

First Investors Funds

Fixed  
Income

# First Investors Limited Duration Bond Fund

# Limited Duration Bond Fund

## Fund Facts

**Investment objective:** The Fund seeks current income consistent with low volatility of principal.

**Investment strategy:** Under normal circumstances, the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in investment grade bonds. For purposes of this 80% policy, investment grade bonds also include other investment grade fixed income securities. The Fund may invest in a variety of different types of investment grade securities, including corporate bonds, securities issued or guaranteed by the U.S. government or U.S. government-sponsored enterprises, and mortgage-backed and other asset-backed securities. The Fund may invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates. To a lesser extent, the Fund may invest in high yield, below-investment grade corporate bonds (commonly known as "high yield" or "junk bonds").<sup>2</sup> The Fund seeks to maintain an average-weighted duration between one to six years.

**Investment adviser:** Foresters Investment Management Company, Inc.<sup>3</sup>

**Asset type:** Short duration bond fund

**Ticker symbols:** FLDKX (Class A Shares); FLDLX (Advisor Class); FLDMX (Institutional Class)

**Benchmark:** Bank of America Merrill Lynch 1-5 Year U.S. Broad Market Index.<sup>4</sup>

**Portfolio managers:** Rodwell Chadehumbe. The portion of the Fund managed by Muzinich & Co., Inc. is managed primarily by Clinton Comeaux and Bryan Petermann, Portfolio Managers of the Fund since 2018.

**"The Fund attempts to provide a defensive positioning which may help limit its downside."**

**–Rodwell Chadehumbe,  
Portfolio Manager**



<sup>1</sup> The Fund's name changed from Limited Duration High Quality Bond Fund on January 31, 2018.

<sup>2</sup> Muzinich & Co., Inc. is the subadviser for the high yield bonds in the Fund.

<sup>3</sup> Foresters Investment Management Company, Inc. is the investment adviser to the First Investors family of funds and an affiliate of Foresters Financial Services, Inc.

<sup>4</sup> This 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. Investors cannot invest directly in an index.

# First Investors Limited Duration Bond Fund



## Limited duration can add current income

Limited duration bond funds (those that invest in bonds with shorter durations) have become increasingly popular at a time of heightened concern about the adverse impact of rising interest rates on bond portfolios.

Duration is a measurement of a bond's sensitivity to changes in interest rates. When interest rates rise, long-term bond funds (which have longer durations) decline in value more than short-term bond funds (which have shorter durations). Since interest rates are expected to continue to rise in the future from their current low levels, what does this mean for a bond fund investor?

As a general rule, most bond prices fall when interest rates rise. So if you're worried about rising interest rates, a shorter duration (or limited duration) bond fund may be your preferred option. This type of fund can help provide current income for your financial portfolio, while offering some protection against rising interest rates.

If you're looking for a bond fund that also seeks current income consistent with low volatility of principal, consider the First Investors Limited Duration Bond Fund.

## Why consider the First Investors Limited Duration Bond Fund?

### Key benefits include:

**Prudent approach.** The Fund seeks to reduce risk by focusing on the protection of principal and employing a disciplined credit review process.

**Interest rate management.** Active management of interest rate risk through investment in shorter-duration bonds.

**Current income.** Seeks current income consistent with low volatility of principal.

**Experienced portfolio management team.** Rodwell Chadehumbe, Portfolio Manager, has more than 21 years experience in financial markets. The portion of the Fund managed by Muzinich & Co., Inc. is managed primarily by Clinton Comeaux and Bryan Petermann, Portfolio Managers of the Fund since 2018.

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

The principal risks of investing in the Fund are:

**Credit Risk.** A debt issuer may become unable or unwilling to pay interest or principal when due. The prices of debt securities are affected by the credit quality of the issuer and, in the case of mortgage-backed securities, the credit quality of the underlying mortgages. Credit risk also applies to securities issued or guaranteed by the U.S. government and by U.S. government-sponsored enterprises that are not backed by the full faith and credit of the U.S. government. Securities issued by U.S. government-sponsored enterprises are supported only by the credit of the issuing entity.

**Derivatives Risk.** Investments in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates involve risks, such as 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 volatility of the Fund's share price and may expose the Fund to significant additional costs. Derivatives may be difficult to sell, unwind or value.

**Exchange-Traded Funds Risk.** The risks of investing in an ETF 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 expenses may be higher and performance may be lower.

**High Yield Securities Risk.** High yield bonds and other types of high yield securities have greater credit risk than higher quality securities because the companies that issue them may not be as financially strong as companies with investment grade ratings. High yield securities, commonly referred to as junk bonds, are considered to be inherently speculative due to the risk associated with the issuer's continuing ability to make principal and interest payments. Lower quality securities generally tend to be more sensitive to these changes than higher quality securities. During times of economic stress, issuers of high yield securities may be unable to access the credit markets to refinance their bonds or meet other credit obligations. Investments in high yield securities may be volatile.

**Interest Rate Risk.** In general, when interest rates rise, the market value of a debt security declines, and when interest rates decline, the market value of a debt security increases. The Fund may be subject to a greater risk of rising interest rates during periods of historically low interest rates. Securities with longer maturities are generally more sensitive to interest rate changes.

**Market Risk.** The prices of, and the income generated by, the debt securities held by the Fund may decline in response to certain events, such as general economic and market conditions, regional or global economic instability, interest rate fluctuations, and those events directly involving the issuers. Adverse market events may lead to increased redemptions, which could cause the Fund to experience a loss when selling securities to meet redemption requests by shareholders. The risk of loss increases if the redemption requests are unusually large or frequent.

**Prepayment and Extension Risk.** The Fund is subject to prepayment and extension risk since it invests in mortgage-backed and other asset-backed securities. When interest rates decline, borrowers tend to refinance their loans. When this occurs, the loans that back these securities suffer a higher rate of prepayment. This could cause a decrease in the Fund's income and share price. Extension risk is the flip side of prepayment risk. When interest rates rise, the Fund's average maturity may lengthen due to a drop in prepayments. This will generally increase both the Fund's sensitivity to interest rates and its potential for price declines.

**Sector Risk.** This is the risk associated with the Fund holding a significant amount of investments in similar businesses, which could be affected by the same economic or market conditions.

**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.

For more information about First Investors Funds from Foresters Financial Services, Inc., you may obtain a free prospectus by calling 800 423 4026 or visiting [foresters.com](http://foresters.com). You should consider the investment objectives, risks, charges and expenses of the funds carefully before investing. The prospectus contains 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.

Past performance is no guarantee of future results.

All investments involve risk, including the possible loss of principal. You can lose money by investing in the Fund.

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