

FIRST INVESTORS MANAGEMENT COMPANY, INC.
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December 30, 2010

Dear First Investors Fund Shareholder:

2010 was marked by solid performance in most sectors of the stock and bond markets, even as the pace of economic recovery remained stubbornly slow.

While still below its October 2007 all-time highs, the stock market has largely recovered from the sharp downturn that followed the collapse of Lehman in September 2008, buoyed by strong corporate profits and the Federal Reserve's accommodative monetary policy. However, investor confidence in stocks remained shaky. After reaching a 19-month high in April, the stock market fell sharply in May. Investors were spooked by a number of events that included the need to bail out Greece to avoid a default on its sovereign debt and the explosion and fire at a British Petroleum well in the Gulf of Mexico. Stocks continued their roller coaster ride during the third quarter, falling in July and August but advancing significantly in September. Strong performance continued in the fourth quarter, and the bellwether Dow Jones Industrial Average ("The Dow") closed yesterday at a 28-month high.

Through December 29, the Dow was up 11.1% year-to-date. The S&P 500 Index, which many consider to be a proxy for the U.S. stock market, rose 15.3%. The small-cap benchmark Russell 2000 Index gained 26.4%, and the tech-heavy NASDAQ Composite Index climbed 17.5%. The MSCI EAFE Index gained just 4.6% year-to-date, as the performance of foreign markets varied widely by country.

In the bond market, lower interest rates and increased appetite for risk among investors led to tighter spreads and generally solid performance. The year began with modest returns as most interest rates held steady. The demand for bonds as a perceived safe haven helped push interest rates to record lows. Money has continued to pour out of money market funds with their near-zero yields and into higher yielding bond funds as investors searched for higher returns. As the year came to a close, interest rates began to rise somewhat as the economy showed growth that was stronger than expected.

Overall, bonds rose 6.6% through December 29, according to the Bank of America Merrill Lynch ("BOAML") U.S. Broad Market Index. As with stocks, risk was generally rewarded in the bond market. High yield bonds were up 14.9% as measured by the BOAML U.S. High Yield Master II Index, and investment grade corporate bonds were up 9.1% according to the BOAML U.S. Corporate Master Index. High quality mortgage-backed bonds rose 5.4% as measured by the BOAML Mortgage Master Index. The BOAML Municipal Master Index rose just 2.2%, as the municipal bond market was hurt near the end of the year when the Build America Bond program was not extended, and by municipal credit concerns.

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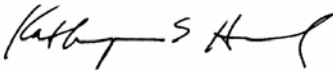
As 2010 ends, business fundamentals are moving in the right direction while the economy continues to improve. A further shot in the arm was likely provided by the very recently-enacted Middle Class Tax Relief Act of 2010. While commonly referred to as the extension of the Bush-era tax cuts, the legislation contains a number of new provisions that should be supportive of the economy in the months to come.

Market crashes of the sort that began in the fall of 2008 can be terrifying. At the same time, these downturns, as well as the recoveries that inevitably follow them, generally underscore the need for a long-term investment horizon. Indeed, those investors who remained committed to their long-term plans throughout the downturn, even as their account values fell, have recovered much of their lost value by now. Those who abandoned their plans may have missed the impressive recovery that has occurred since, and may have difficult decisions to make with respect to their portfolios moving forward.

As the potential for significant market volatility continues, we urge you to maintain your long-term focus, and to avoid making investment decisions based on short-term market movements. We encourage you to remain in contact with your representative. He or she can help you make sure that your portfolio reflects your long-term goals, as well as your tolerance for market volatility.

Thank you for continuing to place your confidence in First Investors.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathryn S. Head', written in a cursive style.

Kathryn S. Head
Chairman