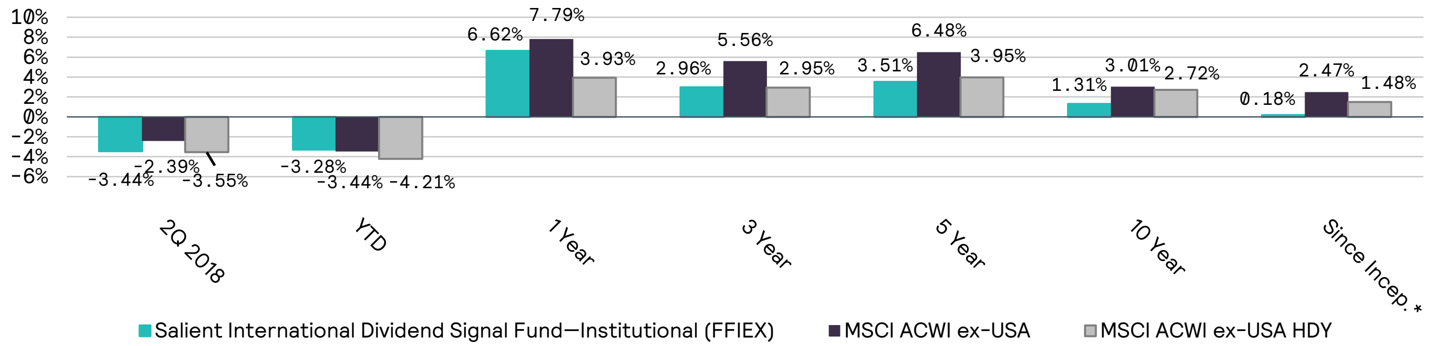
2018 Second Quarter Portfolio Review

Fund Overview

Salient International Dividend Signal Fund seeks to achieve high total return through capital appreciation and income by investing in dividend-paying companies located outside of the United States that combine higher-relative dividend yields with lower payout ratios. The fund's unique Dividend Signal Strategy® approach seeks stocks that offer the "triple play": attractive dividend yields, dividend growth potential and anticipated price appreciation.



Gross Expenses: 1.56% / Net Expenses: 1.19% / Expense Limitation Agreement: 0.99%

Performance figures and other portfolio data shown for periods prior to December 1, 2008, do not reflect the current portfolio managers' performance or strategy. HDY: High Dividend Yield

Performance as of 06/30/18. Returns for periods greater than one year are annualized.

* 05/01/07

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 1.34% for Investor Class, 0.99% for Institutional Class, 1.49% for Class A and 1.94% 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, 2019, 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.

Economic Overview

The almost-universal improving global economy in 2017 and early 2018 has given way to a more nuanced economic outlook with forecasted U.S. growth in the near term better than Europe and Japan. In the U.S., consumption spending and employment statistics continue to impress. Europe is regaining its position as laggard with the service sector weakness highlighting the deterioration. Escalating political risks in Spain and Italy have added to the slide in sentiment. Japan also appears to be faltering due to export deterioration and a general labor shortage hampering economic performance. Higher priced oil and prospects for a damaging global trade conflict add to investor fears of stifled economic activity and profits. Moreover, investors worry that the turmoil in emerging markets like Argentina, Turkey, Brazil and South Africa signal general emerging market (EM) vulnerability and more capital outflows, potentially leading to another global crisis.

Although we expect increased market volatility stemming from fading stimulus from the world's largest economy and generally increasingly divergent central bank policies, we believe the global economy will continue to expand. We believe the oil price drag will ease. Supply disruptions from Venezuela and Angola as well as renewed sanctions against Iran convinced some analysts that the supply shortfalls will continue in the short term, but we highlight the pledges by Russia and Saudi Arabia to boost supply and anticipate a supply response to the high oil price. While EM countries reliant on foreign debt will see more trouble, most EM economies, especially those in Asia, have strong finances, low currency exchange rates and floating currencies. We do not believe these conditions are indicative of crisis. Moreover, global growth is much stronger and steadier versus the crisis periods of 1997 and 2008. Trade, of course, is a wildcard, but global business sentiment remains solid and has not significantly impacted managers' decisions to invest and hire. New trade between China and Europe, Latin America and Japan will inevitably offset some, but not all, of the reduced trade between the U.S. and the rest of the world. Finally, we note the still-muted inflation response in most areas of the world, giving policymakers ample leeway to slow stimulus removal. Moreover, the strong tailwinds for the global economy, including emerging markets, have yet abated.

Market Overview

Global equities fell for the second consecutive quarter as measured by the Bloomberg World Index, which dropped -0.69% in the second quarter of 2018. Foreign equities lagged U.S. equities by a wide margin of 7.91 basis points with non-U.S. stocks in the index falling -4.29% compared to U.S.-based equities' gain of 3.62%. Dollar strength accounted for a significant portion of the better U.S. result as foreign currency subtracted -2.54% for U.S. investors in non-U.S. equities during the quarter. Global equities started the quarter with a gain of 0.81% in April as investors noted the generally resilient and positive business environment, especially in the U.S., where business sentiment continues to climb. The index then slid in May and June (-0.19% and -2.13%, respectively) on renewed trade concerns.

Some stocks have managed to recover from their February and March lows, while others have continued to languish. Value stocks, or companies trading at lower valuations per unit of earnings, continue to struggle, trailing growth stocks by -3.55 basis points for the quarter. Premium-priced growth stocks include most companies in the information technology (IT) sector. This sector has been volatile in 2018 with sharp corrections in early February and late March, but each time has managed to recover, and even achieved a new high in mid-June. Year-to-date, IT shows the best performance of the 11 market sectors in the U.S. and Europe, but the sector has lagged for the quarter and year-to-date in other regions, including Asia Pacific and South America, with China suffering in particular. The country is thought by many to be at a large disadvantage on the technology front in a U.S./China trade war. Many China IT stocks dropped double digits in the second quarter, highlighted by telecom equipment maker ZTE's plunge, losing over 58% of its market value. Other premium-priced stocks in the more defensive industry groups like food retailing (0.92%), household products (2.09%) and healthcare services (7.66%) did particularly well. Investors favored these more expensive but less cyclical sectors, fearing the impacts of the global trade conflict on companies in sectors more sensitive to economic growth, such as financials (-6.37%), driven by the bank stock weakness, and industrials (-5.15%), hurt worst by capital goods producers. Somewhat surprisingly, given the concern about future global economy performance and the stronger greenback, energy stocks posted the best sector result for the quarter (8.64%). Oil prices, as measured by Brent Crude Oil, climbed steadily, finishing near $80 per barrel

As we have highlighted in previous commentaries, the generally euphoric investor sentiment of 2017 and early 2018 has passed. This general shift comes as no surprise, but the nature of the adjustment certainly has some unique wrinkles, including energy sector leadership for the quarter and more IT valuation expansion in the U.S. and Europe. Continuing the theme over the past few years, higher dividend yielding shares trailed lower dividend yielders. Stocks with dividend yields below median (1.95%) returned 0.15% for the quarter compared to above-average yielding stocks, which returned -2.11%.

Although certainly not true to date in 2018, we continue to believe better returns over the next few years will generally not come from the companies enjoying the greatest current price momentum. In our view, these companies are mostly where investors have excessive growth expectations. Rather, we believe better ultimate performance will come from companies exhibiting higher earnings yields, greater free cash generation and better profitability—companies willing and able to distribute cash dividends to investors.

In this regard, we view our role not as being buyers and sellers of stock, but rather long-term owners of well-run, reasonably priced companies. We note our performance record relative to the comparative indices over the business cycle or from recession to recession.

Portfolio Overview

With the pending closure and liquidation of the Salient International Dividend Signal Fund on or around August 13, 2018, we want to provide a final review and accounting of the fund. The Equity Team at Salient started managing this fund during the Global Financial Crisis, with January 2009 as the first full month of management. We stated at the time that the fund would be unique among International Equity strategies in a couple of aspects. First, we planned to deliver a higher dividend yield with higher-than-average distributions by investing only in dividend payers and pursuing a dividend roll (harvesting) strategy. This goal has helped the fund earn and distribute dividends at more than a 6% annualized distribution rate since we began managing the fund. According to Bloomberg data, excluding capital gain distributions, the fund provided a 7.34% dividend income yield over the trailing five years, which compares favorably to the other International Equity funds in their universe as of quarter end. Second, we stated our belief that we have a better approach to equity income investing by focusing on growth stories with lower earnings volatility and an emphasis of not overreaching for dividend yield. For the period December 31, 2008, through June 30, 2018, the fund's annualized return of 8.12% (Institutional Share Class) compared to the fund's style benchmark, the MSCI ACWI ex-USA High Dividend Yield Index, result of 7.92%. The fund's asset class benchmark, the MSCI ACWI ex-USA Index, returned 8.23%. It has been an honor and privilege to serve as your fund manager and we wish you the very best with your future investments.

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.

Forward International Dividend Fund seeks to achieve high total return (capital appreciation and income) by investing in dividend-paying companies located outside of the United States. The portfolio invests primarily in stocks that regularly pay dividends.

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.

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.

There is no guarantee the companies in our portfolio will continue to pay dividends.

Definition of Terms

Basis point (bps) is a unit of measure that is equal to 1/100th of 1% and used to denote a change in the value or rate of a financial instrument.

Bloomberg World Index is a capitalization-weighted index of all equities included in the Bloomberg World Index Series.

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

MSCI ACWI ex-USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets, excluding the United States.

MSCI ACWI ex-USA High Dividend Yield Index reflects the performance of large- and mid-cap stocks across 45 developed and emerging market countries in the MSCI ACWI ex-USA that exhibit high, sustainable dividend income.

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.

Top 10 stock holdings in Salient International Dividend Signal Fund as of 06/30/18:

Security	% of Net Assets
LUKOIL PJSC	2.93
Marine Harvest ASA	2.79
Schlumberger, Ltd.	2.73
Koninklijke Vopak NV	2.59
WPP Plc	2.57

Security	% of Net Assets
Kuraray Co., Ltd.	2.53
Investor AB	2.43
SITC International Holdings Co., Ltd.	2.28
Schneider Electric SE	2.27
Infosys, Ltd.	2.24

FFIEX	% Yield as of 06/30/2018
Dividend Yield	9.33
30-Day SEC Yield	2.08
30-Day SEC Yield (Unsubsidized)	1.46

Holdings are subject to change.

Salient International Dividend Signal Fund is managed by Forward Management, LLC.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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