January 2019

Forward Funds Trust Tax Year 2018 (Unaudited):
Foreign Taxes Paid and Foreign Source Income

The Salient Funds listed below have elected to pass through to shareholders the foreign taxes paid on income earned from foreign investments. These foreign taxes are reported in box 6 of Form 1099-DIV. As a shareholder in one of these funds, you may be able to claim a tax credit or an itemized deduction on your federal tax return for the amount of tax paid to foreign countries. You should consult your tax advisor to assist you in determining your eligibility to claim either the foreign tax credit or foreign tax deduction and for help in choosing which option is in your best interest.

Foreign Tax Credit: If you are eligible to claim a foreign tax credit, you will have to determine if you are required to file Form 1116. You may be able to claim the credit without filing Form 1116 if your 2018 share of foreign tax from all sources is $300 or less ($600 if filing a joint return) and your only foreign source of income is interest and dividends. If you are not required to file Form 1116, report the amount from box 6 of Form 1099-DIV on line 48 of Form 1040. The table below provides the information you will need to calculate the foreign tax credit using Form 1116.

Foreign Tax Deduction: If you choose not to claim a credit for foreign tax paid, you may take a deduction by reporting the foreign tax amount from box 6 of Form 1099-DIV on Form 1040, Schedule A.

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<tr>
<th>Fund</th>
<th>Foreign Source Income % of Box 1a</th>
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<tbody>
<tr>
<td>Salient International Small Cap Fund</td>
<td>96.48%</td>
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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.

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Not FDIC Insured | No Bank Guarantee | May Lose Value