

A True Alternative Fixed-Income Fund

With a flexible mandate that allows the experienced team to invest in the most attractive credit sectors, **Salient Tactical Muni & Credit Fund** is a distinctively unique alternative fixed-income strategy that invests across the credit spectrum, focusing on municipal bonds.

At Salient, our mission is to provide investors and advisors with specialized investment strategies to help diversify the core risk factors that dominate conventional portfolios. Our investment teams' expertise and unique perspectives drive our portfolio construction and risk management process. Salient's investment strategies serve as powerful building blocks for efficient portfolios in

a volatile market environment subject to the changing whims (and rates) of monetary policy.

Sub-advised by PIMCO, Salient Tactical Muni & Credit Fund is one of our most powerful building blocks: **a true alternative fixed-income strategy**. By that we mean that its broad discretion allows the team to implement some of its best benchmark-agnostic municipal and credit ideas. The tactical strategy is flexible by design and serves as an ideal complement to traditional portfolios with its low correlations to stocks, credit and fixed income. Its focus on municipal securities makes it especially appropriate for many tax-sensitive investors.

Nimble and Adaptable Design

Salient Tactical Muni & Credit Fund aims to take advantage of various fixed-income opportunities and trading strategies, particularly targeting municipal bonds to maximize after-tax income. The fund nimbly moves through credit markets, seeking to generate positive total return and produce tax-efficient income while hedging out duration risk in a rising interest rate environment. The team allocates across the credit spectrum, tactically positioning the portfolio based on where the most attractive after-tax yields are within the market, providing investors with the potential for:

Attractive after-tax total return: With a minimum of 50% invested in tax-exempt securities at any time, the fund will also strategically allocate to other credits with a focus on tax management, making this fund potentially beneficial for tax-sensitive investors. With the optionality to short in order to reduce risk and hold investments across multiple credits, the fund aims to exploit price dislocations between municipal and taxable credit markets. This tactical approach seeks to take advantage of credit spread duration opportunities while targeting attractive after-tax income and total return.

Access to all credit markets at institutional pricing: The fund has the flexibility to employ a variety of trading strategies and tactically allocate between the most attractive credit sectors. In order to take advantage of market anomalies and inefficiencies, the team's unconstrained mandate targets crossover trading opportunities, can employ relative value, curve-inefficiency and credit trades and has the ability to act as a market maker or liquidity provider. As it becomes increasingly difficult for financial advisors to manage individual municipal bonds, this fund is able to utilize more attractive institutional pricing as larger lot sizes tend to have more favorable bid-ask spreads.

Income with lower duration risk: The fund's flexible mandate, broad access and risk management tools allows the portfolio to rotate between the long and short end of the duration curve and between riskier, higher yielding credits down to sovereign level risk. Multiple risk measures from a variety of methodologies and models are continually re-evaluated to adapt to changing market environments and seek to thoroughly manage downside risk.

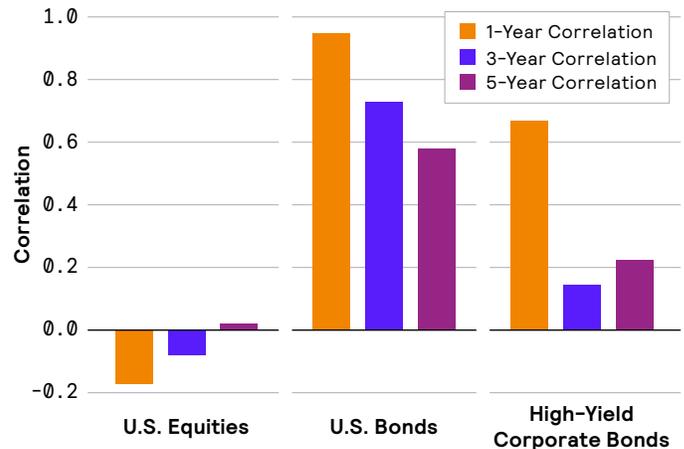
Adaptable Alternative to Traditional Fixed Income

Given its flexible nature, this strategy may be suitable for investors and advisors seeking an alternative to traditional fixed income strategies. It may be considered as:

An alternative investment: The fund has a low correlation to equities and bonds making it an attractive diversifier to an existing portfolio. Incorporating a wide variety of alpha sources can potentially boost an investor's overall bond portfolio returns while seeking to lower volatility.

A complement to high-yield municipal bonds: High-yield munis offer relatively high income, but also come with higher risks. The fund typically holds a higher percentage of investment grade bonds, but can opportunistically allocate to high-yield munis seeking to maximize after-tax total returns. By allocating a portion of their portfolio to the fund, investors can lower their risk and increase the risk-adjusted returns of the portfolio.

Salient Tactical Muni & Credit: Correlation to Equities and Bonds



Source: Morningstar Direct, as of 07/31/17

U.S. Equities—S&P 500 Index; U.S. High Yield Corporate Bonds—Barclays U.S. Corporate High Yield Bond Index; U.S. Bonds—Barclays U.S. Aggregate Index

Skilled Team Informs Best Ideas

The investment process blends top-down secular themes with thorough, independent security analysis.

Top-down

Led by David Hammer, PIMCO's Head of Municipal Bond Portfolio Management, the investment team draws on the firm's extensive macroeconomic and fixed-income research resources to arrive at a clear, long-term market view, providing the thesis for portfolio construction. David brings years of experience as a high-yield and distressed municipal bond analyst. His varied background provides him valuable insights into unusual situations and opportunistic investments that might fall outside the view of a traditional municipal bond portfolio manager.

EXAMPLE

The fund allocated to California credits early in the recovery cycle, as the state has a high beta to the U.S. economy.

Bottom-up

Security selection emphasizes relative-value analysis of sectors and securities, aiming to identify issues that offer the most attractive after-tax yields, the highest credit quality and the best value. Searching for value across a wide array of credit strategies means that no

single strategy drives return patterns. The team individually rates each security and selectively invests in the market areas and securities it deems most attractive in light of shifting market conditions and the fund's multiple goals: maximizing total return, generating tax-efficient income and managing downside risk.

EXAMPLE

The fund favors the essential service revenue sector, which often has dedicated revenue streams, rate-setting capabilities and the ability to conduct long-term strategic planning outside of political gridlock. The sector also is not subject to the significant pension challenges facing many general obligation credits.

Valuation

The team searches for compelling relative value across the full capital structure, industry, similarly rated credits, similar call structures and liquidity profiles.

EXAMPLE

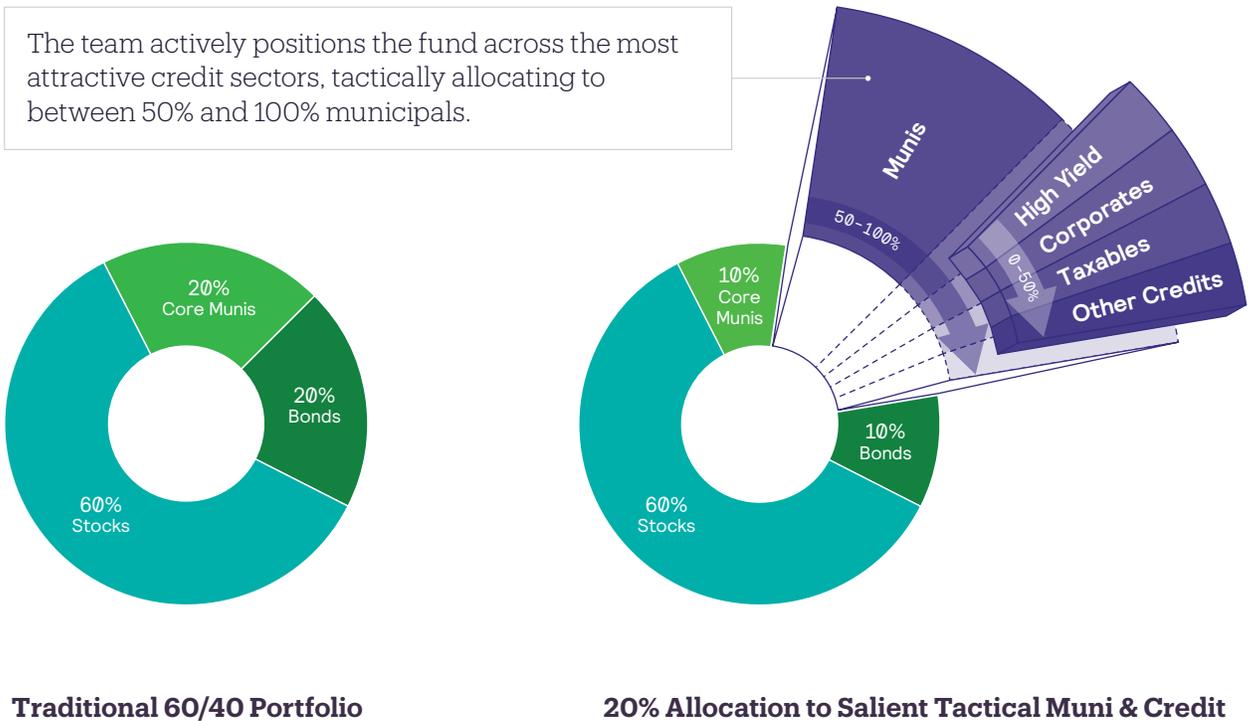
MSA Tobacco debt has favorable credit characteristics and trades with much deeper liquidity, making it a high conviction sector for the fund.

Portfolio Impact of Salient Tactical Muni & Credit

The ability to invest across the credit spectrum and maneuver duration provides the team the opportunity to implement their best ideas across the municipal and credit markets seeking to maximize the portfolio's total return and minimize risk.

By incorporating a 10%–20% allocation to Salient Tactical Muni & Credit Fund into a traditional 60/40 portfolio's bond allocation, investors can put a portion of their muni or bond portfolio in the hands of an experienced investment manager that can allocate to attractive

opportunities across the credit spectrum when beneficial. With a 50% minimum allocation to municipal bonds, the portfolio manager tactically moves between the most attractive credit sectors, aiming for the highest after-tax total return. While the fund focuses on and can invest up to 100% in munis, investing in taxable sectors will sometimes provide more attractive returns, which the flexible mandate allows the manager to tactically take advantage of. The fund may also short U.S. Treasuries to reduce duration risk in the portfolio.



For illustration purposes only. The example does not represent the composition of an actual portfolio. This hypothetical example should not be considered investment advice and does not take into consideration an individual's investment objectives, risk tolerance or time horizon. Asset allocation does not assure profit or protect against risk.

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.

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.

Salient Tactical Muni & Credit Fund seeks to maximize total return (capital appreciation and income).

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 the risks associated 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.

Definition of Terms

Alpha is a technical risk ratio that shows a fund's excess return relative to the performance of its benchmark index.

Bloomberg Barclays High Yield Municipal Bond Index tracks the performance of noninvestment-grade U.S. municipal bonds with a remaining maturity of one year or more.

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.

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 Bond 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.

Correlation is a statistical measure of how two securities move in relation to each other.

Duration is a measure of the sensitivity of the price of a fixed-income investment to a change in interest rates and is expressed as a number of years.

Investment Grade refers to the quality of credit and indicates that a company or bond has a relatively low risk of default.

S&P 500 Index is an unmanaged index of 500 common stocks chosen to reflect the industries in the U.S. economy.

Sharpe ratio is a ratio developed by Nobel laureate William F. Sharpe to measure how a fund performs relative to the risk it takes.

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.

Yield curve is a line that plots the interest rates, at a set point in time, of bonds having equal credit quality, but differing maturity dates.

One cannot invest directly in an index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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