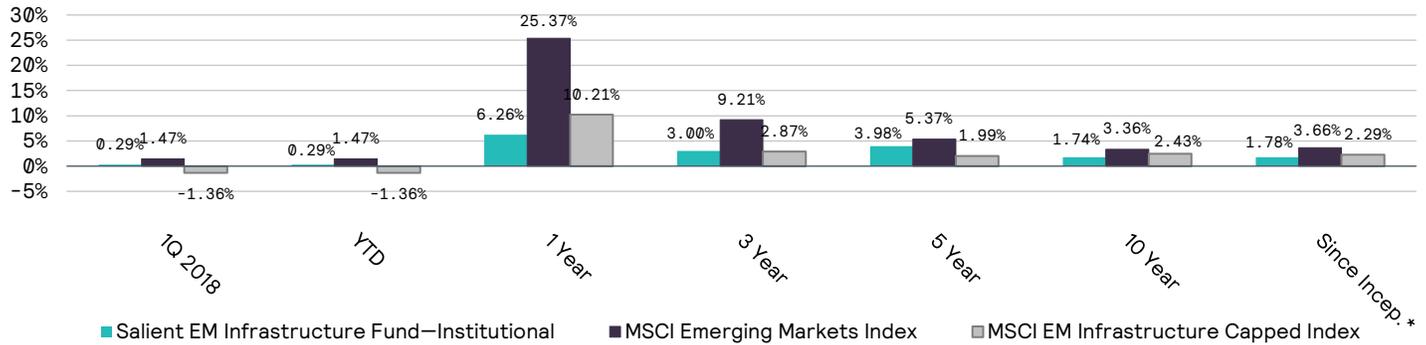


2018 First Quarter Portfolio Review

Fund Overview

Salient EM Infrastructure Fund seeks total return through capital appreciation and current income, investing in the physical structures and networks that provide necessary services to EM society, such as transportation and communications networks, utilities, energy storage, transportation and public service facilities. The fund invests in companies with attractive absolute valuations believed to be poised to benefit from expected global infrastructure spending trends.



Gross/Net Expenses: **1.52%** / 1.52%

Performance as of 03/31/18. Returns for periods greater than one year are annualized.

* 06/29/07

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

Volatility came back with a vengeance in the first quarter of 2018, but despite the increase in noise, the result was basically flat performance. Global stocks, as measured by the MSCI ACWI, declined by -1.03% during the quarter led by weak performance in the U.S. and Europe with the S&P 500 Index declining -0.76% and the MSCI Europe Index declining -1.98%. The weakness in Europe was masked by the robust performance of the euro as the market declined by -4.61% in local currency. Japan was also buoyed by its currency as the MSCI Japan Index fell -4.80% in yen terms but gained 0.13% in U.S. dollar terms. The MSCI Emerging Markets Index increased by 1.28% with little help from the changes in local currencies. Asset classes with a sensitivity to interest rates represented some of the hardest hit segments of the U.S. market. The Dow Jones U.S. Real Estate Index fell -5.91% and the S&P 500 Utilities Index fell -3.30%.

The change in U.S. interest rates was the biggest news during the quarter. The Bloomberg Barclays Global Aggregate Index declined -1.46% with investment-grade credit, as measured by the Bloomberg Barclays U.S. Credit Bond Index, leading the decline at -2.32%. Bonds with a higher coupon fared better than core Treasuries and corporate bonds. The Bloomberg Barclays U.S. Corporate High-Yield Bond Index declined -0.86% while the Bloomberg Barclays U.S. Municipal High Yield Index increased 0.58%. Emerging market (EM) corporate bonds were also able to avoid the worst of the rate-driven drawdowns, with the Credit Suisse Emerging Market Corporate Bond Index declining by -0.52% in the quarter.

Portfolio Overview

For the first quarter, the Salient EM Infrastructure Fund returned 0.29%, trailing its benchmark, the MSCI Emerging Markets Index, which returned 1.47%. However, the fund outperformed EM infrastructure, as measured by the fund's style benchmark, the MSCI EM Infrastructure Capped Index, which returned -1.36%. While stock selection was positive during the quarter, the relative difference in returns from broad EM was primarily driven by continued strong performance in two sectors that are generally not represented in an infrastructure portfolio: information technology and financials. The fund's top contributors for the quarter included: (1) ENN Energy, a Hong Kong-listed natural gas distributor in China that continues to benefit from robust gas sales volume growth; (2) Shenzhen International, a Hong Kong-listed provider of logistics services in China that boosted its dividend as a result of its solid underlying operations; and (3) Guangdong Investment, a Hong Kong-listed water utility that is benefiting from growth in water resources projects. The fund's largest detractors for the quarter included: (1) CCR, a Brazilian toll road operator that is facing allegations of corruption that we believe are overblown; (2) Ecorodovias, another Brazilian toll road operator that is similarly facing allegations of corruption and that we believe is already significantly discounted; and (3) China Machinery Engineering, a Hong Kong-listed infrastructure construction company that reported a slightly weaker order book.

The fund is well diversified in high-quality infrastructure companies by both geography and industry. As of quarter end, the fund's largest weighting by region was Asia (57%), followed by South & Central America (17%), North America (12%), Eastern Europe (9%) and Central Asia (2%). By sector, the largest weighting was in transportation (45%), followed by utilities (33%), telecom (7%) and energy (4%). The fund seeks companies that provide essential infrastructure services that pay attractive current yields, consistently generate meaningful and positive free

cash flow in most economic environments and have ample financial capacity on their balance sheets. Specifically, the fund invests in companies with: (1) attractive current income and sustainable dividend payout ratios; (2) low leverage levels (debt-to-capital ratio of approximately 28%); and (3) strong historical and expected future growth prospects.

Investment Outlook

The synchronized nature of the global recovery has now been well received and understood by investors, propelling strong equity markets worldwide and fueling further optimism. However, there are nascent signs emerging that these good times won't last forever. The JPMorgan Global Manufacturing Purchasing Managers' Index (PMI) peaked at 54.5 in December and, while it remains steadfastly in expansion territory, ticked down to 53.4 by March. This reading is reflective of manufacturing activity trends declining sequentially in 19 of the 28 economies surveyed by JPMorgan and Markit, with the most notable deceleration occurring in Europe. While peak PMI may now be in the rearview, our expectation remains that absent a major negative geopolitical shock, the generally solid fundamentals suggest continued global economic improvement. The virtues of EM extend well beyond strengthening growth expectations and include low inflation rates and smaller external balances, potentially giving rise to lower vulnerabilities should we see a stronger dollar emerge. There is also a strong valuation argument for EM: despite slightly higher expected growth in earnings and dividends, EM trades at a 24% discount to developed market (DM) equities on a price-earnings basis and a 33% discount to U.S. equities on a price-book basis.

While the general backdrop appears favorable, there are always risks to the outlook. One emerging concern for EM equities is the potential for escalating trade friction between the U.S. and China, while an ongoing and related concern involves the outlook for the North American Free Trade Agreement (NAFTA). We do not believe a trade war will serve anyone's best interests and believe that ultimately cooler heads will prevail, but this emerging risk will need to be monitored carefully.

As always, we believe that the owners, builders and operators of infrastructure assets within select EM countries remain uniquely positioned relative to their DM peers to capitalize on the vibrant population growth and urbanization trends that are occurring within their markets. Investments in companies that provide essential services within faster growth economies can provide investors with access to strong and resilient cash flows, meaningful dividend streams and growth dynamics tied more to local economies. The nature of these holdings can also provide investors with meaningful diversification. The fund continues to find attractive investment opportunities that meet our criteria for long-term investment. With the portfolio trading at an average EBITDA and cash flow multiple of less than 7x, we believe substantial value opportunities remain within our opportunity set.

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 Infrastructure Fund seeks total return through capital appreciation and current income.

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.

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.

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.

Asset allocation does not assure profit or protect against risk.

Definition of Terms

Bloomberg Barclays Global Aggregate Index represents a broad-based measure of the global investment-grade fixed income markets, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment-grade, fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities.

Bloomberg 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.

Bloomberg Barclays U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are rated investment grade (Baa3/BBB) or higher.

Bloomberg Barclays U.S. Municipal High Yield Index measures the noninvestment-grade and nonrated U.S. dollar-denominated, fixed-rate, tax-exempt bond market within the 50 United States and four other qualifying regions (Washington D.C., Puerto Rico, Guam and the Virgin Islands).

Debt-to-capital (D/C) ratio is a measurement of a company's financial leverage, calculated by dividing the company's debt and liabilities by its total capital.

Dividend payout ratio is the fraction of net income a firm pays to its stockholders in dividends.

Dow Jones U.S. Real Estate Index measures the performance of the real estate industry of the U.S. equity market.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a standard measure of profitability and reflects a company's financial health.

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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

JPMorgan Global Manufacturing Purchasing Managers Index is a composite index that serves as a global economic indicator by measuring different business conditions in 24 countries, including global manufacturing output, new orders and employment across the global manufacturing sector.

Top 10 Holdings in Salient EM Infrastructure Fund as of 03/31/18:

Security	% of Net Assets
SITC International Holdings Co., Ltd.	5.55
ENN Energy Holdings, Ltd.	5.47
Cia de Saneamento do Parana	5.28
Grupo Aeroportuario del Centro Norte SAB de CV	4.80
Yuexiu Transport Infrastructure, Ltd.	4.78

Holdings are subject to change.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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MSCI ACWI (All Country World Index) is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

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.

MSCI Emerging Markets Infrastructure Capped Index aims to capture the opportunity set of listed companies that are owners or operators of infrastructure assets. The index's sector weights are capped at one-third for telecommunication infrastructure, one-third for utilities infrastructure and one-third for energy, transportation and social infrastructure combined.

MSCI Europe Index is a free float-adjusted market capitalization index designed to measure developed market equity performance in Europe.

MSCI Japan Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of the developed markets in Japan.

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.

Price-book (P/B) ratio is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

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 Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.

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.

Yield is the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost or on the U.S. government's debt obligations.

One cannot invest directly in an index.

Security	% of Net Assets
CCR SA	4.47
Shenzhen International Holdings, Ltd.	4.17
HKBN, Ltd.	3.46
PLA Administradora Industrial S de RL de CV	3.45
Qingdao Port International Co., Ltd.	3.34