

Portfolio Management

Effective January 4, 2016, Forward Management 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 C. Hinman, CFA
Senior Portfolio Manager
27 Years Experience

James P. Sivco, CFA
Senior Portfolio Manager
20 Years Experience

Fund Details

Share Class	Ticker	CUSIP
Investor	AHBIX	34987A202
Institutional	AHBAX	34987A103
Class C	AHYIX	34987A400

Advisor: Forward Management, LLC

Category: High Yield Bond

Benchmark: BofA Merrill Lynch U.S. High Yield Master II Index

Dividend Frequency: Monthly

Annual Portfolio Turnover: 178%

of Holdings: 49

Net Assets: \$88.43M

Expense Ratio

Share Class	Inception Date	Gross	Net Inclusive ¹	Net Exclusive ²
Investor	05/01/00	1.74	1.74	1.26
Institutional	05/01/00	1.34	1.34	0.86
Class C	12/30/02	2.24	2.24	1.76

¹ Including investment-related expenses

² Excluding investment-related expenses

Objective

The fund seeks high current income.

Overview

The fund invests in the bonds of lower-rated companies with attractive yields and supported by favorable risk/reward fundamentals. Portfolio duration is normally plus or minus 33% of the fund's benchmark.

- Investment selections are based on a skeptical and bottom-up fundamental analysis of underlying issuers and individual issues. Other factors, such as sector, maturity and quality are used to maintain a diversifying balance that has a similar alignment to the benchmark.
- The investment process creates concrete justifications to deny an investment in a particular issue and serves as a screening process to reduce overall credit risk.
- High yield bonds can be a volatile asset class and Salient's credit team seeks to cushion price volatility and exposure to defaults through issue, industry and quality diversification.

Performance (%)

	Q3	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	4.70	11.26	8.09	3.46	6.49	5.87	6.15
Institutional	4.83	11.51	8.43	3.89	6.93	6.31	6.57
Class C @NAV [†]	4.60	10.78	7.47	2.92	5.95	5.31	6.52
Class C @MOP [‡]	3.60	9.78	6.47	2.92	5.95	5.31	6.52
BofA Merrill Lynch U.S. High Yield Master II Index	5.49	15.32	12.82	5.27	8.24	7.59	—

Returns for periods greater than one year are annualized.
[†] Excludes the effects of the 1% contingent deferred sales charge.

[‡] Includes the effects of the 1% contingent deferred sales charge.

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	10.71	1.85	-22.54	39.61	13.85	3.61	14.24	6.19	1.50	-4.81
Institutional	10.82	2.10	-22.17	40.36	14.31	4.06	14.71	6.62	1.81	-4.24
Class C	9.65	1.17	-22.97	39.12	13.18	3.13	13.69	5.67	0.89	-5.20
BofA Merrill Lynch U.S. High Yield Master II Index	11.72	2.24	-26.39	57.51	15.19	4.38	15.59	7.42	2.50	-4.64

Salient High Yield Fund

Top 10 Holdings (%)

Security	% of Net Assets
Teck Resources, Ltd., Sr. Unsec. Notes	3.81
International Wire Group, Inc.	3.51
BCP Singapore VI Cayman Financing Co., Ltd., Sec. Notes	3.36
CCO Holdings Llc/CCO Holdings Capital Corp., Sr. Unsec. Notes	3.25
Songa Offshore ASA	3.19
First Quantum Minerals, Ltd., Sr. Unsec. Notes	3.16
SandRidge Energy, Inc., Second Lien Notes	2.87
Cablevision Systems Corp., Sr. Unsec. Notes	2.84
IAMGOLD Corp.	2.78
AK Steel Corp., Sr. Unsec. Notes	2.77

These holdings may not reflect the current or future positions in the portfolio.
The Top 10 Holdings do not include money market instruments and/or futures contracts.

Risk Characteristics

	Fund	Benchmark
Beta	0.82	1.00
Correlation	0.97	1.00
Standard Deviation	8.22	9.74

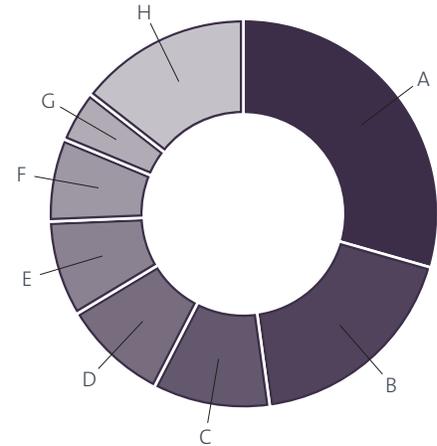
Yield (%)

	30-Day SEC Yield
Investor	5.47
Institutional	5.91
Class C	4.93

Data as of 09/30/16. Past performance does not guarantee future results.

Sector Allocation (ex-cash)

A Materials	29.69%
B Energy	18.54%
C Financials	9.82%
D Consumer Discretionary	8.90%
E Information Technology	8.05%
F Communications	6.97%
G Healthcare	4.31%
H Other	14.57%



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

Investing in lower-rated (“high yield”) debt securities involves special risks in addition to those associated with investments in higher-rated debt securities, including a high degree of credit risk. 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. Short selling involves additional investment risks and transaction costs, and creates leverage, which can increase the risk and volatility of a fund. Diversification does not assure profit or protect against risk.

BofA Merrill Lynch U.S. High Yield Master II Index tracks the performance of below-investment grade U.S. dollar-denominated corporate bonds issued in the U.S. domestic market.

One cannot invest directly in an index.

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.

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.

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

Prior to May 1, 2016, Salient High Yield Fund was named Forward High Yield Bond Fund.

David C. Hinman and James P. Sivco have earned the right to use the Chartered Financial Analyst designation. CFA Institute marks are trademarks owned by CFA Institute. Salient is the trade name for Salient Partners, L.P., which together with its subsidiaries provides asset management and advisory services.

Forward Management (d/b/a Salient) is the investment advisor to the Salient Funds.

The Salient Funds offered under the Forward Funds Trust are distributed by Forward Securities, LLC.

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