

Objective

An actively managed growth fund that seeks to achieve long-term growth of capital investing primarily in equity securities of companies in the emerging markets of Europe (Eastern Europe countries).

Currently, Eastern Europe countries include Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Kazakhstan, Latvia, Lithuania, Moldova, Poland, Republic of Macedonia, Romania, Russia, Serbia and Montenegro, Slovakia, Slovenia, Turkey and Ukraine.

Strategy Overview

The fund invests in a non-diversified portfolio of equity securities of companies located in Eastern Europe. Investments are typically made in at least eight Eastern Europe countries but may be made in as few as six countries.

Portfolio Facts

SUB-ADVISOR

Pictet Asset Management, Ltd.

CATEGORY

Foreign Growth

INCEPTION DATE

December 31, 2007

TICKER

FEEX – Investor Class

FEIX – Institutional Class

FEEAX – Class A

FEEXC – Class C

MINIMUM INVESTMENT

Investor, Class A and Class C

Initial: \$4,000

Initial-eDelivery: \$2,000

Initial-Automatic Investment Plan: \$500

Institutional

Initial: \$100,000

STATISTICS

Price/Book*:	3.04
Forward P/E*:	9.71
EPS Growth Rate*:	27.88%
Long-Term Debt-to-Equity*:	9.25%
Weighted Average Market Cap*:	\$54.9 B
Average Cap*:	\$21.3 B
Number of Holding:	52
Annualized Turnover:	74.43%

*Data refers to the Fund's holdings and not to the Fund. Price/Book Ratio and Price/Earnings Ratio represent equity securities with in the Fund's portfolio, and are not intended to demonstrate Fund growth, income earned by the Fund, or distributions made by the Fund. EPS Growth Rate represents current year consensus estimates weighed by distribution of the portfolio.

Portfolio Construction

- The fund utilizes a bottom-up and value-oriented approach
- Qualitative and quantitative screens help identify a core of 300 companies from a universe of 6,100 emerging markets companies
- A team of specialists works to analyze investments and create the portfolio using a long-established, proprietary database
- Using macro economic risk controls and guidelines, a final portfolio of 50–70 companies is constructed

Stock Selection Process

The fund utilizes a bottom-up stock selection process focusing on three main methods of analysis:

1. Industrials

Undervalued industrial capacity: buy companies valued below the median; no dependence on earning projections

2. Financials

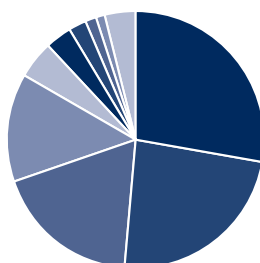
Screen for the world's cheapest banking franchises with the strongest capital ratios and highest potential for profitability

3. Intellectual Property & Services

A balanced approach identifies the best opportunities through an objective combination of current valuations and implied future growth

Sector Allocation

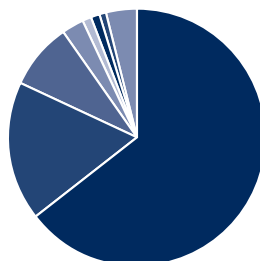
These allocations may not reflect the current or future holdings of the portfolio. Percentages may not add to 100% due to rounding.



■ Energy	- 28.02%
■ Financials	- 23.48%
■ Materials	- 18.49%
■ Telecommunication Services	- 13.39%
■ Industrials	- 4.89%
■ Consumer Staples	- 3.25%
■ Consumer Discretionary	- 2.19%
■ Health Care	- 1.49%
■ Utilities	- 1.11%
■ Net Cash & Cash Equivalents	- 3.69%

Country Allocation

These allocations may not reflect the current or future holdings of the portfolio. Percentages may not add to 100% due to rounding.



■ Russia	- 64.57%
■ Turkey	- 17.41%
■ Poland	- 8.44%
■ Hungary	- 2.83%
■ Czech Republic	- 1.11%
■ Kazakhstan	- 0.96%
■ Georgia	- 0.94%
■ Estonia	- 0.05%
■ Net Cash & Cash Equivalents	- 3.69%

Performance - as of 06/30/08

	2Q	YTD	Since Inc. (12/31/07)
Forward Eastern Europe Equities Fund—Inst'l Class:	6.42%	-12.20%	-12.20%
MSCI Emerging Markets Europe 10/40 Index	5.07%	-9.39%	-9.39%
Gross Expense Ratio:	2.80%		
Net Expense Ratio*:	1.50%		

* The Fund's investment advisor has contractually agreed to waive a portion of its fees and reimburse other expenses until April 30, 2009, 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 1.50%.

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 does not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemptions of fund shares. Performance current to the most recent month end may be obtained at www.forwardfunds.com.

Management Team**Agne Zitkute, CFA***

Senior Investment Manager

Zitkute is a Senior Investment Manager in the Global Emerging Markets Equities Team specializing in Eastern European markets. She holds a BA in business from the Kaunas University of Technology in Lithuania and an MBA from Georgetown University in Washington, DC.

Oliver Bell

Senior Investment Manager

Bell is a Senior Investment Manager in the Global Emerging Markets Equities Team specializing in the Turkish, Middle Eastern, African markets and Indian markets. Bell holds a BSc (with honors) in chemistry from the University of Exeter and holds the Investment Management Certificate.

*Agne Zitkute has earned the right to use the Chartered Financial Analyst designation.

The MSCI Emerging Markets Europe 10/40 Index is a free float-adjusted market capitalization index designed to measure equity performance in the emerging markets of Europe and adjusted for the limitations imposed by the UCITS III (Undertakings for Collective Investment in Transferable Securities) directive on funds incorporated in member states of the European Union. The UCITS III directive constrains the weight of any single group entity, as defined therein, at 10% of a fund's total assets and the sum of the weights of all group entities representing more than 5% of the fund at 40% of the fund's total assets. The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an index.

Foreign securities, especially emerging markets, involve additional risks including exchange rate fluctuations, social and political instability, liquidity, greater volatility and less regulation.

Please consider the objectives, risks, charges and expenses carefully before investing in the fund. A prospectus with this and other information may be obtained by calling (800) 999-6809 or by visiting www.forwardfunds.com. Please read it carefully before making a final investment decision.

Adjusted book value is the book value on a company's balance sheet after assets and liabilities are adjusted to market value.

Capital ratios is a measure of a bank's capital strength used by U.S. regulatory agencies.

Forward Funds are distributed by ALPS Distributors, Inc.
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