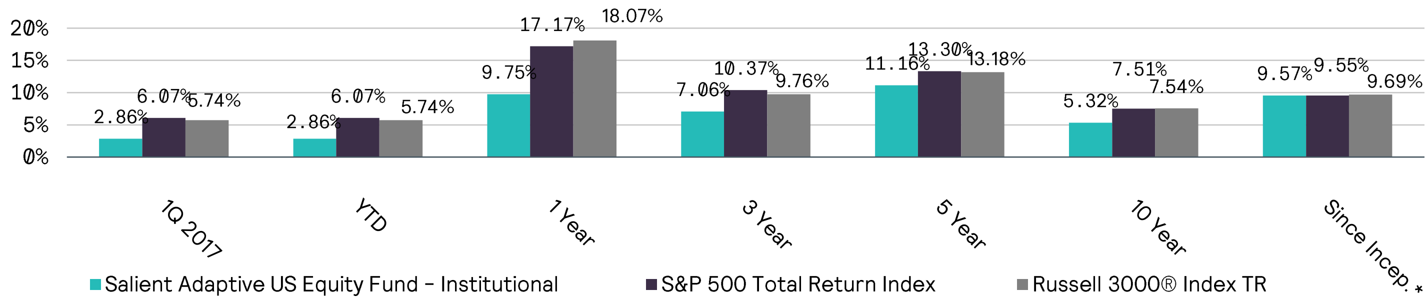
2017 First Quarter Portfolio Review

Fund Overview

Salient Adaptive Income Fund seeks to outperform the U.S. equity market (S&P 500 Index) using a top-down approach to portfolio construction by allocating to sectors or industries that are exhibiting the highest level of total return and/or attractive valuations and aims to maintain a constant level of portfolio risk in all market environments.



Returns are as of 3/31/2017

Gross/Net Expenses: **1.27%** / 0.92%

Returns for periods greater than one year are annualized.
* 07/09/12

Performance data quoted represents past performance and does not guarantee future results. Investment returns and principal values may 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. 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. To obtain performance information current to the most recent month-end, please visit www.salientfunds.com.

The share classes have different sales charges, fees and other features. 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. The maximum expense ratio for the fund's annual operating expenses is 1.27% for Class I.

Market Overview

Domestic equity markets made successive record highs over the first quarter of 2017. Positive momentum carried over from 2016's optimistic outlook on the U.S. economy from the Trump trade – a stimulatory trifecta of infrastructure spending, tax cuts and deregulation. But enthusiasm gave way to concern after the newly elected government failed to get the votes needed to repeal and replace the Affordable Care Act. The S&P 500 Index advanced 6.07% for the quarter, but lagged both foreign developed and emerging markets (EM), both of which benefited from a general expectation of global economic expansion. The MSCI EAFE Index gained 7.25%, in closely line with the MSCI ACWI, which gained 7.05%, while the MSCI Emerging Markets Index eclipsed the developed world, gaining 11.44%.

Global monetary policy became less accommodative over the quarter, with the U.S. Federal Reserve (Fed) increasing its benchmark interest rate for the second time in three months. After the March European Central Bank meeting, when the governing board communicated a declining tail risk to its outlook, markets overreacted to the message and moved quickly to price in an interest rate hike in early 2018.

Portfolio Overview

Salient Adaptive US Equity Fund combines a sector rotation strategy that selects sectors based on a proprietary momentum indicator and attempts to maintain a constant level of risk similar to the historic risk levels of the domestic stocks using S&P 500 futures contracts.

During the quarter, the Salient Adaptive US Equity Fund's institutional shares increased by 2.86% while the S&P 500 increased by 6.07%. The strategy was primarily allocated to sectors that should benefit from a reflationary environment and synchronized global growth. The Fund was primarily exposed to financials, technology, materials, industrials, and telecom companies. Sector exposure added 1.94% with each sector contributing a positive return except for telecom. The Fund had a net average exposure of 120.57%, the leverage contributed 1.09% of the return. The balance of performance can be attributed to trading and operational expenses.

Investment Outlook

The sector exposures should benefit from continued global growth and de-regulation efforts from the White House. Global growth seems likely to continue as key leading economic indicators point to continued economic expansion. While de-regulation of banks, mining companies, and support for industrial companies has hit a snag as the White House grapples with a complex policy agenda. While the outcome isn't certain, we think there is still more time to let this scenario play out in the portfolio.

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.

Salient Adaptive US Equity seeks capital growth.

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.

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.

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.

Alternative strategies typically are subject to increased risk and loss of principal. Consequently, investments such as mutual funds which focus on alternative strategies are not suitable for all investors.

Diversification does not assure profit or protect against risk.

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.

Barclays U.S. Corporate High-Yield Bond Index covers the USD-denominated, noninvestment-grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

Barclays U.S. Government/Credit Bond Index is an unmanaged index of fixed-rate government and corporate bonds rated investment grade or higher.

Credit Suisse Emerging Market Corporate Bond Index consists of U.S. dollar-denominated fixed-income issues from Latin America, Eastern Europe and Asia.

Leverage is the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

MSCI ACWI ex-USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States.

MSCI EAFE (Europe, Australasia and Far East) Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.

S&P GSCI Commodity Index is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities and serves as a measure of commodity performance over time.

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

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Prior to May 1, 2016, Salient Adaptive US Equity Fund was named Forward Total MarketPlus Fund.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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