

Market Commentary

Pictet Asset Management, Ltd. Global Emerging Markets Review May 2007

Performance as March 31, 2007								
	March 2007	QTD	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception (05/10/99)
Forward Global Emerging Markets Fund (Institutional Share Class)	2.72%	0.91%	0.91%	21.06%	26.23%	26.63%	8.95%	9.10%
MSCI Emerging Markets Index	4.02%	2.35%	2.35%	21.03%	27.97%	25.43%	9.44%	9.47%

	Gross Expense	Net/Actual Expense
Forward Global Emerging Markets Fund (Institutional Share Class)	1.90%	1.39% *

The performance data quoted represent past performance, do not guarantee future results and current performance may be lower or higher than quoted. Performance data quoted do not reflect the non-recurring redemption fee of 2% that may be charged if shares are sold or exchanged within 180 days of the purchase date. If these fees were reflected, the performance data quoted would be lower. 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. The returns assume reinvestment of dividends and distributions, if any. Performance data current to the most recent month-end may be obtained at www.forwardfunds.com or by calling (800) 999-6809. The Fund's benchmark, the MSCI Emerging Markets Index, includes securities of approximately 680 companies domiciled in 26 markets. It is not possible to invest directly in an index.

The Forward Global Emerging Market Fund has underperformed the benchmark YTD due to several factors. First, the Forward Global Emerging Markets Fund has maintained a value, large cap bias and much of the outperformance in emerging markets over the last 24 months has been momentum driven and the best performing markets of Brazil, India and Eastern Europe, where the fund is neutral to underweight, have continued to outperform. On a regional asset allocation basis, the fund has significantly underperformed due to poor stock selection in Asia, particularly in India and Korea. In India, the fund has maintained an underweight the market but suffered from poor performance primarily due to poor returns in the information technology sector with holdings in Patni and Satyam computer. In Korea, the fund has maintained an overweight in the attractively valued financial sector and in Samsung Electronics, which has led to relative underperformance. On a sector basis, most of the underperformance has come from materials, financial and telecom sectors. In materials, the fund has been underweight and has had limited exposure to Russian or Chinese material sector. In financials, the fund is overweight Taiwanese and Korean financials because of attractive valuations and long term potential catalysts. In the telecom service sector, some of the biggest performing stocks of 2006 have seen some profit taking, such as MTS, China Mobile, PLDT and China Unicom, despite attractive valuations and superior visibility of earnings growth.

On a positive note, the Forward Global Emerging Markets Fund maintains its commitment to undervalued stocks. The fund has generated outperformance in many markets, including Brazil, Argentina, Russia and Malaysia. The fund will continue to increase its active weight in those areas where relative value emerges, particularly domestically geared names. Finally, over the past month, performance has picked up as individual stock bets are beginning to pay off in some of the lagging sectors, including financials and telecom. The larger cap bias of the fund should begin to unlock outperformance because, in general, across emerging markets large cap stocks look attractive with strong ROEs, free cash flow generation, and lower leverage than their small and mid cap counterparts.

Forward Global Emerging Markets Fund – Top Ten holdings as of 03/31/07:

Top Ten Holdings	Ticker	% Fund with Cash
Samsung Electronics Co., Ltd.	005930KS	4.01%
AO Gazprom, Sponsored ADR	OGZD LI	3.87%
Petroleo Brasileiro SA, ADR	PBR/A	3.76%
America Movil SA de CV, ADR, Series L	AMX	2.47%
China Mobile, Ltd.	941 HK	2.30%
Cia Vale do Rio Doce	VALE3 BZ	2.29%
Taiwan Semiconductor Manufacturing Co., Ltd.	2330 TT	2.02%
China Construction Bank Corp.	939 HK	1.91%
LUKOIL, Sponsored ADR	LKOD LI	1.90%
Teva Pharmaceutical Industries, Ltd., Sponsored ADR	TEVA	1.50%

Return on equity (ROE) is a measure of a corporation's profitability that reveals how much profit a company generates with the money shareholders have invested.

You should consider the investment objectives, risks, charges and expenses carefully before investing. A prospectus with this and other information about the Fund may be obtained by calling (800) 999-6809 or by downloading one from www.forwardfunds.com. It should be read carefully before investing.

* The Fund's investment advisor has contractually agreed to waive a portion of its fees until January 1, 2008 in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends and extraordinary expenses) for the Fund's Institutional Class shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.39%.

Investing in foreign securities will involve certain additional risks, including exchange rate fluctuation, less liquidity, greater volatility and less regulation. Small company stocks are generally riskier than large company stocks due to greater volatility and less liquidity. There are risks involved with investing, including loss of principal. Past performance does not guarantee future results.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an index.

Forward Funds are distributed by ALPS Distributors, Inc.

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