



Forester Discovery Fund

(INTLX)

ANNUAL REPORT
MARCH 31, 2017

This report is submitted for the general information of shareholders of The Forester Funds. It is not authorized for distribution to prospective investors unless accompanied or preceded by an effective Prospectus for the Funds, which contains more information concerning the Funds' investment policies, as well as fees and expenses and other pertinent information. Read the Prospectus carefully before you invest or send money.

THE FORESTER DISCOVERY FUND

MANAGERS COMMENTARY

MARCH 31, 2017 (UNAUDITED)

Dear Fellow Shareholder:

Fiscal 2017 was a disappointing year for the Discovery Fund relative to its respective benchmark, the MSCI ACWI Ex USA (All Country World Index). However, we ended the fiscal year on a positive note and we are encouraged about performance going forward.

The Discovery Fund reported a return for the fiscal year ended March 31, 2017 of .19% versus the MSCI ACWI Ex USA of 13.13%. The main driver for the underperformance was the cost of the put options and our cash allocation. Our equity-only portion of the portfolio also underperformed, returning 9.24% for the fiscal year and was a drag on overall performance for the fund. Our equity underperformance was due to our over allocation in defensive sectors such as consumer staples, health care and utilities and our under-allocation to higher beta sectors such as materials, financials and technology. Stock selection also negatively impacted performance as regulated utilities underperformed and consumer retail was hurt by changing trends in the industry. Additionally, our overweight allocation to the U.K. relative to the index did not help our equity returns. Even though many of our U.K. stocks have exposure to the global economy they are impacted by the £(GBP)/\$(USD) exchange rate because they are ADR securities. The British pound depreciated 13% during the fiscal year due to fall out from the Brexit vote. This caused U.K. stocks denominated in \$USD to materially underperform their local shares and the ACWI Ex USA index. We discuss the individual stock performance in more detail later in the report.

The Discovery Fund continues to use put options and cash to hedge our long exposure and to protect against downside risk. At the beginning of the fiscal year 2017 we were concerned over a slowdown in China, global growth and political uncertainty in numerous countries. We were hedged accordingly, using put options and cash to protect against these downside risks. Our equities were also defensively positioned as we had large overweight allocations in defensive sectors and were underweight higher beta sectors. Over the course of the fiscal year we became more optimistic on foreign stocks and global growth. We have reduced our hedge position and have adjusted our sector allocations by adding new stocks in Energy and Financials. We are encouraged that we are seeing improved PMI data in areas such as the Eurozone, UK and Japan. Although it is early, we are starting to see sustained global earnings growth outside of the United States for the first time in several years. Finally, while the global economy is not booming, it appears to be slowly ticking up. The IMF recently raised its 2017 forecast to 3.5% and is expecting 3.6% global GDP growth in 2018, which would be the highest level since 2011. We believe international stocks are not screaming “cheap” anymore but continue to offer value vs. the United States and attractive opportunities remain in the market.

As we mentioned above, we ended the fiscal 2017 or Q1 17 on a positive note with the fund returning 4.71% for the quarter and our equity only portion returning 7.46%. At this time, we continue to hedge the portfolio as we believe there continues to be material risks in the market and downside protection is warranted. We remain concerned about growth in China, political uncertainty in the United States and geopolitical risks around the

THE FORESTER DISCOVERY FUND

MANAGERS COMMENTARY (CONTINUED)

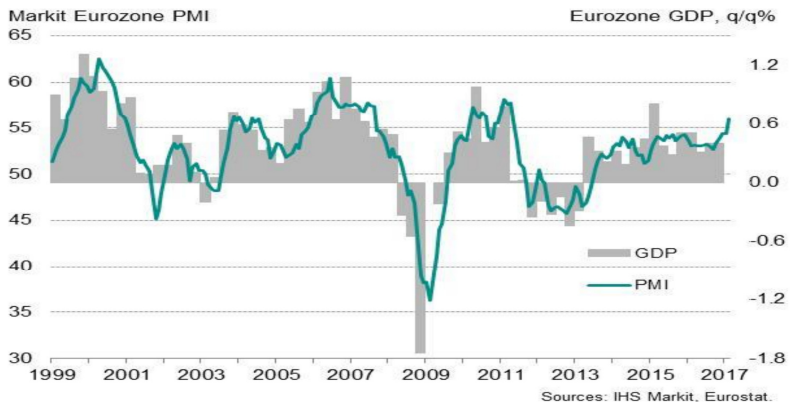
MARCH 31, 2017 (UNAUDITED)

world. Additionally, we would like to continue to see signs of improving revenue, earnings and GDP growth before adding material exposure to the market.

The Eurozone April PMI (Purchasing Managers' Index) composite of 56.8 is the highest in 6 years. Currently every Eurozone country represented by the index is above 50 except for Greece. The PMI is a business confidence survey given to private sector manufacturing (60%) and services (40%) companies to identify whether business conditions have improved or deteriorated from the previous month. A score above 50 indicates economic expansion and a score below 50 signals economic contraction. As illustrated in the chart below one can see the strong correlation between PMI and GDP growth in the Eurozone. Typically as PMI falls below 50 the economy goes into recession or experiences negative GDP growth and as PMI rises above 50, the economy experiences positive growth.

Since the last Eurozone recession, only Greece continues to have negative GDP growth, but the country is expected to have positive GDP growth by the end of 2017. Aside from Greece, all of the southern European countries that brought the Eurozone into recession in 2013 have recovered and countries such as Spain and Portugal are experiencing strong GDP growth at around 3%. Overall the Eurozone quarterly GDP growth has been steady the past couple of years averaging 1.6% to 2.0% y/y (.3% to .6% q/q). However, the PMI composite increased by 3.8 points or 7% during this time. Clearly, GDP growth has not caught up with the improvement in the PMI data. The last time the PMI composite was at these levels back in 2010, the GDP growth in the Eurozone was growing in the mid 2% range. While historically the Eurozone is not known for robust GDP growth, we are optimistic that it can regain above 2% GDP growth in the near term. If the Eurozone is able to achieve improved GDP growth, we believe this will lead to better earnings and it will positively impact stock performance.

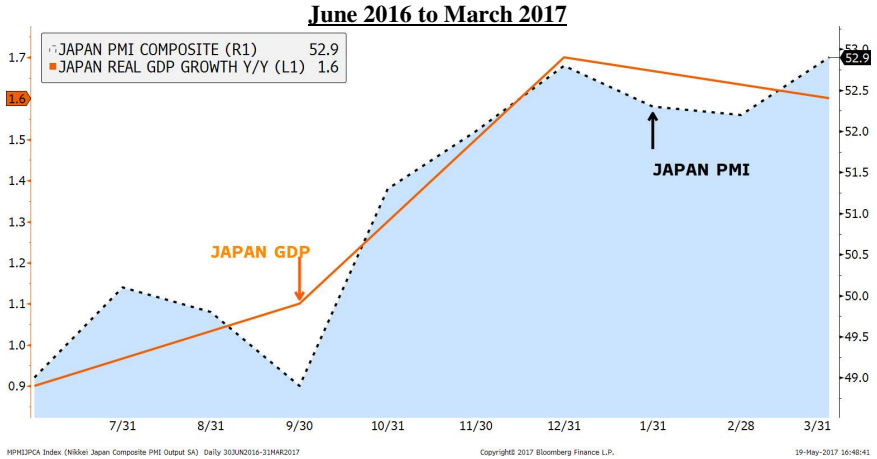
Markit Eurozone PMI and GDP



THE FORESTER DISCOVERY FUND

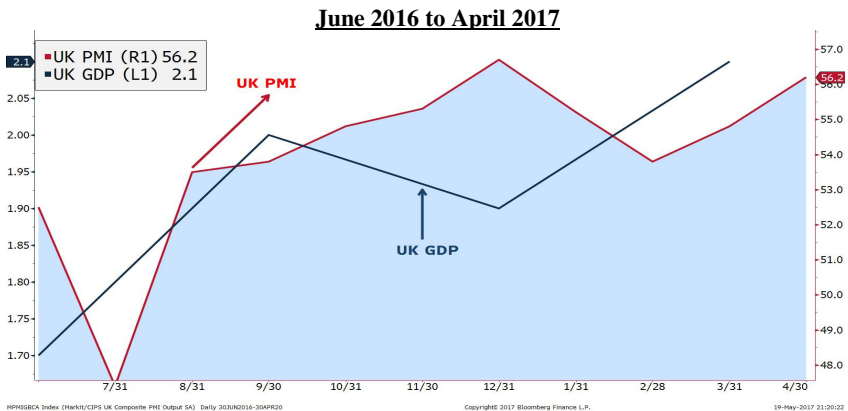
MANAGERS COMMENTARY (CONTINUED) MARCH 31, 2017 (UNAUDITED)

Japan's PMI composite is improving and is now around a three year high. The PMI went from a contraction indicator at 48.9 in April 2016 to an expansion signal of 52.9 in March 2017. Unlike the Eurozone, Japan GDP growth has been following the PMI data upwards. At 1.6%, Q1 GDP growth it is the highest rate for Q1 in three years.



Source: Bloomberg

In the UK we have seen a sharp uptick in PMI since the Brexit event; from a low of 47.4, (signaling contraction) to its current 56.2, indicating strong expansion. GDP is improving and growth is now above 2% y/y. The IMF recently doubled their initial 2017 GDP estimate for the U.K., which was originally projected to be around 1%.

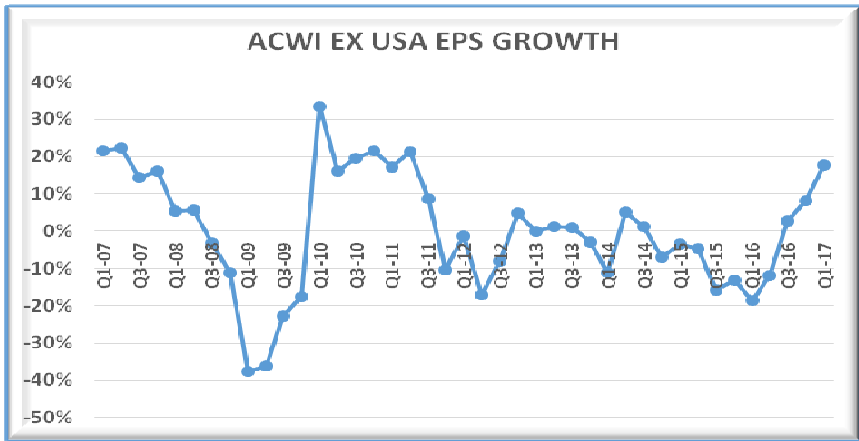


Source: Bloomberg

THE FORESTER DISCOVERY FUND

MANAGERS COMMENTARY (CONTINUED)
MARCH 31, 2017 (UNAUDITED)

The Eurozone, the UK, and Japan account for around 70% of the Forester Discovery Fund's benchmark, the ACWI EX USA index. As the graph below illustrates, the improvement in PMIs have led to an uptick in EPS growth. The last time EPS growth was this high was in 2011 when global GDP growth was close to 4% y/y. We believe this improvement in earnings positively impacted stock performance.



Source: Bloomberg

Since the ACWI EX USA index started experiencing EPS growth, the ACWI index is up around 20% on a total return basis. Unlike the S&P 500, the index is off 30% from its all time highs in 2007. We continue to think the international market offers value compared to the U.S. market.

ACWI EX USA (\$USD)



Source: Bloomberg

THE FORESTER DISCOVERY FUND

MANAGERS COMMENTARY (CONTINUED)
MARCH 31, 2017 (UNAUDITED)

STOCK PERFORMANCE

As mentioned above, the fund's equities had a challenging year, returning +3.75% in the 12 months that ended March 31, 2017. The drivers were HSBC (+40.44%) and Siemens (+33.39%) on the upside and Michael Kors (-28.80%), and Teva (-15.64%) on the downside.

HSBC

The bank stocks, including HSBC performed well this year with the prospect of better economic growth and higher interest rates. After a dramatic sell off following the Brexit vote, the UK banks in particular performed quite well as the worst fears about leaving the European Union diminished. HSBC also experienced strong growth the last two quarters and growth is expected to be positive in 2017 for the first time in three years. The increased revenue improved the outlook for further share buy backs, which also helped stock performance.

Siemens

The company experienced better than expected earnings which led management to increase guidance for the year. Siemens benefited from a recovery in oil spending and increased demand for natural gas generation turbines. Later in the year Siemens announced that it was spinning off its healthcare unit, which was received positively by the market.

Michael Kors

These shares came under pressure due to weak trends in US department stores. The company has decided to pull back their exposure to that channel, which will be a headwind to revenues over the next year. Although the stock is very cheap (P/E of 9.3) and they have growth opportunities in Europe and Asia, the headwind from reducing exposure to US department stores should be significant. We opted to sell the position in March.

Teva

The market was concerned that Teva would lose a key patent on its Copaxone drug. If the drug company lost the patent we expected sharp cuts to EPS guidance. We decided to sell the position on 10/11/16 as we felt the risk reward trade off was not attractive. This turned out to be the right move as Teva did lose its patent and the stock sold off another -24% after we exited the position.

As always, we will continue to buy stocks that we believe have exceptional appreciation potential. In addition, at times we believe market risks are high, we will protect the portfolio using put options and cash. We believe that if we are patient, this should lead to outsized investment returns over the longer term. We believe that we are well positioned for this environment.

Thank you for investing with us.

Sincerely,



Thomas H. Forester, President

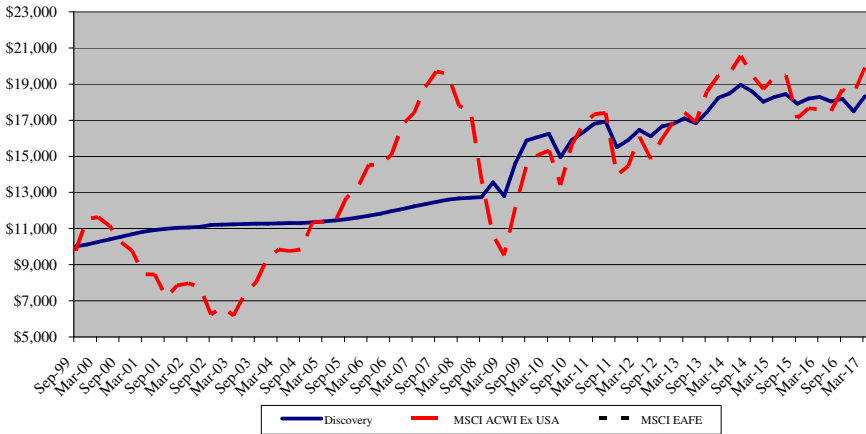
THE FORESTER DISCOVERY FUND

PERFORMANCE ILLUSTRATION
MARCH 31, 2017 (UNAUDITED)

AVERAGE ANNUALIZED TOTAL RETURNS
PERIOD ENDED MARCH 31, 2017 (UNAUDITED)

<u>FUND/INDEX</u>	<u>1-YEAR</u>	<u>5-YEAR</u>	<u>10-YEAR</u>	<u>SINCE INCEPTION</u>	<u>VALUE</u>
Forester Discovery Fund	0.19%	2.16%	4.13%	3.52%	\$18,314
MSCI ACWI Ex USA Index	13.13%	4.36%	1.35%	4.00%	\$19,909

Comparison of the Change in Value of a \$10,000 Investment in the Forester Discovery Fund and the MSCI ACWI Ex USA Index.



* The chart assumes an initial gross investment of \$10,000 made on 9/10/99 (inception).

Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. All returns reflect reinvested dividends but do not reflect the impact of taxes.

The MSCI ACWI ex USA Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 23 Emerging Markets (EM) countries. The index covers approximately 85% of the global equity opportunity set outside the US.

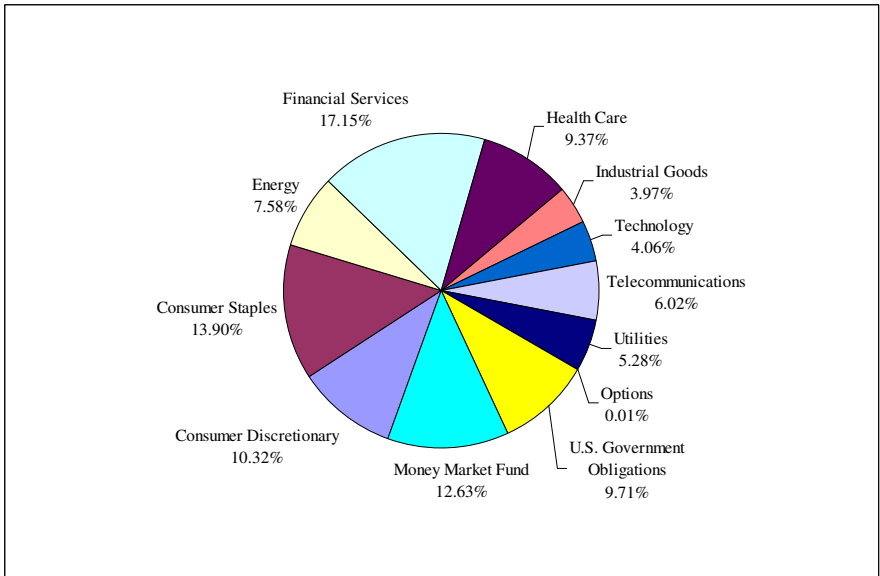
PERFORMANCE IS HISTORICAL AND DOES NOT GUARANTEE FUTURE RESULTS. AN INVESTMENT IN A MUTUAL FUND CONTAINS RISKS WHICH ARE DISCUSSED IN THE PROSPECTUS. PLEASE READ IT CAREFULLY BEFORE YOU INVEST OR SEND MONEY.

THE FORESTER DISCOVERY FUND

PORTFOLIO ILLUSTRATION

MARCH 31, 2017 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio investments.



Sectors are categorized using Global Industry Classification Standard (GICS).

THE FORESTER DISCOVERY FUND

SCHEDULE OF INVESTMENTS MARCH 31, 2017

<u>Shares</u>	<u>Value</u>
COMMON STOCKS - 77.00%	
Consumer Discretionary - 10.24%	
8,030 Michelin ADR	\$ 194,727
10,160 Publicis Groupe SA ADR	177,394
5,300 Volkswagen AG ADR	158,947
	531,068
Consumer Staples - 13.78%	
1,555 Diageo Plc. ADR	179,727
3,970 Imperial Brands Group Plc. ADR	196,118
4,740 Svenska Cellulosa AB ADR	153,149
3,770 Unilever Plc. ADR	186,012
	715,006
Energy - 7.51%	
3,910 BP Plc. ADR	134,973
4,900 Statoil ASA ADR	84,182
2,700 Suncor Energy, Inc. (Canada)	83,025
1,740 Total SA ADR	87,731
	389,911
Financial Services - 17.01%	
1,100 AON Plc. (United Kingdom)	130,559
5,650 AXA Group ADR	145,261
3,180 HSBC Holdings Plc. ADR	129,808
4,120 Prudential Plc. ADR	174,523
14,390 Society Generale ADR	145,195
3,140 The Toronto-Dominion Bank NY (Canada)	157,283
	882,629
Health Care - 9.29%	
3,200 Astrazeneca Plc. ADR	99,648
4,630 GlaxoSmithKline Plc. ADR	195,201
4,140 Sanofi ADR	187,335
	482,184
Industrial Goods - 3.93%	
2,980 Siemens AG ADR	204,130
Technology - 4.03%	
2,130 SAP AG ADR	209,102
Telecommunications - 5.97%	
9,200 KT Corp. ADR *	154,836
3,620 Nippon Telegraph & Telephone Corp. ADR *	155,081
	309,917

* Non-income producing security during the period.

ADR- American Depositary Receipt

The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

SCHEDULE OF INVESTMENTS (CONTINUED) MARCH 31, 2017

<u>Shares</u>	<u>Value</u>
Utilities - 5.24%	
2,090 National Grid Plc. ADR	\$ 132,673
14,540 Red Electrica de España SA ADR	139,002
	271,675
TOTAL FOR COMMON STOCKS (Cost \$3,206,187) - 77.00%	
	3,995,622
PUT OPTIONS PURCHASED - 0.01%	
<u>Shares</u>	<u>Value</u>
<u>Subject to Put</u>	<u>Underlying Security</u>
	<u>Expiration Date/Exercise Price</u>
30,000	iShares MSCI EAFE ETF 4/21/2017 Put @ \$57.00
	300
TOTAL FOR PUT OPTIONS PURCHASED (Premiums Paid \$8,325) - 0.01%	
	300
U.S. GOVERNMENT OBLIGATION - 9.63%	
<u>Par Value</u>	<u>Value</u>
500,000	U.S. Government Treasury Bill, 5/25/2017, 0.00%
	499,483
TOTAL FOR U.S. GOVERNMENT OBLIGATION (Cost \$499,563) - 9.63%	
	499,483
MONEY MARKET FUND - 12.53%	
650,076	Morgan Stanley Institutional Liquidity Fund Treasury Portfolio 0.59% **
	650,076
TOTAL FOR MONEY MARKET FUND (Cost \$650,076) - 12.53%	
	650,076
TOTAL INVESTMENTS (Cost \$4,364,151) - 99.17%	
	5,145,481
OTHER ASSETS IN EXCESS OF LIABILITIES, NET - 0.83%	
	42,993
NET ASSETS - 100.00%	
	\$ 5,188,474

** Variable rate security; the coupon rate shown represents the yield at March 31, 2017.

ADR- American Depositary Receipt

The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

STATEMENT OF ASSETS AND LIABILITIES MARCH 31, 2017

Assets:	
Investments in Securities, at Value (Cost \$4,364,151)	\$ 5,145,481
Receivables:	
Shareholder Subscriptions	28,824
Dividends and Interest	20,234
Total Assets	<u>5,194,539</u>
Liabilities	
Due to Advisor	4,532
Administrative Fees	1,533
Total Liabilities	<u>6,065</u>
Net Assets	<u>\$ 5,188,474</u>
Net Assets Consist of:	
Paid In Capital	\$ 4,873,258
Accumulated Undistributed Net Investment Income	5,679
Accumulated Realized Loss on Investments	(471,793)
Unrealized Appreciation in Value of Investments	781,330
Net Assets, for 382,327 Shares Outstanding (with par value of \$0.0001 per share)	<u>\$ 5,188,474</u>
Net Asset Value Per Share	<u>\$ 13.57</u>

The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2017

Investment Income:

Dividends (net of \$14,047 of foreign tax withheld)	\$ 130,930
Interest	7,867
Total Investment Income	<u>138,797</u>

Expenses:

Advisory Fees	68,090
Administration Fees	23,831
Total Expenses	<u>91,921</u>

Net Investment Income	<u>46,876</u>
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Realized and Unrealized Gain (Loss) on Investments:

Realized Gain (Loss):	
Investments	41,541
Options	(355,314)
	<u>(313,773)</u>

Change in Unrealized Appreciation (Depreciation) on:

Investments	166,103
Options	26,997
	<u>193,100</u>

Net Realized and Unrealized Loss on Investments	<u>(120,673)</u>
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Net Decrease in Net Assets Resulting from Operations	<u>\$ (73,797)</u>
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The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

STATEMENTS OF CHANGES IN NET ASSETS

	Years Ended	
	<u>3/31/2017</u>	<u>3/31/2016</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Income	\$ 46,876	\$ 14,514
Net Realized Gain (Loss) on Investments and Options	(313,773)	19,836
Unrealized Appreciation (Depreciation) on Investments and Options	193,100	(14,714)
Net Increase (Decrease) in Net Assets Resulting from Operations	<u>(73,797)</u>	<u>19,636</u>
Distributions to Shareholders:		
Net Investment Income	(42,088)	(15,361)
Realized Gains	-	-
Total Distributions Paid to Shareholders	<u>(42,088)</u>	<u>(15,361)</u>
Capital Share Transactions	<u>(2,138,288)</u>	<u>188,323</u>
Total Increase (Decrease)	(2,254,173)	192,598
Net Assets:		
Beginning of Year	<u>7,442,647</u>	<u>7,250,049</u>
End of Year (Including Undistributed Net Investment Income of \$5,679 and \$891, respectively)	<u>\$5,188,474</u>	<u>\$7,442,647</u>

The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	Years Ended				
	<u>3/31/2017</u>	<u>3/31/2016</u>	<u>3/31/2015</u>	<u>3/31/2014</u>	<u>3/31/2013</u>
Net Asset Value, at Beginning of Year	\$ 13.63	\$ 13.67	\$ 14.34	\$ 13.32	\$ 12.86
Income From Investment Operations:					
Net Investment Income *	0.09	0.03	0.01	0.08	0.04
Net Gain (Loss) on Securities (Realized and Unrealized)	(0.07)	(0.03)	(0.18)	1.00	0.46
Total from Investment Operations	0.02	0.00	(0.17)	1.08	0.50
Distributions:					
Net Investment Income	(0.08)	(0.04)	(0.09)	(0.06)	(0.04)
Realized Gains	-	-	(0.41)	-	-
Total from Distributions	(0.08)	(0.04)	(0.50)	(0.06)	(0.04)
Net Asset Value, at End of Year	\$ 13.57	\$ 13.63	\$ 13.67	\$ 14.34	\$ 13.32
Total Return **	0.19%	(0.03)%	(1.13)%	8.15%	3.88%
Ratios/Supplemental Data:					
Net Assets at End of Year (Thousands)	\$ 5,188	\$ 7,443	\$ 7,250	\$ 7,643	\$ 14,274
Ratio of Expenses to Average Net Assets	1.35%	1.35%	1.35%	1.35%	1.35%
Ratio of Net Investment Income to Average Net Assets	0.69%	0.23%	0.10%	0.62%	0.33%
Portfolio Turnover	12.63%	10.22%	9.73%	17.49%	0.00%

* Per share net investment income has been determined on the basis of average shares outstanding during the year.

** Assumes reinvestment of dividends.

The accompanying notes are an integral part of these financial statements.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

(1) ORGANIZATION

Forester Funds, Inc. (the "Company") is an open-end diversified investment company currently offering two series of shares: The Forester Value Fund and The Forester Discovery Fund. The Company was incorporated as a Maryland corporation on April 7, 1999. The accompanying financial statements are those of the Forester Discovery Fund (the "Fund"). The Fund commenced operations on September 10, 1999. Forester Capital Management, Ltd. (the "Advisor") serves as the Fund's investment advisor.

The objective of the Fund is to seek long-term growth of capital.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Fund in the preparation of its financial statements. The Fund is an investment company that follows the accounting and reporting guidance of Accounting Standards Codification Topic 946 applicable to investment companies.

SECURITY VALUATION

All investments in securities are recorded at their estimated fair value, as described in Note 3.

FEDERAL INCOME TAXES

The Fund intends to comply with the requirements of the Internal Revenue Code necessary to qualify as a regulated investment company and as such will not be subject to federal income taxes on otherwise taxable income (including net realized capital gains) which is distributed to shareholders. The Fund also intends to distribute sufficient net investment income and net capital gains, if any, so that it will not be subject to excise tax on undistributed income and gains. Therefore, no federal income tax provision is required.

In addition, U.S. Generally Accepted Accounting Principles ("GAAP") requires management of the Fund to analyze all open tax years, fiscal years 2014-2016, as defined by IRS statute of limitations for all major industries, including federal tax authorities and certain state tax authorities. As of and during the year ended March 31, 2017, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total tax amounts of unrecognized tax benefits will significantly change.

SECURITY TRANSACTIONS, INVESTMENT INCOME AND DISTRIBUTIONS TO SHAREHOLDERS

As is common in the industry, security transactions are accounted for on the trade date (the date the securities are purchased or sold). Interest income is recorded on the accrual basis. Bond premiums and discounts are amortized in accordance with Federal income tax regulations. Dividend income and distributions to shareholders are recorded on the ex-dividend date.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

Withholding taxes on foreign dividends have been provided for in accordance with the company's understanding of the applicable country's tax rules and rates.

OPTIONS

The Fund may utilize call and put options to attempt to protect against possible changes in the market value of securities held in or to be purchased for the Fund's portfolio and to generate income or gain for the Fund. The ability of the Fund to successfully utilize options will depend on the Advisor's ability to predict pertinent market movements, which cannot be assured. The Fund will comply with applicable regulatory requirements when implementing these techniques and instruments.

USE OF ESTIMATES IN FINANCIAL STATEMENTS

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates and assumptions.

SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through the issuance of these financial statements and has noted no such events requiring disclosure.

(3) SECURITIES VALUATIONS

Processes and Structure

The Fund's Board of Directors has adopted guidelines for valuing securities including in circumstances in which market quotes are not readily available and has delegated to the Adviser the responsibility for determining fair value prices, subject to review by the Board of Directors.

Hierarchy of Fair Value Inputs

The Fund utilizes various methods to measure the fair value of most of their investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The three levels of inputs are as follows:

- *Level 1.* Unadjusted quoted prices in active markets for identical assets or liabilities that the company has the ability to access.
- *Level 2.* Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

- *Level 3.* Unobservable inputs for the asset or liability to the extent that relevant observable inputs are not available, representing the company's own assumptions about the assumptions that a market participant would use in valuing the asset or liability, and that would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements

A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows:

Equity securities (common stocks) - Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales price on the day of valuation. To the extent these securities are actively traded, and valuation adjustments are not applied, they are categorized in level 1 of the fair value hierarchy. Certain foreign securities may be fair valued using a pricing service that considers the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments such as American Depositary Receipts, financial futures, Exchange Traded Funds, and the movement of the certain indexes of securities based on a statistical analysis of the historical relationship and that are categorized in level 2. Preferred stock and other equities traded on inactive markets or valued by reference to similar instruments are also categorized in level 2.

Short term investments - Short term investments are valued using amortized cost, which approximates fair value. These securities will be categorized in level 1 of the fair value hierarchy.

U.S. government obligations - U.S. government securities are normally valued using a model that incorporates market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. Certain securities are valued principally using dealer quotations. U.S. government securities are categorized in level 1 or level 2 of the fair value hierarchy, depending on the inputs used and market activity levels for specific securities.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

Derivative instruments (put and call options) - Options are valued at the last sales prices on the valuation date if the last sales price is between the closing bid and asked prices. Otherwise, options are valued at the closing bid price. These securities will be categorized in level 2 of the fair value hierarchy if valued at other than closing price.

The following table summarizes the inputs used to value each Fund's assets and liabilities measured at fair value as of March 31, 2017:

<i>Categories</i>	Financial Instruments—Assets			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Fair Value</i>
Common Stocks	\$ 3,995,622	\$ -	\$ -	\$ 3,995,622
Put Option Purchased	-	300	-	300
U.S. Government Obligations	499,483	-	-	499,483
Money Market Fund	650,076	-	-	650,076
	<u>\$ 5,145,181</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 5,145,481</u>

The Fund did not hold any level 3 assets during the year ended March 31, 2017. There were no significant transfers into or out of level 1 or level 2 during the period. It is the Fund's policy to recognize transfers into and out of level 1 and level 2 at the end of the reporting period.

(4) TRANSACTIONS WITH AFFILIATES

INVESTMENT ADVISORY AGREEMENT

For the year ended March 31, 2017, Forester Capital Management, Ltd. (the "Advisor") provided the Fund with investment management services under an Investment Advisory Agreement. Under the Advisory Agreement, the Advisor, at its own expense and without reimbursement from the Funds, furnishes office space and all necessary office facilities, equipment and executive personnel for managing the investments of the Fund, and pays the salaries and fees of all officers and directors of the Funds (except the fees paid to directors who are not interested persons of the Advisor). As compensation for its services, the Advisor was entitled to a monthly fee at the annual rate of 1.00% based upon the average daily net assets of the Fund. For the year ended March 31, 2017, the Advisor earned \$68,090 for Advisory services. The Fund owed the Advisor \$4,532 for advisory fees at March 31, 2017.

ADMINISTRATIVE AGREEMENT

For the year ended March 31, 2017, Forester Capital Management, Ltd. provided the Fund with administrative services. As an administrator, the Advisor oversees the fund accountant and transfer agent. For this service the Advisor receives a monthly fee at the annual rate of 0.35% based upon the average daily net assets of the Fund. For the year ended March 31, 2017, the Advisor earned \$23,831 for administrative services. The Fund owed the Advisor \$1,533 for administration fees at March 31, 2017.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

DISTRIBUTION AGREEMENT AND PLAN

The Fund has adopted a Distribution Plan pursuant to which the Fund may pay broker-dealers for distributing shares of the Fund. This expense is limited to 0.25% of the Fund's average net assets. The Fund has not implemented the 12b-1 Plan and does not foresee doing so in the coming year. The Board adopted the Plan so that, if and when necessary, the Fund would have available sufficient resources to pay third parties who provide eligible services to the Fund.

RELATED PARTY

Thomas Forester is the control person of the Advisor and also serves as a director and officer of the Company. Mr. Forester receives benefits from the Advisor resulting from management fees and administration fees paid to the Advisor by the Fund.

(5) INVESTMENT TRANSACTIONS

Purchases and sales of securities, other than short-term investments and U.S. Government Securities, aggregated \$594,686 and \$1,676,716, respectively, for the year ended March 31, 2017. Purchases and sales of U.S. Government Securities aggregated \$2,992,317 and \$4,097,594, respectively, for the year ended March 31, 2017. Purchases and sales of options aggregated \$625,640 and \$300,023, respectively, for the year ended March 31, 2017.

(6) DERIVATIVES TRANSACTIONS

The Fund had no outstanding written options at March 31, 2017.

As of March 31, 2017, the Statement of Assets and Liabilities included the following financial derivative instrument fair values:

<u>Assets</u>	<u>Equity Contracts</u>
Investments in securities	\$ 300
Total Assets	<u>\$ 300</u>

For the year ended March 31, 2017, financial derivative instruments had the following effect on the Statement of Operations:

<u>Net change in unrealized depreciation on:</u>	<u>Equity Contracts</u>	<u>Total</u>
Put options	\$ 26,997	\$ 26,997
<u>Net realized gain (loss) on:</u>	<u>Equity Contracts</u>	<u>Total</u>
Put options	\$ (355,314)	\$ (355,314)

(7) CAPITAL SHARE TRANSACTIONS:

As of March 31, 2017, there were 5,000,000,000 shares of capital stock for the Company with a par value of \$0.0001 authorized. The total paid in capital totaled \$4,873,258. Transactions in capital stock were as follows:

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

	Year Ended March 31, 2017		Year Ended March 31, 2016	
	Shares	Amount	Shares	Amount
Shares sold	107,928	\$ 1,453,073	213,378	\$ 2,903,768
Shares issued in reinvestment of dividends	3,242	41,827	1,119	15,256
Shares redeemed	<u>(274,913)</u>	<u>(3,633,188)</u>	<u>(198,909)</u>	<u>(2,730,701)</u>
Net increase (decrease)	<u>(163,743)</u>	<u>\$(2,138,288)</u>	<u>15,588</u>	<u>\$ 188,323</u>

(8) TAX MATTERS

Income and long-term capital gain distributions are determined in accordance with Federal income tax regulations, which may differ from accounting principles generally accepted in the United States. The Fund's tax basis capital gains and losses and undistributed ordinary income are determined only at the end of each fiscal year. As of March 31, 2017 the Fund's most recent fiscal year-end, components of distributable earnings on a tax basis were as follows:

Post-October capital loss	\$ (41,790)
Undistributed ordinary income	5,679
Net Unrealized Appreciation	777,661
Capital loss carryforwards:	
Indefinite - short term	(306,658)
Indefinite - long term	<u>(119,676)</u>
Total Distributable Earnings	<u>\$ 315,216</u>

The undistributed ordinary income and capital gains (losses) shown may differ from corresponding accumulated net investment income and accumulated net realized gain (loss) reported on the statement of assets and liabilities due to certain temporary book/tax differences due to the tax deferral of losses on wash sales.

Under current tax law, net capital losses realized after October 31st and net ordinary losses incurred after December 31st may be deferred and treated as occurring on the first day of the following year. The Fund's carryforward losses, post-October losses and post-December losses are determined only at the end of each fiscal year. The capital loss carry forward will be used to offset any capital gains realized by the Fund in future years through the expiration date. The Fund will not make distributions from capital gains while a capital loss carry forward remains.

As of March 31, 2017, the tax basis components of unrealized appreciation (depreciation) and cost of investment securities were as follows:

Gross unrealized appreciation on investments	\$ 916,386
Gross unrealized depreciation on investments	<u>(138,725)</u>
Net unrealized appreciation on investments	<u>\$ 777,661</u>
Tax cost of investments, including short-term investments (a)	<u>\$ 4,367,820</u>

(a) The difference between book cost and tax cost of investments represents disallowed wash sales for tax purposes.

THE FORESTER DISCOVERY FUND

NOTES TO FINANCIAL STATEMENTS (CONTINUED) MARCH 31, 2017

The tax character of distributions paid during the year ended March 31, 2017, and the year ended March 31, 2016 is as follows:

	<u>March 31,</u> <u>2017</u>	<u>March 31,</u> <u>2016</u>
Ordinary income	\$ 42,088	\$ 15,361

(9) COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Fund may enter into contracts that may contain a variety of representations and warranties and provide general indemnifications. The Fund's maximum exposure under these arrangements is dependent on future claims that may be made against the Funds and, therefore, cannot be estimated; however, management considers the risk of loss from such claims to be remote.

(10) CONTROL OWNERSHIP

The beneficial ownership, either directly or indirectly, of more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2(a)(9) of the Investment Company Act of 1940, as amended. As of March 31, 2017, Charles Schwab & Co., Inc. and National Financial Service Corp., on behalf of others, each owned approximately 35% and 33%, respectively, of the Fund.

(11) NEW ACCOUNTING PRONOUNCEMENT

In October 2016, the U.S. Securities and Exchange Commission ("SEC") issued a new rule, Investment Company Reporting Modernization, which, among other provisions, amends Regulation S-X to require standardized, enhanced disclosures, particularly related to derivatives, in investment company financial statements. Compliance with the guidance is required for financial statements filed with the SEC on or after August 1, 2017. Management is currently evaluating the impact the amendments will have on the Fund's financial statements and related disclosures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of Forester Discovery Fund,
a Series of the Forester Funds, Inc.

We have audited the accompanying statement of assets and liabilities of the Forester Discovery Fund, (the "Fund"), a series of the Forester Funds, Inc., including the schedule of investments, as of March 31, 2017, and the related statement of operations for the year then ended, statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities and cash owned as of March 31, 2017, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Forester Discovery Fund, a series of the Forester Funds, Inc., as of March 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Abington, Pennsylvania
May 25, 2017

Sawville & Company

THE FORESTER DISCOVERY FUND

EXPENSE ILLUSTRATION

MARCH 31, 2017 (UNAUDITED)

Expense Example

As a shareholder of the Forester Discovery Fund, you incur ongoing costs which typically consist of management fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, October 1, 2016 through March 31, 2017.

Actual Expenses

The first line of the table below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the table below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in this Fund and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

	Beginning Account Value	Ending Account Value	Expenses Paid During the Period*
	<u>October 1, 2016</u>	<u>March 31, 2017</u>	<u>October 1, 2016 through March 31, 2017</u>
Actual	\$1,000.00	\$1,007.06	\$6.76
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.20	\$6.79

* Expenses are equal to the Fund's annualized expense ratio of 1.35%, multiplied by the average account value over the period, multiplied by 182/365 (to reflect the one-half year period).

THE FORESTER DISCOVERY FUND

DIRECTORS & OFFICERS

MARCH 31, 2017 (UNAUDITED)

The following table provides information regarding each Director who is not an “interested person” of the Company, as defined in the Investment Company Act of 1940.

<u>Name, Address, Age</u>	<u>Position(s) Held with the Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios Overseen</u>	<u>Principal Occupation During Past Five Years and Current Directorships</u>
Michael B. Kelley 100 Field Dr., Ste. 330 Lake Forest, IL 60045 Age: 56	Director	Indefinite; Since Inception	2	Mr. Kelley has been a National Account Executive for Concept Amenities since March, 2009. Prior to that he was a National Account Executive for American Hotel Supply for more than 5 years.
Stanley Simpson 100 Field Dr., Ste. 330 Lake Forest, IL 60045 Age: 58	Director	Indefinite; Since March 2007	2	Stanley Simpson has been a commodities trader on the Chicago Mercantile Exchange for more than five years.
Barry Meyer 100 Field Dr., Ste. 330 Lake Forest, IL 60045 Age: 57	Director	Indefinite; Since March 2007	2	Barry Meyer has been President of Arcspec, a distributor of commercial construction materials for more than five years.

The following table provides information regarding each Director who is an “interested person” of the Company, as defined in the Investment Company Act of 1940, and each officer of the Trust.

<u>Name, Address, Age</u>	<u>Position(s) Held with the Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Number of Portfolios Overseen</u>	<u>Principal Occupation During Past Five Years and Current Directorships</u>
Thomas H. Forester ¹ 100 Field Dr., Ste. 330 Lake Forest, IL 60045 Age: 57	Director; President; Treasurer	Indefinite; Since Inception	2	Mr. Forester has been the President of the Advisor since 2/99, Officer and Portfolio Manager with Dremman Value Advisors from 5/97 - 1/99.

¹ Mr. Forester is a director who is an “interested person” of the Fund by virtue of being an officer of the Fund. Mr. Forester is also an officer of the investment manager.

Each Director, except Mr. Forester, was paid a total fee of \$5,000 for the year ended March 31, 2017, from the Advisor.

THE FORESTER DISCOVERY FUND

ADDITIONAL INFORMATION

MARCH 31, 2017 (UNAUDITED)

Portfolio Holdings – The Fund files a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Fund's first and third fiscal quarters end on June 30 and December 31. The Form N-Q filing must be made within 60 days of the end of the quarter, and the Fund's first Form N-Q was filed with the SEC on February 25, 2005. The Fund's Forms N-Q are available on the SEC's website at <http://sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Fund at 1-800-388-0365, free of charge.

Proxy Voting - A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the 12-month period ended June 30, are available without charge upon request by (1) calling the Fund at 1-800-388-0365 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov. A review of how the Fund voted on company proxies can be obtained at our transfer agent's website, www.mutualss.com.

Additional Information - The Fund's Statement of Additional Information ("SAI") includes additional information about the trustees and is available, without charge, upon request. You may call toll-free 1-800-388-0365 to request a copy of the SAI or to make shareholder inquiries.

Advisory Agreement Renewal – At a board meeting held on March 9, 2017 of the Board of Directors, including a majority of the independent Directors, determined whether to renew the Advisory Agreement. The 1940 Act requires that the Board request and evaluate, and that the Advisor provide, such information as may be reasonably necessary to evaluate the terms of the Advisory Agreement.

A discussion was held about approving the continuation of the investment management agreements, the Board considered:

- the nature, extent and quality of the services provided by the Adviser
- the investment performance of the Funds
- the costs of the services to be provided and profits to be realized by the Adviser and its affiliates from the relationship with the Funds
- the extent to which economies of scale would be realized as the mutual fund grows and whether fee levels reflect these economies of scale for the benefit of mutual fund investors
- the expense ratios of the Funds

THE FORESTER DISCOVERY FUND

ADDITIONAL INFORMATION (CONTINUED)

MARCH 31, 2017 (UNAUDITED)

In considering the nature, extent and quality of the services provided by the Adviser, the Board considered an oral presentation by the Adviser describing the portfolio management, shareholder communication, and regulatory compliance services provided by the Adviser to the Funds. The Directors concluded that the Adviser was providing essential services to the Funds.

The Directors compared the performance of the Funds to benchmark indices over various periods of time and concluded that the performance of the Funds warranted the continuation of the advisory agreements. The Directors noted that in addition to the absolute performance of the Funds, they also noted that the Funds adhered to their investment style.

In concluding that the advisory fees payable by the Funds were reasonable, the Directors reviewed reports comparing the expense ratios and advisory fees paid by the Funds to those paid by other comparable mutual funds and concluded that the advisory fees paid by the Funds and the expense ratios of the Funds were in the range of comparable mutual funds (1.25%/0.99% Value Fund N-share/I-share expense ratio versus an average of 1.09% for 1186 funds in the Morningstar Large Value Category and 1.97% for 199 funds in the Long/Short Fund Category and 1.35% Discovery Fund expense ratio versus an average of 1.12% for 703 funds in Morningstar Foreign Large Blend Fund Category).

After discussion, the advisory agreement was renewed for another year.

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