

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

BofA Merrill Lynch Municipal Securities Master Index

Morningstar Category

Muni National Intermediate

Number of Holdings as of 6/30/17

113

Portfolio Managers

Clark Wagner since 1991
Patrick Tucci, CFA since 2016

Overall Morningstar Rating



Class A shares rated 5 overall stars by Morningstar among 263 US Muni National Intermediate funds for the period ended 6/30/17 based on risk-adjusted performance.¹

Market Overview

- U.S. Treasury bonds (measured by the BofA ML Treasury Master Index) were marginally negative, -0.15% in June, but positive for the quarter and year-to-date as of 6/30/17. Longer-dated bonds outperformed shorter-dated bonds.
- The U.S. Treasury yield curve has been flattening since the beginning of the year with the 2-year Treasury yield rising 19 basis points, while the 10-year Treasury yield fell 14 basis points. However, the Treasury yield curve steepened during the last week of June as long-term Treasury yields surged in reaction to central bankers' comments.
- The Fed raised the federal funds rate by another 25 basis points during its mid-June meeting to a range of 1.00% to 1.25%, the fourth increase since the end of 2015. Investors, however, are starting to question the future path of Fed rate hikes due to softer-than-expected inflation data and rich equity valuations.
- Investment grade corporate bonds (measured by the BofA ML U.S. Corporate Master Index) outperformed Treasuries (measured by the BofA ML U.S. Treasury Master Index), returning 0.25% for the month, 2.42% for the quarter and 3.88% year-to-date as of 6/30/17. Healthcare was the top performing sector for the month while energy was the only negative sector.
- The municipal market continues to recover significantly in the second half of 2017, with June being the first negative month for the BofA ML Municipal Master Index since the post-election selloff in November. New muni issuances are still below expectation for the year, while demand has remained steady. This imbalance has been a positive for the market. The municipal yield curve flattened for the quarter along with the U.S Treasury yield curve, causing the shorter end of the curve to underperform.
- Although high yield bonds (measured by the BofA ML US Cash Pay HY Constrained Index) slightly lagged investment grade corporate bonds in June and for the quarter, they continue to outperform year-to-date at 4.92% as of June 30, 2017.

Performance Review

The First Investors Tax Exempt Income Fund returned 1.21% (Advisor class) for the quarter, trailing its benchmark by 0.77%. The municipal market continues to recover significantly in the second half of 2017, with June being the first negative month for the BofA ML Municipal Master Index since the post-election selloff in November. New muni issuance is still below expectations for the year while demand has remained steady. The municipal yield curve flattened for the quarter along with the U.S. Treasury yield curve, causing the shorter end of the curve to underperform. The Fund has significantly shorter duration than the benchmark (3.94 years vs 6.06 years) which caused most of the underperformance. Some of the underperformance also came from the underweight to BBB, which was the strongest credit quality.

¹ For the 3-, 5- and 10-year periods, respectively, the Fund was rated 4, 4 and 5 stars among 263, 227 and 154 funds in the US Muni National Intermediate category for the time periods ended 6/30/17. 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 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 6/30/17 (%)

Class	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception*	Inception Date	Expense Ratio	
									Gross (%)	Net (%)
A (without sales charge)	1.04	1.94	-0.71	2.43	2.65	4.08	–	8/3/1977	1.00	1.00
A (with sales charge)**	-3.05	–	-4.64	1.06	1.82	3.66	–	8/3/1977	1.00	1.00
Advisor	1.21	2.06	-0.35	2.76	–	–	2.18	5/1/2013	0.69	0.69
Institutional	1.21	2.18	-0.96	2.54	–	–	2.09	5/1/2013	0.67	0.67
BofA ML Municipal Securities Master Index	1.98	3.40	-0.53	3.46	3.39	4.69	–	12/30/1988		
US Fund Muni National Interim	1.70	3.04	-0.78	2.35	2.34	3.70	–	12/1/1976		

* Share Class Inception: Advisor–5/1/13; Institutional–5/1/13

** Effective January 31, 2017, 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 as of 6/30/17 (%)

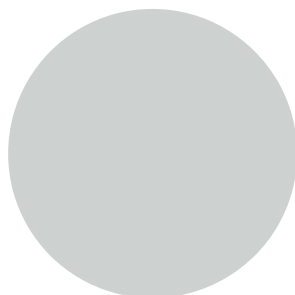
	QTD	YTD	2016	2015	2014	2013	2012
A	1.04	1.94	0.14	2.53	8.88	-3.18	7.23
Advisor	1.21	2.06	0.50	2.80	9.17	-3.38	7.23
Institutional	1.21	2.18	-0.13	2.69	9.14	-3.08	7.23
BofA ML Municipal Master Index	1.98	3.40	0.44	3.55	9.78	-2.89	7.26
US Fund Muni National Interim	1.70	3.04	-0.23	2.50	6.29	-2.34	5.55

Top Ten Holdings as of 6/30/17 (%)

Holdings	% of Total
NYC Municipal Water Authority, 6.000%, 06/15/2021	3.90
Chicago Illinois Brd Ed Lease, 6.000%, 01/01/2020	2.40
Superior WI Ltd Oblig Rev, 6.900%, 08/01/2021	2.20
New York St Dorm Auth Revs NYU, 5.750%, 07/01/2027	1.90
California State GO, 5.000%, 09/01/2035	1.80
Los Angeles Calif Wtr & Pwr Rev Bonds, 5.000%, 07/01/2047	1.80
Port Authority of NY & NJ, 5.000%, 10/15/2042	1.80
Pierce Cnty WA Sch Dist TOB Trust Receipts, Adjustable Rate, 12/01/2039	1.70
Michigan State, 5.250%, 09/15/2025	1.50
Atlanta Ga Wtr & Wastewtr Rev, 5.500%, 11/01/2019	1.50

Portfolio Allocation

- Fixed Income (100.06%)
- Cash (-0.04%)



Modern Portfolio Theory Statistics as of 6/30/17

	3 Year			5 Year			10 Year		
	First Investors Tax Exempt Income A	BofA ML Municipal Securities Master Index	US Fund Muni National Interim	First Investors Tax Exempt Income A	BofA ML Municipal Securities Master Index	US Fund Muni National Interim	First Investors Tax Exempt Income A	BofA ML Municipal Securities Master Index	US Fund Muni National Interim
Standard Deviation	2.14	3.22	2.92	3.40	3.84	3.22	4.39	4.91	3.97
Alpha	0.08	0.00	-0.78	-0.29	0.00	-0.48	-0.06	0.00	-0.13
Beta	0.65	1.00	0.90	0.86	1.00	0.83	0.87	1.00	0.79
Sharpe Ratio	1.00	0.99	0.72	0.73	0.84	0.68	0.82	0.85	0.81
Information Ratio	-0.82	–	-2.45	-0.73	–	-1.24	-0.49	–	-0.74
Tracking Error	1.21	0.00	0.44	0.98	0.00	0.81	1.20	0.00	1.29
R2	95.33	100.00	98.92	94.16	100.00	97.82	94.76	100.00	96.16

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 4.00%. 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.

First Investors Tax Exempt Income Fund

Glossary

The **BofA Merrill Lynch 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 **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 month 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 **Bank of America Merrill Lynch 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 **BofA Merrill Lynch Municipal Securities Master Index** tracks the performance of the investment-grade U.S. tax-exempt bond market. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule, and an investment grade rating (based on average of Moody's, S&P, and Fitch).

Alpha is a measure of performance on a risk adjusted basis.

The **Morningstar US Options Writing Category** consists of portfolios that use options as a significant and consistent part of their overall investment strategy.

Beta measures market volatility; a benchmark generally has a beta of 1.0; an investment with a beta under 1.0 is considered less volatile.

R-Squared measures the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

Standard Deviation is a statistical measure of the historical volatility of a mutual fund or portfolio; the higher the number the greater the risk.

Sharpe Ratio measures reward vs. risk; a higher number is more favorable.

Information Ratio: In investing terminology, the ratio of expected return to risk. Usually, this statistical technique is used to measure a manager's performance against a benchmark. This measure explicitly relates the degree by which an investment has beaten the benchmark to the consistency by which the investment has beaten the benchmark.

Tracking Error: Measure of the deviation of the return of a fund compared to the return of a benchmark over a fixed period of time. Expressed as a percentage. The more passively the investment fund is managed, the smaller the tracking error.

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 Funds are: Call Risk, Credit Risk, Derivatives 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.

Sector Overweight/Underweight as of 6/30/17 (%)

Moody's Rating	First Investors Tax Exempt Income	BofA ML Municipal Securities Master
Aaa	1.91	7.35
Aa	41.03	43.88
A	32.13	21.55
Baa	0.00	4.40
Ba	0.00	0.52
B	0.00	0.03
Ca	0.00	0.01
Not Rated	24.93	22.25
Total	100.00	100.00

Source: Bloomberg, 6/30/17. Past performance does not guarantee future results.

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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, 2017, 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.

Foresters Financial Holding Company, and its subsidiaries, are relying upon the exemption from fiduciary status for arm's-length transactions with independent and sophisticated financial institutions contained in Section (c)(1) of the Department of Labor's definition of fiduciary, 81 Fed. Reg. 68, at 20999 (April 8, 2016) ("Fiduciary Rule") in connection with clients subject to the Employee Retirement Income Security Act of 1974, as amended or Section 4975 of the Internal Revenue Code of 1986, as amended. Accordingly, these materials will not cause us to become a fiduciary within the meaning of the Fiduciary Rule.

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 800 524 2803 (Option 2) or visiting firstinvestorsfunds.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.