

First Investors Funds

Equity

# First Investors Covered Call Strategy Fund

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## Fund Facts

**Investment objective:** Long-term capital appreciation

**Investment strategy:** The Fund invests in a portfolio of equity securities and writes (sells) call options on those securities.

**Portfolio managers:** Wiley D. Angell, Chief Investment Officer and Senior Portfolio Manager; Sean C. Hughes, CFA, Senior Portfolio Manager

**Investment Adviser:** Foresters Investment Management Company, Inc.<sup>1</sup> Ziegler Capital Management, LLC, an independent third-party investment adviser, serves as subadviser of the First Investors Covered Call Strategy Fund.

### Ziegler Capital Management, LLC Highlights

- **Founded:** 1991; Ziegler Capital Management, LLC is a wholly owned subsidiary of Stifel Financial Corporation, acquired in November, 2013.
- **Acquired:** The Fiduciary Asset Management Company (FAMCO) in 2015, which now operates as a group within Ziegler Capital Management and manages its covered call equity strategy.
- **Expertise:** Asset management
- **Clientele:** The firm serves a wide range of clients including institutions, municipalities, pension plans, foundations, endowments, hospitals and high-net-worth individuals.
- **Headquarters:** Chicago, with offices in Milwaukee, St. Louis, San Francisco and New York

**Asset type:** Equity

**Ticker symbols:** FRCCX (Class A Shares); FRCDX (Advisor Class Shares); FRCEX (Institutional Shares)

**Benchmarks:** S&P 500 Index; CBOE S&P 500 Buy Write Index (BXM). You cannot invest directly in an index.

**Investment Philosophy:** Foresters Financial believes in a long-term approach to investing. We provide a unique combination of broad investment capabilities, asset allocation expertise and conservative risk management that we believe can give your portfolio a competitive edge.

<sup>1</sup>Foresters Investment Management Company, Inc. (FIMCO) is the investment adviser to the First Investors family of funds and an affiliate of Foresters Financial Services, Inc.

## Gain the benefits of an Equity Fund with a low volatility Covered Call Strategy

### Why consider the Covered Call Strategy Fund?

Covered Call investing has attracted a great deal of attention from investors searching for lower-volatility equity strategies with an attractive income component. This type of fund combines a traditional, well-known asset class (stocks), with an alternative asset class (call options). By selling call options, an equity fund with a covered call strategy can generate income and provide long-term capital appreciation, while potentially reducing the risk profile of the equity asset class. Because a covered call strategy

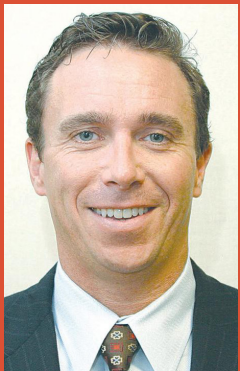
can help mitigate downside risk and offers less volatility than a stock-only portfolio, it may appeal to investors who are concerned about market volatility. As a result of the income and partial downside protection from the call options, covered call strategies have historically produced superior risk-adjusted returns relative to an equity-only approach.

If you're seeking long-term equity-like returns with potentially less volatility than the stock market — consider the **First Investors Covered Call Strategy Fund**.

## Features and benefits

The First Investors Covered Call Strategy Fund has several key features and strategies, including:

- **Active management:** The Fund seeks long-term capital appreciation and will be actively managed based on individual stocks with actively managed call options and will contain well-known large-cap stocks that are industry leaders;
- **Generates income:** More so than a stock-only strategy, the Fund generates upfront call premium income which tends to be higher in volatile market environments;
- **Reduced volatility:** The Fund strives to provide downside protection which is derived from call premiums which can tend to help cushion losses when the market declines. *Note that the Fund's strategy is expected to underperform equity markets during periods of sharply rising equity prices. See the back page for the risks associated with an investment in the Fund;*
- **Experienced portfolio team:** The Fund is managed by Wiley D. Angell, Chief Investment Officer, Senior Portfolio Manager and Sean C. Hughes, CFA, Senior Portfolio Manager. The Fund has an experienced management team that is part of a large, growing company. Mr. Angell originated the covered call strategy back in 1997 and maintains a successful track record with similarly managed funds.



**"This Fund will appeal to equity investors who seek long-term capital appreciation with potentially lower portfolio volatility."**

–Wiley D. Angell, Chief Investment Officer and Senior Portfolio Manager/Ziegler Capital Management, LLC

## How will the Fund be managed?

Under normal market circumstances, the Fund will write (sell) call options on at least 80% of the Fund's total assets. The Fund will normally write (sell) covered call options listed on U.S. exchanges on the equity securities held by the Fund to seek to lower the overall volatility of the Fund's portfolio, protect the Fund from market declines and generate income. The Fund's equity investments will consist primarily of common stocks of large-size U.S. companies, certain of which may pay dividends, and U.S. dollar-denominated equity securities of foreign issuers i.e., American Depositary Receipts (ADRs), traded on U.S. securities exchanges. To a lesser extent, the Fund may also invest in and write (sell) covered call options on securities of mid- and small-capitalization issuers and exchange-traded funds (ETFs) that track certain market indices, such as the S&P 500 Index.

## Who should consider buying the First Investors Covered Call Strategy Fund?

The First Investors Covered Call Strategy Fund may be used as a core holding of an investment portfolio. While every investor should consider an asset allocation strategy that meets his or her own needs, the Fund can be used as a standalone investment by an investor who does not want to make his or her own asset allocation decisions. The First Investors Covered Call Strategy Fund is intended for investors who:

- Are seeking long-term capital appreciation;
- Are willing to accept a moderate degree of investment risk; and
- Have a long-term investment horizon and are able to ride out market cycles.

## What are some of the principal risks of investing in this Fund?

The principal risks of investing in the Fund are:

**American Depositary Receipts Risk.** ADRs may involve many of the same risks as direct investments in foreign securities, including currency exchange fluctuations, less liquidity and more volatility, governmental regulations, and the potential for political and economic instability.

**Call Options Risk.** Writing call options to generate income and to potentially hedge against market declines involves risks, such as potential losses if equity markets or an individual equity security do not move as expected and the potential for greater losses than if these techniques had not been used. By writing covered call options, the Fund will give up the opportunity to benefit from potential increases in the value of a Fund asset above the strike price, but will bear the risk of declines in the value of the asset. Writing call options may expose the Fund to significant additional costs. Derivatives may be difficult to sell, unwind or value.

**Dividend Risk.** At times, the Fund may not be able to identify attractive dividend-paying stocks. The income received by the Fund will also fluctuate due to the amount of dividends that companies elect to pay.

**Exchange-Traded Funds Risk.** The risks of investing in securities of ETFs typically reflect the risks of the types of instruments in which the ETF invests. In addition, because ETFs are investment companies, the Fund will bear its proportionate share of the fees and expenses of an investment in an ETF. As a result, the Fund's operating expenses may be higher and performance may be lower.

**High Portfolio Turnover Risk.** High portfolio turnover could increase the Fund's transaction costs and produce taxable distributions to shareholders and possibly have a negative impact on performance.

**Market Risk.** Stock prices may decline over short or even extended periods not only because of company-specific developments, but also due to general economic and market conditions, adverse political or regulatory developments, a change in interest rates or a change in investor sentiment. Adverse market events may lead to increased redemptions, which could cause the Fund to experience a loss or difficulty in selling investments to meet redemptions.

**Mid-Size and Small-Size Company Risk.** The market risk associated with stocks of mid- and small-size companies is generally greater than that associated with stocks of larger, more established companies because stocks of mid- and small-size companies tend to experience sharper price fluctuations. At times, it may be difficult for the Fund to sell mid- to small-size company stocks at reasonable prices.

**Security Selection Risk.** Securities selected by the portfolio manager may perform differently than the overall market or may not meet the portfolio manager's expectations.

**Tax Risk.** Writing call options may significantly reduce or eliminate the amount of dividends that generally are taxable to non-corporate shareholders at a lower rate. Covered calls also are subject to federal tax rules that: (1) limit the allowance of certain losses or deductions by the Fund; (2) convert the Fund's long-term capital gains into higher taxed short-term capital gains or ordinary income; (3) convert the Fund's ordinary losses or deductions to capital losses, the deductibility of which are more limited; and/or (4) cause the Fund to recognize income or gains without a corresponding receipt of cash.

Foresters Financial Services, Inc. provides everyday families and individuals with financial solutions, guidance and tools, to meet their needs across all life stages. Our Financial Representatives offer personalized service combined with a solid, long-term approach and fresh thinking to help you:

- Save and invest for retirement, education and other life events
- Create retirement income strategies
- Protect the ones you love
- Plan your legacy

Together, we can help you achieve financial and family well-being—now and tomorrow, this generation and the next.

For more information about the First Investors Covered Call Strategy Fund or any other mutual fund from Foresters Financial, you may obtain a free prospectus and summary prospectus by contacting your Representative, calling 800 423 4026 or visiting our website at [forestersfinancial.com](http://forestersfinancial.com). You should consider the investment objectives, risks, charges and expenses carefully before investing. The prospectus and summary prospectus contain this and other information and should be read carefully before you invest or send money. An investment in a mutual fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

*All investments involve risk, including possible loss of principal. You can lose money by investing in the Fund. There is no guarantee that the Fund will meet its investment objective. Past performance is no guarantee of future results.*

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