

## Philosophy

The Salient International Dividend Signal ADR investment philosophy is based on the belief that by emphasizing higher-yielding stocks, the portfolio can participate in stock market advances and protect capital better than competing strategies during stock market declines.

## Investment Process

The Salient International Dividend Signal ADR portfolio seeks to provide long-term capital appreciation and income by investing in dividend-paying companies located outside of the United States. The portfolio invests primarily in ADRs that regularly pay dividends. Investments are selected based on higher-relative dividend yields, dividend growth potential and anticipated stock price appreciation. This internationally oriented portfolio is typically structured with 30 to 50 stocks diversified across seven to 10 sectors. Geographically, the portfolio is diversified across eight or more countries.

## Buy Process

- Screen for companies with an absolute dividend yield higher than the local market or the S&P 500
- Identify companies with an unusually high historical relative yield (one standard deviation above its historical average)
- Qualitatively review resulting universe to identify the most attractive candidates
- Determine weighting based upon perceived risk and strength of the investment catalyst

## Sell Discipline

A stock may be sold for any of the following reasons:

- A stock's historical relative yield becomes unusually low (one standard deviation below its historical average)
- A stock's yield declines to an unattractive level
- A company's cash flow no longer adequately covers the dividend
- Future stock price appreciation appears limited

## Performance (%)

	Q2 2018*	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception†
International Dividend Signal ADR - Gross‡	-4.01	-3.39	6.19	3.98	3.09	2.98	6.09
International Dividend Signal ADR - Net§	-4.29	-3.91	5.31	3.07	2.22	2.07	5.36
MSCI ACWI ex-USA - Net (Primary)	-2.61	-3.77	7.28	5.07	5.99	2.54	4.68
MSCI ACWI ex-USA High Dividend Yield (HDY) Index - Net (Secondary)	-3.55	-4.21	3.93	2.95	3.95	2.72	6.10

### STANDARD DEVIATION

International Dividend Signal ADR	—	—	—	9.73	9.78	15.75	15.06
MSCI ACWI ex-USA	—	—	—	12.00	11.55	18.46	16.88
MSCI ACWI ex-USA HDY	—	—	—	11.62	11.91	18.94	17.08

Periods greater than one year are annualized.

\* Returns are preliminary.

† Inception Date – 07/01/99

‡ Shown as supplemental information. Please see important disclosure on reverse side.

§ Net returns are calculated using a highest management fee of 2.00%, applied monthly. Prior to January 1, 2010, net returns are calculated using a highest management fee of 0.65%, applied monthly. Prior to July 1, 2008, net returns are calculated using a management fee of 0.50%, applied monthly.

## Portfolio Characteristics

Characteristics	Portfolio	MSCI ACWI ex-USA*	MSCI ACWI ex-USA HDY†
Number of Stocks	46	1085	245
Dividend Yield	3.5%	3.1%	4.8%
Price-Earnings	13.9	13.1	11.4
Price-Book	2.0	1.6	1.4
Price-Cash Flow	16.0	10.4	6.6
Weighted Avg Market Cap	\$30.2B	\$69.7B	\$87.8B

Source: Bloomberg

\* Based on iShares MSCI ACWI ex-USA Fund data

† Based on an international high-quality dividend portfolio that approximates the MSCI ACWI ex-USA HDY

The manager believes that these are appropriate proxies for the benchmarks given their overall portfolio composition, but the holdings materially differ and will have different levels of volatility.

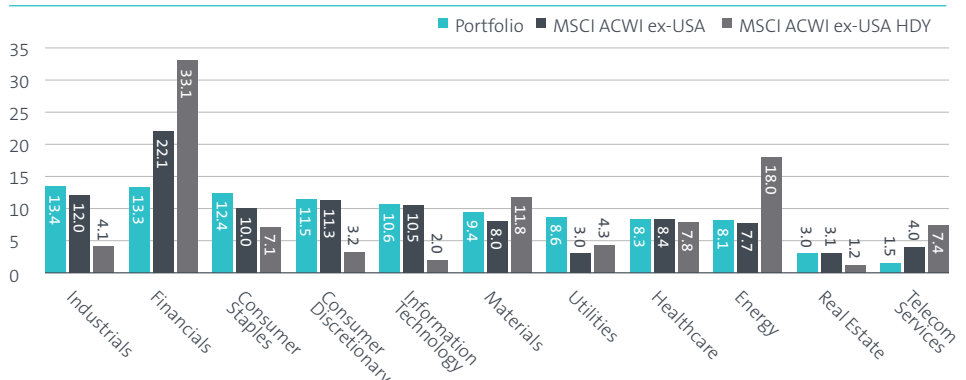
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## Top 10 Holdings (%)

Security	% of Net Assets
Guangdong Investm - Unspn. ADR	4.00
LVMH Moet Hennessy - Unspn. ADR	3.66
Marine Harvest ASA - Spon. ADR	3.60
Disco Corp. - Unspn. ADR	3.42
Givaudan - Unspn. ADR	3.39
Lukoil PJSC - Spon. ADR	3.37
D&L Industries Inc. - Unspn. ADR	2.97
China Yuchai Intl Ltd.	2.77
Vopak - Unspn. ADR	2.73
Taiwan Semiconductor - Spon. ADR	2.68

Portfolio holdings are subject to change at any time. Shown as supplemental information. Please see important disclosures on the reverse side.

## Sector Allocation (% ex-cash)



These allocations may not reflect the current or future holdings of the portfolio. Shown as supplemental information. Please see important disclosures on the reverse side. Percentages may not add up to 100% due to rounding.

# International Dividend Signal ADR Portfolio

## Calendar Year Returns (%)

	Portfolio Gross*	Portfolio Net†	MSCI ACWI ex-USA	MSCI ACWI ex-USA HDY
2017	23.98	21.52	27.19	20.42
2016	0.77	-1.27	4.50	7.89
2015	-6.88	-8.78	-5.66	-12.38
2014	-0.88	-2.89	-3.87	-3.87
2013	8.65	6.47	15.29	16.27
2012	18.28	15.92	16.83	16.84
2011	-8.08	-9.95	-13.71	-6.20
2010	10.21	7.99	11.15	3.71
2009	26.53	25.79	41.45	48.91
2008	-36.26	-36.61	-45.53	-45.87

\* Shown as supplemental information. Please see important disclosures below.

† Net returns are calculated using a highest management fee of 2.00%, applied monthly. Prior to January 1, 2010, net returns are calculated using a highest management fee of 0.65%, applied monthly. Prior to July 1, 2008, net returns are calculated using a management fee of 0.50%, applied monthly.

‡ Inception Date – 07/01/99

## Risk Management

The Salient International Dividend Signal ADR portfolio is structured with a defensive bias and actively targets 20% lower volatility, as measured by standard deviation and beta, than the comparative indices. This defensive portfolio strives to protect capital better than other like strategies in times of market weakness and to provide smoother performance over full-market cycles.

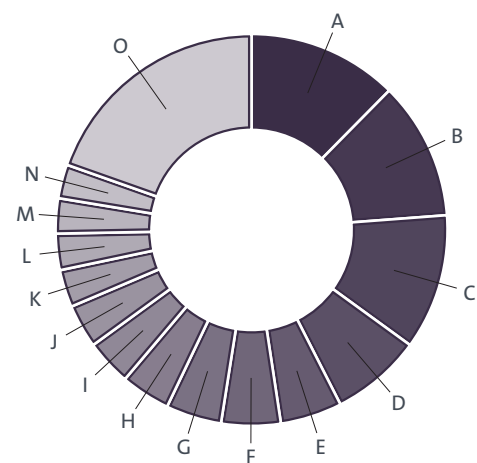
## Portfolio Management

PORTFOLIO TEAM	YRS EXPERIENCE
David L. Ruff, CFA, Senior Portfolio Manager	31
Paul Broughton, CFA, Portfolio Manager	22
Randall T. Coleman, CFA, Portfolio Manager	26

The International Dividend Signal ADR composite seeks to provide long-term capital appreciation and income by investing in dividend-paying companies located outside the United States. The portfolio invests primarily in ADRs that regularly pay dividends. The portfolio typically holds 30-50 stocks diversified across seven to 10 sectors. For comparison purposes, the composite's primary benchmark is the MSCI ACWI (All Country World Index) ex-USA, which is designed to measure equity market performance in the global developed and emerging markets, excluding the United States. The composite's secondary benchmark is the MSCI ACWI High Dividend Yield Index, which reflects the performance of large and mid cap stocks across 45 developed and emerging markets in the MSCI ACWI that exhibit high, sustainable dividend income. The International Dividend Signal ADR composite was created on July 1, 1999.

## Global Allocation\* (% ex-cash)

A France	I Norway
12.4	3.8
B Japan	J Russia
11.4	3.6
C Britain	K Indonesia
11.2	3.1
D Hong Kong	L Singapore
7.5	3.0
E Switzerland	M Taiwan
5.1	2.9
F China	N India
4.9	2.8
G Netherlands	O Other†
4.6	19.6
H Philippines	
4.1	



\*These allocations may not reflect the current or future holdings of the portfolio. Shown as supplemental information. Percentages may not add up to 100% due to rounding.

†Other includes: United States, Mexico, Thailand, Sweden, Turkey, Canada, Australia, Brazil, Germany

## Risk/Analysis

### MEASURED AGAINST MSCI ACWI EX-USA

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	-0.24	0.77	77.92	78.86	4.32
5 Year	-1.75	0.79	77.17	89.10	4.39
10 Year	0.62	0.82	86.15	83.37	5.60
Since Inception*	1.85	0.81	83.23	73.69	7.23

### MEASURED AGAINST MSCI ACWI EX-USA HDY

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	1.38	0.76	86.41	78.00	5.06
5 Year	-0.04	0.74	77.32	77.93	5.33
10 Year	0.56	0.79	82.66	80.31	6.60
Since Inception*	0.80	0.79	84.03	79.90	7.39

Source: Morningstar. Gross statistics are measured against the MSCI ACWI ex-USA and MSCI ACWI ex-USA HDY.

\* Inception Date – 07/01/99

Information/statistics in each of these sections is current as of 06/30/18.

Shown as supplemental information. Please see important disclosures below.

Salient is the trade name for Salient Partners, LP, which together with its subsidiaries provides asset management and advisory services. Salient claims compliance with the Global Investment Performance Standards (GIPS®). Please call 800-994-0755 to obtain a compliant presentation and/or a list of composite descriptions. Results are based on fully discretionary accounts under management in this style. The U.S. dollar is the currency used to express performance. Gross returns after December 31, 2009, are shown as supplemental information and are stated gross of all fees and transaction costs. Returns include the reinvestment of all income. Past performance does not guarantee future results. For the period before August 1, 2008, David Ruff and Randall Coleman were affiliated with a prior firm and, during this

time, were the only individuals responsible for selecting the securities to buy and sell. Forward Management, LLC ("Forward") acquired the assets and these portfolio managers from Berkeley Capital Management, LLC. Such performance should not be interpreted as the actual historical performance of Forward.

David Ruff, Randall Coleman and Paul Broughton have earned the right to use the Chartered Financial Analyst designation. CFA Institute marks are trademarks owned by the CFA Institute.

Performance shown prior to June 2015 was achieved by the portfolio management team at Forward. Forward was acquired by Salient in June 2015.

Prior to July 15, 2016, International Dividend Signal ADR was named International Dividend ADR.