Salient

February 2016

Forward Funds Tax Year 2015 (Unaudited)
Qualified Dividend Income and Corporate Dividend Exclusion

The table below shows the percentage of income generated in Forward Funds that is designated as qualifying dividends. This breakdown may have tax benefits to certain individual and corporate shareholders of Forward Funds. Please consult your tax advisor for more information.

Fund	% of Qualifying Dividends	Corporate Dividend Exclusion % of Qualifying Dividends
Forward Balanced Allocation Fund	55.81%	6.38%
Forward Commodity Long/Short Strategy Fund	0.00%	0.00%
Forward Credit Analysis Long/Short Fund	0.00%	0.00%
Forward Dynamic Income Fund	23.32%	20.94%
Forward EM Corporate Debt Fund	0.00%	0.00%
Forward Emerging Markets Fund	100.00%	0.00%
Forward Equity Long/Short Fund*	3.37%	4.33%
Forward Frontier Strategy Fund	0.00%	0.00%
Forward Global Dividend Fund*	72.64%	26.70%
Forward Global Infrastructure Fund	100.00%	11.53%
Forward Growth & Income Allocation Fund	61.64%	5.29%
Forward Growth Allocation Fund	60.34%	4.27%
Forward High Yield Bond Fund	0.00%	0.00%
Forward Income & Growth Allocation Fund*	0.00%	0.00%
Forward Income Builder Fund	15.83%	1.21%
Forward International Dividend Fund	61.77%	0.00%
Forward International Real Estate Fund	17.71%	0.00%
Forward International Small Companies Fund	100.00%	0.00%
Forward Investment Grade Fixed-Income Fund	0.00%	0.00%
Forward Multi-Strategy Fund	23.44%	6.90%
Forward Real Estate Fund	1.81%	0.86%
Forward Real Estate Long/Short Fund	20.87%	7.75%
Forward Select EM Dividend Fund*	80.53%	0.00%
Forward Select Income Fund	10.88%	7.75%
Forward Select Opportunity Fund	44.79%	33.38%
Forward Small Cap Equity Fund*	0.00%	0.00%
Forward Tactical Enhanced Fund*	0.00%	0.00%
Forward Tactical Growth Fund	0.00%	0.00%
Forward Total MarketPlus Fund	82.48%	0.00%
Forward U.S. Government Money Fund*	0.00%	0.00%

* Forward Equity Long/Short Fund closed on April 24, 2015. Forward Global Dividend Fund closed on November 17, 2015. Forward Income & Growth Allocation Fund closed on August 12, 2015. Forward Select EM Dividend Fund closed on December 15, 2015. Forward Small Cap Equity Fund closed on August 12, 2015. Forward Tactical Enhanced Fund closed on December 23, 2015. Forward U.S. Government Money Fund closed on August 26, 2015.

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Forward Funds Tax Year 2015 (Unaudited)
Percentage of Ordinary Income Dividends Derived From U.S. Government Securities

During the calendar year, certain Forward Funds invested in securities issued by the U.S. government or other federal agencies (collectively, "U.S. Government Securities"). Under federal law, the interest on U.S. Government Securities is exempt from state taxation. Certain states also exempt from state taxation the ordinary income dividends a mutual fund shareholder receives that is derived from the fund's investment in these U.S. Government Securities.

The table below provides the percentages of ordinary income dividends derived from investments in U.S. Government Securities during calendar year 2015. To determine the amount that may be exempt from state income tax, multiply the amount reported in box 1a of Form 1099-DIV by the applicable percentage below. As the requirements for exemption vary by state, we suggest that you consult a tax advisor or your state's income tax return instructions to determine your eligibility.

California, Connecticut and New York require that a mutual fund maintain certain minimum investments in U.S. Government Securities in order for the ordinary income dividends derived from these obligations to be exempt from state income tax. None of the funds listed below met these requirements for calendar year 2015.

Fund	% of Income Derived From Direct U.S. Government Securities	% of Income Derived From Indirect U.S. Government Securities
Forward Balanced Allocation Fund	1.32%	1.20%
Forward Commodity Long/Short Strategy Fund	0.00%	0.00%
Forward Credit Analysis Long/Short Fund	0.23%	0.00%
Forward Dynamic Income Fund	0.00%	0.00%
Forward EM Corporate Debt Fund	0.00%	0.00%
Forward Emerging Markets Fund	0.00%	0.00%
Forward Equity Long/Short Fund*	0.00%	0.00%
Forward Frontier Strategy Fund	10.91%	41.13%
Forward Global Dividend Fund*	0.00%	2.65%
Forward Global Infrastructure Fund	0.00%	0.00%
Forward Growth & Income Allocation Fund	0.77%	1.49%
Forward Growth Allocation Fund	0.42%	1.50%
Forward High Yield Bond Fund	0.00%	0.00%
Forward Income & Growth Allocation Fund*	0.00%	0.00%
Forward Income Builder Fund	0.01%	0.55%
Forward International Dividend Fund	0.00%	3.28%
Forward International Real Estate Fund	0.00%	0.00%
Forward International Small Companies Fund	0.00%	0.00%
Forward Investment Grade Fixed-Income Fund	12.38%	0.00%
Forward Multi-Strategy Fund	0.04%	0.40%
Forward Real Estate Fund	0.00%	0.00%
Forward Real Estate Long/Short Fund	0.00%	0.00%
Forward Select EM Dividend Fund*	0.00%	4.01%

Forward Select Income Fund	0.00%	0.00%
Forward Select Opportunity Fund	0.00%	0.00%
Forward Small Cap Equity Fund*	0.00%	0.00%
Forward Tactical Enhanced Fund*	0.00%	0.00%
Forward Tactical Growth Fund	0.00%	0.00%
Forward Total MarketPlus Fund	0.00%	24.75%
Forward U.S. Government Money Fund*	7.39%	73.22%

* Forward Equity Long/Short Fund closed on April 24, 2015. Forward Global Dividend Fund closed on November 17, 2015. Forward Income & Growth Allocation Fund closed on August 12, 2015. Forward Select EM Dividend Fund closed on December 15, 2015. Forward Small Cap Equity Fund closed on August 12, 2015. Forward Tactical Enhanced Fund closed on December 23, 2015. Forward U.S. Government Money Fund closed on August 26, 2015.

Salient is not a tax advisor. We suggest that you consult a tax advisor or your account representative and/or review the information on filing your taxes provided by the IRS at www.irs.gov. If you have any questions regarding this letter or your options, please contact us at 800-999-6809.

You should consider the investment objectives, risks, charges and expenses of the Forward 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.forwardinvesting.com. It should be read carefully before investing.

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.

Forward Funds are distributed by Forward Securities, LLC.
Not FDIC Insured | No Bank Guarantee | May Lose Value
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