

2019 Fourth Quarter Portfolio Review

Investment Objective

Salient Global Real Estate Fund seeks total return from both capital appreciation and current income by investing in a portfolio of diversified real estate companies in developed economies. We seek global investment opportunities in locations that we believe to have clear, enduring investment value in both international and U.S. markets—places that are centers of global trade, learning and innovation and magnets for commerce and population growth.

Portfolio Management

Joel S. Beam
 Managing Director,
 Senior Portfolio Manager
 26 Years Experience

Inception Date

April 28, 2006

Net Assets

\$39.42 M (as of 12/31/19)

Morningstar Category

Global Real Estate

Benchmark

FTSE EPRA/NAREIT Developed Index

Fund Details

Share Class	Ticker	Inception
Investor	FFIRX	05/02/11
Institutional	KIRYX	04/28/06
Class A	KIRAX	04/28/06
Class C	KIRCX	04/28/06

Yield (as of 12/31/19)

Share Class	Dividend Yield	30-Day SEC Yield	30-Day SEC Yield (Unsub.)
Investor	2.07%	1.98%	1.45%
Institutional	2.44%	2.33%	1.80%
Class A	2.04%	1.83%	1.34%
Class C	1.37%	1.39%	0.85%

Past performance does not guarantee future results.

Investment Overview

The fund employs a bottom-up approach to stock selection with an emphasis on superior property location and quality, strong prospects for appreciation in property rents and values, and management's track record for adding value. The fund invests primarily in high-quality commercial and residential real estate companies located in both the U.S. and non-U.S. countries.

- The rigorous, repeatable, bottom-up investment approach incorporates quantitative and qualitative analyses of companies' cash flow, assets and management.
- The team identifies securities with the most risk-adjusted appreciation potential using proprietary Discounted Cash Flow and Relative Ranking models.
- The fund adjusts to changing market fundamentals through sector and geographic rotation, employs active stock selection and leverages the team's long-term experience in real estate security portfolio management.

Performance (as of 12/31/19)

Salient Global Real Estate Fund's Institutional Class shares produced a total return of 2.85% in the fourth quarter of 2019. The fund outperformed its benchmark, the FTSE EPRA/NAREIT Developed Index, which returned 1.75%.

	Q4 2019	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (04/28/06)
Fund (KIRYX)	2.85%	21.31%	21.31%	9.79%	5.16%	7.08%	3.33%
FTSE EPRA/NAREIT Developed Index	1.75%	21.91%	21.91%	8.28%	5.56%	8.37%	4.56%

Returns for periods greater than one year are annualized.

Total Annual Fund Operating Expenses as of 05/01/19: Institutional Class: **2.68%**. The fund's investment advisor is contractually obligated to waive 0.25% of the fund's management fee so that until April 30, 2020, the fund's management fee will be 0.75%. Additionally, 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 1.15% for Institutional Class, excluding certain expenses, such as taxes, brokerage commissions, interest, short dividend expense, any acquired fund fees and expenses, litigation and extraordinary expenses. This expense limitation agreement expires on April 30, 2020, 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.

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.

Prior to August 21, 2018, Salient Global Real Estate Fund was named Salient International Real Estate Fund and the benchmark was FTSE EPRA/NAREIT Developed ex-U.S. Index.

Market Review

In the fourth quarter of 2019, we saw generally positive performance throughout the markets, especially for risk assets. For instance, the S&P 500 Index and the NASDAQ Composite Index returned 9.07% and 12.49%, respectively, in the fourth quarter. Real estate companies in developed markets outside the U.S., as represented by the FTSE EPRA/NAREIT Developed ex-U.S. Index, also posted positive results in the fourth quarter, returning 5.68%. However, U.S. REITS, as represented by the FTSE NAREIT Equity REITs Total Return Index, returned -0.76% during that same time period.

It is important to note that REITs continued to pay robust dividends on both common and preferred stocks. At quarter-end, the yield available from REIT common stocks in the U.S. was approximately 3.92% and the yield on real estate companies in developed markets outside the U.S. was approximately 3.62% (in both cases, pre-tax). This means that real estate stocks continued to serve one of their primary purposes: providing consistent, enduring, periodic income.

Although most property sectors remained stable overall, the retail landscape continued to face risks (leasing, rent levels, redevelopment of vacant space, etc.) that are being exploited by financially strong and talented operators. Unfortunately, for the less financially strong retail landlords, it has been a difficult time.

Performance Review

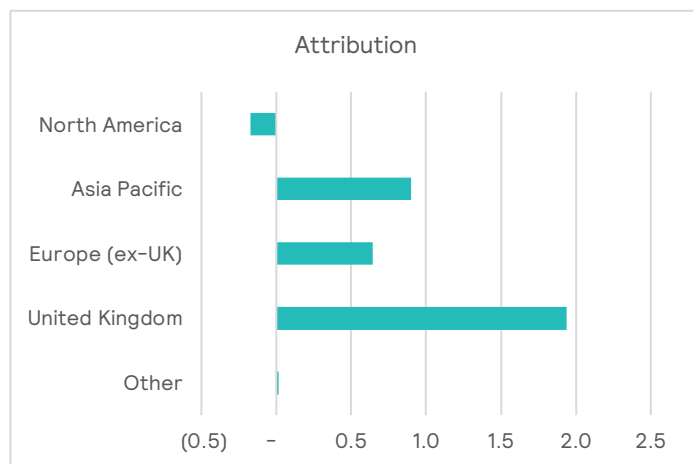
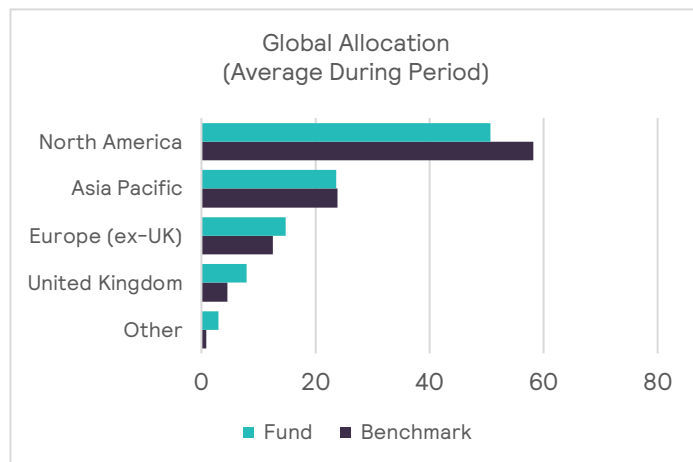
The fund's Institutional Class shares returned 2.85% in the fourth quarter, continuing the positive movement experienced through the first nine months of 2019. The fund outperformed its benchmark by approximately 110 basis points (1.10%) for the last three months of the year. We continue to believe in a long view and in the opportunities that volatility brings.

Dividend Income¹

As of the time of this writing, the pro-forma pre-tax yield on the fund's portfolio is approximately 2.44% (after provision for fees and expenses). While there can be no assurance of the fund's actual future dividend payments to its shareholders, we are pleased with the opportunity for recurring cash dividend income in the context of our total return goals.

Attribution (as of 12/31/19)

The tables below demonstrate the fund's global allocation during the fourth quarter and how various regions affected portfolio performance. The fund's positive contributors during the fourth quarter were in the U.K., Asia and Europe, while the fund's North American exposure (mainly the U.S.) detracted from the fund's overall performance.



These holdings may not reflect the current or future positions in the portfolio. Current or future portfolio holdings are subject to risk. Portfolio holdings are subject to change.

¹ Dividends are not guaranteed and a company's future abilities to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time.

Investment Outlook

Despite some pronounced stock market moves over the past year, operating fundamentals continue to offer comfort for investors with long-term time horizons. Across most property types and most geographies, we continue to witness encouraging signs for occupancy, tenant renewals, releasing spreads and operating margins. Financing for real estate (whether public or private) remains extremely deep, resulting in the real estate sector exhibiting sound credit metrics.

Given this background, we generally embrace the broad consensus that 2020 should offer solid opportunities for real estate companies. We believe real estate companies will produce low-to-mid single-digit net operating income growth for most property sectors, maintain competitive occupancy rates and continue to “set the table”

for external growth through development, redevelopment and corporate mergers and acquisitions (M&A) activity.

Regarding M&A activity, we find the recent pace of mergers and take-private transactions to be a natural byproduct of the tremendous amount of private capital committed, but not yet deployed, to buy real estate assets and the ability of opportunistic REITs using their attractive balance sheets and cost-of-capital advantage to capitalize on the perceived mispricing between private and public real estate. This bodes well, in our view, for the fund’s long-term and value-oriented approach.

We pursue total return from both capital appreciation and current income from a diversified portfolio of high-quality real estate companies. We remain confident of the fund’s future and welcome any questions or comments. As always, thank you for your confidence and trust.

Performance (%) as of 12/31/19

	Q4	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	2.80	20.87	20.87	9.41	4.82	-	4.63
Institutional	2.85	21.31	21.31	9.79	5.16	7.08	3.33
Class A @NAV*	2.80	20.82	20.82	9.37	4.77	6.70	3.00
Class A @MOP**	-3.12	13.83	13.83	7.24	3.53	6.07	2.55
Class C @NAV†	2.60	20.19	20.19	8.69	4.14	6.03	2.32
Class C @MOP‡	1.60	19.19	19.19	8.69	4.14	6.03	2.32
FTSE EPRA/NAREIT Developed Index	1.75	21.91	21.91	8.28	5.56	8.37	4.56

Returns for periods greater than one year are annualized.

* Excludes sales charge. ** Reflects effects of the fund’s maximum sales charge of 5.75%.

† Excludes the effects of the 1% contingent deferred sales charge. ‡ Includes the effects of the 1% contingent deferred sales charge.

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Total Annual Fund Operating Expenses by Share Class as of 05/01/19: Investor Class: **3.03%**; Institutional Class: **2.68%**; Class A: **3.08%**; Class C: **3.63%**. The fund’s investment advisor is contractually obligated to waive 0.25% of the fund’s management fee so that until April 30, 2020, the fund’s management fee will be 0.75%. Additionally, 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 1.50% for Investor Class, 1.15% for Institutional Class, 1.55% for Class A and 2.10% for Class C shares, excluding certain expenses, such as taxes, brokerage commissions, interest, short dividend expense, any acquired fund fees and expenses, litigation and extraordinary expenses. This expense limitation agreement expires on April 30, 2020, 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.

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Top 10 Contributors & Detractors by Holding (as of 12/31/19)

Top Contributors	Contribution	Top Detractors	Contribution
Helical (HLCL LN)	0.46%	Ventas (VTR US)	-0.27%
Tokyo Tatemono (8804 JP)	0.40%	Taubman Centers (TCO US)	-0.25%
Derwent London (DLN LN)	0.38%	Colony Capital (CLNY US)	-0.24%
Grainger (GRI LN)	0.37%	Sumitomo Realty & Development (8830 JP)	-0.22%
Sun Hung Kai Properties (16 HK)	0.34%	Acadia Realty Trust (AKR US)	-0.21%
Great Portland Estates (GPOR LN)	0.29%	ADO Properties (ADJ GY)	-0.20%
Capital & Counties (CAPC LN)	0.27%	Digital Realty (DLR US)	-0.16%
Unibail-Rodamco-Westfield (URW NA)	0.25%	Equity Residential (EQR US)	-0.15%
SL Green (SLG US)	0.24%	Brookfield Property Partners (BPY US)	-0.12%
CapitaLand Limited (CAPL SP)	0.23%	Federal Realty (FRT US)	-0.12%

Past performance does not guarantee future results. These holdings may not reflect the current or future positions in the portfolio.

Top Five Contributors & Detractors by Country (as of 12/31/19)

Top Contributors	Contribution	Top Detractors	Contribution
United Kingdom	1.94%	United States	-0.17%
Hong Kong	0.51%	Germany	-0.06%
Netherlands	0.33%	N/A	--
Singapore	0.23%	N/A	--
Spain	0.15%	N/A	--

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This material must be preceded or accompanied by a [prospectus](#). Please read it carefully before investing or sending money.

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.

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.

Borrowing for investment purposes creates leverage, which can increase the risk and volatility of a fund.

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.

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.

Mortgage and asset-backed securities are debt instruments that are secured by interests in pools of mortgage loans or other financial instruments. Mortgage-backed securities are subject to, among other things, prepayment and extension risks.

Investing in the real estate industry or in real estate-related securities involves the risks associated with direct ownership of real estate which include, among other things, changes in economic conditions (e.g., interest rates), the macro real estate development market, government intervention (e.g., property taxes) or environmental disasters. These risks may also affect the value of equities that service the real estate sector.

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

30-day SEC yield is a standardized calculation adopted by the SEC based on a 30-day period that helps investors compare funds using a consistent method of calculating yield.

30-day SEC yield (Unsubsidized) is a standardized calculation adopted by the SEC based on a 30-day period that helps investors compare funds using a consistent method of calculating yield. It excludes expense waivers and reimbursements.

Cash flow is a revenue or expense stream that changes a cash account over a given period.

Discounted cash flow (DCF) is a valuation method used to estimate the attractiveness of an investment opportunity.

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

FTSE EPRA/NAREIT Developed Index is designed to track the performance of listed real estate companies and REITs worldwide.

FTSE EPRA/NAREIT Developed ex-US Index is designed to track the performance of listed real estate companies and REITs worldwide, excluding U.S. companies.

FTSE NAREIT Equity REITs Index is representative of the tax-qualified REITs listed on the New York Stock Exchange, the American Stock Exchange and the NASDAQ National Market, excluding timber and infrastructure REITs.

NASDAQ Composite Index is a capitalization-weighted index designed to measure the performance of 3,000 stocks listed on the Nasdaq exchange, which includes large technology and biotech companies.

Net operating income (NOI) is a calculation used to analyze real estate investments that generate income. NOI equals all revenue from the property minus all reasonably necessary operating expenses.

Operating margin measures how much profit a company makes on a dollar of sales, after paying for variable costs of production such as wages and raw materials, but before paying interest or tax.

Pro-forma pretax yield refers to a pretax yield calculation based on expected dividends over the next 12 months per industry projections.

A **releasing spread** is a measure of the difference between rent per square foot on a new lease, compared to the rent that was previously paid for the same space.

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.

One cannot invest directly in an index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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