JUNE 2022

Why Salient Tactical Growth and Why Now?

In early 2020 the global coronavirus pandemic precipitated one of the sharpest stock market declines in history, followed by one of the fastest and strongest stock market recoveries ever recorded in the second half of 2020 and into 2021. But during the first quarter of 2022, the Russian invasion of Ukraine caused massive dislocations in the energy and commodities markets and in worldwide economic supply chains. These events have occurred against the backdrop of a surge in inflation to the highest level in 40 years and a tightening of monetary policy by the U.S. Federal Reserve (Fed). We believe that investors should consider a strategy that is designed to help mitigate downside portfolio risk and cushion assets from rising interest rates and another major stock market decline.

Salient Tactical Growth Fund is primarily an equity-oriented strategy. However, the fund has also had a low correlation to bonds over the last decade and has had a negative correlation to bonds during the seven major increases in interest rates since 2009. This is in large part because monetary policy and credit conditions are a major component of the Salient Tactical Growth strategy's four-pillar process. The fund's models are designed to monitor the rate of change of interest rates, credit spreads, commodity prices and other measures to identify the conditions that could adversely affect both the stock and bond markets.

As interest rates rise, there could be significant risk to both stock and bond holders. While many investors have used bonds as the anchor of a traditional 60/40 stock-bond allocation, it may be time to consider Salient Tactical Growth Fund as an alternative to that 40% bond allocation. Salient Tactical Growth Fund has a proven record of cushioning both stock and bond market volatility and could be considered as a core alternative to stock and bond portfolios.

Where are we now in the stock market cycle?

The Salient Tactical Growth Fund seeks to produce above-average, risk-adjusted returns, in any market environment, while exhibiting less downside volatility than the S&P 500 Index. The strategy achieved this goal in 2020 during a very difficult and often baffling stock market environment. We believe providing long-term investment returns in line with equities while managing downside risk is even more important today.

The Salient Tactical Growth team's four-pillar process assesses valuations, monetary policy, investor sentiment and market momentum. Here is where the four pillars stand currently:

- **Valuations** climbed to their highest level in almost a decade in the first half of 2021. This overvaluation in equity prices rivals the overvaluation levels reached during the 2000 dot-com stock market bubble and during the 2008- 2009 financial crisis. The ratio of stock prices to gross domestic product (sometimes called the "Buffett indicator") is currently higher than at the bubble peaks in 2000 and 1929.[1] While price-earnings ratios have declined from their highest levels, ***the Salient Tactical Growth investment team's current valuation models indicate that there may still be meaningful risk from present levels.***

[1] Ned Davis Research, as of February 28, 2022

Past performance is not indicative of future results. Short-term performance is not necessarily reflective of long-term results. There is no guarantee that the fund objective or strategy will be achieved.

- **Monetary policy and credit conditions** have begun to reflect a tightening of monetary policy and increased credit risk. The Fed has stated that it will be raising benchmark interest rates and will be shrinking its balance sheet throughout 2022. ***The tightening of monetary policy is negative for financial assets.***
- **Investor sentiment** showed extreme optimism as the stock market climbed to new highs during the first half of 2021. Intense speculation in areas like GameStop, silver futures and Bitcoin, in addition to the active day trading among Robinhood investors (amateur investors with larger appetites for risk than typical investors) was not unlike the dot- com mania in 2000. While investor sentiment has declined from those optimistic levels during the first quarter of 2022, ***longer-term measures of investor sentiment are still negative.***
- **Market momentum** has become increasingly negative in 2022. The investment team's measures of upside volume versus downside volume and market breadth models have shown significant deterioration. These momentum models are a major component of the Salient Tactical Growth risk management process. ***The deterioration in momentum now indicates a defensive position until these measures are able to climb back into positive territory.***

Why a tactical strategy in the current environment?

Tactical strategies are designed to perform best in uncertain and volatile market environments. These strategies historically outperform when there are wide-swinging trading ranges and elevated volatility. The Salient Tactical Growth investment team believes that their models are ideally suited to the current uncertain and volatile market environment. The team believes that the Salient Tactical Growth approach is particularly appropriate for multiple reasons:

1. **Stock market corrections** may become more frequent in coming years—in line with historical precedent. These corrections usually reflect the gradual but often volatile return of economic activity to more normal levels.
2. **Short selling** may again become a valuable alpha-generating tool. Pioneering market analyst and investor Marty Zweig's principle of "Don't fight the tape" may be more relevant in coming years as the market undergoes large swings up and down. Tactical investment strategies that can sell short in declining markets are designed for volatile markets.
3. **We may see a bumpy ride back to rate normalization.** The recovery of the global and U.S. economies from the coronavirus pandemic and Russia's invasion of Ukraine will likely take time and it may be a bumpy road back to normalization. Any recovery will also occur amid greatly increased global debt levels, less liquidity and a shift from passive investments to more active and flexible investments. We believe active risk management is essential to navigating this—and any—period of increased market volatility.
4. **The fund has a low correlation to bonds.** The fund has had a low 0.10 correlation to bonds over the last decade and has had a negative correlation to bonds during the seven significant periods of increases in interest rates since 2009.[2] Additionally, the fund has outperformed bonds during each of these seven periods of rising rates and produced positive returns in every major rise in interest rates since 2009.[3]

[2] Morningstar, as of June 30, 2021
[3] See chart on page 4.

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Why now?

The Tactical Growth investment process does not predict future stock or bond price movements but rather adapts to changing market conditions. The Salient investment team's process is currently signaling increased risk for both stock and bond prices. Elevated equity valuations and tightening monetary policy have created a potentially negative environment for stocks. During an average bear market, it is wise to remember that downside risk can often be 30% or more. Those investors close to retirement may not have time to make up a 50% market decline similar to the one that occurred during 2008-2009. Keep in mind:[4]

- The 2008–2009 stock market decline wiped out all the gains since 1995.
- The 1973–1974 stock market decline wiped out all the gains since 1958.
- The Nasdaq Composite Index fell 80% between 2000–2002 during the dot-com bubble. It took 15 years for the index to recover back to even.
- From the February 19, 2020, high to the March 23, 2020, low, the S&P 500 wiped out three years of gains in 23 trading days.
- A 1% rise in interest rates would result in a 9.0% decline in the 10-year U.S. Treasury Note and a 19.9% decline in the 30-year U.S. Treasury Bond.

The task of the Salient Tactical Growth Fund is to enhance downside risk mitigation, utilizing the investment tools at its disposal and aiming at positive performance during difficult times. The investment process is designed to help investors keep their portfolios prepared for impending market downturns. Salient Tactical Growth Fund has helped cushion portfolios from larger equity market declines that have occurred in recent years.

S&P 500 Decline Period	S&P 500	Salient Tactical Growth Fund (FTGWX)	Difference
07/07/11 - 10/03/11	-17.52%	-5.16%	12.36%
07/20/15 - 02/11/16	-12.89%	-3.69%	9.20%
01/26/18 - 02/08/18	-9.03%	-6.38%	2.65%
09/20/18 - 12/24/18	-18.73%	-7.12%	11.61%
02/19/20 - 03/23/20	-33.47%	-4.40%	29.07%

Source: Morningstar, as of September 2021. *For illustrative purposes only. Past performance is not indicative of future results. No investment strategy can guarantee performance results.*

[4] Bloomberg and Ned Davis Research, as of August 13, 2021

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Salient Tactical Growth Fund has historically outperformed bonds, as measured by the Bloomberg U.S. Aggregate Bond Index, during every major rise in interest rates since 2009. During these seven periods of rising interest rates, the Salient Tactical Growth Fund produced positive returns as compared with declines in the bond market.

Periods of Rising Interest Rates	Salient Tactical Growth Fund (FTGWX)	Bloomberg U.S. Aggregate Bond Index	Difference
11/30/09 - 12/29/09	0.90%	-1.53%	2.43%
11/04/10 - 01/31/11	2.35%	-2.04%	4.39%
07/25/12 - 09/05/13	9.65%	-3.59%	13.24%
01/30/15 - 12/30/15	2.13%	-1.69%	3.82%
07/08/16 - 11/08/18	16.61%	-2.47%	19.08%
08/04/20 - 02/26/21	4.42%	-2.48%	6.90%
08/02/21 - 01/14/22	0.38%	-2.85%	3.23%

Sources: Broadmark, Bloomberg and Salient, January 2022. *For illustrative purposes only. Past performance is not indicative of future results. No investment strategy can guarantee performance results.*

Why Salient Tactical Growth?

We believe the Salient Tactical Growth strategy may benefit long-term investors who want portfolios that are designed to be resilient in any market climate for multiple reasons.

- The Salient Tactical Growth strategy has been run by the same portfolio manager since 2001, through multiple bull and bear markets.
- The strategy can be allocated up to 100% cash and can also be net short, unlike many other tactical strategies.
- The investment team continually assesses market conditions in real time with the ability to reallocate the portfolio on an intraday basis.
- The portfolio invests in only the most liquid major market index ETFs and futures contracts.
- The fund has outperformed its peer groups and bonds since inception:

	3 Year	5 Year	7 Year	Since Inception*
Salient Tactical Growth Fund (FTGWX)	6.33%	5.13%	4.48%	4.22%
HFRX Equity Hedge Index	6.91%	4.66%	3.05%	2.31%
Morningstar Long/Short Equity Index	5.92%	4.62%	2.91%	3.36%
Bloomberg U.S. Aggregate Bond Index	1.69%	2.14%	1.87%	2.99%

* 09/14/09.

Source: Morningstar, March 2022. Annual compounded returns as of 03/31/22. *For illustrative purposes only. Past performance is not indicative of future results. No investment strategy can guarantee performance results.*

Past performance is not indicative of future results. Short-term performance is not necessarily reflective of long-term results. There is no guarantee that the fund objective or strategy will be achieved.

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.salientpartners.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.

Salient Tactical Growth Fund's investment objective is to produce above-average, risk-adjusted returns, in any market environment, while exhibiting less downside volatility than the S&P 500 Index.

Performance (%) as of 03/31/22. Gross/Net Expenses as of 05/01/22: **1.52%**/1.52%

	Q1 2022	YTD	1 Year	3 Year	5 Year	10 Year	Since Incep.*
Salient Tactical Growth Fund (FTGWX)	-3.60	-3.60	0.99	6.33	5.13	4.54	4.22
HFRX Equity Hedge Index	-0.29	-0.29	8.92	6.91	4.66	3.67	2.31
S&P 500 Index	-4.60	-4.60	15.65	18.92	15.99	14.64	14.63
Bloomberg U.S. Aggregate Bond Index	-5.93	-5.93	-4.15	1.69	2.14	2.24	2.99

*As of 09/14/09
Returns for periods greater than one year are annualized.

The performance quoted represents past performance, does not guarantee future results and current performance may be lower or higher than the data quoted. The return metrics are for the Salient Tactical Growth Fund Institutional Class Shares (FTGWX). 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.salientpartners.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.*

Index performance is shown for illustrative purposes only and does not reflect the payment of advisory fees and other expenses associated with an investment in a mutual fund. Investors cannot directly invest in an index. The performance shown is for the stated time period only; due to market volatility, each account's performance may be different.

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.

The fund will hold at times a portion of its assets in cash/cash equivalents. During a rising stock market, this strategy could have a negative effect on the fund's ability to achieve its investment objective. The fund will indirectly bear a share of a money market fund's expenses if utilized, in addition to the operating expenses of the fund, which are borne directly by fund shareholders.

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.

Investing in exchange-traded funds (ETFs) will subject a fund to substantially the same risks as those associated with the direct ownership of the securities or other property held by the ETFs.

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.

To the extent that the fund makes investments on a shorter-term basis the fund may as a result trade more frequently and incur higher levels of brokerage fees and commissions.

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

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.

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

Asset allocation does not assure profit or protect against risk. Diversification does not assure profit or protect against risk.

As of 03/31/22, Salient Tactical Growth Fund does not own shares in GameStop Corporation (GME).

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 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.

Breadth is a technique used in technical analysis that attempts to gauge the direction of the overall market by analyzing the number of companies advancing relative to the number declining.

Credit spread is the spread between Treasury securities and non-Treasury securities that are identical in all respects except for quality rating.

Futures contracts are financial contracts that obligate the buyer to purchase an asset (or the seller to sell an asset), such as a physical commodity or a financial instrument, at a predetermined future date and price.

HFRX Equity Hedge Index is comprised of private funds with strategies that maintain both long and short positions primarily in equity securities and equity derivatives.

Momentum is the rate of acceleration of a security's price or volume.

Morningstar Long/Short Equity Index is an equal-weighted index that measures the average performance of all funds in Morningstar's long/short equity category.

Nasdaq Composite Index is a capitalization-weighted index designed to measure the performance of 3,000 stocks listed on the Nasdaq exchange, which includes large technology and biotech companies.

Price-earnings (P/E) ratio is a measure of the price paid for a share of stock relative to the annual income or profit earned by the company per share. A higher P/E ratio means that investors are paying more for each unit of income.

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

Valuation is the process of determining the value of an asset or company based on earnings and the market value of assets.

Volatility is a statistical measure of the dispersion of returns for a given security or market index.

Volume is the number of shares or contracts traded in a security or an entire market during a given period of time.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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