

2018 Second Quarter Portfolio Review

Investment Objective

Salient International Real Estate Fund seeks total return from both capital appreciation and current income. The fund targets real estate investment trusts (REITs) and real estate companies operating in knowledge-based international centers of commerce. The team uses a bottom-up approach and on-the-ground research to select what they believe are attractively valued companies with superior commercial properties, demonstrated ability to add value and strong appreciation potential.

Portfolio Management

Joel S. Beam
Managing Director, Senior Portfolio Manager
24 Years Experience

Inception Date

April 28, 2006

Net Assets

\$20.45 M (as of 06/30/18)

Fund Details

Share Class	Ticker
Investor	FFIRX
Institutional	KIRYX
Class A	KIRAX
Class C	KIRCX

Annual Fund Operating Expenses

Total annual operating expenses as stated in the fund's most recent prospectus are:

	INV	INST	A	C
Management Fee	1.00%	1.00%	1.00%	1.00%
Distribution and/or Service (12b-1) Fees	0.25%	N/A	0.25%	0.75%
Other Expenses	1.14%	1.04%	1.19%	1.24%
Total Annual Fund Operating Expenses	2.39%	2.04%	2.44%	2.99%

Maximum Sales Charge

	Front-End	Deferred
Investor	None	None
Institutional	None	None
Class A	5.75%	None
Class C	None	1.00%

Performance

Salient International Real Estate Fund's Class A shares produced a total return of -0.64% for the second quarter of 2018. The fund's performance lagged its benchmark, the FTSE EPRA/NAREIT Developed ex-U.S. Index, which returned 0.55% over the same period.

The table below shows the performance of the fund and its benchmark index for the quarter and longer term.

Performance as of 06/30/18	Fund* (KIRAX) ¹	Market (REGXU Index) ²
Q2 2018	-0.64%	0.55%
1 Year	9.64%	9.77%
3 Years	3.07%	5.67%
5 Years	3.40%	5.69%
10 Years	3.84%	4.27%
Since Inception (04/28/06)	2.71%	-

Gross / Net Expenses: **2.44%** / 2.44%

Returns for periods greater than one year are annualized.

* Excludes sales charge.

The performance quoted represents past performance, does not guarantee future results and current performance may be lower or higher than the data quoted. The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Performance data current to the most recent month-end may be obtained at www.salientfunds.com. Investment performance may reflect fee waivers in effect. In the absence of fee waivers, total return would be lower. Total return is based on NAV, assuming reinvestment of all distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

Attribution

For the quarter, the fund's largest contributors to return by geographic region (on a gross basis) were Europe and North America, which earned the fund 38 basis points (0.38%) and 8 basis points (0.08%), respectively. In contrast, Asia Pacific detracted 60 basis points (-0.60%) from the fund's return. By country, the largest contributors were the United Kingdom, Hong Kong and Sweden, which contributed 43 basis points (0.43%), 20 basis points (0.20%) and 20 basis points (0.20%), respectively. The largest detractors were Singapore and Japan, which cost the fund 73 basis points (-0.73%) and 25 basis points (-0.25%), respectively.

Corporate Update

We are pleased to announce that pursuant to the SEC filing date of June 13, 2018, the Salient Tactical Real Estate Fund will merge into the Salient International Real Estate Fund on or about August 13, 2018. At that time, the fund will be renamed the Salient Global Real Estate Fund. After achieving strong track records for these U.S. and international real estate funds, we believe that a single global real estate fund will create operational efficiencies, which are expected to lower fees for shareholders, and offer greater geographic and currency diversification in a single solution.

Salient Global Real Estate Fund will invest in high-quality international *and domestic* real estate investment trusts (REITs), with the flexibility to allocate capital to geographies where the team believes value opportunities persist. In accordance with the change, Salient Global Real Estate Fund's benchmark will be the FTSE EPRA/NAREIT Developed Index (Bloomberg ticker: TRNGLU). The new benchmark is comprised of both domestic and international real estate companies, whereas Salient International Real Estate Fund's current benchmark, the FTSE EPRA/NAREIT Developed ex-U.S. Index (Bloomberg ticker: REGXU), is comprised solely of international real estate companies.

¹ Class A @NAV (ticker: KIRAX)

² FTSE EPRA/NAREIT Developed ex-U.S. Index (Bloomberg ticker: REGXU)

Despite these changes, the most important aspects of the fund will remain the same. Salient Global Real Estate Fund will continue to be managed by the same dedicated real estate team, with Joel Beam serving as the fund's lead portfolio manager. Further, the team will continue to use the same rigorous, bottom-up approach, looking far and wide to uncover value.

As the fund merger is scheduled to occur prior to the end of the third quarter, this update will be the last quarterly commentary for Salient International Real Estate Fund. We welcome any questions or comments you may have regarding these changes or about the newly structured Salient Global Real Estate Fund. As always, thank you for your confidence and trust.

Performance (%) as of 06/30/18

	Q2	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	-0.61	-0.30	9.75	3.16	3.47	-	4.48
Institutional	-0.54	-0.10	10.09	3.49	3.82	4.20	3.04
Class A @NAV*	-0.64	-0.29	9.64	3.07	3.40	3.84	2.71
Class A @MOP**	-6.35	-6.03	3.31	1.06	2.17	3.23	2.21
Class C @NAV†	-0.81	-0.58	9.01	2.50	2.82	3.18	2.04
Class C @MOP‡	-1.79	-1.52	8.03	2.50	2.82	3.18	2.04
FTSE EPRA/NAREIT Developed ex-U.S. Index	0.55	0.03	9.77	5.67	5.69	4.27	-

Returns for periods greater than one year are annualized.

* Excludes sales charge. ** Reflects effects of the fund's maximum sales charge of 5.75%.

† Excludes the effects of the 1% contingent deferred sales charge. ‡ Includes the effects of the 1% contingent deferred sales charge.

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Expense Ratio as of 05/01/18

Share Class	Inception Date	Gross	Net
Investor	05/02/11	2.39	2.39
Institutional	04/28/06	2.04	2.04
Class A	04/28/06	2.44	2.44
Class C	04/28/06	2.99	2.99

You should consider the investment objectives, risks, charges and expenses of any mutual fund carefully before investing. The prospectus contains this and other information and is available, along with information about the series of funds under the Forward Funds trust ("Salient Funds"), by downloading one from www.salientfunds.com or calling 800-999-6809. The prospectus should be read carefully before investing.

The series of funds under the Forward Funds trust ("Salient Funds") are distributed by Forward Securities, LLC. Forward Management, LLC d/b/a Salient is the investment advisor to the Salient Funds.

RISKS

There are risks involved with investing, including loss of principal. Past performance does not guarantee future results, share prices will fluctuate and you may have a gain or loss when you redeem shares.

Borrowing for investment purposes creates leverage, which can increase the risk and volatility of a fund.

Concentration in a particular industry will involve a greater degree of risk than a more diversified portfolio.

Debt securities are subject to interest rate risk. If interest rates increase, the value of debt securities generally declines. Debt securities with longer durations tend to be more sensitive to changes in interest rates and more volatile than securities with shorter durations.

Derivative instruments involve risks different from those associated with investing directly in securities and may cause, among other things, increased volatility and transaction costs or a fund to lose more than the amount invested.

Investing in exchange-traded funds (ETFs) will subject a fund to substantially the same risks as those associated with the direct ownership of the securities or other property held by the ETFs.

Foreign securities, especially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility and less regulation.

Mortgage and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial instruments. Mortgage-backed securities are subject to, among other things, prepayment and extension risks.

Investing in the real estate industry or in real estate-related securities involves the risks associated with direct ownership of real estate which include, among other things, changes in economic conditions (e.g., interest rates), the macro real estate development market, government intervention (e.g., property taxes) or environmental disasters. These risks may also affect the value of equities that service the real estate sector.

Investing in smaller companies generally will present greater investment risks, including greater price volatility, greater sensitivity to changing economic conditions and less liquidity than investing in larger, more mature companies.

There is no guarantee the companies in our portfolio will continue to pay dividends.

Definition of Terms

Basis point is a unit that is equal to 1/100th of 1%, used to denote the change in a financial instrument.

FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITs worldwide.

FTSE EPRA/NAREIT Developed ex-US Index is designed to track the performance of listed real estate companies and REITs worldwide, excluding U.S. companies.

One cannot invest directly in an index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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