

Portfolio Management

Effective September 1, 2012, the Dividend Signal Strategy team assumed direct management responsibility of the fund. The fund is team managed and all investment decisions are made jointly by the team. The team members are:

David L. Ruff, CFA
 Managing Director,
 Senior Portfolio Manager
 29 Years Experience

Bruce R. Brewington
 Portfolio Manager
 24 Years Experience

Paul Broughton, CFA
 Portfolio Manager
 20 Years Experience

Randall T. Coleman, CFA
 Portfolio Manager
 24 Years Experience

Eric Sagmeister
 Portfolio Manager
 21 Years Experience

Aaron Visse, CFA
 Portfolio Manager
 17 Years Experience

Fund Details

Share Class	Ticker	CUSIP
Investor	PGERX	349913798
Institutional	PTEMX	349913814
Advisor	FEMMX	34986P804

Advisor: Forward Management, LLC

Category: Diversified Emerging Markets

Benchmark: MSCI Emerging Markets Index

Dividend Frequency: Annually

Annual Portfolio Turnover: 85%

of Holdings: 60

Net Assets: \$18.97M

Expense Ratio

Share Class	Inception Date	Gross Expense Ratio	Expense Cap
Investor	04/09/03	2.61	1.74
Institutional	10/04/95	2.26	1.39
Advisor	02/01/10	2.31	1.44

Objective

The fund seeks to achieve long-term growth of capital.

Overview

The fund invests in the securities of dividend-paying companies located in emerging market countries and seeks investments based on fundamental quality, dividend yield, dividend growth potential, valuation and anticipated price appreciation.

- The team uses a proprietary statistical measurement of relative dividend yield to identify attractive investment opportunities and to assess country factors, industry dynamics, business franchise/management strategy, financial analysis and valuation.
- The team draws on both internal and external resources to assess industry dynamics, business franchise/management strategy, financial analysis and valuation.
- A substantial amount of assets are invested in foreign securities denominated in foreign currencies, and the team generally chooses not to hedge the fund's currency exposure.

Performance (%)

	Q2	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	1.91	2.15	-16.83	-5.81	-5.16	2.07	10.08
Institutional	1.88	2.36	-16.67	-5.52	-4.87	2.45	4.94
Advisor	2.09	2.44	-16.68	-5.55	-4.83	—	-0.43
MSCI Emerging Markets Index	0.80	6.60	-11.71	-1.21	-3.44	3.88	—

Returns for periods greater than one year are annualized. 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 Investor Class, Institutional Class and Advisor Class shares to an annual rate (as a percentage of the fund's average daily net assets) of 1.74%, 1.39% and 1.44%, respectively. This expense limitation arrangement may not be terminated by the fund's investment advisor prior to such date under any circumstances.

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.

Calendar Year Performance (% at NAV)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Investor	30.36	38.63	-55.38	76.17	16.56	-22.33	18.14	1.54	-1.52	-18.11
Institutional	30.84	39.00	-55.19	76.94	17.12	-22.21	18.65	1.97	-1.12	-17.97
Advisor	—	—	—	—	—	-21.96	18.71	1.90	-1.22	-18.06
MSCI Emerging Markets Index	32.55	39.82	-53.18	79.02	19.20	-18.17	18.63	-2.27	-1.82	-14.60

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

Salient EM Dividend Signal Fund

Top 10 Holdings (%)

Security	% of Net Assets
iShares® MSCI Emerging Markets ETF	27.02
Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	2.98
Lukoil PJSC, Sponsored ADR	2.80
Bangkok Aviation Fuel Services Pcl	2.52
AU Optronics Corp.	2.20
Korea Electric Power Corp.	2.09
Ambev SA, ADR	1.85
D&L Industries, Inc.	1.85
Wipro, Ltd., ADR	1.82
mini MSCI EM	1.76

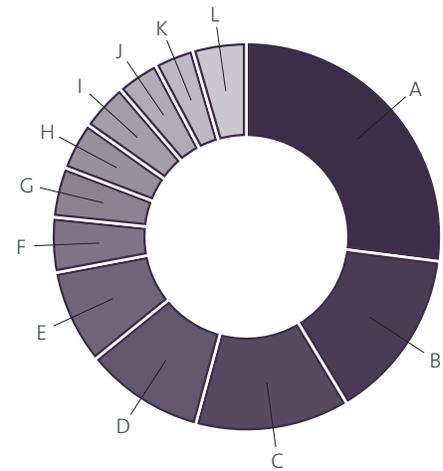
These holdings may not reflect the current or future positions in the portfolio.

Risk Characteristics

	Fund	Benchmark
3-YR Beta	0.74	1.00
3-YR Correlation	0.93	1.00
3-YR Standard Deviation	13.13	16.51

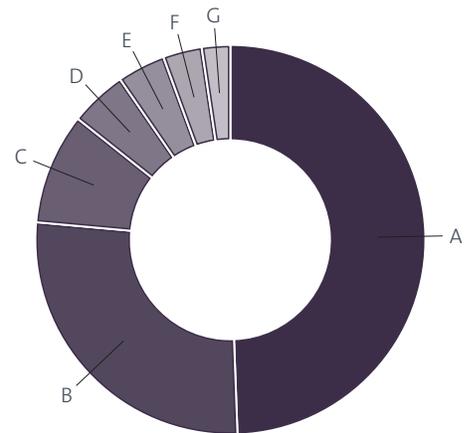
Sector Allocation (ex-cash)

A ETF	27.02%
B Financials	14.35%
C Industrials	12.83%
D Information Technology	9.96%
E Consumer Discretionary	7.87%
F Utilities	4.59%
G Energy	4.18%
H Net Other Assets and Liabilities	3.99%
I Healthcare	3.95%
J Consumer Staples	3.50%
K Materials	3.28%
L Other	4.47%



Regional Allocation (ex-cash)

A Asia ex-Japan	49.42%
B North America	27.02%
C Europe ex-UK	9.24%
D South America	4.74%
E Net Other Assets and Liabilities	3.99%
F Latin America	3.23%
G Africa	2.36%



These allocations may not reflect the current or future positions in the portfolio. Percentages may not add to 100% due to rounding.

You should consider the investment objectives, risks, charges and expenses of the Forward Funds® carefully before investing. A prospectus with this and other information may be obtained by calling (800) 999-6809 or by downloading one from www.salientfunds.com. It should be read carefully before investing.

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.

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. One cannot invest directly in an index.

Beta is a measure of risk which shows a fund's volatility relative to its benchmark index.

Correlation is a statistical measure of the interdependence of two random variables that range in value from -1 to +1, indicating perfect negative correlation at -1, absence of correlation at zero and perfect positive correlation at +1. Standard deviation measures the degree to which a fund's return varies from its previous returns or from the average of all similar funds.

In order to reduce transaction costs, Forward Management may purchase futures and ETFs to equitize cash flows into the portfolio, and may purchase high-grade, short-term fixed-income securities to serve as collateral for futures purchased.

Advisor Class shares are available only to fee-based advisory platforms and retirement plans via omnibus accounts.

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

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