2018 Third Quarter Portfolio Review

Fund Overview

Salient Tactical Plus Fund is designed as a core investment for those who worry about losing money in equity market downturns but also want to participate in the market's upside. The nimble strategy seeks to sidestep downturns while aiming for positive returns through market cycles. Using active market exposure management, the fund moves in and out of the market incrementally based upon macro and technical factors.

Market Overview

The Dow Jones Industrial Average (DJIA) and the S&P 500 Index both hit new all-time highs in September after brief corrections earlier in the month. Investors continued to be buoyed by strong economic fundamentals: a strengthening economy, historically low unemployment, a tax cut, an uptick in wage growth and positive corporate earnings. On the negative side, Walmart and several other international companies issued warnings that trade tariffs with China could hurt future business. Technology and small-cap stocks, as well as the broader-based NYSE Composite Index, failed to confirm the new highs achieved by the DJIA and S&P 500. Further, only about half of all stocks are above their 30-week moving averages. Overseas stock markets have been weak despite the strength in the U.S.: the MSCI EAFE Index's max drawdown is about 10% for the year and the MSCI Emerging Markets Index's max drawdown is about 20%.

Divergences have increased between the performance of the major market averages and the broad list of stocks. In addition, the strongest sectors during the month were large-cap stocks and defensive sectors such as utilities, consumer staples and telecoms. This strength may indicate that institutional investors are reallocating assets away from equities and into fixed income and cash as interest rates rise. This potential reallocation process is particularly important now as equity valuations remain high. The Federal Reserve (Fed) raised the fed funds rate in the last week of September for the eighth time since December 2015. Yields on the 13-week Treasury Bill and the 2-year Treasury Note climbed to their highest levels since 2008 while the longer maturities rose to nearly their highest levels of the year.

In view of these increased risks, we made several adjustments to the portfolio during the month to reduce the beta, or volatility, of the portfolio. We eliminated exposure to the technology sector, which showed deteriorating relative strength, and increased exposure to the large-cap sector as large-cap stocks began to show better relative strength. We also opportunistically raised cash in the portfolio as a defensive measure. Our process allows us to quickly position the portfolio to protect assets and take advantage of any increased volatility or weakness in the event of a market correction.

Our assessment of the four pillars of our investment process is as follows:

1. *Valuation:* Rising earnings have brought valuations lower in recent months, which is positive. The median price-earnings ratio has continued to decline and now stands at 23.8, below its 15-year high of 26.8 reached in January 2018. These valuations are still high by historical standards and, while on an improving trend, recent rises in interest rates present increased competition for funds from the fixed-income sector.
2. *Monetary factors and credit conditions:* Intermediate- and long-term interest rates rose in September. The U.S. 10-year Treasury Note yield rose from 2.86% at the end of August to 3.05% at the end September. While longer-dated maturities remain slightly below their May highs, short-term interest rates ticked upward during September along with the Fed's hike in the fed funds rate. The 2-year U.S. Treasury Note rose to 2.83% during September, its highest level since spring 2008 *(Figure 1)*, reflecting an improving economy, rises in consumer prices and wage gains. A strong economy may lead to further Fed rate hikes and a flattening or inversion of the yield curve. However, we emphasize that the yield curve is still positive and there has not been any widening of credit spreads. These developments usually occur prior to more significant stock market weakness and we will be watching these indicators closely over the coming months.
3. *Sentiment:* Investor sentiment declined somewhat from the more negative levels reached in August *(Figure 2)*. Optimistic investor sentiment (negative from a contrary point of view) reached historically elevated levels (negative) at the beginning of the year and has remained below those levels since then.
4. *Momentum:* While the DJIA and S&P 500 reached new all-time highs in September, only about half of all stocks are above their 30-week moving averages. These percentages fell from almost 60% only a month before *(Figure 3)* despite the strength in the DJIA and the S&P 500. We noted last month that this potential negative divergence could be corrected if the broader market were to strengthen. That has not yet occurred and this indicator has gotten somewhat more negative, which signals that the underlying market is not as healthy as the major market averages would indicate. We are continuing to monitor our models closely to respond quickly to any future changes in momentum.

Figure 1. 2-Year U.S. Treasury Note

Price Move Of:

-9.9% to Overvalued (+1 SD) = S&P 500 Level of 2,379.42

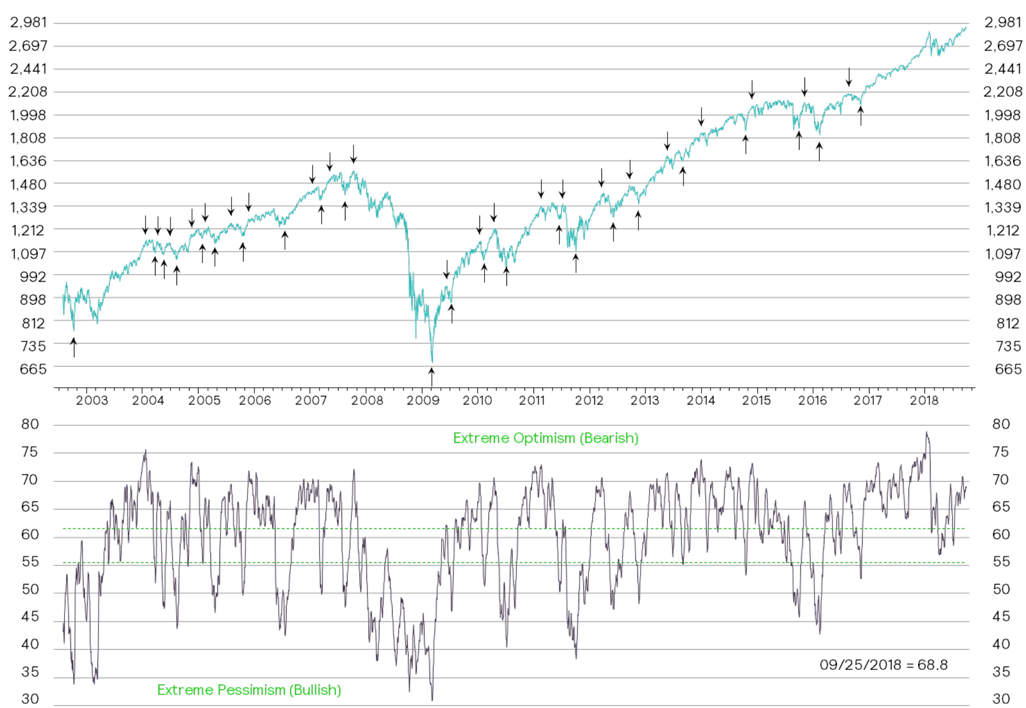
-31.2% to Median Fair Value = S&P 500 Level of 1,816.92

-52.5% to Undervalued (-1 SD) = S&P 500 Level of 1,254.41

Source: Bloomberg. 01/02/2008 to 10/02/2018. *Past performance does not guarantee future results.*

Figure 2.

S&P 500 Composite Index



NDR Crowd Sentiment Poll

Extremes Generated When Sentiment Reading Moves:
Above 61.5% = Extreme Optimism
Below 55.5% = Extreme Pessimism

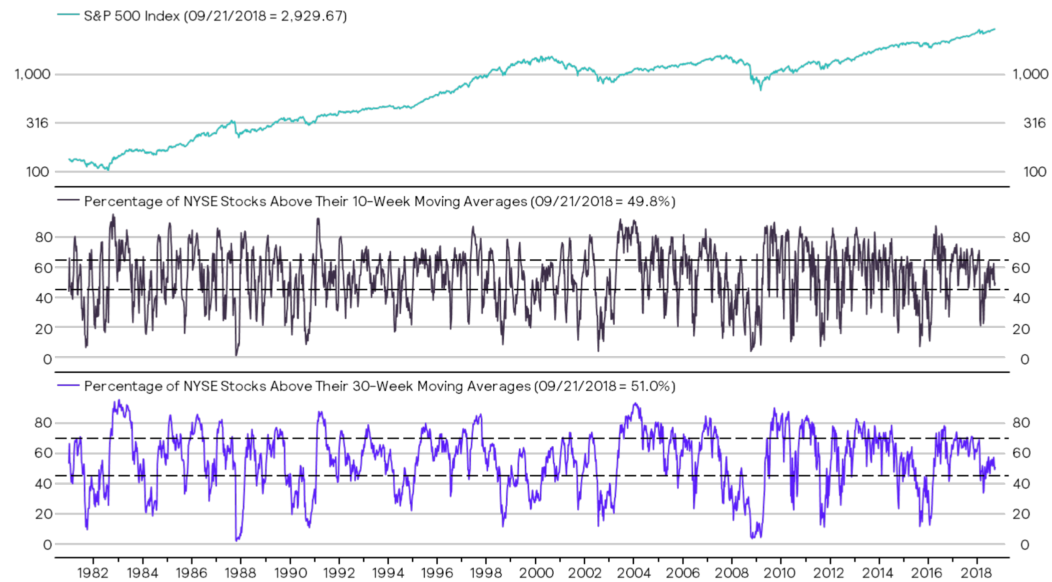
Sentiment must reverse by 10 percentage points to signal an extreme in addition to the above extreme levels being reached.

Arrows represent extremes in optimism and pessimism. They do not represent buy and sell signals and can only be known for certain (and added to the chart) in hindsight.

Average Value of Indicator At:
Optimistic Extremes (down arrows) = 68.4
Pessimistic Extremes (up arrows) = 46.9
Average Spread Between Extremes = 21.5

Sources: NDR, S&P Dow Jones Indices. Weekly data 07/31/2002 to 09/25/2018. NYSE: New York Stock Exchange. *Past performance does not guarantee future results.*

Figure 3.
S&P 500 vs. % of NYSE Stocks Above 10-Week & 30-Week Moving Averages



For Both Indicators:
Upper and Low Modes = Bullish
Middle Modes = Bearish

Signal only changes when both indicators confirm.

S&P 500 Performance
01/02/1981 to 09/21/2018

Combined Signal is	% Gain/ Annum	% of Time
Both Indicators Bullish	12.17	59.65
Both Indicators Bearish	3.21	40.35

Buy/Hold = 8.47% Gain/Annum

Sources: NDR, S&P Dow Jones Indices, Investors Intelligence. Weekly data 01/02/1981 to 09/21/2018. NYSE: New York Stock Exchange. *Past performance does not guarantee future results.*

Performance (%) as of 09/30/18

	Q3	YTD	1 YR	3 YR	5 YR	Since Inception
Institutional NAV	1.92	1.74	8.73	7.69	5.33	6.08
Class A NAV*	1.76	1.49	8.41	7.44	5.10	5.84
Class A MOP**	-3.82	-4.06	2.41	5.43	3.92	4.81
Class C NAV†	1.63	0.90	7.58	6.59	4.30	5.03
Class C MOP‡	0.63	-0.10	6.59	6.59	4.30	5.03
Class F NAV	1.90	1.90	9.00	7.97	5.66	4.62
S&P 500 Index	7.71	10.56	17.91	17.31	13.95	-

Returns for periods greater than one year are annualized. **Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal values will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown. Performance data current to the most recent month end may be obtained on at www.salientfunds.com.** All returns reflect reinvestment of all dividend and capital gain distributions. Index performance is shown for illustrative purposes only and does not reflect the payment of advisory fees and other expenses associated with an investment in a mutual fund. Investors cannot directly invest in an index. The performance shown is for the stated time period only; due to market volatility, each account's performance may be different. Note that performance "With Sales Charge" for the Fund will be available beginning December 31, 2014.

Class A/C/I shares of the fund commenced operations on December 15, 2014. The returns prior to that date are those of the predecessor fund's Investor Class shares, which commenced operations on December 31, 2012. Performance for the period from 12/31/2012 to 12/12/2014 reflects the gross performance of the Investor Class shares of the predecessor fund adjusted to apply the fees and anticipated expenses of Class A/C/I shares of the fund. All share classes of the fund are invested in the same portfolio of securities and returns only differ to the extent that fees and expenses of the classes are different. In the reorganization, investor class and institutional class shares of the Broadmark Tactical Fund were exchanged for Class F shares of the Salient Tactical Plus Fund.

The share classes have different sales charges, fees and other features. Returns with sales charge reflect the deduction of current maximum front end sales charge of 5.50% for Class A shares, and the maximum contingent deferred sales charge of 1.00% which is applied to Class C shares upon which a finder's fee has been paid and that are sold within one year of purchase. Class A shares are available with no front-end sales charge on investments of $1 million or more, and Class C shares are offered at NAV, without any initial sales charge. Class I shares are offered without any sales charge to certain institutional investors and affiliates of the fund's investment advisor. The return figures shown do not reflect the deduction of taxes that a shareholder may pay on fund distributions or the redemption of fund shares.

Annual Fund Operating Expenses includes management fees, distribution and service (12b-1) fees, acquired fund (subsidiary) fees and expenses, and "other expenses." See the Fund's prospectus for more information.

Total annual fund operating expenses (**gross**/net) by share class as of 05/01/18: Class A: **3.24%**/1.98%; Class C: **7.43%**/2.73%; Institutional: **3.94%**/1.73%; Class F: **2.79%**/1.42%. Under an expense limitation agreement, the investment advisor has contractually agreed to waive its management fee and/or reimburse or pay operating expenses of the Fund to the extent necessary to maintain the Fund's total operating expenses at 1.65% for Class A, 2.40% for

Class C, 1.40% for Class I shares and 1.09% for Class F shares, excluding certain expenses, such as taxes, brokerage commissions, interest and borrowing expense, short dividend expense, any acquired fund fees and expenses, litigation and extraordinary expenses. This expense limitation agreement expires on April 30, 2019, and may only be modified or terminated by a majority vote of the independent trustees. The advisor is permitted to recover waived expenses for a period of up to three years.

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 Salient MF Trust, by downloading one from www.salientfunds.com, calling 866-667-9228 or from your financial professional. The prospectus should be read carefully before investing.

The series of funds under the Salient MF Trust are distributed by Foreside Fund Services, LLC. Investment Advisory Services for the Salient mutual funds are offered through Salient Advisors, L.P. and Salient Capital Advisors, LLC, subsidiaries of Salient Partners, L.P.

Salient Tactical Plus Fund's investment objective is to produce, in any market environment, above-average risk-adjusted returns and less downside volatility than the S&P 500 Index.

All securities investing and trading activities risk the loss of capital. No assurance can be given that the Fund's investment activities will be successful or that the Fund's shareholders will not suffer losses.

Equity securities may be subject to general movements in the stock market. The Fund may have exposure to or invest in equity securities of companies with small or medium capitalization, which involve certain risks that may differ from, or be greater than, those for larger companies, such as higher volatility, lower trading volume, lack of liquidity, fewer business lines and lack of public information.

The use of derivative instruments exposes the Fund to additional risks and transaction costs. These instruments come in many varieties and have a wide range of potential risks and rewards, and may include futures contracts, options on futures contracts, options (both written and purchased), swaps and swaptions. A risk of the Fund's use of derivatives is that the fluctuations in their values may not correlate perfectly with the overall securities markets. Derivatives also provide the economic effect of financial leverage by creating additional investment exposure, as well as the potential for greater loss.

The Fund may take a short position in a derivative instrument, such as a future, forward or swap. A short position on a derivative instrument involves the risk of a theoretically unlimited increase in the value of the underlying instrument. The Fund may also from time to time sell securities short, which involves borrowing and selling a security and covering such borrowed security through a later purchase. A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying those securities to cover the short position.

The Fund invests in exchange-traded funds (ETFs) and in options on ETFs, exposing it to the risks associated with the investments held by such ETFs. The value of any investment in an ETF will fluctuate according to the performance of that ETF. In addition, the Fund will indirectly bear a proportionate share of expenses paid by each ETF in which the Fund invests. Further, individual shares of an ETF may be purchased and sold only on a national securities exchange through a broker-dealer. ETF shares trade at market prices rather than net asset value ("NAV") and shares may trade at a price greater than NAV (a premium) or less than NAV (a discount). The market price of an ETF's shares, like the price of any exchange-traded security, includes a "bid-ask spread" charged by the exchange specialists, market makers or other participants that trade the particular security.

The Fund invests in fixed-income securities, which are generally subject to credit risk and interest rate risk. Credit risk refers to the possibility that the issuer of a security will be unable to make interest payments and/or repay the principal on its debt. Interest rate risk refers to fluctuations in the value of a fixed-income security resulting from changes in the general level of interest rates. When the general level of interest rates goes up, the prices of most fixed-income securities go down. When the general level of interest rates goes down, the prices of most fixed-income securities go up.

The Fund may make foreign investments, which often involve special risks not present in U.S. investments that can increase the chances that the Fund will lose money.

To the extent that the Fund makes investments on a shorter-term basis, the Fund may as a result trade more frequently and incur higher levels of brokerage fees and commissions.

This document does not constitute an offering of any security, product, service or fund, including the Fund, for which an offer can be made only by the Fund's prospectus.

Definition of Terms

10-year U.S. Treasury is a debt obligation issued by the U.S. Treasury that has a term of more than one year but not more than 10 years.

Basis point (bps) is a unit of measure that is equal to 1/100th of 1% and used to denote a change in the value or rate of a financial instrument.

Credit spread is the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry and are listed on the New York Stock Exchange.

Momentum is the rate of acceleration of a security's price or volume.

NYSE Composite Index covers the price movements of all common stocks listed on the New York Stock Exchange, including American depositary receipts, real estate investment trusts, tracking stocks and foreign listings.

Price-earnings (P/E) ratio is a measure of the price paid for a share of stock relative to the annual income or profit earned by the company per share. A higher P/E ratio means that investors are paying more for each unit of income.

S&P 500 Index is an unmanaged index of 500 common stocks chosen to reflect the industries in the U.S. economy.

Treasurys (or Treasury bonds) are debt obligations issued and backed by the full faith and credit of the U.S. government.

Valuation is the process of determining the value of an asset or company based on earnings and the market value of assets.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.

One cannot invest directly in an index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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