

2018 First Quarter Portfolio Review

Investment Objective

Salient Select Opportunity Fund seeks total return through both current income and capital appreciation. The fund invests in a portfolio of equity, fixed income and hybrid securities that we believe offer attractive opportunities for total return. We pursue a value-oriented philosophy focused on cash flow, asset quality and management capability. The fund's allocations to equity, fixed income and hybrid securities will vary over time based upon our assessment of general market and economic conditions and may shift frequently. The fund is actively managed and may utilize portfolio leverage in pursuit of its objectives.

Portfolio Management

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

Inception Date

July 31, 2013

Net Assets

\$7.43 M (as of 03/31/18)

Fund Details

Share Class	Ticker
Investor	FSORX
Institutional	FSOTX
Class A	FSONX
Class C	FSOCX

Annual Fund Operating Expenses

Total annual operating expenses as stated in the fund's most recent prospectus are:

	INV	INST	A	C
Management Fee	1.00%	1.00%	1.00%	1.00%
Distribution and/or Service (12b-1) Fees	0.25%	N/A	0.35%	0.75%
Other Expenses	2.06%	1.96%	2.11%	2.16%
Total Annual Fund Operating Expenses	3.32%	2.97%	3.47%	3.92%

Maximum Sales Charge

	Front-End	Deferred
Investor	None	None
Institutional	None	None
Class A	5.75%	None
Class C	None	1.00%

Performance

Salient Select Opportunity Fund's Institutional Class shares produced a total return of -4.94% in the first quarter of 2018. The fund underperformed its benchmarks, the ICE BofAML Fixed Rate Preferred Securities Index and the MSCI World Index, which returned -1.00% and -1.15%, respectively.

The table below shows our results for both the quarter and longer term.

	Fund (FSOTX) ¹	Market (BAML Index) ²	Market (World Index) ³
Q1 2018 (as of 03/31/18)	-4.94%	-1.00%	-1.15%
1 Year to 03/31/18	-0.60%	4.06%	14.20%
2 Years to 03/31/18	13.11%	5.01%	14.85%
3 Years to 03/31/18	0.53%	5.24%	8.58%
Since Inception (07/31/13)	3.66%	6.71%	9.71%

Gross Expenses / Net Expenses: 2.97% / 1.94%

Returns for periods greater than one year are annualized.

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 1.23% for Institutional Class 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, 2018, 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.

The fund's senior security sleeve (23% of the fund on average) detracted -0.28% from the fund's performance for the quarter, while the common stock sleeve detracted -4.65% from the fund's return. Most of the fund's underperformance can be attributed to a few holdings that had weak price performance during the quarter. For instance, Colony NorthStar (CLNS) was down -50% during the first quarter due to disappointing performance results and a dividend cut. On the positive side, Genesis Healthcare (GEN), Madison Square Garden (MSG) and Chipotle (CMG) produced meaningful results for the quarter.

Despite the fund's disappointing performance over the last 12 months (-0.60%), it is important to recall that since the fund's inception it has aimed for a more concentrated portfolio and a long investment horizon. We believe the fund maintains the potential for long-term value realization and continued strength in the pricing of our investments.

¹ Salient Select Opportunity Fund Institutional Class (Bloomberg ticker: FSOTX)

² ICE BofAML Fixed Rate Preferred Securities Index (Bloomberg ticker: POP1)

³ MSCI World Index (Bloomberg ticker: MXWO)

Dividend Income

A strong income component is an important goal for the fund. The fund's level of yield for the first quarter was less than the yield of the previous quarter. However, please bear in mind that the fund pays out its cash flow. Accordingly, the fund's dividend income will fluctuate from one period to another.

Positioning: Big Picture Thoughts

While we have added new positions as opportunities have arisen (and have harvested investments as appropriate), the fund's positioning hasn't changed dramatically over the past several quarters. We remain broadly optimistic about the healing of the global economy and remain committed to expressing this "recovery thesis" in the fund's portfolio. We've witnessed the 10-year U.S. Treasury rate rise to 2.74% over the first three months of the year, an increase of approximately 33 basis points.⁴ This rate is now slightly more than double from its historic low in July 2016. We maintain our expectation that the interest rate environment will continue to normalize over the next few years.

Our optimism means we're still inclined to own equity investments (common stocks) for most of the portfolio and to use our expertise in senior securities (bonds, preferred stock and other hybrid securities) to pursue additional income and value.

It also means we remain committed to investing in stable overseas markets where there is still considerable uncertainty and frustration about the economy as well as the recovery from the bank crisis. We have confidence that investing in mature overseas markets, which at present generally appear to offer more relative value than here in the U.S., offers us the opportunity to earn a fair return while providing us comfort that the value of our investments will remain intact. At the end of the quarter, all of the fund's investments were in the United States (approximately 66.8%) and in the U.K. and Europe (together about 33.2%).

Finally, our "as-yet-very-unpopular" bank thesis remains in place (and it is still based on a long view). Despite choppy performance from our bank investments over the past couple of years, we believe that the recent quarter and trailing 12 months affirms our bullish stance on solid, yet out-of-favor financial companies in foreign markets. At the end of the quarter, 33.2% of the fund was allocated to financial institution investments. Of that total investment, approximately 77% of the fund was in common stocks and 23% was in senior securities.

Positioning: Brass Tacks

As we mentioned previously, the fund's holdings are located in the United States (66.8%) and in the United Kingdom and Western Europe (together about 33.2%). By industry the fund has about 33.2% of its investments in financial services companies (predominantly banks), 32.2% in real estate companies and the remainder split among health care, retail, industrial, restaurant and entertainment companies.

At the end of 2016, we removed the portfolio's currency hedge on the euro. Over the past few years, with the unprecedented amount of global monetary stimulus flooding developed markets, we thought it prudent to protect the euro-denominated investments from pronounced currency risk. But with the euro trading more than 14% below its 5-year moving average in the fourth quarter of 2016, we believe the likelihood of further weakening has lessened to a comfortable level. Since the end of 2016, the move has contributed to overall fund performance, as euro-denominated investments have benefited from the 17.2% rise in the euro from 1.05 to 1.23 U.S. dollar per euro.

At quarter-end, the fund had 24 investments spread amongst 24 unique issuers and held approximately 12.8% in cash. Given our cash resources and borrowing lines—and considering the complexion of our existing investments—we feel the fund is well-diversified and well-positioned for the future.

Investment Outlook

We are frustrated by the fund's underperformance over the last 15 months yet we feel that the fund continues to maintain strong investment discipline and consistent stewardship.

From inception on July 31, 2013, through March 31, 2018, the fund has fully exited 162 positions and has made money on 129 of them. This 80% positive batting average on realized positions gives us confidence that our screening, methodology and transaction capabilities have served our investors well.

As we approach the fund's five-year anniversary at the end of July, we feel the fund is in great shape and positioned attractively for the future. We look forward to continuing the effort to invest for income and value. We thank you for your belief in our approach.

⁴ Based on a rate of 2.41% on 12/29/17 and 2.74% on 03/30/18 (Bloomberg ticker: USGG10YR Index)

Performance (%) as of 03/31/18

	Q1	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	-4.99	-4.99	-0.92	0.18	-	-	-0.06
Institutional	-4.94	-4.94	-0.60	0.53	-	-	3.66
Class A @NAV*	-5.03	-5.03	-1.07	0.02	-	-	3.15
Class A @MOP**	-10.49	-10.49	-6.77	-1.94	-	-	1.84
Class C @NAV†	-5.15	-5.15	-1.52	-0.45	-	-	0.91
Class C @MOP‡	-6.10	-6.10	-2.49	-0.45	-	-	0.91
MSCI World Index	-1.15	-1.15	14.20	8.58	-	-	-
ICE BofAML Fixed Rate Preferred Securities Index	-1.00	-1.00	4.06	5.24	-	-	-

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.

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.

Expense Ratio

Share Class	Inception Date	Gross	Net
Investor	06/02/14	3.32	2.29
Institutional	07/31/13	2.97	1.94
Class A	07/31/13	3.47	2.44
Class C	02/18/14	3.92	2.89

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 1.58% for Investor Class, 1.23% for Institutional Class, 1.73% for Class A and 2.18% 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, 2018, 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.

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.

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.

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.

TERM DEFINITIONS

10-year U.S. Treasury is a debt obligation issued by the U.S. Treasury that has a term of more than one year but not more than 10 years.

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.

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

Currency risk is a form of risk that arises from the change in price of one currency against another.

ICE BofAML Fixed Rate Preferred Securities Index is a capitalization-weighted index of preferred stock issues that is generally representative of the market for preferred securities.

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

One cannot invest directly in an index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

FSD002960 073118