

First Investors Funds

First Investors Global Fund

Ticker

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

Fund Inception Date

11/16/81 (Class A)
4/1/13 (Advisor and Institutional)

Dividend Distribution

Annually

Benchmark

MSCI All Country World Index (Gross)

Morningstar Category

World Large Stock

Number of Holdings as of 12/31/18

131

Portfolio Managers

Pedro Marcal, since 2018

Overall Morningstar Rating



Advisor shares rated 3 overall stars by Morningstar among 729 World Large Stock funds for the period ended 12/31/18 based on risk-adjusted performance.¹

Market Overview

The fourth quarter started off on a high note with the Goldilocks environment continuing to push the boundaries of U.S. equities. However, a number of concerns led to market volatility which increased sharply during the end of the quarter, reflecting investors' increased worries about the health of the aging bull market. As a result, the S&P 500 Index experienced its worst December since 1931. The Index was down -13.52% from its September peak, wiping out all of its 2018 gains and ending the year down -4.38%.

Factors that weighed on market sentiment included ongoing trade tensions, concerns about softer growth, the flattening of the yield curve, uncertainty around future interest rate hikes, falling oil prices, weaker forward guidance on corporate earnings and a partial government shutdown.

Several market shifts were also evident during the last three months of the year. Small caps became the weakest market capitalization, losing -20.20% (as measured by the Russell 2000 Index). On the style front, value stocks outperformed growth stocks for the first time since the fourth quarter of 2016. Defensive and low volatility strategies outperformed growth and momentum strategies which had dominated the market during the first nine months of the year. Only one sector, Utilities, was slightly positive for the quarter, with the remaining 10 sectors in negative territory. The Dow Jones Industrial Average held up better than any of the other major indexes, down -11.31% for the quarter and -3.48% for the year.

International equities (as measured by the MSCI All Country World Index ex U.S.) didn't fare any better. They lagged U.S. equities for most of the year, losing -11.46% in the fourth quarter and -14.20% for the year. Less synchronized global growth, trade concerns and other geopolitical issues, such as Brexit and Italian politics, weighed on those markets. Emerging markets (as measured by the MSCI Emerging Market Index) outperformed developed markets in December, down just -2.66%, and down -7.47% for the quarter.

Performance Review

The First Investors Global Fund (Advisor shares) fell -15.62% for the fourth quarter, underperforming its peer group, the Morningstar World Large Stock Funds, which dropped -12.93%. The Fund also underperformed the MSCI All Country World Index by 297 basis points (bps). Stock selection was a large contributor to underperformance. The Fund's positioning in growth stocks was also a detractor as growth stocks significantly underperformed value stocks during the quarter. From a sector point of view, the Fund was hurt by allocations in Communications Services, Energy, Industrials, Consumer Staples and Healthcare, but was helped by Materials. On a regional basis, the Fund underperformed the MSCI All Country World Index in Western Europe, the Americas, and Asia Pacific, although it outperformed in Central Asia. The Fund underperformed its benchmark in the U.S., UK, Canada, Japan, and France. Meanwhile the Fund was helped by exposures to Macau, Switzerland, Sweden, India and Finland.

¹ For the three-, five- and 10-year periods, respectively, the Fund was rated 2, 3 and 3 stars among 729, 618 and 360 funds in the World Large Stock funds category for the time periods ended 12/31/18. 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.

Outlook

Despite the extreme volatility experienced across global equity markets in the fourth quarter, we saw many companies continuing to grow their earnings and exploit business opportunities. We remain cautiously optimistic about Japan and believe that Prime Minister Abe, having been reelected to a third term and will continue his pro-growth monetary and fiscal policies. Japanese corporate earnings have been resilient in recent quarters, and we expect continued improvement of corporate governance and shareholder returns. Also, valuations of stocks in Japan are attractive relative to other major markets.

In contrast, we remain concerned about the medium term outlook for the Chinese economy. China has been deleveraging and economic growth has been slowly moderating even before trade tensions erupted with the U.S. By some estimates, the tariff war could potentially cost the local economy 0.5% to 0.7% of growth. While we do not 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 anticipate targeted stimulus in an effort to try to stabilize an economy facing growing external uncertainties. Such measures will most likely focus on infrastructure and domestic consumption. U.S.-China trade tensions remain the largest uncertainty for exporters in Asia.

In Europe, we expect the economy to recover during 2019 from the weak GDP growth witnessed in the second half of 2018, which was impacted by a series of non-recurring effects, such as the impact to the European economy caused by the new emission certification protocol. These auto emission protocols meaningfully distorted European car sales and production figures, which weighed on the sector, as well as concerns about global demand. Additionally, the European economy was impacted by extreme weather and the Italian-EU budget discussions which negatively impacted activity and confidence. Lingered below that surface, concerns remain that there is also some underlying deceleration, creating an upside risk if we see a full GDP growth rate coming back and downside risk if a slowdown manifests itself—leaving overall risk-reward well balanced. Separately, Brexit remains an area of significant uncertainty, with recent votes implying reduced risk for a no deal exit, which would be by far the worst case scenario for European macro and equity markets. While we expect Brexit-driven volatility to remain high, we think that reason will prevail within the UK government, avoiding a very adverse scenario for their economy. Any normalization in global trade relations would also provide upside to the export-driven European economy.

Average Annual Total Return Performance as of 12/31/18 (%)

| 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) | -15.67 | -11.13 | -11.13 | 3.65 | 3.50 | 8.82 | – | 11/16/81 | 1.49 | 1.44 |
| A (with sales charge) | -20.54 | -16.24 | -16.24 | 1.63 | 2.29 | 8.18 | – | 11/16/81 | 1.49 | 1.44 |
| Advisor | -15.62 | -10.89 | -10.89 | 4.05 | 3.87 | – | 6.71 | 4/1/13 | 1.09 | 1.04 |
| Institutional | -15.57 | -10.76 | -10.76 | 4.13 | 3.97 | – | 6.82 | 4/1/13 | 1.05 | 1.00 |
| MSCI ACWI Index | -12.65 | -8.93 | -8.93 | 7.18 | 4.82 | 10.05 | – | 5/31/90 | | |
| World Large Stock | -12.93 | -9.63 | -9.63 | 5.71 | 3.74 | 9.37 | – | 11/1/54 | | |

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

Calendar Year Returns (%)

| | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-------------------|--------|-------|------|-------|------|-------|-------|
| A | -11.13 | 23.73 | 1.26 | 2.20 | 4.35 | 25.94 | 16.05 |
| Advisor | -10.89 | 24.23 | 1.75 | 2.54 | 4.67 | – | – |
| Institutional | -10.76 | 24.12 | 1.90 | 2.54 | 4.90 | – | – |
| MSCI ACWI Index | -8.93 | 24.62 | 8.48 | -1.84 | 4.71 | 23.44 | 16.80 |
| World Large Stock | -9.63 | 23.61 | 5.93 | -1.77 | 2.72 | 24.69 | 15.74 |

Top Ten Holdings as of 12/31/18 (%)

| Holding | Industry | % of Total |
|------------------------------|------------------------|------------|
| Amazon.com, Inc. | Consumer Cyclical | 3.6 |
| Microsoft Corp. | Technology | 3.1 |
| Apple, Inc. | Technology | 3.0 |
| Berkshire Hathaway, Inc. | Financial Services | 2.6 |
| Merck & Co., Inc. | Healthcare | 2.5 |
| Verizon Communications, Inc. | Communication Services | 2.3 |
| Alphabet, Inc. (Class A) | Technology | 2.2 |
| Chevron Corp. | Energy | 2.1 |
| Alphabet, Inc. (Class C) | Technology | 2.0 |
| Bank of America Corp. | Financial Services | 1.9 |

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 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 that 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.

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 firstinvestorsfunds.com.

These views represent the opinions of Foresters Financial 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 December 31, 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.

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