

February 2008

**Forward Global Emerging Markets Fund***Sub-Advised by Pictet Asset Management Ltd.*

Performance as of December 31, 2007	4Q07	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross/Net <sup>†</sup> Expenses
Forward Global Emerging Markets Fund—Institutional	2.35%	39.00%	39.00%	34.83%	38.93%	15.14%	11.40%	1.90%/1.39%
MSCI Emerging Markets Index	3.66%	39.78%	39.78%	35.60%	37.48%	15.75%	11.67%	

Returns for periods greater than one year are annualized.

\*10/04/95

<sup>†</sup>The Fund's investment advisor has contractually agreed to waive a portion of its fees until April 30, 2008, in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends and extraordinary expenses) for the Institutional Class shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.39%.

The Institutional Class of the Pictet Global Emerging Markets Fund was reorganized into the Institutional Class of the Forward Global Emerging Markets Fund on September 15, 2004. Performance figures shown for periods prior to September 15, 2004, represent performance of the Institutional Class of Pictet Global Emerging Markets Fund.

**The performance quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance quoted. 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 current to the most recent month-end may be obtained at [www.forwardfunds.com](http://www.forwardfunds.com) or by calling (800) 999-6809.**

**MARKET REVIEW**

February saw emerging equity markets recover some of the losses accrued in the previous month. The MSCI Emerging Market Index gained 7.4%, which represented a healthy out-performance over developed markets. Material and energy stocks were key contributors to performance over the month, reflecting the sharp rise in many commodity prices over the period. At a country level, Taiwan posted double-digit gains as investors started to factor in an opposition victory in the forthcoming elections. Brazil and Peru also performed well, reflecting their relatively large index exposure to materials and energy stocks. China, Thailand, and Egypt also out-performed. India was one of the few markets to decline over the month. The disappointing stock market listing of Reliance Power, coupled with an increase in capital gains tax for stocks sold within one year, kept the market subdued. Turkey also underperformed over the month as unfavorable trends in inflation and the current account deterred investor buying. The Philippines, Mexico, and Hungary were the other notable performance laggards over the month. At a sector level, energy, materials, and industrials performed well in contrast to more subdued returns from telecoms, financials, and consumer related stocks.

**PERFORMANCE ANALYSIS**

The fund outperformed the rise in the benchmark index over the month. At a country asset allocation level, there was a positive impact from the overweight policy in Taiwan and Thailand and the underweight strategy in India and Mexico. In terms of stock selection, the industrial holdings in Taiwan made a strong contribution to performance. The coal company Bumi Resources aided good performance from Indonesia. Stock picking in Korea was negative due to weakness in Kookmin Bank and consumer names, Shisegae and Hyundai Department Store.

**PORTFOLIO ACTIVITY: OVERWEIGHTINGS AND UNDERWEIGHTINGS**

Opportunities were taken to add to positions in Taiwan—favoring quality domestic franchises with attractive valuations and a good catalyst for growth. This has taken Taiwan to an overweight position relative to the benchmark. Inflation and earnings growth issues make us more cautious on the near-term outlook for China and we have moved our policy back towards an index weight. The Russian oil sector looks attractive to us following under performance over 2007, and we have built a position in Rosneft, which offers strong growth fundamentals and improving corporate visibility. A position was initiated in Gamuda, a Malaysian-based contractor with exposure to many long-term infrastructure projects across Asia and the Middle East. We added to two positions in non-correlated Pakistan, United Bank and Oil and Gas Development.

**MARKET OUTLOOK**

The underlying fundamentals for emerging markets remain attractive and their relative strengths are being amplified by the growth challenges facing many developed economies. Whilst these secular supports remain, the full economic impact of the recent credit crises is yet to be fully apparent and the “de-coupling” thesis is expected to come under greater scrutiny as a result. Further

volatility is likely over the first half of the year, but any further sharp pull-back in emerging equity prices may provide good opportunities for investors with a longer-term horizon.

#### **PORTFOLIO STRATEGY**

The Fund continues to focus on opportunities identified by our bottom-up and valuation-based process. This methodology results in a bias towards the markets of Russia, Brazil, Thailand, Taiwan, and Indonesia. The Fund is currently underweight the markets in South Africa, Mexico, and China. Opportunities are being sought to raise weightings in India. At a sector level, the Fund is overweight telecoms, while more cautious towards the IT sector.

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.

**Investing in foreign securities, especially emerging markets, will involve certain additional risks, including exchange rate fluctuation, less liquidity, greater volatility, and less regulation.**

*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](http://www.forwardfunds.com). It should be read carefully before investing.*

Forward Funds are distributed by ALPS Distributors, Inc.

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As of February 29, 2008, the Fund held the following positions in the portfolio (These holdings may not reflect the current or future positions in the portfolio. Portfolio holdings are subject to change.):

Forward Global Emerging Markets Fund

As of 02/29/2008

Security ID	Ticker	Security Name	# of		Market Value	% of Total Net Assets	Currency Code
			Shares	Market Price			
71654V101	PBR/A	Petroleo Brasileiro SA, ADR	53,844	\$ 97.93	\$ 5,272,943	5.59%	USD
368287207	OGZD LI	OAO Gazprom, Sponsored ADR	87,290	50.36	4,396,020	4.66%	USD
2196286	VALE3 BZ	Companhia Vale do Rio Doce	86,434	34.86	3,013,511	3.19%	BRL
02364W105	AMX	America Movil SA de CV, ADR, Series L	38,859	60.46	2,349,415	2.49%	USD
6073556	941 HK	China Mobile, Ltd.	134,000	14.97	2,006,399	2.13%	HKD
6563206	MTN SJ	MTN Group, Ltd.	114,209	15.66	1,788,431	1.90%	ZAR
6771720	005930KS	Samsung Electronics Co., Ltd.	3,037	586.17	1,780,205	1.89%	KRW
90458E107	UBB	Unibanco-Uniao de Bancos Brasileiros SA, GDR	11,986	135.62	1,625,541	1.72%	USD
6397502	055550KS	Shinhan Financial Group Co., Ltd.	30,148	53.87	1,624,037	1.72%	KRW
B1FFT76	IMP SJ	Impala Platinum Holdings, Ltd.	38,957	41.38	1,612,070	1.71%	ZAR
6043485	BUMI IJ	PT Bumi Resources Tbk	1,899,500	0.83	1,567,218	1.66%	IDR
68554N106	QRSD LI	Orascom Construction Industries Co., GDR	6,151	248.68	1,529,655	1.62%	USD
4767981	SBER RU	Sberbank	452,734	3.30	1,496,014	1.59%	USD
67812M207	ROSN LI	Rosneft Oil Co., GDR	176,231	8.10	1,427,242	1.51%	USD
7131431	GMKN RU	MMC Norilsk Nickel	4,823	281.36	1,356,992	1.44%	USD
6805049	004170KS	Shinsegae Co., Ltd.	2,154	620.92	1,337,468	1.42%	KRW
856552203	SBID LI	State Bank of India, GDR	11,464	108.81	1,247,345	1.32%	USD
6364766	KBANK-R	Kasikornbank Plc	450,200	2.76	1,240,868	1.32%	THB
6109439	1722 TT	Taiwan Fertilizer Co., Ltd.	302,000	3.90	1,177,912	1.25%	TWD
B00G0S5	883 HK	CNOOC, Ltd.	700,000	1.66	1,162,517	1.23%	HKD
6438564	2317 TT	Hon Hai Precision Industry Co., Ltd.	187,756	5.97	1,120,175	1.19%	TWD
B0LMTQ3	939 HK	China Construction Bank Corp.	1,472,662	0.76	1,115,762	1.18%	HKD
48122U204	SSA LI	Sistema JSFC, Sponsored GDR	30,590	35.70	1,092,146	1.16%	USD
6537030	003550KS	LG Corp.	15,552	69.55	1,081,668	1.15%	KRW
6771601	000830KS	Samsung Corp.	16,938	61.00	1,033,294	1.10%	KRW
B125TD5	PNBHARTI	Bharti Airtel, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 03/17/11	48,670	20.65	1,004,963	1.07%	INR
6520739	066570KS	LG Electronics, Inc.	9,220	107.70	993,026	1.05%	KRW
6621580	1303 TT	Nan Ya Plastics Corp.	410,000	2.36	965,570	1.02%	NTS
34415V109	FMCN	Focus Media Holding, Ltd., ADR	18,915	50.37	952,749	1.01%	USD
PNRANBAX		Ranbaxy Laboratories, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 01/28/09	85,468	11.14	952,077	1.01%	INR
6288190	2409 TT	AU Optronics Corp.	493,477	1.91	941,252	1.00%	TWD
6810010	363 HK	Shanghai Industrial Holdings, Ltd.	228,000	4.08	929,759	0.99%	HKD
6359881	GAM MK	Gamuda Bhd	760,300	1.22	924,379	0.98%	MYR
6527666	2891 TT	Chinatrust Financial Holding Co., Ltd.	1,011,600	0.89	904,377	0.96%	TWD
607409109	MBT	Mobile TeleSystems OJSC, Sponsored ADR	10,938	82.06	897,572	0.95%	USD
6075745	BCHB MK	Bumiputra-Commerce Holdings Bhd	273,000	3.24	885,222	0.94%	MYR
2328595	BBAS3 BZ	Banco do Brasil SA	52,238	16.66	870,479	0.92%	BRL
874039100	TSM	Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	87,013	9.74	847,507	0.90%	USD
B0CGYD6	LREN3 BZ	Lojas Renner SA	40,625	19.64	797,798	0.85%	BRL
B0T4J94	3393 HK	Wasion Meters Group, Ltd.	1,504,000	0.53	796,291	0.84%	HKD
6568610	069960KS	Hyundai Department Store Co., Ltd.	8,266	94.04	777,342	0.82%	KRW
6600879	323 HK	Maanshan Iron & Steel Co., Ltd.	1,228,000	0.62	764,152	0.81%	HKD

## Forward Global Emerging Markets Fund

As of 02/29/2008

Security ID	Ticker	Security Name	# of	Market Price	Market Value	% of Total Net Assets	Currency Code
			Shares				
6287841	2412 TT	Chunghwa Telecom Co., Ltd.	306,000	2.49	760,815	0.81%	TWD
5263251	KGH PW	KGHM Polska Miedz SA	16,364	46.27	757,238	0.80%	PLN
6425663	2882 TT	Cathay Financial Holding, Co., Ltd.	301,485	2.51	755,382	0.80%	TWD
B1YBRG0	CMIG4 BZ	Cia Energetica de Minas Gerais, Preference	38,896	19.04	740,613	0.79%	BRL
B2471B8	1393 HK	Hidili Industry International Development, Ltd.	426,000	1.72	732,707	0.78%	HKD
2386009	USIM5 BZ	Usinas Siderurgicas de Minas Gerais SA, Preference	12,536	58.29	730,766	0.77%	BRL
B03MYS8	ISCTR TI	Turkiye Is Bankasi AS, Class C	159,162	4.59	730,033	0.77%	TRL
715684106	TLK	PT Telekomunikasi Indonesia, Sponsored ADR	16,755	42.66	714,768	0.76%	USD
6372480	2454 TT	MediaTek, Inc.	62,700	11.22	703,213	0.75%	TWD
6597700	1200 HK	Midland Holdings, Ltd.	522,000	1.33	695,083	0.74%	HKD
6868398	T MK	Telekom Malaysia Bhd	193,700	3.53	683,823	0.72%	MYR
B01RQM3	2343 HK	Pacific Basin Shipping, Ltd.	409,000	1.66	677,728	0.72%	HKD
16941R108	SNP	China Petroleum & Chemical Corp., ADR	6,147	109.44	672,728	0.71%	USD
6155250	000810KS	Samsung Fire & Marine Insurance Co., Ltd.	3,394	197.67	670,900	0.71%	KRW
B1359K1	PTTEP TB	PTT Exploration & Production Pcl	133,100	5.03	669,944	0.71%	THB
559189204	MMK LI	Magnitogorsk Iron & Steel Works, Sponsored GDR	43,140	15.34	661,651	0.70%	USD
6651048	BMRI IJ	PT Bank Mandiri Tbk	1,842,415	0.35	646,642	0.69%	IDR
PNHINDA		Hindalco Industries, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 09/30/10	127,677	5.06	646,442	0.69%	INR
6709099	BBRI IJ	PT Bank Rakyat Indonesia Tbk	829,313	0.78	643,786	0.68%	IDR
6192150	688 HK	China Overseas Land & Investment, Ltd.	331,250	1.94	641,556	0.68%	HKD
45104G104	IBN	ICICI Bank, Ltd., Sponsored ADR	12,320	51.84	638,669	0.68%	USD
B09RFT5	UBL PA	United Bank, Ltd.	184,900	3.30	611,069	0.65%	PKR
PNHINDU		Hindustan Unilever, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 12/30/10	103,346	5.69	587,560	0.62%	INR
B1Q2FV2	GVTT3 BZ	Global Village Telecom Holding SA	26,744	21.59	577,390	0.61%	BRL
B1Z5G97	PNDLFLIM	DLF, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 06/21/12	29,180	19.50	569,015	0.60%	INR
876568502	TTM	Tata Motors, Ltd., Sponsored ADR	32,361	17.52	566,965	0.60%	USD
6489261	011160KS	Doosan Construction & Engineering Co., Ltd.	38,210	14.51	554,330	0.59%	KRW
6732716	OGDC PA	Oil & Gas Development Co., Ltd.	265,500	2.06	546,811	0.58%	PKR
B09N7M0	1088 HK	China Shenhua Energy Co., Ltd.	107,000	5.09	545,015	0.58%	HKD
B07J656	2727 HK	Shanghai Electric Group Co., Ltd.	767,037	0.71	542,899	0.58%	HKD
40052A209	GCLA LI	Grupo Clarin SA, GDR, Class B	38,920	13.90	540,988	0.57%	USD
6972459	291 HK	China Resources Enterprise, Ltd.	152,000	3.55	539,625	0.57%	HKD
88706P106	TSU	Tim Participacoes SA, ADR	12,921	41.02	530,019	0.56%	USD
PNSAIL		Steel Authority of India, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 04/21/09	81,822	6.36	520,295	0.55%	INR
904688207	UESD LI	RAO Unified Energy System, GDR, Registered Shares	4,373	116.49	509,403	0.54%	USD
B1W0JF2	998 HK	China Citic Bank	915,000	0.54	497,486	0.53%	HKD
40330W106	GU	Gushan Environmental Energy, Ltd., ADR	46,132	10.65	491,306	0.52%	USD
6263766	203 HK	Denway Motors, Ltd.	940,000	0.51	475,140	0.50%	HKD
6808877	2325 TT	Siliconware Precision Industries Co.	291,458	1.63	474,960	0.50%	TWD
86800C104	STP	Suntech Power Holdings Co., Ltd., ADR	12,599	37.17	468,305	0.50%	USD
6424110	2885 TT	Yuanta Financial Holding Co., Ltd., ADR	530,000	0.88	464,650	0.49%	TWD
6249584	000210KS	Daelim Industrial Co.	2,825	155.61	439,592	0.47%	KRW
6246574	015940KS	LG Dacom Corp.	24,670	16.73	412,736	0.44%	KRW

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As of 02/29/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
PNGUJA		Gujarat NRE Coke, Ltd. (Loan Participation Note issued by Macquarie Group, Ltd.), expiring 05/10/12	102,292	3.92	401,346	0.43%	INR
6560393	035420KS	NHN Corp.	1,791	221.94	397,489	0.42%	KRW
6116246	754 HK	Hopson Development Holdings, Ltd.	210,457	1.68	352,635	0.37%	HKD
B01H2V4	VIETNGF	Vietnam Growth Fund, Ltd.	12,128	23.25	281,976	0.30%	USD
6869937	1101 TT	Taiwan Cement Corp.	144,000	1.78	256,186	0.27%	TWD
VIETRES		Vietnam Resource Investments Holdings, Ltd.	26,000	8.50	221,000	0.23%	USD
B1Y3WG1	IOI MK	IOI Corp., Bhd	24,200	2.49	60,190	0.06%	MYR
583840103	MTL	Mechel, ADR	398	132.05	52,556	0.06%	USD
7320154	OTP HB	OTP Bank Nyrt.	95	40.41	3,839	0.00%	HUF
05961W105	BMA	Banco Macro SA, ADR	113	22.91	2,589	0.00%	USD
6718255	2333 HK	Great Wall Motor Co., Ltd.	400	1.16	464	0.00%	HKD
718252109	TEL PM	Philippine Long Distance Telephone Co.	3	70.56	212	0.00%	PHP
B24FZ32	3998 HK	Bosideng International Holdings, Ltd.	443	0.20	89	0.00%	HKD
6496818	003480KS	Hanjin Heavy Industries & Construction Co., Ltd.	1	35.41	35	0.00%	KRW
6055112	ALI PM	Ayala Land, Inc.	2	0.29	1	0.00%	PHP
4176996	CHPR CP	Chirana Prema AS	525	0.00	0	0.00%	SKK
R6877071	TRUE RTS	True Corporation Public Co., Ltd., Rights	47,704	0.00	0	0.00%	THB
		Net Cash & Cash Equivalents			6,597,788	6.99%	