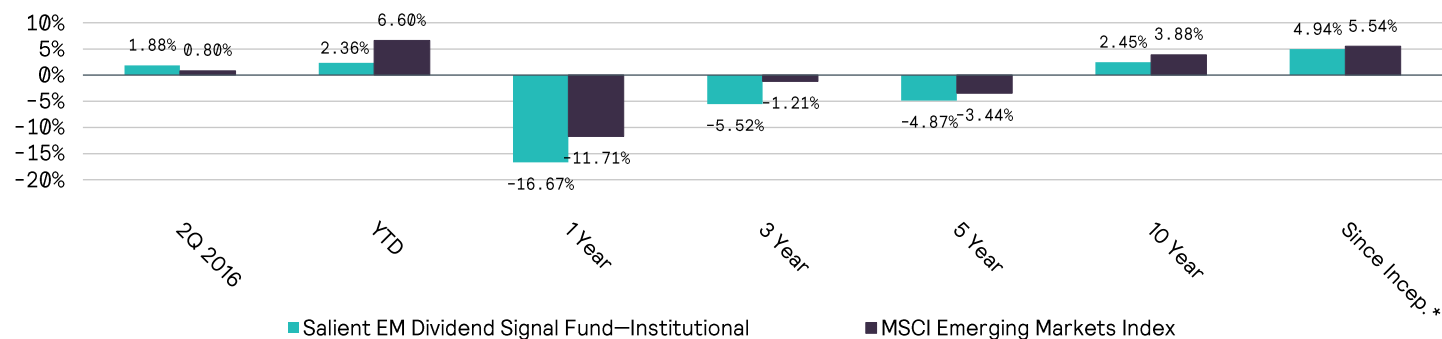


2016 Second Quarter Portfolio Review

Fund Overview

Salient EM Dividend Signal Fund seeks to achieve long-term growth of capital by investing in dividend-paying companies located in emerging markets (EMs) that combine higher-relative dividend yields with lower payout ratios. The fund employs a unique Dividend Signal Strategy® approach that seeks stocks that offer the “triple play”: attractive dividend yields, dividend growth potential and anticipated price appreciation.



Gross Expenses/Expense Cap: **2.26%** / 1.39%

Returns for periods greater than one year are annualized.

* 10/04/95

The fund's investment advisor is contractually obligated to waive a portion of its fees and reimburse other expenses until April 30, 2017, in amounts necessary to limit the fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends, acquired fund fees and expenses, and extraordinary expenses) for Institutional Class shares to an annual rate (as a percentage of the fund's average daily net assets) of 1.39%. This expense limitation arrangement may not be terminated by the fund's investment advisor prior to such date under any circumstances.

Performance figures and other portfolio data shown for periods prior to September 1, 2012, do not reflect the current portfolio managers' performance or strategy. *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.*

Market Overview

The second quarter of 2016 began with a continuation of a broad market rally that started in mid-February amid less hawkish rhetoric from the Federal Reserve (Fed) and culminated with the historic Brexit referendum vote.

Among U.S. equities, both large caps and small caps, as represented by the S&P 500 and Russell 2000 indices, ended the quarter up 2.46% and 3.79%, respectively. Non-U.S. developed markets, as measured by MSCI EAFE Index, fell -1.46% while emerging market (EM) equities edged slightly upward to finish the quarter at 0.78%. Commodities largely continued their rally during the quarter, with West Texas Intermediate crude oil up 26.06% and natural gas up 49.26%. Sovereign yields fell nearly across the board, with the U.K. 10-year government bonds down -0.55% and the 10-year U.S. Treasury Note down -0.30%. The high yield market rallied during the quarter, returning 5.18%, and the real estate investment trust market (REITs), as represented by the S&P 500 U.S. REIT Index, jumped 5.98%.

In May, Federal Reserve (Fed) chair Janet Yellen cited continued improvement in the economy as support “to gradually and cautiously increase our overnight interest rate over time, and probably in the coming months such a move would be appropriate.” In the short term, these comments were widely anticipated and were accompanied by a strengthening dollar and weakening gold prices as market participants perceived the Fed to be moving toward a more restrictive policy stance. However, by early June, Yellen voiced her concern about several weak jobs reports and the Fed left rates unchanged at the June 15 meeting.

Market volatility climbed significantly immediately following the Brexit decision on June 23. Most asset classes initially retreated then regained most of their losses over the course of the following week. Sovereign debt represented the one notable exception to the overall retracement of the pre-referendum trading levels. Following the vote, sovereign debt yields in the U.S., U.K., Germany and Japan all continued to decline through the end of the month. We believe the decline in yields represents low expectations for both growth and inflation levels globally and provides a difficult environment for income investors.

Portfolio Overview

EM equities experienced a topsy-turvy quarter, ending a repetitive four-time down-up cycle slightly positive as of June 30, 2016. The final three came with the U.K.'s unexpected Brexit vote that caused a global market swoon, followed by a quick shrug of market recovery. Salient EM Dividend Signal Fund's Institutional shares returned 1.88% for the quarter, outperforming the benchmark, MSCI Emerging Market Index, which returned 0.80%. The fund's Eastern European holdings—Russia, Czech Republic and Georgia in particular—and Indian subcontinent exposure were the sources of most of the fund's outperformance. Drags on performance came from Asia and South America. In terms of economic sectors, the fund's consumer discretionary and technology holdings hurt relative performance while telecom, materials and healthcare contributed positively. Interestingly, on an individual name basis, there were two financial holdings, Bank of Georgia and the Brazilian exchange,

BM&F Bovespa, that provided the biggest performance boosts. Two of our Hong Kong-listed shares with exposure to China, Cosmo Lady and Century Sage Scientific, were the leading detractors.

Investment Outlook

Up until one week before the end of the second quarter, the global economy walked with a little more spring in its step. In the U.K., industrial production and retail sales jumped unexpectedly, while both the eurozone and Japan registered stronger than expected early 2016 economic performance. Better business confidence prompted Europe's resurgence and exports boosted Japan's consumer and public spending. Improved retail sales and housing market data enhanced the U.S. outlook. Higher commodity prices and easing pressures on currencies brightened the outlook for many emerging markets, with prospects for the most troubled economies—Brazil and Russia—appearing less dire.

The U.K.'s somewhat surprising decision to leave the European Union at the end of June changed the outlook dramatically. The U.K. will be hit hardest by this decision, with the economy likely entering recession. The pound has already suffered, falling from 1.48 to the U.S. dollar before the Brexit vote to under 1.30 at the beginning of the third quarter. The weakened currency increases inflationary pressures, hampering consumer purchasing power, increasing company input costs and lowering confidence. Understandably, foreign investment into the U.K. will slow. Offsetting these headwinds will likely be more aggressive liquidity moves from the Bank of England to restore confidence. Clouding the outlook are the many uncertainties regarding the timing and nature of the withdrawal. Although the EU will seek continued access for exports to the very important U.K. market, the leaders will not necessarily want to make the exit easy to ensure other countries do not follow suit.

While it is clear the global economy will face some near-term deceleration, we believe this is not the kind of shock that will throw the global economy into recession. Equity markets, especially in Europe (-9.45% year-to-date), seem to have already reflected the new environment. Whether it's the U.K. decision to leave the EU, a Japan earthquake, a debt encumbered Greece or a slowing China, market participants adjust and economic activity continues. The leading performance of EM year-to-date despite continued political problems provides a case in point. We also seem to be in a new world where developed country government bond yields are significantly below stock dividend yields. For example, German 10-year government bond yields are negative while German equities, as measured by the CDAX Index, yield over 3%. These market distortions create opportunities. We think a strategy focused on companies with not only an attractive dividend yield but also the ability to grow earnings and dividends in a growth-challenged world will be an effective investment strategy in this "new" world order.

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 EM Dividend Signal Fund seeks to achieve long-term growth of capital.

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.

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.

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

Bloomberg World Index is a capitalization-weighted index of all equities included in the Bloomberg World Index Series.

CDAX Index measures the performance of the entire German equities market.

Dividend yield is a financial ratio that shows how much a company pays out in dividends each year relative to its share price.

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. It is not possible to invest directly in an index.

Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index represents approximately 98% of the investable U.S. equity market.

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

S&P 500 U.S. REIT Index defines and measures the investable universe of publicly traded real estate investment trusts domiciled in the United States. The index was developed with a base level of 10 for the 1941-43 base period. This is a GICS Level 3 Industries.

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

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

West Texas Intermediate (WTI) is a type of crude oil used as a benchmark in oil pricing. It is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

One cannot invest directly in an index.

Top 10 Holdings in Salient EM Dividend Signal Fund as of 06/30/16:

Security	% of Net Assets	Security	% of Net Assets
iShares MSCI Emerging Markets ETF	27.02	Korea Electric Power Corp., Sponsored ADR	2.09
Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	2.98	Ambev SA, ADR	1.85
Lukoil PJSC, Sponsored ADR	2.80	D&L Industries, Inc.	1.85
Bangkok Aviation Fuel Services Pcl	2.51	Wipro, Ltd., ADR	1.82
AU Optronics Corp., Sponsored ADR	2.20	MSCI Emerging Markets E-Mini Futures	1.76

Holdings are subject to change.

Salient EM Dividend Signal Fund is managed by Forward Management, LLC.

Prior to May 1, 2016, Salient EM Dividend Signal Fund was named Forward Emerging Markets Fund.

Not FDIC Insured | No Bank Guarantee | May Lose Value

FSD002185 103116