improvements in these areas.

We remain concerned about the medium term outlook for the Chinese economy. China has been deleveraging and the economy has been slowly moderating its economic growth prior to the trade dispute erupting with the U.S. By some estimates, the tariff war could potentially cost the local economy 0.5-0.7% of growth. While we don't expect China to reverse its deleveraging effort given it is a centerpiece of the country's plan to address the imbalance in its economy, we do expect a targeted stimulus to stabilize the economy in the face of growing external uncertainties. Such stimulus measures will most likely focus on infrastructure and domestic consumption.

European markets remain dominated by macro themes, particularly trade. On the positive side, concerns about trade relations with the U.S. improved during the quarter. Conversely, disruptions to global trade, especially regarding the U.S.-China trade war are impacting the sentiment for European equity markets.

## 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)	4.26	5.38	10.69	11.46	8.97	8.10	–	11/16/1981	1.49	1.44
A (with sales charge)	-1.78	-0.68	4.38	9.30	7.68	7.46	–	11/16/1981	1.49	1.44
Advisor	4.27	5.61	11.03	11.88	9.37	–	10.39	4/1/2013	1.09	1.04
Institutional	4.37	5.70	11.12	11.93	9.45	–	10.48	4/1/2013	1.05	1.00
MSCI ACWI Index	4.28	3.83	9.77	13.40	8.67	8.19	–	5/31/1990		
World Large Stock	3.47	3.69	8.87	12.44	8.24	8.25	–	11/1/1954		

\*Share Class Inception: Advisor–4/1/13; Institutional–4/1/13  
Returns for periods less than one year are cumulative and not annualized.

## Calendar Year Returns (%)

	2017	2016	2015	2014	2013	2012
A	23.73	1.26	2.20	4.35	25.94	16.05
Advisor	24.23	1.75	2.54	4.67	–	–
Institutional	24.12	1.90	2.54	4.90	–	–
MSCI ACWI Index	24.62	8.48	-1.84	4.71	23.44	16.80
World Large Stock	23.61	5.93	-1.77	2.72	24.69	15.74

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

Holding	Industry	% of Total
Apple, Inc.	Technology	3.1%
Amazon.com, Inc.	Consumer Cyclical	2.8%
Alibaba Group Holding, Ltd.	Consumer Cyclical	2.4%
Alphabet, Inc.	Technology	2.1%
Bank of America Corp.	Financial Services	2.1%
Microsoft Corp.	Technology	2.0%
UnitedHealth Group, Inc.	Healthcare	1.9%
JPMorgan Chase & Co.	Financial Services	1.9%
Chevron Corp.	Energy	1.8%
Visa, Inc.	Financial Services	1.7%

## Glossary

The **MSCI All Country World (ACWI) Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.

The **Standard & Poor's 500 Index (S&P 500)** is a capitalization-weighted index of 500 stocks. The Index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that Index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

The **MSCI ACWI ex U.S. Index** is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies.

The **MSCI Japan Index** is designed to measure the performance of the large and mid cap segments of the Japanese market. With 322 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in Japan.

The **MSCI EURO Index** is part of the Modern Index Strategy and represents the performance of large and mid-cap equities across 15 developed countries in Europe.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure emerging markets equity performance. The index consists of 24 emerging market country indices.

The **Morningstar World Large Stock Category** consists of portfolios have few geographical limitations. It is common for these portfolios to invest the majority of their assets in the U.S., Europe, and Japan, with the remainder divided among the globe's smaller markets. These portfolios typically have 20%-60% of assets in U.S. stocks.

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: Derivative Risk, Emerging Markets Risk, Foreign Securities Risk, High Portfolio Turnover Risk, Liquidity Risk, Market Risk, Mid-Size and Small-Size Company 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 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](http://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](http://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.*