

**Item 1 – Cover Page**

Foresters Investment Management Company, Inc.

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This Brochure provides information about the qualifications and business practices of Foresters Investment Management Company, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (212) 858-8000. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Foresters Investment Management Company, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about Foresters Investment Management Company, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

The following material changes have occurred since the previous annual update of our Brochure, which was dated March 31, 2017:

- Item 5 updates and broadens the range of annual fees earned by the Adviser for providing investment advisory services to the Funds it manages;
- Item 8 reflects that the Balanced Income Fund, Investment Grade Fund, Limited Duration Bond Fund (previously named the Limited Duration High Quality Bond Fund) and Total Return Fund invest a portion of their assets in high yield, below investment grade corporate bonds, and that the Adviser has retained a subadviser to manage the high yield portion of each of these Funds;
- Item 8 also reflects that the Tax Exempt Income Fund and Tax Exempt Opportunities Fund invest a portion of their assets in high yield, below investment grade municipal bonds, and that the Adviser has retained a subadviser to manage the high yield portion of both of these Funds; and
- Item 13 reflects a change in the composition of the Adviser's Investment Committee.

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#### **Item 4 – Advisory Business**

Foresters Investment Management Company, Inc. (the “Adviser”) provides portfolio management services primarily to registered investment companies, as described more fully in Item 7 of this Brochure. The Adviser is a wholly owned subsidiary of Foresters Financial Holding Company, Inc. (“FFHC”), and has been in business since 1971. FFHC is a wholly owned subsidiary of The Independent Order of Foresters, a Canadian fraternal benefit society with operations in Canada, the United States and the United Kingdom.

The Adviser manages each of its client’s accounts on a discretionary basis within guidelines established by the client and applicable regulations, as further discussed in Item 16 of this Brochure. As of December 31, 2017 the Adviser had assets under management as follows:

Registered investment companies	\$13,115,020,700
Proprietary Accounts (as described in Item 5)	<u>\$3,846,627,473</u>
Total	\$16,961,648,173

## **Item 5 – Fees and Compensation**

### Registered Investment Companies

Foresters Investment Management Company, Inc. (the “Adviser”) provides investment advisory services to each Fund pursuant to an Investment Advisory Agreement (“Advisory Agreement”). Under the Advisory Agreement, each Fund is obligated to pay the Adviser an annual fee, payable monthly in arrears. This fee varies by Fund, from 5 basis points (0.05%) annually for the Strategic Income Fund, a fund of funds, to 140 basis points (1.40%) annually for the Long Short Fund.

Each Fund bears all expenses of its operations other than those assumed by the Adviser or its Underwriter under the terms of its Advisory or Underwriting Agreements. Fund expenses include, but are not limited to: the advisory fee; Rule 12b-1 fees; shareholder servicing fees and expenses; custodian fees and expenses; legal and auditing fees; registration fees and expenses; expenses of communicating to existing shareholders, including preparing, printing and mailing prospectuses and shareholder reports to such shareholders; proxy and shareholder meeting expenses; and expenses of underlying funds held in a fund of funds.

### Proprietary Accounts

The Adviser receives no advisory fees for its management of the Profit Sharing Plan of Foresters Financial Services, Inc., the General Account of Foresters Life Insurance and Annuity Company and its own investment portfolio. However, the Adviser is reimbursed for investment-related expenses, including a portion of its general administrative expenses and salaries, incurred in managing these accounts. The Adviser is reimbursed for expenses incurred in managing the General Account U.S. Portfolio insurance assets of The Independent Order of Foresters, and receives compensation equal to 15% of incurred expenses.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Foresters Investment Management Company, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Foresters Investment Management Company, Inc. (the “Adviser”) acts as investment adviser primarily to the First Investors Family of Funds. The First Investors Family of Funds consists of four trusts, which collectively contain 50 registered investment companies, or “Funds”. The Adviser also acts as investment adviser to the Proprietary Accounts described in Item 5 of this Brochure.

The Adviser has no advisory clients other than the Funds and the Proprietary Accounts. If other advisory clients were acquired, it is anticipated that the accounts would be required to be a minimum size, normally at least \$10,000,000.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Foresters Investment Management Company, Inc. (the “Adviser”) is the investment adviser for certain registered investment companies, or funds. The Adviser manages each fund in accordance with the fund’s objective and principal investment strategies. The principal investment strategies and principal risks for each fund are described below. The funds’ objectives, principal investment strategies and principal risks, and other information about the funds, are set out in more detail in each fund’s most recent prospectus and statement of additional information. The funds may only be offered and sold by means of a prospectus; this document is not a prospectus. For the funds listed below that are noted as subadvised, the Adviser oversees a subadviser who manages the fund, or where noted a sleeve of the fund, pursuant to the fund’s objective and principal investment strategies.

Investing in securities involves risk of loss that clients should be prepared to bear.

### **Balanced Income Fund** **Income Fund / Life Series Fund** **(high yield bond portion subadvised)**

#### **Principal Investment Strategies:**

The fund allocates its assets among bonds, stocks and money market instruments. While the percentage of assets allocated to each asset class is flexible rather than fixed, under normal market conditions, the fund will invest approximately 60-80% of its net assets in bonds, money market instruments and cash and investments that provide exposure to such assets, including exchange-traded funds (“ETFs”), and approximately 20-40% of its net assets in stocks and investments that provide exposure to such assets, including ETFs.

The percentage allocations within the above ranges may change due to, among other things, market fluctuations or reallocation decisions by the Adviser. Once the asset allocation for bonds, stocks and money market instruments has been set, the



fund uses fundamental research and analysis to determine which particular investments to purchase or sell.

The fund's investments in bonds are comprised primarily of investment-grade corporate bonds. The Adviser selects bonds by first considering the outlook for the economy and interest rates, and thereafter, a particular security's characteristics.

To a lesser extent, the fund also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include bonds that are rated below Baa3 by Moody's Investor Services, Inc. or below BBB- by Standard & Poor's Rating Services as well as unrated bonds that are determined by the subadviser to be of equivalent quality. The subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, but relies principally on its own research and investment analysis. In managing its portion of the fund, the subadviser focuses on investments it believes can generate attractive and consistent income. The subadviser may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager's expectations. In addition, the Adviser may also invest in ETFs that could expose the fund to high yield securities.

The fund invests in other types of bonds and other debt securities, including U.S. Government securities and mortgage-backed securities. The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates. The fund may invest in bonds of any maturity or duration.

The fund's investment in stocks are normally diversified among common stocks of large-, mid- and small-size companies that offer the potential for current income or capital appreciation with an emphasis on companies that offer the potential for current income. In selecting stocks, the Adviser considers, among other things, an issuer's financial strength, management, earnings growth potential and history (if any) of paying dividends.

The Adviser may sell a security if it becomes fully valued, its fundamentals have deteriorated, alternative investments become more attractive or if it is necessary to rebalance the portfolio.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

Allocation Risk  
Credit Risk  
Derivatives Risk  
Dividend Risk  
Exchange-Traded Funds Risk  
High Yield Securities Risk  
Interest Rate Risk  
Market Risk  
Mid-Size and Small-Size Company Risk  
Prepayment and Extension Risk  
Security Selection Risk

**Covered Call Strategy Fund**

Equity Fund / Life Series Fund

(subadvised)

Principal Investment Strategies:

The fund invests in a portfolio of equity securities and writes (sells) call options on those securities. Under normal 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 call options written (sold) by the fund will generally have an exercise price that is above the market price of the underlying security at the time the option is written (sold). 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. The nature of the fund is such that it may be expected to underperform equity markets during periods of sharply rising equity prices; conversely, the fund

seeks to reduce losses relative to equity markets during periods of declining equity prices.

A call option gives the purchaser of the option the right to buy, and the writer, in this case, the fund, the obligation to sell, the underlying security at the exercise price at any time prior to the expiration of the contract, regardless of the market price of the underlying security during the option period. Covered call options may be sold up to the number of shares of the equity securities held by the fund.

In selecting investments, the fund's subadviser considers the following, among other criteria: a) companies in an industry with a large market share or significant revenues that fit the fund's investment strategy; b) companies with new products or a potentially positive change in management; c) recent or anticipated fundamental improvements in industry environment; and d) in some circumstances, companies that are out of favor. Call options written by the fund are designed to create income, lower the overall volatility of the fund's portfolio and mitigate the impact of market declines. The fund's subadviser considers several factors when writing (selling) call options, including the overall equity market outlook, sector and/or industry attractiveness, individual security considerations, and relative and/or historical levels of option premiums.

The fund may sell a security based on the following, among other criteria: a) a defined deterioration in operating fundamentals and/or a significant negative outlook from management; b) a large appreciation in the stock price leads to overvaluation relative to itself and its peers historically; c) significant management turnover at the senior level; or d) a change in the stage of the market cycle. The subadviser considers the period from one recession to the next recession a full market cycle. The subadviser writes call options based upon the subadviser's outlook on the economy and stock market and analysis of individual stocks, which can impact the strike price and expiration of a call option. Generally, higher implied volatility will lead to longer expirations, locking in potentially higher call premiums, whereas lower implied volatility will tend to lead to shorter-dated options. The writing of covered call options may result in frequent trading and a high portfolio turnover rate.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

American Depositary Receipts Risk  
Call Options Risk

Dividend Risk  
Exchange-Traded Funds Risk  
High Portfolio Turnover Risk  
Market Risk  
Mid-Size and Small-Size Company Risk  
Security Selection Risk  
Tax Risk [Equity Fund]

**Equity Income Fund**  
Equity Fund / Life Series Fund

Principal Investment Strategies:

The fund invests, under normal circumstances, primarily in dividend-paying stocks of companies that the Adviser believes are undervalued in the market relative to their long term potential. Under normal circumstances, the fund will invest at least 80% of its net assets (including any borrowings for investment purposes) in equities. For purposes of this 80% policy, equities may include common stock, preferred stock, equity-based exchange-traded funds (ETFs) and instruments that are convertible into common stock, or other instruments that represent an equity position in an issuer. The fund normally will diversify its assets among dividend-paying stocks of large-, mid- and small-size companies. The fund may also invest in stocks of companies of any size that do not pay dividends, but have the potential of paying dividends in the future if they appear to be undervalued.

The fund may write (sell) covered call options on the securities it holds to generate income. A call option gives the purchaser of the option the right to buy, and the writer, in this case, the fund, the obligation to sell, the underlying security at the exercise price at any time prior to the expiration of the contract, regardless of the market price of the underlying security during the option period.

The Adviser generally uses a "bottom-up" approach in attempting to identify stocks that are undervalued. This means that the Adviser generally identifies potential investments through fundamental research and analysis which includes, among other things, analyzing a company's balance sheet, cash flow statements and competition within a company's industry. The Adviser also assesses a company's corporate strategy and whether the company is operating in the interests of

shareholders, as well as analyzing economic trends, interest rates, and industry diversification.

The fund may sell a security if it becomes fully valued, its fundamentals have deteriorated or alternative investment opportunities become more attractive.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Call Options Risk
- Dividend Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Security Selection Risk
- Undervalued Securities Risk

**Floating Rate Fund**

Income Fund  
(subadvised)

Principal Investment Strategies:

Under normal circumstances, the fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in floating rate loans and/or bonds. Floating rate loans represent amounts borrowed by companies or other entities from banks and other lenders, which have interest rates that reset periodically (annually or more frequently), generally based on a common interest rate index or another base rate. In many cases, they are issued in connection with recapitalizations, acquisitions, leveraged buyouts and refinancings.

The fund will normally invest the majority of its assets in U.S. dollar denominated senior secured floating rate loans and/or bonds. A senior floating rate loan typically has priority with respect to payment (to the extent assets are available) in the event of bankruptcy. The fund generally will acquire floating rate loans as assignments from lenders.

The fund may invest in floating rate loans and/or bonds of any maturity or credit quality, but typically will invest in short duration, below investment grade floating rate loans and/or bonds (commonly referred to as "high-yield" or "junk" bonds) that the subadviser believes have attractive risk/reward characteristics and which are issued by U.S. corporations and/or foreign corporations in U.S. dollars.

The fund generally invests in below investment grade securities that are rated from BB+ to B- by Standard & Poor's Ratings Services, Ba1 through B3 by Moody's Investors Service, Inc., or which are deemed to be of equivalent credit quality by the subadviser. To a lesser extent, the fund may invest in below investment grade securities below these ranges. The fund will primarily invest in high yield floating rate loans and/or bonds, and may invest, to a lesser degree, in fixed-rate bonds. The subadviser generally attempts to reduce the impact on the fund from changing interest rates by investing in securities with shorter durations. Duration is a measurement of a loan's or bond's sensitivity to changes in interest rates. In general, the longer the duration of loans and/or bonds, the greater the likelihood that an increase in interest rates would cause a decline in the price of the fund's shares. The subadviser believes that the fund's short duration approach potentially reduces interest rate risk.

Although the subadviser will consider ratings assigned by ratings agencies in selecting floating rate loans and/or bonds, it relies principally on its own research and analysis. The subadviser selects a loan and/or bond based on a bottom-up evaluation of each company and each loan or security. The subadviser considers both company-specific quantitative and qualitative factors including: a company's managerial strength and commitment to debt repayment; anticipated cash flow; debt maturity schedules; borrowing requirements; use of borrowing proceeds; asset coverage; earnings prospects; applicable legislation, regulation, or litigation; and the strength and depth of the protections afforded to the lender through the documentation governing the bank loan or bond issuance.

The fund may sell a holding when it has fulfilled the portfolio managers' expectations, no longer offers compelling relative value, shows deteriorating fundamentals, or if it falls short of the portfolio managers' expectations. The portfolio managers may also decide to continue to hold a loan or bond (or related securities) after a default.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Credit Risk
- Floating Rate Loan Risk
- Foreign Loan Risk
- High Yield Securities Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Security Selection Risk

**Fund For Income**  
Income Fund / Life Series Fund  
(subadvised)

Principal Investment Strategies:

The fund primarily invests in high yield, below investment grade corporate bonds (commonly known as “high yield” or “junk bonds”). High yield bonds include both bonds that are rated below Baa3 by Moody’s Investors Service, Inc. or below BBB- by Standard & Poor’s Ratings Services as well as unrated bonds that are determined by the subadviser to be of equivalent quality. High yield bonds generally provide higher income than investment grade bonds to compensate investors for their higher risk of default (i.e., failure to make required interest or principal payments). The fund may also invest in other high yield debt securities, such as assignments of syndicated bank loans (also known as, “floating rate loans”).

Although the subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, it relies principally on its own research and investment analysis. The fund may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager’s expectations. It may also decide to continue to hold a bond (or related securities) after its issuer defaults or is subject to a bankruptcy.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

Credit Risk  
Floating Rate Loan Risk  
High Yield Securities Risk  
Interest Rate Risk  
Liquidity Risk  
Market Risk  
Security Selection Risk

**Global Fund**  
Equity Fund  
(subadvised)

Principal Investment Strategies:

The fund invests in a diversified portfolio of common stocks of companies that are located throughout the world, including the United States. Although the fund primarily invests in stocks of U.S. and foreign companies that are considered large to medium in size (measured by market capitalization) and that are traded in larger or more established markets, it may invest a significant amount in less-developed or emerging markets. The fund may also invest (to a lesser degree) in smaller size companies. At times the fund may invest in forward foreign currency contracts in order to hedge against the currency exposure resulting from its investments in foreign securities, but it may choose not to for a variety of reasons, even under very volatile market conditions.

The subadviser uses fundamental research and analysis to identify prospective investments. Security selection is based on any one or more of the following characteristics: profitability; return on invested capital; relative valuation; risk/return profile; quality of assets; industry structure/dynamics; hidden or unappreciated value; and/or quality of management. Once potential investments are identified, the subadviser constructs the fund's portfolio based on many factors



including: (1) regional and country allocation; (2) industry and sector allocation; (3) company size; and (4) in the case of foreign securities, foreign currency exposure and the risks of trading and maintaining securities and cash in foreign countries.

A stock may be sold if, in the portfolio manager's opinion: its downside risk equals or exceeds its upside potential; it suffers from a decreasing trend of earnings growth or suffers an earnings disappointment; or it experiences excessive valuations.

The fund may engage in active and frequent trading, which may result in high portfolio turnover.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Derivatives Risk
- Emerging Markets Risk
- Foreign Securities Risk
- High Portfolio Turnover Risk
- Liquidity Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Security Selection Risk

**Growth & Income Fund**  
**Equity Fund / Life Series Fund**

Principal Investment Strategies:

The fund primarily invests in common stocks that offer the potential for capital growth, current income or both. The fund primarily invests in common stocks of large-size companies. The fund may also invest in mid-, and small-size companies. Some but not all of the companies the fund invests in may regularly pay dividends.

The Adviser generally uses a “bottom-up” approach to selecting investments. This means that the Adviser generally identifies potential investments through fundamental research and analysis and, thereafter, focuses on other issues, such as economic trends, interest rates, industry diversification and market capitalization. In deciding whether to buy or sell securities, the Adviser considers, among other things, the issuer’s financial strength, management, earnings growth or potential earnings growth and the issuer’s valuation relative to its fundamentals and peers.

The fund may sell a security if it becomes fully valued, is no longer attractively valued, its fundamentals have deteriorated or alternative investments become more attractive.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Dividend Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Security Selection Risk
- Undervalued Securities Risk

**Government Fund**

**Income Fund / Life Series Fund**

Principal Investment Strategies:

Under normal circumstances, the fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in securities issued or guaranteed as to payment of principal and interest by the U.S. Government, its agencies or instrumentalities (“U.S. Government Securities”).

The fund may invest in all types of U.S. Government Securities, including (a) U.S. Treasury obligations, (b) securities issued or guaranteed by U.S. Government agencies or instrumentalities backed by the full faith and credit of the U.S. Government, such as mortgage-backed securities that are guaranteed by the Government National Mortgage Association (“GNMA”), and (c) securities issued or

guaranteed by agencies or instrumentalities sponsored by Congress but not guaranteed by the U.S. Government and are backed solely by the credit of the issuing agency or instrumentality or the right to borrow from the U.S. Treasury, such as mortgage-backed securities issued by the Federal National Mortgage Association ("Fannie Mae") and Federal Home Loan Mortgage Corporation ("Freddie Mac"). To a lesser extent, the fund may invest in municipal securities and non-government investment grade debt securities rated AA or above by Standard & Poor's Rating Services or Aa2 or above by Moody's Investor Service, Inc. The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates.

The Adviser uses a "top down" approach in making investment decisions based on its assessment of interest rates, economic and market conditions, and the relative values of different types of U.S. Government securities. In selecting investments, the Adviser considers, among other factors, maturity, yield, relative value and, in the case of mortgage-backed securities, coupon and weighted average maturity. The fund will usually sell an investment when there are changes in the interest rate environment that are adverse to the investment. The fund may engage in short-term trading which may result in high portfolio turnover.

An investor can lose money by investing in the fund. While the fund invests in obligations that are issued or guaranteed by the U.S. Government, its agencies or instrumentalities, an investment in the fund is not insured or guaranteed by the U.S. Government. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Call Risk
- Credit Risk
- Derivatives Risk
- High Portfolio Turnover Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Prepayment and Extension Risk
- Security Selection Risk

**Government Cash Management Fund**

**Income Fund / Life Series Fund**

**Principal Investment Strategies:**

The fund intends to operate as a “government money market fund” as defined in Rule 2a-7 under the Investment Company Act of 1940. The fund will invest at least 99.5% of its total assets in (i) U.S. government securities; (ii) cash; and/or (iii) repurchase agreements that are collateralized fully by cash and/or U.S. government securities. In addition, under normal circumstances, the fund will invest at least 80% of its net assets, including any borrowings for investment purposes, in U.S. government securities and repurchase agreements collateralized fully by cash or U.S. government securities. U.S. government securities include: U.S. Treasury bills and notes; obligations issued by the U.S. government, its agencies or instrumentalities, including securities issued by entities chartered by Congress that are not issued or guaranteed by the U.S. Treasury, including the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Banks and Federal Farm Credit Banks; and obligations issued by issuers that are guaranteed as to principal and interest by the U.S. government, its agencies or instrumentalities, including the Government National Mortgage Association. The fund may invest in fixed, variable and floating rate instruments. The fund generally invests in securities with remaining maturities of 397 days or less.

The fund’s portfolio is managed to meet regulatory requirements that permit the fund to maintain a stable net asset value (“NAV”) of \$1.00 per share. These include requirements relating to the credit quality, maturity, liquidity and diversification of the fund’s investments.

An investor can lose money by investing in the fund. Although the fund seeks to preserve a \$1.00 per share net asset value, it cannot guarantee that it will do so. An investment in the fund is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund’s sponsor has no legal obligation to provide financial support to the fund, and an investor should not expect that the sponsor will provide support to the fund at any time. There is no guarantee that the fund will meet its investment objective.

**Principal Risks** (see description of risks at end of Item 8):

Credit Risk

Interest Rate Risk  
Liquidity Risk  
Market Risk  
Repurchase Agreement Risk  
Yield Risk

**Hedged U.S. Equity Opportunities Fund**

Equity Fund  
(subadvised)

Principal Investment Strategies:

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. Under normal circumstances, the fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in equity securities of U.S. issuers and investments that provide exposure to such securities, including exchange-traded funds. The fund defines U.S. issuers to include: (1) issuers that are incorporated or headquartered in the U.S.; (2) issuers whose securities are principally traded in the U.S.; (3) issuers with a majority of their business operations or assets in the U.S.; and (4) issuers who derive a majority of their revenues or profits from the U.S. To a lesser extent, the fund also may invest in the equity securities of foreign issuers, including emerging market issuers. The portfolio management team also seeks to manage the fund's market risk and the risk of loss from significant events by investing in derivatives. The fund may engage in active and frequent trading which may result in high portfolio turnover.

The fund's subadviser allocates the fund's equity investments across a range of equity market investment styles managed by the subadviser that are focused on total return or growth of capital ("underlying styles") to create a portfolio with broad market exposure. The subadviser allocates the fund's assets among different underlying styles to create a portfolio that represents a wide range of investment philosophies, companies, industries and market capitalizations. The underlying styles make investments based on their specific investment philosophies, for example, value, growth, high quality, or low volatility. The portfolio management team seeks to combine complementary underlying styles, monitoring the fund's risk profile and strategically rebalancing the portfolio. In selecting different underlying

styles, the subadviser considers, among other things, the relative level of an underlying style's "active share" (i.e., the extent to which the underlying style's holdings diverge from the underlying style's benchmark index), and the "active share" of the fund (i.e., the extent to which the fund's holdings diverge from the fund's benchmark index).

For each underlying style, the subadviser has a distinct investment philosophy and analytical process to identify specific securities for purchase or sale based on internal proprietary research. The underlying styles generally invest in equity securities, but may also use derivatives for investment purposes. The underlying styles do not use derivatives solely for the purpose of creating leverage. The subadviser's investment personnel for each underlying style are responsible for selecting the fund's investments within their specific underlying styles. In selecting prospective investments for each underlying style, the subadviser may employ qualitative and quantitative portfolio management techniques.

In addition to allocating the fund's assets to the underlying styles, the subadviser seeks to manage the fund's aggregate investment risks, specifically, the risk of loss associated with markets generally as well as the risk of loss from significant events, by investing in derivatives. This strategy principally involves the purchase and sale of put and call options on indices and the purchase and sale of index futures contracts.

The use of derivatives is intended to hedge overall risks to the fund, but not the risks associated with single or groups of investments or single or groups of underlying styles. As a result, the subadviser's derivatives strategy may protect the fund from losses associated with a general market decline, but would not protect the fund from losses resulting from a single investment or group of investments held by the fund.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Derivatives Risk
- Emerging Markets Risk
- Exchange-Traded Funds Risk
- Foreign Securities Risk
- Hedging Risk
- High Portfolio Turnover Risk
- Market Risk

Mid-Size and Small-Size Company Risk  
Multi-Style Risk  
Quantitative Strategies Risk  
Security Selection Risk  
Tax Risk

**International Fund**  
**Equity Fund / Life Series Fund**  
**(subadvised)**

**Principal Investment Strategies:**

The fund primarily invests in a portfolio of common stocks and other equity securities of companies that are located outside of the United States. To a limited degree, the fund may also invest in companies based in the United States. The fund primarily relies on the country where the issuer is incorporated, is headquartered or has its principal place of business in determining the location of an issuer. The funds may consider a company to be located in a particular country even if it is not domiciled in, or have its principal place of business in, that country if at least 50% of its assets are in, or it expects to derive at least 50% of its total revenue or profits from, goods or services produced in or sales made in that country.

The fund typically invests in the securities of medium to large size companies, but will also invest in smaller companies. The fund's holdings may be limited to the securities of 40 to 60 different issuers and it may focus its investments in companies located in or tied economically to particular countries or regions. The fund generally invests in securities that are traded in the foreign securities markets, though it may invest significantly in emerging or developing markets. Additionally, from time to time, in pursuing its investment strategies, the fund may hold significant investments in a specific market sector.

The subadviser selects investments by screening a universe of stocks that meet its "quality growth" criteria, which include high return on equity and low to moderate leverage, among others. It then further narrows that universe by using a bottom-up stock and business analysis approach to identify companies whose businesses are highly profitable, have consistent operating histories and financial performance and enjoy possible long-term economic prospects. The subadviser also seeks to

generate greater returns by investing in securities at a price below the company's intrinsic worth.

In making sell decisions, the subadviser considers, among other things, whether a security's price target has been met, whether there has been an overvaluation of the issuer by the market, whether there has been a clear deterioration of future earnings power and whether, in the subadviser's opinion, there has been a loss of long-term competitive advantage.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Emerging Markets Risk
- Focused Portfolio Risk
- Foreign Securities Risk
- Liquidity Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Sector Risk
- Security Selection Risk

**International Opportunities Bond Fund**

Income Fund  
(subadvised)

Principal Investment Strategies:

Under normal circumstances, the fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in bonds. For purposes of the 80% policy, bonds include debt securities issued or guaranteed by national governments, their agencies or instrumentalities and political sub-divisions (including inflation index linked securities); debt securities of supranational organizations such as freely transferable promissory notes, bonds and debentures; corporate debt securities, including freely transferable promissory notes, debentures, zero coupon bonds, commercial paper, certificates of deposits, and bankers' acceptances issued by industrial, utility, finance, commercial banking or bank holding company



organizations; emerging markets debt; and below investment grade securities, also known as high yield debt or “junk bonds”. The Fund may invest in fixed-rate and floating-rate securities.

The fund will primarily invest its assets in debt securities (including fixed-rate and floating-rate securities) of issuers located in developed countries outside of the United States. An issuer is considered by the subadviser to be located in a developed country if such issuer meets certain criteria of the subadviser. The fund will primarily invest in sovereign debt and currencies, as well as in investment grade corporate bonds. Any country that, at the time a security is purchased, has a sovereign debt rating of A- or better from at least one nationally recognized statistical ratings organization (“NRSRO”) or is included in the Citigroup World Government Bond Index will be considered a developed country. The fund may also invest in emerging markets.

The fund may invest in both investment grade and, to a lesser extent, below investment grade securities. Investment grade securities are securities rated at the time of purchase by a NRSRO within one of the top four categories, or, if unrated, judged by the subadviser to be of comparable credit quality.

The fund may invest in forward foreign currency contracts in order to hedge its currency exposure in bond positions or to gain currency exposure. The fund may also invest in interest rate and bond futures to manage interest rate risk and for hedging purposes. These investments may be significant at times. Although the fund has the flexibility to make use of forward foreign currency contracts it may choose not to for a variety of reasons, even under very volatile market conditions. The fund will normally hold a portfolio of debt securities of issuers located in a minimum of six countries.

The weighted average duration of the fund’s portfolio is expected to range from 1 to 10 years, but for individual markets may be greater or lesser depending on the subadviser’s outlook for interest rates and the potential for capital gains.

The subadviser follows a top-down value-driven process to investing and therefore seeks to identify relative value in the international bond markets. The subadviser defines as undervalued those markets where it believes real interest rates are high and the currency is undervalued with potential to appreciate. The subadviser will concentrate investments in those undervalued markets where it believes cyclical business conditions, as well as secular economic and political trends, provide the

best opportunity for declining interest rates and a return to lower real rates over time. The subadviser believes that such economic conditions provide the best potential to achieve capital appreciation.

The fund is non-diversified.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Credit Risk
- Currency Risk
- Derivatives Risk
- Emerging Markets Risk
- Foreign Securities Risk
- High Yield Securities Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Non-Diversification Risk
- Security Selection Risk
- Sovereign and Quasi-Sovereign Debt Securities Risk
- Supranational Risk
- Valuation Risk

**Investment Grade Fund**  
Income Fund / Life Series Fund  
(high yield bond portion subadvised)

Principal Investment Strategies:

Under normal circumstances, the fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in investment grade debt securities. Investment grade debt securities include those that are rated within the four highest ratings categories by Moody's Investors Service, Inc. ("Moody's") or

Standard & Poor's Ratings Services ("S&P") or that are unrated but determined by the Adviser to be of equivalent quality.

The fund primarily invests in investment grade corporate bonds. The fund may also invest in other investment grade securities including securities issued or guaranteed by the U.S. Government or U.S. Government-sponsored enterprises (some of which are not backed by the full faith and credit of the U.S. Government), and mortgage-backed and other asset-backed securities. In making investment decisions, the Adviser considers the outlook for interest rates, economic forecasts and market conditions, credit ratings, and its own analysis of an issuer's financial condition. The fund will not necessarily sell an investment if its rating is reduced.

To a lesser extent, the fund also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include bonds that are rated below Baa3 by Moody's or below BBB- by S&P as well as unrated bonds that are determined by the subadviser to be of equivalent quality. The subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, but relies principally on its own research and investment analysis. In managing its portion of the fund, the subadviser focuses on investments it believes can generate attractive and consistent income. The subadviser may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager's expectations. In addition, the Adviser may also invest in exchange-traded funds ("ETFs") that could expose the fund to high yield securities.

Additionally, from time to time, in pursuing its investment strategies, the fund may hold significant investments in a specific market sector.

The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Credit Risk
- Derivatives Risk
- Exchange-Traded Funds Risk
- High Yield Securities Risk
- Interest Rate Risk

Liquidity Risk  
Market Risk  
Prepayment and Extension Risk  
Sector Risk  
Security Selection Risk

**Limited Duration Bond Fund**  
**Income Fund / Life Series Fund**  
**(high yield bond portion subadvised)**

**Principal Investment Strategies:**

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 the 80% policy, investment grade bonds also include other investment grade fixed-income securities.

Investment grade debt securities include those that are rated within the four highest ratings categories by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Services ("S&P") or that are unrated but determined by the Adviser to be of equivalent quality.

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 (some of which are not backed by the full faith and credit of the U.S. Government), mortgage-backed and other asset-backed securities. In making investment decisions, the Adviser considers the outlook for interest rates, economic forecasts and market conditions, credit ratings, and its own analysis of an issuer's financial condition. The fund will not necessarily sell an investment if its rating is reduced.

To a lesser extent, the fund also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include bonds that are rated below Baa3 by Moody's or below BBB- by S&P as well as unrated bonds that are determined by the subadviser to be of equivalent quality. The subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, but relies principally on its own research and investment analysis. In

managing its portion of the fund, the subadviser focuses on investments it believes can generate attractive and consistent income. The subadviser may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager's expectations. In addition, the Adviser may also invest in exchange-traded funds ("ETFs") that could expose the fund to high yield securities.

Additionally, from time to time, in pursuing its investment strategies, the fund may hold significant investments in a specific market sector.

The fund seeks to maintain an average weighted duration of between two and six years. Duration is a measurement of a bond's sensitivity to changes in interest rates. For every 1% change in interest rates, a bond's price generally changes approximately 1% in the opposite direction for each year of duration. For example, if a portfolio of fixed income securities has an average weighted duration of six years, its value can be expected to fall about 6% if interest rates rise by 1%. Conversely, the portfolio's value can be expected to rise approximately 6% if interest rates fall by 1%. As a result, prices of securities with longer durations tend to be more sensitive to interest rate changes than prices of securities with shorter durations. By comparison, a debt security's "maturity" is the date on which the security matures and the issuer is obligated to repay principal. Duration is typically not equal to maturity. The fund may invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Credit Risk
- Derivatives Risk
- Exchange-Traded Funds Risk
- High Yield Securities Risk
- Interest Rate Risk
- Market Risk
- Prepayment and Extension Risk
- Sector Risk
- Security Selection Risk

**Long Short Fund**

Equity Fund  
(subadvised)

Principal Investment Strategies:

The fund utilizes a long/short investment strategy through investments in equity securities, primarily common stocks of U.S. issuers. The fund defines U.S. issuers to include issuers domiciled in the U.S. or issuers whose securities are traded on a U.S. exchange. To a lesser extent, the fund also may invest in equity securities of foreign issuers, primarily through American Depositary Receipts ("ADRs"). The fund may invest in companies of any market capitalization and also may invest in initial public offerings ("IPOs"). At certain times, based on the currently existing market environment, the fund's subadviser may not believe it is able to find sufficient opportunities to invest in equity securities and/or take short positions in equity securities and may determine to tactically shift the fund's portfolio to invest substantially in money market instruments, such as short-term U.S. Treasury securities and certificates of deposit. The fund may not pursue or achieve its investment objective at such times. The fund may engage in short-term trading which may result in high portfolio turnover.

The subadviser's approach in managing the fund is based on its bottom-up relative-value philosophy. Under normal circumstances, the subadviser seeks to take long positions by investing in equity securities of companies it believes have strong and/or improving financial productivity that have attractive valuations. The subadviser seeks to complement these long positions with short positions in companies viewed by the subadviser to possess deteriorating fundamentals, unattractive valuations or other qualities warranting a short position, or as a sector or market hedge. A short sale involves the sale of a security that the fund borrows and does not own in the expectation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price and profiting from the price decline. The use of short sales may result in leverage. The fund may use short positions to seek to increase returns or to reduce risk. The total gross exposure of the fund will typically range from 0% to 200% of the fund's net asset value ("NAV") and the net exposure of the fund will typically range from -25% (net short exposure) to 100% (net long exposure) of its NAV. As an example, if the fund's gross long exposure is 100% of its NAV and its gross short exposure is 75% of its NAV, the fund would have a net long exposure of 25% of NAV.

The Fund is non-diversified.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

American Depositary Receipts Risk  
Counterparty Credit Risk  
Foreign Securities Risk  
High Portfolio Turnover Risk  
IPO Shares Risk  
Leverage Risk  
Market Risk  
Mid-Size and Small-Size Company Risk  
Non-Diversification Risk  
Security Selection Risk  
Short Position Risk

**Opportunity Fund**  
Equity Fund / Life Series Fund

Principal Investment Strategies:

The fund invests primarily in mid- and small-size companies that the Adviser believes offer strong growth opportunities. The fund also may invest in exchange-traded funds ("ETFs") to gain exposure to such securities. The fund may continue to hold stocks of companies that grow into larger companies and may also invest opportunistically in larger companies.

The Adviser uses a "bottom-up" approach to selecting investments. The Adviser uses fundamental research to search for companies that have one or more of the following: a strong balance sheet; experienced management; above-average earnings growth potential; and stocks that are attractively priced. The fund attempts to stay broadly diversified, but it may emphasize certain industry sectors based upon economic and market conditions.

The fund may sell a stock if it becomes fully valued, its fundamentals have deteriorated or alternative investments become more attractive. The fund may also

sell a stock if it grows into a large, well-established company, although it may also continue to hold such a stock irrespective of its size.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Exchange-Traded Funds Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Security Selection Risk

### **Real Estate Fund**

#### **Equity Fund / Life Series Fund**

#### **Principal Investment Strategies:**

Under normal circumstances, the fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in common stocks and other equity securities of companies principally engaged in the real estate industry and/or investments that provide exposure to such companies. For purposes of this 80% policy, other equity securities may include, without limitation, preferred stock, equity-based exchange-traded funds ("ETFs") and instruments that are convertible into common stock.

The fund will normally invest its assets primarily in securities issued by real estate investment trusts ("REITs") listed on a U.S. stock exchange. Currently, the only REITs the fund intends to invest in are U.S. exchange-listed REITs. The fund typically will invest in equity REITs (i.e., REITs that directly own real estate), mortgage REITs (i.e. REITs that lend money directly to real estate owners and/or operators or invest in long-term mortgage pools) and/or hybrid REITs (i.e. REITs that participate both in equity and mortgage investing).

The fund may, to a lesser extent, invest in securities of other companies principally engaged in the real estate industry. An issuer is principally "engaged in" the real estate industry if at least 50% of its assets, gross income or net profits is attributable to the ownership, construction, management or sale of residential,



commercial or industrial real estate, or to products or services related to the real estate industry. The fund may invest in REITs and real estate companies of any market capitalization.

The Adviser generally uses a “bottom-up” approach in selecting investments that entails performing fundamental analyses to identify securities that the Adviser believes can achieve superior returns, with a focus on companies with high, consistent return on invested capital, recurring operating income and strong capital structure. The Adviser will generally consider investments that meet one or more of the following criteria: discount to intrinsic value, attractive valuation relative to industry peers or the presence of a potential stock-specific catalyst.

The fund may sell a security if it becomes fully valued, its fundamentals have deteriorated or alternative investment opportunities become more attractive.

The fund will concentrate its investments in the real estate industry. The fund is non-diversified.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Industry Concentration Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Non-Diversification Risk
- Prepayment and Extension Risk
- Real Estate Investments Risk
- REIT Risk
- Security Selection Risk

**Select Growth Fund**  
**Equity Fund / Life Series Fund**  
**(subadvised)**

**Principal Investment Strategies:**

The fund invests in a portfolio of approximately 40-45 common stocks that the subadviser believes offers the best potential for earnings growth with the lowest risk of negative earnings surprises.

The subadviser employs quantitative and qualitative analysis to identify high quality companies that it believes have the ability to accelerate earnings growth and exceed investor expectations. Beginning with a universe of stocks that includes large-, mid- and small-size companies, the subadviser's investment team uses risk control and valuation screens primarily based on valuation, financial quality, stock volatility and corporate governance, to eliminate stocks that are highly volatile or are more likely to underperform the market.

Stocks that pass the initial screens are then evaluated using a proprietary methodology and fundamental analysis to produce a list of 80-100 eligible companies with a high probability of earnings growth that exceeds investor expectations. The analysis includes an evaluation of changes in Wall Street opinions, individual analysts' historical accuracy, earnings quality analysis and corporate governance practices. The subadviser then constructs the fund's portfolio based on a traditional fundamental analysis of the companies identified on the list to understand their business prospects, earnings potential, strength of management and competitive positioning.

Stocks may be sold if they exhibit negative investment or performance characteristics, including: a negative earnings forecast or report, valuation concerns, company officials' downward guidance on company performance or earnings or announcement of a buyout. Additionally, from time to time, in pursuing its investment strategies, the fund may hold significant investments in a specific market sector.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

**Principal Risks** (see description of risks at end of Item 8):

Focused Portfolio Risk

Growth Stock Risk  
Market Risk  
Mid-Size and Small-Size Company Risk  
Sector Risk  
Security Selection Risk

**Special Situations Fund**  
**Equity Fund / Life Series Fund**

**Principal Investment Strategies:**

The fund invests primarily in common stocks of small-size companies that the Adviser believes are undervalued, and generally invests in companies that are experiencing a “special situation” that makes them undervalued relative to their long-term potential. Developments creating special situations may include mergers, spin-offs, litigation resolution, new products, or management changes. The fund may invest in stocks of mid-size or large companies. The fund also may invest in exchange-traded funds (“ETFs”) to gain exposure to stocks and in real estate investment trusts (“REITs”).

The Adviser uses a “bottom-up” approach to selecting investments. The Adviser uses fundamental research to search for companies that have one or more of the following: a strong balance sheet; experienced management; above-average earnings growth potential; and stocks that are attractively priced.

The fund may sell a stock if it becomes fully valued, it appreciates in value to the point that it is no longer a small-size company stock, its fundamentals have deteriorated or alternative investments become more attractive.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

**Principal Risks** (see description of risks at end of Item 8):

Exchange-Traded Funds Risk  
Market Risk  
REIT Risk  
Security Selection Risk  
Small-Size and Mid-Size Company Risk

Undervalued Security Risk

**Strategic Income Fund**  
Income Fund

Principal Investment Strategies:

The fund is a “fund of funds” and seeks to achieve its investment objective by investing primarily in a combination of underlying funds that currently exist or may become available for investment in the future for which the Adviser acts as the investment adviser (“Underlying Funds”). The fund may invest in unaffiliated funds, which are also considered to be Underlying Funds.

The fund has the flexibility to invest in various combinations of Underlying Funds and will have exposure to a variety of fixed income securities, floating rate securities, equity securities, and other instruments by investing through a combination of the Underlying Funds. The income-related Underlying Funds are currently composed of the First Investors Government Cash Management Fund, First Investors Limited Duration Bond Fund, First Investors Government Fund, First Investors Investment Grade Fund, First Investors Fund For Income, First Investors Floating Rate Fund, First Investors International Opportunities Bond Fund, First Investors Tax Exempt Income Fund and First Investors Tax Exempt Opportunities Fund (“Underlying Income Funds”). The Underlying Income Funds may invest in fixed income securities of any maturity, including U.S. Government securities, U.S. Government-sponsored enterprise (“GSE”) securities, which may not be backed by the full faith and credit of the U.S. government, corporate bonds, municipal securities, mortgage-backed securities, asset-backed securities, below investment grade debt securities (commonly known as “high yield debt securities” or “junk bonds”), high yield secured floating rate loans and/or bonds, sovereign debt and currencies of developed and emerging market countries, futures, options, forward foreign currency contracts, inverse floaters and/or interest rate swaps. The First Investors Tax Exempt Income Fund and First Investors Tax Exempt Opportunities Fund primarily invest in municipal securities that pay interest that is exempt from federal income tax and is not a tax preference item for purposes of the federal alternative minimum tax (“AMT”). An Underlying Fund may, at times, engage in short-term trading, which may result in high portfolio turnover. The equity-related Underlying Funds are currently composed of the First Investors Equity Income Fund, which primarily invests in dividend-paying stocks of any size company, the

First Investors Real Estate Fund, which primarily invests in securities issued by real estate investment trusts ("REITs"), and the First Investors Covered Call Strategy Fund, which invests in a portfolio of equity securities and writes (sells) call options on those securities ("Underlying Equity Funds").

The fund will primarily invest in the Underlying Income Funds. While the percentage of allocation to each Underlying Fund is flexible, under normal conditions, the fund will invest approximately 95% (within a range of 85%-100%) of its net assets in the Underlying Income Funds and approximately 5% (within a range of 0%-15%) of its net assets in the Underlying Equity Funds. The fund anticipates that it will invest a significant portion of its net assets in the First Investors Limited Duration Bond Fund, First Investors Investment Grade Fund, First Investors Fund For Income, First Investors Floating Rate Fund, First Investors Government Fund and First Investors International Opportunities Bond Fund and, to a lesser degree, in the First Investors Government Cash Management Fund, First Investors Tax Exempt Income Fund, First Investors Tax Exempt Opportunities Fund, First Investors Equity Income Fund, First Investors Real Estate Fund and First Investors Covered Call Strategy Fund. Based on this allocation, the fund, under normal conditions, is expected to have significant exposure to the Underlying Funds' investments in below investment grade debt securities and debt securities of foreign issuers.

The fund will invest in particular Underlying Funds based on various criteria. The Adviser will adjust the allocation to the Underlying Funds based on a relative value analysis that takes into account, among other things, the Underlying Funds' respective investment objectives, policies, investment strategies and asset class and sector exposures in light of the overall outlook for the economy. In particular, the relative value analysis looks at the historical relationship among different asset classes and sectors as well as the macroeconomic outlook, interest rate forecasts, relative valuation levels in the equity and fixed income markets, and predicted areas of economic growth. While the fund can invest in any or all of the Underlying Funds, the fund may not be invested in any one of the Underlying Funds at any particular time. In addition to investments in the Underlying Funds, the fund may also invest directly in commercial paper, short-term corporate bonds and notes, floating and variable rate notes, U.S. Treasury securities and short-term obligations of GSEs (some of which are not backed by the full faith and credit of the U.S. Government). The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to adjust interest rate risk (i.e. either increasing or decreasing the average weighted duration of the fund's investments).

The particular Underlying Funds in which the fund may invest, the particular ranges and investments in the Underlying Funds may change from time to time without shareholder approval or notice. The fund may invest up to 5% of its total assets in additional Underlying Funds that are not specifically described in the fund's prospectus.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective. The fund should not be relied upon as a complete investment program. Stated allocations may be subject to change.

Principal Risks (see description of risks at end of Item 8):

- Affiliated Persons
- Allocation Risk
- Direct Investments
- Expenses
- Investing in the Underlying Funds
- Investments of the Underlying Funds

Principal Risks of the Underlying Funds (see description of risks at end of Item 8):

- American Depositary Receipts Risk
- Call Risk
- Call Options Risk
- Credit Risk
- Currency Risk
- Derivatives Risk
- Dividend Risk
- Emerging Markets Risk
- Exchange-Traded Funds Risk
- Floating Rate Loan Risk
- Foreign Loan Risk
- Foreign Securities Risk
- High Portfolio Turnover Risk
- High Yield Securities Risk
- Industry Concentration Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Mid-Size and Small-Size Company Risk

Money Market Fund Risk  
Municipal Securities Risk  
Non-Diversification Risk  
Prepayment and Extension Risk  
Real Estate Investments Risk  
REIT Risk  
Repurchase Agreement Risk  
Sector Risk  
Security Selection Risk  
Sovereign and Quasi-Sovereign Debt Securities Risk  
Supranational Risk  
Tax Risk  
Undervalued Securities Risk  
Valuation Risk  
Yield Risk

**Tax Exempt Income Fund**

Tax Exempt Fund

(high yield municipal bond portion subadvised)

Principal Investment Strategies:

Under normal circumstances, at least 80% of the fund's net assets (plus any borrowings for investment purposes) will be invested in municipal securities that pay interest that is exempt from federal income tax and is not a Tax Preference Item. However, the fund typically attempts to invest all of its assets in such securities. The fund diversifies its assets among municipal bonds and securities of different states, municipalities, and U.S. territories.

The fund primarily invests in high quality municipal securities that are rated as, or, if unrated, are determined by the Adviser to be, investment grade at the time of purchase. The fund may invest in securities insured against default by independent insurance companies. The fund may also invest in derivatives, including: inverse floaters, interest rate swaps, futures and options on futures to increase income, hedge against interest rate changes or enhance potential return.

To a lesser extent, the fund may invest in high yield, below investment grade municipal bonds (commonly known as “high yield” or “junk bonds”). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include those that are rated below Baa3 by Moody’s Investor Services, Inc. or below BBB- by Standard and Poor’s Rating Services and unrated bonds that are determined by the subadviser to be of equivalent quality. When making investment decisions, the subadviser focuses on bonds that it believes can generate attractive and consistent income. In addition, the Adviser may also invest in exchange-traded funds (“ETFs”) that could expose the fund to high yield securities.

In selecting investments for the fund, the Adviser and subadviser consider various factors, including: a security’s maturity, duration, coupon, yield, credit quality, call protection and relative value and the outlook for interest rates and the economy. The Adviser or subadviser may sell a security for various reasons, including to adjust the fund’s sensitivity to changes in interest rates (duration), replace it with a security that offers a higher yield or better value, respond to a deterioration in credit quality, or raise cash. The Adviser and subadviser generally consider taxes in deciding whether to sell an investment.

Typically, the securities purchased by the fund will have maturities of fifteen years or more, but the fund may invest in securities with any maturity.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Call Risk
- Credit Risk
- Derivatives Risk
- Exchange-Traded Funds Risk
- High Yield Securities Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Municipal Securities Risk
- Security Selection Risk
- Tax Risk



**Tax Exempt Opportunities Fund**

Tax Exempt Fund

(high yield municipal bond portion subadvised)

Principal Investment Strategies:

Under normal circumstances, at least 80% of the fund's net assets (plus any borrowings for investment purposes) will be invested in municipal securities that pay interest that is exempt from federal income tax and is not a Tax Preference Item. However, the fund typically attempts to invest all of its assets in such securities. The fund diversifies its assets among municipal bonds and securities of different states, municipalities, and U.S. territories.

The fund primarily invests in high quality municipal securities that are rated as, or, if unrated, are determined by the Adviser to be, investment grade at the time of purchase. The fund may invest in securities insured against default by independent insurance companies. The fund may also invest in derivatives, including: inverse floaters, interest rate swaps, futures and options on futures to increase income, hedge against interest rate changes or enhance potential return.

The Adviser seeks total return for the fund through actively trading to take advantage of relative value opportunities in the municipal bond market. As a result, the Adviser may, at times, engage in short-term trading within the fund, which could produce higher transaction costs and taxable distributions and may result in a lower total return and yield for the fund.

To a lesser extent, the fund may invest in high yield, below investment grade municipal bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include those that are rated below Baa3 by Moody's Investor Services, Inc. or below BBB- by Standard and Poor's Rating Services and unrated bonds that are determined by the subadviser to be of equivalent quality. When making investment decisions, the subadviser focuses on bonds that it believes can generate attractive and consistent income. In addition, the Adviser may also invest in exchange-traded funds ("ETFs") that could expose the fund to high yield securities.

In selecting investments for the fund, the Adviser and subadviser consider various factors, including: a security's maturity, duration, coupon, yield, credit quality, call

protection and relative value and the outlook for interest rates and the economy. The Adviser or subadviser may sell a security for various reasons, including to adjust the fund's sensitivity to changes in interest rates (duration), replace it with a security that offers a higher yield or better value, respond to a deterioration in credit quality, or raise cash. The Adviser and subadviser generally consider taxes in deciding whether to sell an investment.

Typically, the securities purchased by the fund have maturities of fifteen years or more, but the fund may invest in securities with any maturity.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

Call Risk  
Credit Risk  
Derivatives Risk  
Exchange-Traded Funds Risk  
High Portfolio Turnover Risk  
High Yield Securities Risk  
Interest Rate Risk  
Liquidity Risk  
Market Risk  
Municipal Securities Risk  
Security Selection Risk  
Tax Risk

**Tax Exempt Single State Funds**

<u>California Tax Exempt Fund</u>	<u>Connecticut Tax Exempt Fund</u>
<u>Massachusetts Tax Exempt Fund</u>	<u>Michigan Tax Exempt Fund</u>
<u>Minnesota Tax Exempt Fund</u>	<u>New Jersey Tax Exempt Fund</u>
<u>New York Tax Exempt Fund</u>	<u>North Carolina Tax Exempt Fund</u>
<u>Ohio Tax Exempt Fund</u>	<u>Oregon Tax Exempt Fund</u>
<u>Pennsylvania Tax Exempt Fund</u>	<u>Virginia Tax Exempt Fund</u>
<u>Each a Tax Exempt Fund</u>	

Principal Investment Strategies:

Under normal circumstances, at least 80% of each fund's net assets (plus any borrowings for investment purposes) will be invested in municipal securities that pay interest that is exempt from federal income tax and is not a Tax Preference Item, and any applicable state income tax for individual residents of the state identified in the name of the fund. However, each Fund typically attempts to invest all of its assets in such securities. Such securities include obligations issued by municipalities and other authorities in that state and U.S. possessions and territories, such as Puerto Rico (for the Minnesota Tax Exempt Fund, such securities include obligations issued by municipalities and other authorities in Minnesota and may include, to a limited extent, investments in obligations issued by U.S. possessions and territories, such as Puerto Rico). In certain cases, dividends paid by the fund may also be exempt from local personal income taxes.

Each fund generally invests only in high quality municipal securities that are rated as, or, if unrated, are determined by the Adviser to be, investment grade at the time of purchase. Typically, the securities purchased by the funds have maturities of fifteen years or more. However, the funds may invest in securities with any maturity and may invest in derivatives, including: inverse floaters, interest rate swaps, futures and options on futures to increase income, hedge against interest rate changes or enhance potential return. Each fund may invest in securities insured against default by independent insurance companies. In selecting investments, the Adviser considers various factors, including: a security's maturity, coupon, yield, credit quality, call protection and relative value and the outlook for interest rates and the economy.

Each fund may sell a security for various reasons, including to adjust the fund's sensitivity to changes in interest rates (duration), replace it with a security that offers a higher yield or better value, respond to a deterioration in credit quality, or raise cash. Each fund generally considers taxes in deciding whether to sell an investment.

An investor can lose money by investing in these funds. There is no guarantee that the funds will meet their investment objectives.

Principal Risks (see description of risks at end of Item 8):

Call Risk

Concentration Risk  
Credit Risk  
Derivatives Risk  
Interest Rate Risk  
Liquidity Risk  
Market Risk  
Municipal Securities Risk  
Security Selection Risk  
Tax Risk

**Total Return Fund**  
Equity Fund / Life Series Fund  
(high yield bond portion subadvised)

Principal Investment Strategies:

The fund allocates its assets among stocks, bonds and money market instruments. While the percentage of assets allocated to each asset class is flexible rather than fixed, the fund normally invests at least 50% of its net assets in stocks and at least 35% in bonds, cash and money market instruments. The percentages may change due to, among other things, market fluctuations or reallocation decisions by the fund's portfolio managers.

Once the asset allocation for stocks, bonds and money market instruments has been set, the Adviser uses fundamental research and analysis to determine which particular investments to purchase or sell.

The fund's investments in stocks are normally diversified among common stocks of large-, mid- and small-size companies that offer the potential for capital growth, current income, or both. In selecting stocks, the Adviser considers, among other things, the issuer's financial strength, management, earnings growth potential and history (if any) of paying dividends.

The fund's investments in bonds are primarily diversified among different types of bonds and other debt securities, including corporate bonds, U.S. Government securities and mortgage-backed and other asset-backed securities. The Adviser selects bonds by first considering the outlook for the economy and interest rates, and thereafter, a particular security's characteristics. The Adviser may sell a

security if it becomes fully valued, its fundamentals have deteriorated, alternative investments become more attractive or if it is necessary to rebalance the portfolio.

To a lesser extent, the fund also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include bonds that are rated below Baa3 by Moody's Investor Services, Inc. or below BBB- by Standard & Poor's Rating Services as well as unrated bonds that are determined by the subadviser to be of equivalent quality. The subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, but relies principally on its own research and investment analysis. In managing its portion of the fund, the subadviser focuses on investments it believes can generate attractive and consistent income. The subadviser may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager's expectations.

In addition, the Adviser may also invest in exchange-traded funds ("ETFs") that could expose the fund to high yield securities. The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Allocation Risk
- Credit Risk
- Derivatives Risk
- Exchange-Traded Funds Risk
- High Yield Securities Risk
- Interest Rate Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Prepayment and Extension Risk
- Security Selection Risk

### Other Accounts:

The Adviser manages several proprietary accounts as described in Item 5 of this brochure. No member of the public can invest in any of these accounts. These accounts consist of the Adviser's own proprietary account; the General Account Portfolio of Foresters Life Insurance and Annuity Company, the Adviser's affiliate; the Profit Sharing Plan of Foresters Financial Services, Inc., for the employees of subsidiaries of Foresters Financial Holding Company, Inc., the Adviser's parent company; and the U.S. General Account insurance assets of The Independent Order of Foresters, the Adviser's ultimate parent company. Investing in securities involves risk of loss that clients should be prepared to bear.

### **General Account of Foresters Investment Management Company, Inc. (the Adviser)**

#### Principal Investment Strategies:

The principal investment strategies of the fixed income portion of the account include cash management and purchase of short duration U.S. government securities and high quality corporate debt. The equity portion of the account invests in common stocks that offer the potential for capital growth, current income or both. When purchasing equities, the account generally seeks to invest in common stocks of large-, mid-, and small-size companies that have a history of paying dividends. When the account cannot identify dividend-paying stocks that it finds attractive, it may invest in non-dividend-paying stocks. When purchasing equities, the account generally uses a "bottom-up" approach to selecting investments. This means that the account generally identifies potential investments through fundamental research and analysis and thereafter focuses on other issues, such as economic trends, interest rates, industry diversification and market capitalization.

#### Principal Risks (see description of risks at end of Item 8):

Allocation Risk  
Credit Risk  
Dividend Risk

Interest Rate Risk  
Market Risk  
Mid-Size and Small-Size Company Risk  
Security Selection Risk

**General Account Portfolio of  
Foresters Life Insurance and Annuity Company ("FLIAC")**

**Principal Investment Strategies:**

FLIAC's investment objectives are to match the assets and liabilities of FLIAC, to obtain as high a level of current interest income as the Adviser believes is consistent with the preservation of invested capital, and to provide a total rate of return that is comparable to certain market benchmarks. These objectives may be weighted differently for different segments of FLIAC's investment portfolio. The Adviser seeks to achieve these investment objectives by investing in a diversified portfolio of securities. There are market risks inherent in all investments in securities and there can be no assurance that the Adviser will achieve these objectives. Portfolio securities will be selected pursuant to the following fundamental investment policies:

1. **Cash Balances.** Cash balances that are pending permanent investment will be invested in high grade, corporate commercial paper. The corporate paper must have the highest rating by one or more of the nationally recognized rating organizations. Other acceptable short-term investments include U.S. Treasury bills and notes, certificates of deposit, time deposits, bankers' acceptances and money market funds.
2. **Corporate Bonds.** Corporate bonds will include bonds, notes, debentures and other evidences of indebtedness issued, assumed or guaranteed by a corporation incorporated under the laws of the United States of America, of any state, district or territorial possession thereof or of the Dominion of Canada or any province thereof; provided that the bonds are rated class 1 or 2 by the Securities Valuation Office ("SVO") of the National Association of Insurance Commissioners ("NAIC").
3. **Government Obligations.** Government obligations include bonds, notes, bills and other evidences of indebtedness issued, assumed or guaranteed by the U.S.

Government, its agencies or instrumentalities or of any state or municipality thereof, or of the Dominion of Canada or any province thereof; provided that the bonds are rated class 1 or 2 by the SVO of the NAIC.

4. Mortgage-Backed Securities. Mortgage-backed securities include obligations issued by:
- A. The Government National Mortgage Association;
  - B. The Federal National Mortgage Association;
  - C. The Federal Home Loan Mortgage Corporation;
  - D. FHA and VA insured or guaranteed loans, or any other government guaranteed loans.
5. Equity Securities. Equity securities include preferred stocks, mutual fund shares or common stocks which are traded on a national exchange, provided that the preferred stocks are rated class 1 or 2 by the SVO of the NAIC.

The Adviser may, with prior written approval of FLIAC's Board of Directors, make investments other than those permitted under Investment Policies 1 through 5, provided that such investments are authorized or permitted under the New York Insurance Law. Currently, the FLIAC account also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds").

Principal Risks (see description of risks at end of Item 8):

Allocation Risk  
Credit Risk  
High Yield Securities Risk  
Interest Rate Risk  
Liquidity Risk  
Market Risk  
Municipal Securities Risk  
Prepayment and Extension Risk  
Security Selection Risk



**Profit Sharing Plan ("PSP")**

**Principal Investment Strategies:**

The PSP invests exclusively in the First Investors Total Return Fund.

The Total Return Fund allocates its assets among stocks, bonds and money market instruments. While the percentage of assets allocated to each asset class is flexible rather than fixed, the fund normally invests at least 50% of its net assets in stocks and at least 35% in bonds, cash and money market instruments. The percentages may change due to, among other things, market fluctuations or reallocation decisions by the fund's portfolio managers.

Once the asset allocation for stocks, bonds and money market instruments has been set, the Adviser uses fundamental research and analysis to determine which particular investments to purchase or sell.

The fund's investments in stocks are primarily diversified among common stocks of large-, mid- and small-size companies that offer the potential for capital growth, current income, or both. In selecting stocks, the Adviser considers, among other things, the issuer's financial strength, management, earnings growth potential and history (if any) of paying dividends.

The fund's investments in bonds are normally diversified among different types of bonds and other debt securities, including corporate bonds, U.S. Government securities and mortgage-backed securities. The Adviser selects bonds by first considering the outlook for the economy and interest rates, and thereafter, a particular security's characteristics.

The Adviser may sell a security if it becomes fully valued, its fundamentals have deteriorated, alternative investments become more attractive or if it is necessary to rebalance the portfolio.

To a lesser extent, the fund also invests in high yield, below investment grade corporate bonds (commonly known as "high yield" or "junk bonds"). The Adviser has retained a subadviser to manage this portion of the fund. High yield bonds include bonds that are rated below Baa3 by Moody's Investor Services, Inc. or below BBB- by Standard & Poor's Rating Services as well as unrated bonds that are determined by the subadviser to be of equivalent quality. The subadviser will consider ratings assigned by ratings agencies in selecting high yield bonds, but relies principally on its own research and investment analysis. In managing its

portion of the fund, the subadviser focuses on investments it believes can generate attractive and consistent income. The subadviser may sell a bond when it shows deteriorating fundamentals or it falls short of the portfolio manager's expectations.

In addition, the Adviser may also invest in exchange-traded funds ("ETFs") that could expose the fund to high yield securities. The fund may also invest in U.S. Treasury futures and options on U.S. Treasury futures to hedge against changes in interest rates.

An investor can lose money by investing in the fund. There is no guarantee that the fund will meet its investment objective.

Principal Risks (see description of risks at end of Item 8):

- Allocation Risk
- Credit Risk
- Derivatives Risk
- Exchange-Traded Funds Risk
- High Yield Securities Risk
- Interest Rate Risk
- Market Risk
- Mid-Size and Small-Size Company Risk
- Prepayment and Extension Risk
- Security Selection Risk

**General Account U.S. Portfolio of  
The Independent Order of Foresters ("Foresters")**

Principal Investment Strategies:

Foresters' investment objectives are to match the assets and liabilities of Foresters, to maximize total market return while ensuring the preservation of invested capital, to maintain liquidity and to ensure that applicable regulatory capital requirements are met. These objectives may be weighted differently for different segments of Foresters' investment portfolio. The Adviser seeks to achieve these investment objectives by investing in a diversified portfolio of securities. There are market risks inherent in all investments in securities and there can be no assurance that the Adviser will achieve these objectives.

Eligible investments for the portfolio include, but are not limited to, corporate fixed income securities, government securities, equity securities, mortgage backed securities, collateralized mortgage obligations, collateralized loan obligations, commercial mortgage backed securities, commercial mortgages, municipal bonds, real estate, real estate investment trusts, alternative investments, private debt, private equity, infrastructure equity and cash and cash equivalents. Maximum exposure limits for each asset class have been established for each segment of the portfolio and in the aggregate. For fixed income securities, single entity exposure limits are based on the senior debt rating of the parent company, with a maximum of 5% of total assets with a rating of AAA, 3% with a rating of AA, 2% with a rating of A, and 1% with a rating of BBB or lower. The portfolio generally does not purchase securities with a rating below BBB, but may hold "fallen angels" subject to an aggregate holding limit of 3% of the market value of all bonds. The portfolio's aggregate real estate exposure, excluding mortgages, is limited to 15% of total assets, and the aggregate equity exposure must be less than 25% of total assets.

Principal Risks (see description of risks at end of Item 8):

- Allocation Risk
- Asset-Liability Mismatch Risk
- Credit Risk
- Interest Rate Risk
- Liquidity Risk
- Market Risk
- Municipal Securities Risk
- Prepayment and Extension Risk
- Private Securities Risk
- Real Estate Investment Risk
- REIT Risk
- Security Selection Risk

### **Description of Risks:**

Affiliated Persons. The Adviser has the authority to select and substitute Underlying Funds. The Adviser, Foresters Financial Services, Inc. ("FFS"), a broker-dealer affiliated with the Adviser and the principal underwriter of the First Investors

Funds, and their affiliates are compensated by the fund and by the Underlying Funds for advisory, principal underwriting services and other services provided. The Adviser is subject to conflicts of interest in allocating fund assets among the various Underlying Funds both because the fees payable to the Adviser and its affiliates by the Underlying Funds differ and because the Adviser is also responsible for managing the Underlying Funds. The portfolio manager may also be subject to conflicts of interest in allocating fund assets among the various Underlying Funds because the fund's portfolio manager may manage some of the Underlying Funds and may receive compensation for managing those Underlying Funds. The Trustees and officers of the Underlying Funds may also have conflicting interests in fulfilling their fiduciary duties to both the fund and the Underlying Funds.

*Allocation Risk.* The fund may allocate assets to investment classes that underperform other classes. For example, the fund may be overweighted in stocks when the stock market is falling and the bond market is rising, or overweighted in bonds when the bond market is falling and the stock market is rising. The Strategic Income Fund's ability to achieve its investment objective depends upon the portfolio manager's skill in determining the fund's asset allocation mix and selecting the Underlying Funds. There is a possibility that the portfolio manager's selection of Underlying Funds and allocation of the fund's assets among the Underlying Funds may cause the fund to perform differently than the overall market and may not meet the portfolio manager's expectations.

*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.

*Asset-Liability Mismatch Risk.* The risk that the durations of the investments held may not match with the durations of the corresponding liabilities.

*Call Risk.* When interest rates fall, a callable bond issuer may "call" or repay the security before its stated maturity, and the fund's income may decline if it has to reinvest the proceeds at lower interest rates.

*Call Options Risk.* Writing call options 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, a fund will give up the opportunity to benefit from potential

increased in the value of a fund asset above the exercise 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.

*Concentration Risk.* The fund's return will be affected significantly by events that affect its state's economy as well as legislative, political and judicial changes in the state. The fund's portfolio may be concentrated in a relatively small number of issuers.

*Counterparty Credit Risk.* The fund's short strategy depends on counterparties from which the fund borrows securities. The fund must post collateral when borrowing securities and the fund is subject to the risk of default by a counterparty, which could result in a loss of collateral and money owed to the fund.

*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 and asset-backed securities, the credit quality of the underlying loans or, in the case of insured securities, the quality of the insurer. Securities issued by U.S. Government-sponsored enterprises are supported only by the credit of the issuing entity. A municipal issuer's ability to pay interest and principal may be adversely affected by factors such as economic, political, regulatory, or legal developments, a credit rating downgrade or other adverse news. For money market funds, there is a risk that the value of an investment will decline if there is a default by or a deterioration in the credit quality of the issuer or a provider of a credit enhancement or demand feature. This could cause the fund's NAV to decline below \$1.00 per share.

*Currency Risk.* The value of foreign currency-denominated investments increases or decreases as exchange rates change. Currency exchange rates can be volatile, and are affected by factors such as economic conditions, actions by U.S. and foreign governments or central banks, the imposition of currency controls and other political or regulatory conditions.

*Derivatives Risk.* Investments in derivatives, such as inverse floaters, interest rate swaps, forward currency contracts, futures contracts and options on futures contracts, involve a number of risks, such as possible default by the counterparty to the transaction, incorrect judgment by the portfolio manager as to certain market or interest rate movements and the potential of greater losses than if these techniques had not been used. These investments can also increase the volatility of

the fund's share price and may expose the fund to significant additional costs. A fund may be required to maintain a segregated amount of, or otherwise earmark, cash or liquid securities to cover its derivative positions, 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.

*Direct Investments.* Since the Strategic Income Fund may invest directly in commercial paper, short-term corporate bonds and notes, floating and variable rate notes, U.S. Treasury securities and short-term obligations of GSEs and in U.S. Treasury futures and options on U.S. Treasury futures, the fund may be subject to Credit Risk, Derivatives Risk, Interest Rate Risk, Liquidity Risk, Market Risk, Security Selection Risk and Yield Risk. These risks are described elsewhere in the description of risks.

*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.

*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, resulting in more volatile rates of returns than developed markets and substantially greater risk.

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

*Expenses.* By investing in the Underlying Funds indirectly through the Strategic Income Fund, shareholders will incur not only a proportionate share of the expenses of the Underlying Funds held by the fund (including operating costs and investment management fees), but also expenses of the fund.

*Floating Rate Loan Risk.* The value of any collateral securing a floating rate loan may decline, be insufficient to meet the borrower's obligations, or be difficult or costly to liquidate. It may take significantly longer than 7 days for investments in

floating rate loans to settle, which can adversely affect the fund's ability to timely honor redemptions. In the event of a default, it may be difficult to collect on any collateral and a floating rate loan can decline significantly in value. The fund's access to collateral may also be limited by bankruptcy or other insolvency laws. Although senior loans may be senior to equity and debt securities in the borrower's capital structure, the loans may be subordinated to other obligations of the borrower or its subsidiaries. If a floating rate loan is acquired through an assignment, the fund may not be able to unilaterally enforce all rights and remedies under the loan and with regard to any associated collateral. In addition, high yield floating rate loans usually are more credit sensitive. Floating rate loans may not be considered "securities" for certain purposes of the federal securities laws and purchasers, such as the fund, therefore, may not be entitled to rely on the anti-fraud protections of the federal securities laws.

*Focused Portfolio Risk.* Because the fund's assets may be invested in a limited number of issuers its performance may be more volatile than other funds whose portfolios contain a larger number of securities.

*Foreign Loan Risk.* A loan and/or bond issued by a foreign corporation or its subsidiary may be subject to risks associated with certain regulatory, economic and political conditions of the issuer's foreign country and, in event of default, it may be difficult for the fund to pursue its rights against the issuer in that country's courts.

*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. Some securities issued by foreign governments or their subdivisions, agencies and instrumentalities may not be backed by the full faith and credit of the foreign government and some foreign governments may default on principal and interest payments. To the extent the fund significantly invests 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.

*Growth Stock Risk.* The fund's focus on growth stocks increases the potential volatility of its share price. If expectations are not met, the prices of these stocks may decline significantly.

*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 a 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, and/or create a loss.

*High Portfolio Turnover Risk.* High portfolio turnover could increase the fund's transaction costs, result in taxable distributions to shareholders and negatively impact performance.

*High Yield Securities Risk.* High yield debt securities (commonly known as "junk bonds"), including floating rate loans, have greater credit risk than higher quality debt securities because their issuers may not be as financially strong. High yield securities are inherently speculative due to the risk associated with the issuer's ability to make principal and interest payments. During times of economic stress, high yield securities issuers may be unable to access credit to refinance their bonds or meet their credit obligations.

*IPO Shares Risk.* The prices of securities purchased in IPOs can be very volatile and are especially subject to the risk of decline.

*Industry Concentration Risk.* The Real Estate Fund's strategy of concentrating its investments in issuers engaged in the real estate industry means that the fund's performance will be closely tied to the performance of that market segment. The fund will be more susceptible to adverse economic, market, political or regulatory occurrences affecting the real estate industry than a less concentrated fund.

*Interest Rate Risk.* In general, when interest rates rise, the market values of debt, municipal securities, real estate and real estate companies decline, and when interest rates decline, market values of debt, municipal securities, real estate and real estate companies increase. As of the date of this brochure, interest rates across the U.S. economy have recently increased and may continue to increase, thereby heightening the fund's exposure to the risks associated with rising interest



rates. Securities with longer maturities and durations are generally more sensitive to interest rate changes. The yield of a fund may decline if interest rates decline. Floating rate loans and bonds may be less sensitive than fixed-rate instruments to interest rate changes, but they could remain sensitive over the short-term to interest rate changes. The interest rates on floating rate securities adjust periodically and may not correlate to prevailing interest rates during the periods between rate adjustments. Like the values of other debt instruments, the market values of U.S. government securities are affected by changes in interest rates. When interest rates rise, the market values of U.S. government securities generally decline. This could cause the Government Cash Management Fund's NAV to decline below \$1.00 per share.

*Investing in the Underlying Funds.* The investments of the Strategic Income Fund are focused on the Underlying Funds, and the fund's investment performance is directly related to the investment performance of the Underlying Funds it holds. The ability of the fund to meet its investment objective is directly related to the ability of the Underlying Funds to meet their objectives as well as the allocation among those Underlying Funds by the Adviser.

*Investments of the Underlying Funds.* Because the Strategic Income Fund invests in the Underlying Funds, the fund's shareholders will be affected by the investment policies and practices of the Underlying Funds in direct proportion to the amount of the assets the fund allocates to those Underlying Funds.

*Leverage Risk.* Engaging in short sales may cause leverage, which may magnify the fund's gains or losses.

*Liquidity Risk.* Certain investments may be difficult or impossible to sell at a favorable time or price. Market developments may cause a fund's investments to become less liquid and subject to erratic price movements. This risk is particularly acute for foreign securities that are traded in smaller, less-developed or emerging markets. High yield securities and loans also tend to be less liquid. Assignments of bank loans and bonds also may be less liquid at times because of potential delays in the settlement process or restrictions on resale. Floating rate loans generally are subject to legal or contractual restrictions on resale and may trade infrequently. During times of market stress, it may be difficult to sell municipal securities at reasonable prices. Liquidity risk is heightened for real estate companies and REITs with smaller market capitalizations, limited investments, larger amounts of debt, or higher levels of exposure to sub-prime mortgages. Market developments may

cause the Government Cash Management Fund's investments to become less liquid and subject to erratic price movements, which may have an adverse effect on the fund's ability to maintain a \$1.00 share price.

*Market Risk.* The prices equity securities, including securities issued by REITS, may decline or experience volatility over short or even extended periods in response to certain events, such as general economic and market conditions, adverse political or regulatory developments or interest rate fluctuations. While dividend-paying stocks are generally considered less volatile than other stocks, there can be no guarantee that a fund's overall portfolio will be less volatile than the general stock market. A fund's investments in potential growth opportunities may increase the potential volatility of its share price. If a fund holds both long and short positions, the fund will suffer both when there is a general market advance and the fund holds significant "short" positions, or when there is a general market decline and the fund holds significant "long" positions. Similarly, bond prices fluctuate in value with changes in interest rates, the economy and circumstances directly involving the issuers. The floating rate loan, high yield loan and bond market can experience sharp price swings due to a variety of factors, including changes in economic forecasts, stock market volatility, large sustained sales of high yield bonds by major investors, high-profile defaults or the market's psychology. Certain investments may be difficult or impossible to sell at a favorable time or price when the fund requires liquidity to make redemptions. Adverse market events may lead to increased redemptions, which could cause a fund to experience a loss or cause the Government Cash Management Fund's NAV to decline below \$1.00 per share. Supply issues within the U.S. Treasury securities market could arise as demand increases for U.S. government securities.

*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.

*Money Market Fund Risk.* Although an Underlying Fund to the Strategic Income Fund that is a money market fund seeks to preserve the value of investments in the Underlying Fund at \$1.00 per share, it cannot guarantee it will do so. The sponsor to any such Underlying Fund has no legal obligation to provide financial support to the Underlying Fund and investors in the Underlying Fund should not expect that the sponsor will provide support to the Underlying Fund at any time.

*Multi-Style Risk.* The fund's performance depends on, among other things, the portfolio manager's 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 or in securities representing a specific investment philosophy which could be beneficial or detrimental to the fund's performance depending on the performance of those securities and the overall market environment.

*Municipal Securities Risk.* Investments in municipal securities may be negatively affected by political, legal or judicial developments and by economic conditions that threaten the ability of municipalities to raise taxes or otherwise collect revenue.

*Non-Diversification Risk.* The fund is non-diversified and, as such, its assets may be invested in a limited number of issuers. This means that the fund's performance may be substantially impacted by the change in value of even a single holding.

*Prepayment and Extension Risk.* The fund is subject to prepayment and extension risk since it invests in mortgage-backed or other asset-backed securities or in mortgage or hybrid REITs. When interest rates decline, borrowers tend to refinance their loans and mortgages, and the loans that back these securities suffer a higher rate of prepayment and a mortgage or hybrid REIT's income and share price may decline. This could cause a decrease in the fund's income and share price. Conversely, when interest rates rise, borrowers tend to repay their loans and mortgages less quickly, which will generally increase both the fund's sensitivity to interest rates and its potential for price declines.

*Private Securities Risk.* Non-public securities may be difficult to value and are unlikely to be liquid.

*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.

*Real Estate Investments Risk.* The fund is subject to the risks related to investments in real estate, including declines in the real estate market, decreases in property revenues, increases in interest rates, increases in property taxes and operating expenses, legal and regulatory changes, a lack of credit or capital, defaults by borrowers or tenants, environmental problems and natural disasters.

*REIT Risk.* In addition to the risks associated with the real estate industry, REITs are subject to additional risks, including those related to adverse governmental actions, declines in property value, and the potential failure to qualify for federal tax-free pass through of net income and gains and exemption from registration as an investment company. REITs are dependent upon specialized management skills and may invest in relatively few properties, a small geographic area or a small number of property types. As a result, investments in REITs may be volatile. REITs are pooled investment vehicles with their own fees and expenses, and the fund will indirectly bear a proportionate share of those fees and expenses.

*Repurchase Agreement Risk.* If the seller in a repurchase agreement transaction defaults on its obligation to repurchase a security, the fund may suffer delays, incur costs and lose money in exercising its rights.

*Sector Risk.* 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 expectations.

*Short Position Risk.* Short positions may involve substantial risks. If a security underlying a short position appreciates in value during the period of the fund's investment, there will be a loss to the fund that could be substantial. Short positions involve more risk than long positions because the maximum sustainable loss on a security purchased long is limited to the amount paid for the security plus the transaction costs. However, the fund's potential loss on a short position is unlimited because, theoretically, there is no limit to the potential price increase of a security.

*Small-Size and Mid-Size Company Risk.* The market risk associated with stocks of small- and mid-size companies is generally greater than that associated with stocks of larger, more established companies because stocks of small- and mid-size

companies tend to experience sharper price fluctuations. At times, it may be difficult for the fund to sell small- to mid-size company stocks at reasonable prices.

*Sovereign and Quasi-Sovereign Debt Securities Risk.* The issuer of the sovereign debt or the authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and the fund may have limited recourse in the event of a default. During periods of economic uncertainty, the market prices of sovereign debt, and the fund's net asset value, may be volatile.

*Supranational Risk.* Obligations of supranational organizations are subject to the risk that the governments on whose support the entity depends for its financial backing or repayment may be unable or unwilling to provide that support. Obligations of a supranational organization that are denominated in foreign currencies will also be subject to the risks associated with investment in foreign currencies.

*Tax Risk.* A fund may invest in municipal securities that pay taxable interest and/or pay interest that is a Tax Preference Item or effect transactions that produce taxable capital gains. Interest on municipal securities may also become subject to income tax due to an adverse legal change or other events. A fund's activities in derivatives may significantly reduce or eliminate the amount of dividends that generally are taxable to non-corporate shareholders at a lower rate. A fund's investments in derivatives 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.

*Undervalued Securities Risk.* The fund seeks to invest in stocks that are undervalued and that will rise in value due to anticipated events or changes in investor perceptions. If these developments do not occur, the market price of these securities may not rise as expected or may fall.

*Valuation Risk.* The sales price the fund could receive for any particular portfolio investment may differ from the fund's valuation of the investment, particularly for investments that trade in thin or volatile markets or that are fair valued. Fair valuation is subjective and different market participants may assign different values to the same security.

*Yield Risk.* The yields received by the fund on its investments will generally decline as interest rates decline.

## **Item 9 – Disciplinary Information**

Foresters Investment Management Company, Inc. (the “Adviser”) and its supervised persons have not been involved in any legal or disciplinary events that would be material to a client’s evaluation of the Adviser or the integrity of the Adviser’s management.

## **Item 10 – Other Financial Industry Activities and Affiliations**

Foresters Investment Management Company, Inc. (the “Adviser”) is a wholly-owned subsidiary of Foresters Financial Holding Company, Inc. (“FFHC”). The Adviser serves as investment adviser to separate series of a family of mutual funds, including funds which serve as the underlying investments for insurance products offered by Foresters Life Insurance and Annuity Company, an affiliated insurance company. The following registered investment companies are in this family of funds: First Investors Equity Funds, First Investors Income Funds, First Investors Life Series Funds, and First Investors Tax-Exempt Funds. The Adviser also manages its own investment portfolio and other proprietary accounts as described below. The following companies are subsidiaries of FFHC and affiliates of the Adviser:

- Foresters Financial Services, Inc. (“FFS”) is a broker-dealer registered with the SEC, all fifty states, the District of Columbia and Puerto Rico. FFS is the principal underwriter of the First Investors Equity Funds, First Investors Income Funds and First Investors Tax-Exempt Funds. The Adviser serves as investment adviser to the Profit Sharing Plan of Foresters Financial Services, Inc.
- Foresters Life Insurance and Annuity Company (“FLIAC”) is a New York State-domiciled insurance company. FLIAC is the sponsor of the separate accounts that invest in First Investors Life Series Funds. The Adviser serves as investment adviser to the General Account Portfolio of Foresters Life Insurance and Annuity Company.
- Foresters Investor Services, Inc. (“FIS”) is the SEC registered transfer agent of the First Investors funds.
- Foresters Advisory Services, LLC (“FAS”) is an investment adviser registered with the SEC that offers portfolio management services to individual clients.

As subsidiaries of FFHC, the income and profits of FFS, FLIAC, FIS, FAS and the Adviser are shared at the holding company level. FFHC is a wholly-owned subsidiary of The Independent Order of Foresters (“IOF”), a fraternal benefit society based in Toronto, Canada. The Adviser serves as investment adviser to the General Account U.S. Portfolio insurance assets of IOF. The following companies are subsidiaries of IOF (but not subsidiaries of FFHC) and are affiliates of the Adviser:



- Foresters Equity Services, Inc. ("FESCO") is a U.S. registered broker-dealer and investment adviser.
- Foresters Life Insurance Company ("FLIC") is a Canadian insurance company.
- Foresters Asset Management, Inc. ("FAM") is a Canadian investment adviser. FAM is a wholly-owned subsidiary of FLIC.

Several officers and employees of the Adviser are also officers or are otherwise affiliated with FFS, FIS, FAS, IOF, FESCO, FAM and/or the First Investors funds, and may receive some portion of their compensation from the Adviser's affiliates. The amount of time spent on each business activity varies based on business needs. Such officers and employees remain subject to the Adviser's Code of Ethics (described in Item 11 of this brochure) when performing functions for the Adviser's affiliates.

## Item 11 – Code of Ethics

### Code of Ethics

In accordance with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 and Rule 17j-1 under the 1940 Act, the First Investors Funds ("Funds"), Foresters Investment Management Company, Inc. (the "Adviser" or "FIMCO"), and their principal underwriter, Foresters Financial Services, Inc. ("FFS") have adopted a Code of Ethics to protect the Funds and other advisory clients of FIMCO ("Other Advisory Clients") from actual and potential conflicts of interest which may arise from the Personal Securities Transactions and other conduct of access persons ("Access Persons").

Under the Code of Ethics, all Access Persons are expected to not only comply with the federal securities laws and the Code of Ethics, but also to follow the highest fiduciary and ethical standards in all business and personal dealings which could in any way affect the Funds or Other Advisory Clients. The guiding principles for all Access Persons are to place the interests of the Funds and Other Advisory Clients first at all times, to avoid placing themselves in any position in which there is any actual or apparent conflict of interest with the interests of the Funds or Other Advisory Clients, and to refrain from taking any inappropriate advantage of their positions of trust and responsibility.

Subject to certain exemptions, all Access Persons, except the Independent Trustees of the Funds, are subject to a number of restrictions on their personal trading activities. Among other things, Access Persons (a) must report to FIMCO upon hire, and annually thereafter, all holdings of covered securities, as defined in Rule 17j-1 under the 1940 Act, and investments in the First Investors Family of Funds; (b) must have all non-exempt trades in covered securities pre-cleared; (c) are generally prohibited from trading covered securities while any of the Funds are buying or selling or actively considering buying or selling the same covered securities; (d) are prohibited from retaining profits from short-term trading in covered securities; (e) must report to a compliance officer on a quarterly basis all holdings of covered securities and investments in the First Investors Family of Funds via duplicate account statements, confirmations or quarterly transaction reports; and (f) are prohibited from purchasing covered securities in limited offerings, including initial public offerings and private placements, unless a compliance officer determines that there are no actual or apparent conflicts between the interest of the Access Persons and the Funds. Subject to the

restrictions discussed above, Access Persons are permitted to invest in securities, including securities that may be purchased or held by the Funds.

The Adviser will provide a copy of its Code of Ethics to any client or prospective client upon request.

#### Participation or Interests in Client Transactions

The Adviser's portfolio managers may manage more than one mutual fund. In many cases the mutual funds are managed similarly, except to the extent required by differences in cash flow, investment policy, or law. In addition, the Adviser's interim Co-Director of Equities and Chief Investment Officer serve as the portfolio manager for certain funds, and also participate in the day-to-day management of the Adviser's own investment account. Furthermore, the Adviser's Chief Investment Officer also serves as Vice President and Chief Investment Officer of Foresters. In that role he oversees the management of the General Account insurance assets of The Independent Order of Foresters, including assets not managed by the Adviser. Portions of these non-fund accounts may be managed similarly to one or more of the mutual funds.

The side-by-side management of two or more mutual funds or non-fund accounts presents a variety of potential conflicts of interest. For example, the portfolio manager may purchase or sell securities for one portfolio and not another portfolio, and the performance of securities purchased for one portfolio may vary from the performance of securities purchased for other portfolios. A portfolio manager may also want to buy the same security for two mutual funds that he manages or a fund and a non-fund account. In some cases, there may not be sufficient amounts of the security available (for example, in the case of an initial public offering ("IPO") or new bond offering) to cover the needs of all of the accounts managed by a portfolio manager or the buying activity of the accounts could affect the market value of the security. Similar potential conflicts could arise when two or more funds or non-fund accounts managed by the same portfolio manager or managers want to sell the same security at the same time. Finally, a portfolio manager may want to sell a security that is held by a fund or non-fund account and at the same time buy the same security for another one of his accounts. This could occur even if the accounts were managed similarly because, for example, the two accounts have different cash flows. The portfolio manager of the Strategic Income Fund may also be subject to conflicts of interest in allocating that fund's assets among the funds in which the Strategic Income Fund may invest because he may also serve as a

portfolio manager for some of the funds in which the Strategic Income Fund invests and may receive compensation for managing those funds.

The Adviser has adopted a variety of policies and procedures to address these potential conflicts of interest and to ensure that each fund and non-fund account is treated fairly. For example, the Adviser has adopted policies for bunching and allocating trades when two or more funds or non-fund accounts wish to buy or sell the same security at the same time. These policies prescribe the procedures for placing orders in such circumstances, determining allocations in the event that such orders cannot be fully executed, and determining the price to be paid or received by each account in the event that orders are executed in stages. The Adviser has also adopted special policies that address investments in IPOs and new bond offerings, the side-by-side management of funds and the non-fund accounts, and internal crosses between accounts that are effected under Rule 17a-7 under the Investment Company Act. The Adviser's Investment Compliance Department also conducts reviews of trading activity to monitor for compliance with these policies and procedures.

## **Item 12 – Brokerage Practices**

### Selection of Brokers and Use of Brokerage to Obtain Research

Foresters Investment Management Company, Inc. (the “Adviser”) has authority to select broker-dealers that are used to effect portfolio transactions for the Funds. Portfolio transactions are generally structured as agency transactions or principal transactions. In agency transactions, the Funds generally pay brokerage commissions. In principal transactions, the Funds generally pay a dealer mark-up or selling concession. In the case of a riskless principal transaction, a dealer mark-up may be treated as a “commission” if the confirmation statement explicitly states the amount of the transaction that is considered to represent a commission. The Funds may also purchase certain fixed income securities directly from an issuer without paying commissions or discounts.

In selecting broker-dealers to execute portfolio transactions and assessing the reasonableness of their commissions, the Adviser considers, among other things, a broker-dealer’s expertise, reputation, reliability, and performance in executing transactions, and the value of any research that it makes available. A Fund may pay more than the lowest available commission (as that term is defined by the Securities and Exchange Commission) in return for brokerage and research services provided to the Adviser. Also, if approved by the Board of Trustees of the Funds, the Adviser may use brokerage commissions to acquire services that do not qualify in whole or in part as research or brokerage services.

The research acquired by the Adviser with Fund commissions includes so-called proprietary research and third-party research. Proprietary research is research that is generated by a full-service brokerage firm and offered to the firm’s clients on a “bundled” basis along with execution services. In other words, there is no separately stated charge for the research. Third-party research is research that is prepared by an independent third-party and provided by a broker-dealer. In a third-party research arrangement, the cost of the research is generally stated both in dollars and in terms of a soft-to-hard dollar ratio. The client acquiring the research generally pays for the research by directing a specified amount of commission business to the broker-dealer that provides it. The broker-dealer in turn pays the third-party that is the original source of the research.

The type of research services acquired with Fund commissions include: (a) market data, such as stock quotes, last sale prices, trading volumes, and other information as to the market for and availability of securities for purchase or sale; (b) research

reports containing statistical or factual information or opinions pertaining to the economy, particular industries or sectors, particular issuers, or the creditworthiness of issuers; (c) conferences and meetings with executives of issuers or analysts; and (d) data concerning Fund performance and fees. The Adviser generally uses each research service acquired with commissions to service all the Funds in the First Investors Family of Funds, rather than the particular Fund or Funds whose commissions may pay for a research service. In other words, a Fund's brokerage commissions may be used to pay for a research service that is used in managing another Fund within the First Investors Family of Funds.

The Board of Trustees of the Funds has approved an arrangement whereby the Adviser acquires two mixed-use services with commissions, Lipper Investment Management and iMoneyNet. These services are used by the Adviser both for research and non-research purposes. The Adviser allocates a portion of the Lipper Investment Management service to non-research use for the benefit of the Adviser, and the Adviser pays for this portion with hard dollars. Both services are also used to analyze and report to the Fund's Board of Trustees a Fund's performance and fees relative to other comparable funds, which the Adviser allocates to non-research use for the benefit of the Funds. Each Fund pays the portion of the cost of these services in hard dollars or, for those Funds that acquire the services with commissions, the cost is treated as a Fund expense for purposes of computing the expense ratios that are included in the prospectuses.

The Adviser may combine transaction orders placed on behalf of a Fund with orders placed for other clients for the purpose of negotiating brokerage commissions or obtaining a more favorable transaction price. The securities purchased or sold in such bunched orders must be allocated in accordance with written procedures approved by the Board of Trustees of the Funds. The Adviser does not place portfolio orders with an affiliated broker-dealer or allocate brokerage commission business to any broker-dealer in recognition of distributing Fund shares. Moreover, no broker-dealer affiliated with the Adviser participates in commissions generated by portfolio orders placed on behalf of any Fund.

#### Procedures for Allocating Bunched Trades

The Adviser will bunch trades of mutual funds within the First Investors family of mutual funds when it believes that bunching of transactions may be advantageous to the funds. Mutual fund trades may also be bunched with trades of the Adviser's own account, the General Account of Foresters Life Insurance and Annuity

Company, an affiliate of the Adviser, or the General Account U.S. Portfolio of The Independent Order of Foresters, the Adviser's ultimate parent, when the Adviser deems it beneficial to both the Funds and the proprietary accounts. The Adviser has adopted the following procedures for allocating bunched securities trades:

When orders are bunched, except as noted below, the executed portions of the orders will be allocated on a pro rata basis with each participant involved receiving a percentage of the executed portion of the order based upon each participant's percentage of the entire order. Such pro rata allocations may be rounded to prevent the allocation of fractional shares or odd lots. This procedure will apply to all parties that are participating in the execution under the same trading circumstances (same price limits, time of entry, etc.). If an order is executed in stages or steps, the allocations will be made at the average execution price calculated to three decimal places or at prices mathematically closest to the average price. The portfolio managers of the Funds involved have the responsibility for all necessary documentation, although such responsibility may be delegated to a trader.

In the case of a bunched limit order, it may be necessary to change the price limit during the course of the execution of the order. If this occurs, and more than one portfolio manager is involved, each portfolio manager involved will generally be informed of the change in the price limit and given an opportunity to retain his or her original pro rata interest in the order or to withdraw from the combined order. In any event, a new trade ticket must be drafted to reflect the change in the terms of the order and/or participants.

If pro rata allocation would be inappropriate because it would result in one or more participants receiving an insufficient allocation, then the portfolio manager or managers involved may determine an equitable allocation based on one or more of the following:

- the investment objectives and policies of the participants;
- the investment needs of the participants, taking into consideration their cash positions, existing portfolio positions, and industry or sector concentrations;
- the origin of the idea to buy or sell the investment and the extent to which the portfolio managers have engaged in research concerning the investment;
- the extent to which opportunities have been allocated to the participants in the past; and,
- such other relevant factors as may be appropriate.

The Adviser applies the same procedures to the allocation of initial public offerings ("IPOs") and new bond offerings. In addition, the Funds' purchases of IPOs and new bond offerings are subject to enhanced compliance review. The Portfolio Department is required to forward to the Investment Compliance staff, on a monthly basis, a report of all IPOs and new bond offerings in which the Funds participated. The report provides details of each transaction including, if applicable, the reason or reasons for any deviations from pro rata allocations. These reports are reviewed to ensure that investment opportunities are allocated fairly.



## **Item 13 – Review of Accounts**

### Client Account Reviews

Foresters Investment Management Company, Inc. (the “Adviser”) has established various procedures for the review of accounts.

First, the Adviser’s portfolio managers review the investment advisory accounts on a daily basis. The portfolio managers not only make investment decisions, but also monitor the pricing of the securities held for potential errors and “significant events” that might require fair value prices to be used. Each portfolio manager is assigned to review particular accounts. The number of accounts assigned to a portfolio manager depends on the size and complexity of each account and the portfolio manager’s familiarity with the account. A review of any account may also be triggered when political, economic, market or corporate conditions occur that may have an impact on a client’s account. This is true whether the conditions are positive or negative.

Second, the Investment Committee of the Adviser meets periodically with the portfolio managers to review the performance of client accounts, the investment strategies that are being used to manage the client accounts, and recent additions to and deletions from the portfolios of the client accounts. The Investment Committee is composed of the Adviser’s President, Chief Investment Officer and Director of Research and Strategy. The review also includes an analysis of current market and economic conditions and their impact on the securities held for investment.

Third, the Portfolio Accounting Department reviews the pricing of securities by the Funds on a daily basis, in order to detect any potential pricing issues in accordance with policies and procedures approved by the Funds’ Board of Trustees. The Portfolio Accounting Department also reviews instructions to the Funds’ Custodian on a daily basis, to insure that they are consistent with the broker-dealer confirmations, and reviews the Funds’ portfolios on a monthly basis to insure that they are in compliance with various requirements of the Internal Revenue Code of 1986, as amended, and the Investment Company Act of 1940, as amended.

Fourth, the Adviser’s Valuation Committee makes or reviews fair value determinations for securities held in client accounts in accordance with policies established by the client’s Board of Trustees. Determinations are made as valuations occur. These determinations are then reviewed on a monthly basis.

Finally, the Investment Compliance staff is responsible for:

- designing and reviewing reports to test compliance with diversification requirements, investment restrictions, and other investment policies;
- reviewing brokerage transactions to monitor for compliance with best execution requirements, bunching, and other brokerage policies;
- reviewing soft dollar arrangements;
- reviewing transactions between client accounts (Rule 17a-7 transactions);
- administering the Foresters Financial Code of Ethics and keeping all required records pertaining thereto;
- investigating and preparing reports of violations of policies and procedures, and creating strategies to prevent the repetition of such violations; and
- reporting violations to the CCO of the Adviser and the Board of Trustees of the Funds on at least a quarterly basis.

The CCO is responsible for administering the compliance program of the Adviser. The CCO is also responsible for ensuring that an adequate investigation of any reported violation or error has been conducted, that any violation has been adequately remedied, and that any material compliance matters involving a registered investment company are reported to the Board of Trustees of the Funds on a quarterly basis.

#### Client Reports

For the registered investment companies managed by the Adviser, reports concerning the performance of accounts, portfolio turnover, commissions, illiquid securities, fair value determinations and compliance issues are furnished to the Board of Trustees of the Funds on at least a quarterly basis. Reports concerning the Adviser's brokerage allocation practices and soft dollar arrangements are provided to the Board of Trustees of the Funds on a semiannual basis.

For the proprietary accounts managed by the Adviser, reports concerning the performance of each account are furnished at times mutually agreed upon between the Adviser and each individual client.

**Item 14 – Client Referrals and Other Compensation**

Foresters Investment Management Company, Inc. (the “Adviser”) does not compensate third parties for client referrals.

**Item 15 – Custody**

This item of the Brochure does not apply to Foresters Investment Management Company, Inc.

## **Item 16 – Investment Discretion**

### Discretionary Authority

Foresters Investment Management Company, Inc. (the “Adviser”) generally has discretionary authority to determine, for each client account:

- which securities are to be bought or sold;
- the amount of securities to be bought or sold;
- the broker or dealer to be used for each transaction; and
- the commission rates to be paid for each transaction.

When selecting securities and determining amounts, the Adviser observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, the Adviser’s authority to trade securities may also be limited by federal securities and tax laws.

With respect to the Funds, discretionary authority is provided pursuant to the Investment Advisory Agreement executed with each Fund and approved by the Board of Trustees of the Fund.

### Portfolio Manager Compensation

The Adviser’s portfolio managers each receive a salary. Each portfolio manager also is eligible to receive a bonus with respect to each Fund that he or she manages, except for the Government Cash Management and Life Series Government Cash Management Funds. Whether or not a portfolio manager receives a bonus award is dependent upon, among other factors, the performance of the Fund. The factors incorporated into a bonus formula which determines the eligible bonus award are determined annually and include: performance, over one and two calendar years, as compared to other funds within a specified peer group category, average net assets of the Fund, and management fees received. A portion of the bonus to be paid is dependent on other performance factors, including the portfolio manager’s compliance record. In the case of a Fund that has more than one portfolio manager, the bonus may be shared. In addition to the bonuses that they may receive on the Funds that they manage, the Adviser’s interim Co-Directors of Equities and Director of Fixed Income each may be entitled to receive a percentage of any bonus that is earned by a portfolio manager who reports to him. Except for any bonus earned by the Chief Investment Officer, all

bonuses are paid as follows: one-third of the bonus is paid within the first quarter of the following year. The remaining amount is invested in one of the Funds and then paid in two installments over the next two years. In the case of each bonus installment, the portfolio manager must remain actively employed by the Adviser and be in good standing with the Adviser until each installment is paid; otherwise the installment is forfeited. The Chief Investment Officer's bonus is based, in part, on the performance of General Account insurance assets of The Independent Order of Foresters, and is not deferred.

Each portfolio manager is also entitled to participate on the same basis as other employees in the profit sharing plan of Foresters Financial Services, Inc. The amount that is contributed to this plan is determined in the sole discretion of the parent company based upon the overall profitability of the Adviser and its affiliates from all lines of business. The profitability of the Adviser is an important factor in determining the amount of this contribution.

In addition to managing certain First Investors Funds, the Adviser's Chief Investment Officer oversees, and the Adviser's interim Co-Director of Equities is primarily responsible for managing the equity investments in, the Proprietary Accounts described in Item 5 of this brochure. The Chief Investment Officer and interim Co-Director of Equities are participants in the profit sharing plan of Foresters Financial Services, Inc. Moreover, the Proprietary Accounts invest in assets that are eligible investments for the Funds that the Chief Investment Officer and interim Co-Directors of Equities manage or oversee. Thus, in theory, they could have an economic incentive to favor the Proprietary Accounts over the Funds in determining which investments to buy, sell or hold. The Adviser monitors trading in the Proprietary Accounts to address such potential conflicts.

Furthermore, the Chief Investment Officer, who serves as portfolio manager of the Strategic Income Fund, may also be subject to conflicts of interest in allocating fund assets among the various Underlying Funds in which the Strategic Income Fund invests, because he may also manage some of the Underlying Funds. The Adviser monitors the fund's allocations among the Underlying Funds to address such potential conflicts.

The Chief Investment Officer also serves as Vice President and Chief Investment Officer of The Independent Order of Foresters, the Adviser's ultimate parent. In that role he oversees the management of the General Account insurance assets of The Independent Order of Foresters, a portion of which is managed by the Adviser and which may include investments in assets that are eligible investments for the Funds that he manages or oversees. The Chief Investment Officer receives no

direct compensation from The Independent Order of Foresters for serving in this role. However, the Chief Investment Officer is a participant in the long term incentive plan of The Independent Order of Foresters.

## **Item 17 – Voting Client Securities**

The only clients of Foresters Investment Management Company, Inc. (the “Adviser”), as such term is defined in Rule 203(b)(3)-1 under the Investment Advisers Act of 1940, are the First Investors funds (the “Funds”). The following describes the Adviser’s policies and procedures for voting proxies on behalf of the Funds that the Adviser manages itself (“FIMCO-managed Funds”).

The Adviser, with the First Investors Funds’ Board approval, has delegated the responsibilities of monitoring and voting proxies on behalf of the FIMCO-managed Funds to Broadridge Investor Communications Solutions, Inc. (“Broadridge”). The Adviser monitors the proxy voting process at Broadridge via its ProxyEdge website (Broadridge’s online voting and research platform). Records of which accounts are voted, how accounts are voted, and how many shares are voted, are kept electronically with Broadridge and can be accessed by the Adviser.

Except in the case of shares of the First Investors Funds held in a fund-of-funds, the Adviser has instructed Broadridge to vote proxies for the FIMCO-managed Funds automatically in accordance with the voting recommendations of Glass Lewis & Co. (“Glass Lewis”). However, the Adviser will monitor what it regards as critical or important proxy votes and has reserved the right to vote on any issue in accordance with its own evaluation of the issue. In determining how to vote a particular proxy, Glass Lewis follows the principles outlined in its Proxy Paper Guidelines and conducts a case-by-case analysis to determine what is in the best interests of shareholders. Glass Lewis does not provide consulting services to the companies it covers, which mitigates the risk of conflicts of interest and ensures the independence of its analysis. Glass Lewis’ Proxy Paper Guidelines are published at [www.glasslewis.com/solutions/proxy-paper](http://www.glasslewis.com/solutions/proxy-paper). For shares of the First Investors Funds held as Underlying Funds in a FIMCO-managed fund-of-funds, the Adviser will vote the shares in the same proportion as the votes of other shareholders of the Underlying Fund.

If a proxy proposal were to create a conflict between the interests of a Fund and those of the Adviser or its affiliates, the conflict of interest must be reported to the Adviser’s Chief Compliance Officer who, in consultation with the Legal Department, will provide guidance concerning a resolution and will report both the conflict of interest and resolution to the Board of Trustees of the Funds at its next formal meeting.



To ensure that FIMCO-managed Funds are voting proxies in accordance with the approved guidelines, on a quarterly basis the Adviser's Investment Compliance staff reviews several reports provided by Broadridge or obtained from Broadridge's ProxyEdge website, including:

- Vote Summary Report – to ensure that votes are regularly being cast on behalf of the Funds and to determine whether votes are cast contrary to Glass Lewis' established guidelines;
- Account List – to ensure that Broadridge has properly coded each Fund account so that it receives notices of proxies; and
- Inactivity Report – to assist in identifying any potential account setup errors.

The Investment Compliance staff also periodically reviews Broadridge's most recent Form SSAE-16. Records of all these reviews are maintained by the Investment Compliance Department.

Broadridge provides the Adviser with data for the completion of Forms N-PX, the "Annual Report of Proxy Voting Record of Registered Management Investment Company". The Adviser is ultimately responsible for filing Forms N-PX on behalf of all the Funds, including those managed by subadvisers.

The Board of Trustees of the Funds generally reviews proxy voting policies and procedures annually.

**Item 18 – Financial Information**

Foresters Investment Management Company, Inc. (the “Adviser”) has no financial commitment that impairs its ability to meet its contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.