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December 30, 2011

Dear First Investors Fund Shareholder:

Despite a year of relatively strong corporate earnings, political events in Europe and Washington, DC controlled stock market returns in 2011. Significant volatility characterized the markets, as investors moved in and out of risky investments depending on the news of the day. This became known as the "risk-on/risk-off" trade. Despite all of the year's volatility, however, the U.S. stock market, as measured by the S&P 500 Index, was essentially flat for the year as of the close of trading yesterday.

The year began on a positive note, with large-cap stocks having their strongest January in 14 years. Stock market performance was tempered, however, by international events, including political upheaval in the Middle East, the March earthquake and tsunami in Japan and sovereign debt problems in Europe. The second quarter remained volatile, with stock market performance driven by headline events and a slower U.S. economy.

The third quarter has historically been a challenging time for stock market performance and 2011 was no exception. The quarter included the debate in Congress over the debt ceiling and Standard & Poor's downgrading of the U.S. government credit rating to AA+ from AAA. The fourth quarter began with MF Global's $41 billion bankruptcy on Halloween—the eighth largest in U.S. history. December saw a respite from the volatility that had whipsawed the markets. As the year concluded, problems in Europe stabilized and several rallies resulted in most stock market indexes finishing well above their lows for the year.

Through December 29th, the Dow Jones Industrial Average was up 6.1%.* The S&P 500 Index, which many investors consider to be a proxy for the U.S. stock market, was up slightly, by 0.4%. The small-cap benchmark Russell 2000 Index dropped by 4.9%. The tech-heavy NASDAQ Composite declined 1.5%. The MSCI EAFE Index, which tracks the performance of foreign markets, fell substantially, by 13.4%.

Global events caused swings in the bond market as well during 2011. Like the stock market, the bond market experienced substantial volatility due to the "risk-on/risk-off" trade. For the year as a whole, however, bonds provided generally good returns. Several factors contributed to this rally, including the weaker economy and Europe's sovereign debt crisis, which led to safe-haven buying of U.S. Treasuries and lower interest rates. Interest rates in general remained at historically low levels during the year.

In the second quarter, the Federal Reserve ("the Fed") indicated that its very accommodative monetary policy would continue through at least mid-2013, meaning interest rates would remain relatively low for the foreseeable future. In the third quarter, U.S. Treasury yields fell to record levels. The two-year U.S. Treasury note hit an all-time low of 0.16% in September.

(over, please)

Long-term interest rates rose slightly in the fourth quarter. Better-than-expected economic growth and positive steps by European leaders to stabilize the sovereign debt crisis contributed to strong performance for riskier assets. While the broad bond market was up only about 0.5% during the quarter, high yield bonds returned over 5.0%. Short-term rates remained near zero, anchored by the Fed's commitment to maintain the federal funds rate at exceptionally low levels.

The Bank of America Merrill Lynch ("BOAML") U.S. Broad Market Index rose 7.7% through December 29th. Municipal bonds had a remarkable year, returning 11.1% according to the BOAML Municipal Master Index. With investors primarily seeking safety, high yield bonds, as measured by the BOAML U.S. High Yield Master II Index, were up only 4.3%. According to the BOAML U.S. Corporate Master Index, corporate bonds rose 7.3%. And high quality mortgage-backed bonds, as measured by the BOAML Mortgage Master Index, rose 6.1%.

As the year came to a close, the outlook for the economy in 2012 remained mixed. In the final months of the year, housing, unemployment and even the situation in Europe showed signs of improvement. The upcoming 2012 presidential election made it difficult for Republicans and Democrats to agree to extend the 2010 tax cuts. Corporate earnings remained a bright note and are expected to continue improving in the year to come.

As we move into a new year, periods of market volatility will likely continue. In times like these, a well-diversified portfolio of stock and bond mutual funds may be your best investment strategy. It's also more important than ever for you to stay in touch with your representative. He or she can review your long-term financial goals and provide the guidance and perspective you need to stay on track during uncertain times.

As our partnership with Foresters™ nears its first anniversary, First Investors remains strong and ready to help you meet your financial needs. Thank you for continuing to place your confidence in us.

Sincerely,

Christopher H. Pinkerton

Christopher H. Pinkerton
President & CEO

**The performance of the Dow Jones Industrial Average and other stock and bond market indexes is not indicative of the performance of a particular investment. It does not take into account fees and expenses associated with the purchase of mutual fund shares. Individuals cannot invest directly in any index. Past performance does not guarantee future results.*

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