

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

ICE BofA ML 1-5 Year U.S. Broad Market Index¹

Morningstar Category

Short-Term Bond

Number of Holdings as of 12/31/18

270

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

Fourth quarter U.S. fixed income market performance was mixed. A risk-off environment resulted in a significant outperformance of interest-sensitive sectors for the quarter, especially U.S. Treasuries, while credit-sensitive sectors were negative. The broad U.S. fixed income market (as measured by the ICE BofA ML U.S. Broad Market Index) gained 1.85% in December and was up 1.64% in the fourth quarter, erasing all of its earlier losses in 2018. As investors looked for safer investments, U.S. Treasury bonds (as measured by the ICE BofA ML Treasury Master Index) gained 2.22% for December and 2.60% for the quarter which pushed them into positive territory for the year at 0.80%.

Widening credit spreads kept investment grade corporate bonds in negative territory for the quarter at -0.06% and ended 2018 at -2.25% (as measured by the ICE BofA ML Corporate Master Index). The high yield market (as measured by ICE BofA ML U.S. HY Cash Pay Constrained Index) was also down -4.64% for the quarter and -2.26% for the year with lower rated quality bonds suffering the most. From mid-November to year-end, the leveraged loan market (as measured by the Credit Suisse Leveraged Loan Index) experienced its biggest outflows on record, losing -3.08% in the fourth quarter. The one bright spot in the fixed income market was municipal bonds, which are typically considered a safe haven due to their relatively high credit quality and attractive valuations compared to U.S. Treasuries. They also benefited from lower issuance and ended the quarter up 1.56% (as measured by the ICE BofA ML Municipal Securities Master Index).

Performance Review

During the fourth quarter, the First Investors Limited Duration Bond Fund returned 0.39% (Advisor Class), underperforming its Morningstar peer group by 8 basis points, while the Fund's benchmark's (ICE BofA ML 1-5 Year U.S. Broad Market Index) returned 1.43%. Underperformance was mostly driven by five factors. First, the Fund was overweight investment grade corporate bonds relative to both its benchmark and peer group. Second, the Fund's allocation to the high yield sector (5%) also acted as drag on performance. Third, on a relative performance basis, due to the Fund's overweight asset-backed securities (ABS) and its underweight in U.S. Treasury securities, the Fund posted weaker results. Lastly, the Fund's average duration was shorter than that of its peer group during the quarter. In summary, the Fund's overweight allocation to spread sectors (i.e., corporates, ABS and high yield) hurt performance during the period as the risk-off sentiment drove U.S. Treasury yields lower, resulting in wider spreads.

Outlook

The Fund's strategy will remain overweight investment grade corporate bonds and will continue to maintain its 5% allocation to high yield. On a credit level, the Fund will seek to ensure its overall credit rating remains investment grade, along with an average duration range between 1.75 and 2.25 years. Lastly, the Fund will maintain its average maturity of less than four years.

First Investors Limited Duration Bond Fund

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)	0.43	0.16	0.16	0.62	-	-	0.32	5/19/14	0.97	0.79
A (with sales charge)	-2.13	-2.34	-2.34	-0.24	-	-	-0.23	5/19/14	0.97	0.79
Advisor	0.39	0.34	0.34	0.88	-	-	0.64	5/19/14	0.77	0.51
Institutional	0.54	0.51	0.50	1.06	-	-	0.82	5/19/14	0.57	0.36
ICE BofA ML 1-5 Year U.S. Broad Market Index	1.43	1.37	1.37	1.43	1.45	2.45		12/31/96	-	-
Short-Term Bond	0.47	0.97	0.97	1.69	1.29	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	-	-	-
ICE BofA ML 1-5 Year U.S. Broad Market Index	1.37	1.34	1.58	1.06	1.89	0.11	2.67
Short-Term Bond	0.97	1.65	2.04	0.18	1.08	0.43	3.67

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

Holdings	% of Total
U.S. Treasury Notes, 1.375%, 10/31/2020	4.4
Morgan Stanley, 5.500%, 07/28/2021	2.1
Halfmoon Parent, Inc., 3.200%, 09/17/2020	2.0
Georgia-Pacific, LLC, 5.400%, 11/01/2020	1.9
Sempra Energy, 3.238%, 03/15/2021	1.8
Citibank Credit Card Issuance Trust, 2.490%, 01/20/2023	1.8
American International Group, Inc., 6.400%, 12/15/2020	1.7
Verizon Owner Trust, 1.920%, 12/20/2021	1.7
Dominion Energy, Inc., 5.200%, 08/15/2019	1.7
Synchrony Credit Card Master Note Trust, 1.930%, 06/15/2023	1.7

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Glossary

The **ICE BofA ML 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 **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 U.S. Cash Pay HY Constrained Index** tracks U.S. dollar denominated below investment grade corporate debt issued in the U.S. domestic market. Qualifying securities must have 18 months or more until maturity, a fixed coupon, and a minimum outstanding of \$250mm. Index constituents are capitalization-weighted based on current amount outstanding, the current market price, and accrued interest.

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 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 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 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 **Credit Suisse Leveraged Loan Index** is a market-weighted index that tracks the performance of institutional leveraged loans.

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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