

Portfolio Management

Pacific Investment Management Company LLC (PIMCO) is the sub-advisor to the fund. Effective November 13, 2013, PIMCO assumed direct management responsibility of the fund.

David Hammer
Portfolio Manager
15 Years Experience

Fund Details

Share Class	Ticker	CUSIP
Investor	FLSRX	349913475
Institutional	FLSIX	349913533
Class A	FLSLX	349913715
Class C	FLSFX	349913699

Sub-Advisor: PIMCO

Category: High Yield Muni

Benchmarks: Bloomberg Barclays U.S. Municipal Index; Bloomberg Barclays U.S. Corporate High Yield Bond Index

Dividend Frequency: Quarterly

Annual Portfolio Turnover: 217%

Short Holdings: 1

Long Holdings: 50

Net Assets: \$53.90M

Management Fee: 1.00%

Expense Ratio

Share Class	Inception Date	Gross	Net
Investor	05/01/08	1.86	1.55
Institutional	05/01/08	1.51	1.20
Class A	12/29/06	2.01	1.70
Class C	06/03/09	2.46	2.15

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 1.55% for Investor Class, 1.20% for Institutional Class, 1.70% for Class A and 2.15% 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.

Objective

The fund seeks to maximize total return (capital appreciation and income).

Overview

An actively managed fund that seeks to maximize total rate of return and minimize investment risk using a credit-based, relative value investment strategy.

- The fund employs an absolute return-oriented and tax-efficient strategy that seeks to identify attractive long and short investment opportunities in the municipal and other credit markets.
- PIMCO analyzes both fundamental and relative value characteristics of potential investments across a wide array of fixed-income securities and also seeks to take advantage of crossover-trading opportunities and market anomalies and inefficiencies.
- Portfolio construction typically focuses its investments in tax-exempt municipal bonds and derivatives, but the fund may also invest in the other types of tax-exempt or taxable fixed-income securities. A substantial portion of assets may be invested in derivatives to seek to achieve returns and for hedging.
- The fund may engage in borrowing for investment purposes in order to increase its holdings of portfolio securities and/or to collateralize short sale positions, as well as for cash management, and short positions may equal up to 100% of the fund's net asset value.

Performance (%)

	Q2	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Investor	1.33	0.56	4.20	4.80	2.26	5.52	5.06
Institutional	1.44	0.77	4.51	5.13	2.64	5.90	5.44
Class A @NAV*	1.17	0.50	3.95	4.66	2.12	5.41	2.20
Class A @MOP**	-4.61	-5.27	-2.01	2.61	0.92	4.79	1.68
Class C @NAV†	1.17	0.27	3.59	4.19	1.64	—	4.51
Class C @MOP‡	0.17	-0.72	2.59	4.19	1.64	—	4.51
Bloomberg Barclays U.S. Municipal Index	0.87	-0.25	1.56	2.85	3.53	4.43	—
Bloomberg Barclays U.S. Corporate High Yield Bond Index	1.03	0.16	2.62	5.53	5.51	8.19	—

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.

Calendar Year Performance (% at NAV)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Investor	—	46.56	4.17	5.83	13.96	-14.42	8.97	4.39	1.08	8.66
Institutional	—	47.08	4.54	6.23	14.43	-14.20	9.47	4.80	1.45	8.87
Class A	-20.65	46.77	4.11	5.68	13.69	-14.60	8.85	4.30	0.98	8.31
Class C	—	—	3.50	5.07	13.33	-14.98	8.46	3.68	0.55	7.90
Bloomberg Barclays U.S. Municipal Index	-2.47	12.91	2.38	10.70	6.78	-2.55	9.05	3.30	0.25	5.45
Bloomberg Barclays U.S. Corporate High Yield Bond Index	-26.16	58.21	15.12	4.98	15.81	7.44	2.45	-4.47	17.13	7.50

Class A shares of the fund originally commenced operations on 12/29/06, were liquidated on 11/21/08, and were launched again on 09/01/10. The performance shown for any period beginning on or after 11/24/08 and lasting through 08/31/10 is that of the fund's Investor Class shares adjusted to reflect the specific operating expenses applicable to Class A shares. The performance shown for any period beginning on or after 09/01/10 is that of the fund's Class A shares.

Salient Tactical Muni & Credit Fund

Top 10 Holdings (%)

Security	% of Net Assets
Iowa Tobacco Settlement Authority	6.66
Buckeye, Ohio Tobacco Settlement Financing Authority (6/1/2047)	5.31
Stockton Public Financing Authority Revenue Bonds	4.39
Buckeye, Ohio Tobacco Settlement Financing Authority (6/1/2024)	3.54
State of Illinois Finance Authority Revenue Bonds	3.24
New York Liberty Development Corp., Refunding Revenue Bonds	2.96
Florida Development Finance Corp. Surface Transportation Facility Revenue Bonds	2.87
M-S-R Energy Authority Revenue Bonds	2.65
FHLB, Discount Notes	2.60
County of Jefferson, Alabama Sewer Convertible Revenue Warrants	2.39

These holdings may not reflect the current or future positions in the portfolio.

Risk Characteristics

	Fund	Benchmark
Beta	0.11	1.00
Correlation	0.20	1.00
Standard Deviation	8.60	14.94

Yield (%)

	30-Day SEC Yield	30-Day SEC Yield (Unsubsidized)
Investor	2.94	2.60
Institutional	3.29	2.96
Class A	2.63	2.31
Class C	2.34	2.00

Data as of 06/30/18. Past performance does not guarantee future results.

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.

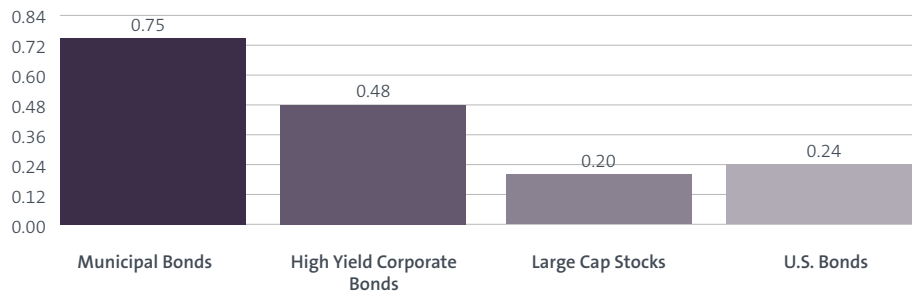
Foreign securities, especially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility and less regulation.

Investing in lower-rated ("high yield") debt securities involves special risks in addition to those associated

Sector Diversification (% of Portfolio ex-cash)

Sector	% Long	% Short	Total Exposure	Net Exposure
Municipal Bonds	93.63	0.00	93.63	93.63
Short-Term Securities	4.02	0.00	4.02	4.02
Corporate Bonds	3.50	0.00	3.50	3.50
Futures Contracts	0.00	-1.15	1.15	-1.15

Asset Class Correlation



Source: Morningstar. Data since fund inception (05/01/08 through 06/30/18).

Municipal Bonds- Bloomberg Barclays U.S. Municipal Index; High Yield Corporate Bonds- Bloomberg Barclays U.S. Corporate High Yield Bond Index; Large Cap Stocks- S&P 500 Index; U.S. Bonds- Bloomberg Barclays U.S. Aggregate Bond Index

with investments in higher-rated debt securities, including a high degree of credit risk.

Investing in a non-diversified fund involves the risk of greater price fluctuation than a more diversified portfolio.

Short selling involves additional investment risks and transaction costs, and creates leverage, which can increase the risk and volatility of a fund.

Alternative strategies typically are subject to increased risk and loss of principal. Consequently, investments such as mutual funds which focus on alternative strategies are not suitable for all investors.

Bloomberg Barclays U.S. Aggregate Bond Index represents securities that are U.S. domestic, taxable and dollar denominated. The index covers the U.S. investment grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Bloomberg Barclays U.S. Corporate High Yield Bond Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

Bloomberg Barclays U.S. Municipal Index covers the USD-denominated, long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds and pre-refunded bonds.

S&P 500 Index is an unmanaged index of 500 common

stocks chosen to reflect the industries in the U.S. economy. 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.

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.

Beta is a measure of risk that 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. Gross and net exposure measures how much a fund is exposed to market risk.

Standard deviation measures the degree to which a fund's return varies from its previous returns or from the average of all similar funds.

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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