

First Investors Funds

Equity

# First Investors Hedged U.S. Equity Opportunities Fund

Foresters   
Financial

# First Investors Hedged U.S. Equity Opportunities Fund

## Fund Facts

**Investment Objective:** Total return, and secondarily, capital preservation

**Investment Strategy:** The Fund seeks to achieve its investment objective by investing in a broadly diversified portfolio of common stocks of any market capitalization while also investing in derivatives to help manage investment risk.

**Portfolio Managers:** Gregg R. Thomas, CFA and Roberto J. Isch, CFA

**Investment Adviser:** Foresters Investment Management Company, Inc.<sup>1</sup> is the Fund's investment adviser and Wellington Management Company LLP, an unaffiliated registered investment adviser, serves as subadviser to the Fund.

### Wellington Management Company LLP Highlights

- **Founded:** 1928, the firm currently has more than 600 investment professionals (averaging 17 years of industry experience) in 13 offices worldwide and has more than \$950 billion in client assets under management.<sup>2</sup>
- **Expertise:** Asset management
- **Clientele:** Defined benefit plans, endowments, foundations, insurers, central banks, wealth managers, family offices
- **Headquarters:** Boston, Massachusetts, including offices in: Chicago, San Francisco, Radnor, PA; Beijing, Hong Kong, Singapore, London, Frankfurt, Sydney, Tokyo, Luxembourg and Zurich

**Ticker Symbols:** FHEJX (Class A Shares); FHEKX (Advisor Class Shares); FHELX (Institutional Shares)

**Benchmark:** 70% Russell 3000 and 30% BofA Merrill Lynch 3 Mo T-Bill

**Investment Philosophy:** Foresters Financial believes in a long-term approach to investing. The exceptional combination of broad investment capabilities, asset allocation expertise, conservative risk management and a personal approach to clients, is what gives Foresters Financial its 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., which is a registered-broker dealer and subsidiary of Foresters Financial Holding Company, Inc.

<sup>2</sup>Assets under management (AUM) as of 6/30/16.

## Capture equity market returns with less volatility

### Why consider First Investors Hedged U.S. Equity Opportunities Fund?

In a time of increasing market volatility, hedged equity investing has become popular with investors who want total return and equity market exposure but with some downside protection. This type of Fund uses "hedged" or "defensive equity" strategies to seek to reduce risk in adverse market environments. The result is an equity solution that forgoes a portion of market gains in exchange for some protection in falling equity markets.

Similar to a balanced fund in its risk/return profile, this Fund seeks to provide long-term total return similar to broad

U.S. equity markets with lower volatility by seeking to preserve capital in down markets. The Fund is an actively managed equity portfolio that utilizes overlay hedging strategies to seek to reduce market risk. By combining these strategies, the Fund seeks to provide investors with a portfolio that will generate attractive long-term total returns with downside equity market protection.

As a result, this Fund may be appropriate for those who seek exposure to equity-like returns, but are concerned about market volatility, or potential rising interest rates.

## Features and benefits

The First Investors Hedged U.S. Equity Opportunities Fund has several key features and benefits, including:

- **Total Return:** The Fund seeks long-term total return through equity market exposure while mitigating downside risk;
- **Lower Volatility:** The Fund seeks downside protection by seeking to preserve capital through hedging strategies;
- **Diversification:** The Fund may add diversification to investment portfolios;
- **Active Management:** The Fund is an actively managed portfolio that utilizes overlay hedging strategies to reduce market risk;
- **Deep Experience:** Gregg R. Thomas, CFA and Roberto J. Isch, CFA. Mr. Thomas has 22 years of asset management experience with 17 years at Wellington Management, while Mr. Isch has 12 years of asset management experience with 6 years at Wellington Management.

## How is the Fund managed?

Under normal circumstances, the Fund will invest at least 80% of its net assets in equity securities of U.S. issuers and investments that provide exposure to such securities, including exchange-traded funds. To a lesser extent, the Fund also may invest in the equity securities of foreign issuers, including emerging markets.

The Fund is managed in a multistyle structure with a derivatives-based risk management overlay. The Fund allocates assets across a range of equity market investment styles that are focused on total return or growth of capital (underlying styles) to create a portfolio with broad market exposure. In addition to allocating assets to the underlying styles, the Fund implements a derivatives-based overlay strategy to manage the investment risks. This strategy principally involves the use of futures contracts combined with the purchase and sale of put and call options to partially hedge overall risks to the Fund.

## Who should consider buying the First Investors Hedged U.S. Equity Opportunities Fund?

The Fund is most appropriately used to add diversification to an investment portfolio. The Fund is intended for investors who:

- Are seeking total return;
- 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.



**“This Fund will appeal to investors who seek total return with less volatility than the U.S. Equity market and with less severe drawdowns.”**

– Portfolio Manager,  
Gregg R. Thomas, CFA, Senior  
Managing Director  
Wellington Management  
Company LLP

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

The principal risks of investing in the Fund are:

**Derivatives Risk.** Futures, options and options on futures involve risks, such as possible default by a counterparty, potential losses if interest rates do not move as expected, and the potential for greater losses than if these techniques had not been used. Investments in derivatives can increase the Fund's volatility and expose it to significant costs. In connection with certain transactions that may give rise to future payment obligations, including investments in derivatives, the Fund may be required to maintain a segregated amount of, or otherwise earmark, cash or liquid securities to cover the position or transaction, which cannot be sold while the position they are covering is outstanding, unless they are replaced with other assets of equal value. Investments in derivatives may cause leverage and magnify potential losses. Derivatives may be difficult to sell, unwind or value.

**Emerging Markets Risk.** The risks of investing in foreign securities are heightened when investing in emerging or developing markets. The economies and political environments of emerging or developing countries tend to be more unstable than those of developed countries, resulting in more volatile rates of returns than the developed markets and substantially greater risk to investors. There are also risks of: an emerging country's dependence on revenues from particular commodities or on international aid or development assistance; currency transfer restrictions; a limited number of potential buyers for such securities; and delays and disruptions in securities settlement procedures. In addition, there may be less information available regarding emerging market securities to make investment decisions.

**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.

**Foreign Securities Risk.** There are special risk factors associated with investing in foreign securities, including the risks of fluctuations in exchange rates, potential political and economic instability, differing accounting and financial reporting standards or inability to obtain reliable financial information regarding a company's financial condition, less stringent regulation and supervision of foreign securities markets, custodians and securities depositories, and potential capital restrictions. To the extent the Fund invests a significant portion of its assets in securities of a single country or region, it is more likely to be affected by events or conditions of that area. As a result, it may be more volatile than a more geographically diversified fund.

**Hedging Risk.** Hedging seeks to limit downside risks, but it also will limit the Fund's return potential. This will especially be true during periods of rapid or large market gains. Hedging activities involve fees and expenses, which can further reduce the Fund's returns. If the Fund uses a hedging instrument at the wrong time or judges market conditions incorrectly, or the hedged instrument does not correlate to the risk sought to be hedged, the hedge might be unsuccessful, reduce the Fund's return, or create a loss.

**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.

**Multi-Style Risk.** The Fund's performance depends on, among other things, the portfolio managers' success in monitoring and allocating the Fund's assets among the various underlying styles. The underlying styles may not always be complementary. The portfolio managers may make investment decisions independently of one another, and may make conflicting investment decisions. This may result in the Fund investing a significant percentage of its assets in certain types of securities, which could be beneficial or detrimental to the Fund's

performance depending on the performance of those securities and the overall market environment.

**Quantitative Strategies Risk.** Selecting or screening investments based on quantitative models may be adversely affected if the model relies on erroneous or outdated data. In addition, the quantitative model may be flawed, and factors that affect an investment's value can change over time and these changes may not be reflected in the quantitative model.

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

**Tax Risk.** The Fund may derive a significant portion of its income from its investment activities with respect to derivatives. Dividends received on the stock of most domestic and certain foreign corporations with respect to which holding period and certain other restrictions are satisfied generally constitute "qualified dividend income" (QDI), which is taxed at lower rates for non-corporate shareholders. Investments in derivatives may significantly reduce or eliminate the portion the Fund's dividends may treat as QDI. Investments in derivatives also are subject to federal tax rules that may: (1) limit the allowance of certain losses or deductions by the Fund; (2) convert the Fund's long-term capital gains to 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 is more limited; and/or (4) cause the Fund to recognize income or gains without a corresponding receipt of cash.

An investment in the Fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency.

There can be no guarantee that the Fund will meet its investment objective.

For more information about the First Investors Hedged U.S. Equity Opportunities 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 [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 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.

First Investors mutual funds are offered and distributed by Foresters Financial Services, Inc. Foresters Investment Management Company, Inc. serves as investment adviser to the First Investors mutual funds. Each is a wholly owned subsidiary of Foresters Financial Holding Company, Inc.

Foresters Financial™ and Foresters™ are the trade names and trademarks of The Independent Order of Foresters, a fraternal benefit society, 789 Don Mills Road, Toronto, Canada M3C 1T9 and its subsidiaries, including Foresters Financial Holding Company, Inc. (FFHC). Foresters Financial Services, Inc. is a registered broker-dealer and subsidiary of FFHC. Securities, life insurance and annuity products are offered through Foresters Financial Services, Inc. Insurance products are issued by Foresters Life Insurance and Annuity Company, New York, or The Independent Order of Foresters.