

Objective

An actively managed fixed income fund that seeks to achieve high total return through capital appreciation and income.

Strategy Overview

The fund invests in a non-diversified portfolio of fixed income securities of companies and governments located outside the U.S. and offers investors exposure to non-U.S. dollar denominated fixed income securities of non-U.S. issuers and derivatives. Investments are typically made in at least 15 but not fewer than 8 countries throughout the world, including emerging market countries.

Portfolio Facts

SUB-ADVISOR

Pictet Asset Management, SA

CATEGORY

International Fixed Income

BENCHMARKS

- Citigroup World BIG Bond ex-U.S. Index*

- Blended Benchmark (60% Citigroup World BIG Bond ex-U.S. Index/20% Merrill Lynch European Currency High Yield Index/20% JPMorgan GBI-EM Global Diversified Composite)*

INCEPTION DATE

October 5, 2007

TICKER

FFXRX – Investor Class

FFXIX – Institutional Class

FFXAX – Class A

FFXCX – 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

Maturity

Average Maturity (Years): 3.62

Modified Duration: 4.83

Convexity: 0.59

Valuation

Weighted Average YTM: 5.83

Weighted Average Coupon: 3.74

Quality

Weighted Average Credit Quality: A

*Unhedged USD

Investment Process

- A top-down approach is used to construct a portfolio through multiple fixed income strategies, each with defined risk and expected return contributions
- A team of fixed income specialists acts as alpha generators with an investment strategy committee making asset allocation decisions
- Risks are diversified across a number of fixed income strategies, and risk is allocated to the various positions, using a standardized measure of risk

Investment Universe

THE FUND MAY INVEST IN:

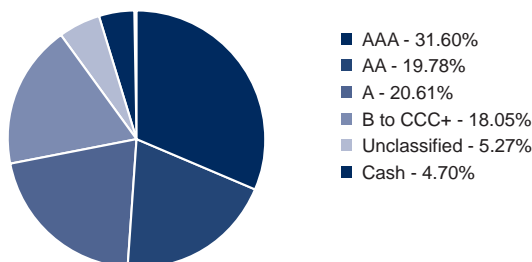
- Foreign currencies from developed and emerging market countries
- Investment grade non-U.S. corporate bonds including credit default swaps
- High yield, below investment grade non-U.S. corporate bonds
- Up to 25% in emerging market government or corporate bonds for which issues either are denominated in local currencies or in currencies of economically and politically stable industrialized nations, which may include the U.S.

LONG/SHORT STRATEGIES:

- Long or short positions primarily on non-U.S. government bonds and to take advantage of distortion of the shape of the yield curve
- For hedging purposes, to reduce the risks of fluctuating exchange rates and to generate returns uncorrelated to the other strategies employed, the fund may enter into forward foreign currency exchange contracts to "lock in" an exchange rate

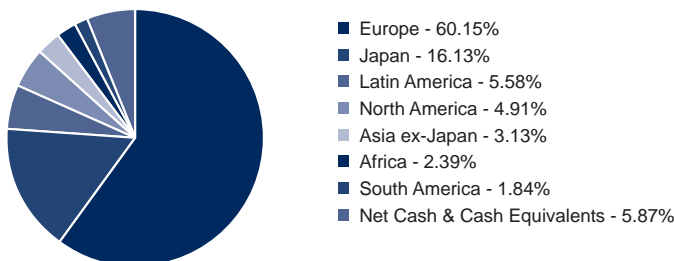
Credit Allocation

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



Regional Allocation

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



Fund Performance

	2Q	Year-to-Date	Since Inception (10/05/07)
Forward International Fixed Income Fund—Institutional Class	-2.06%	3.82%	3.82%
Citigroup World BIG Bond ex-U.S. Index*	-4.19%	5.79%	5.79%
Blended Benchmark (60% Citigroup World BIG Bond ex-U.S. Index/20% Merrill Lynch European Currency High Yield Index/20% JPMorgan GBI-EM Global Diversified Composite)*	-2.02%	4.57%	4.57%
Gross Expense Ratio:	1.65%		
Net Expense Ratio [†] :	0.99%		

*Unhedged USD

[†]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 Institutional Class shares to an annual rate (as a percentage of the Fund's average daily net assets) of 0.99%.

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 redemption of fund shares. Performance current to the most recent month end may be obtained at www.forwardfunds.com.

Management Team

Sebastien Eisinger Team Head

Eisinger is Head of Pictet Asset Management, SA's Fixed Income business and is a member of the Executive Board. Eisinger holds an MSc in mathematics and a post-graduate degree in stochastic models from Jussieu University in Paris.

Mickael Benhaim Head of Global Bonds

Benhaim is Head of Global Bonds and a member of the Credit and Absolute Return Committee. Benhaim holds an MSc in mathematics and a post-graduate degree in stochastic models from Jussieu University in Paris and Paris Pantheon-Sorbonne.

Alexander Baskov Senior Investment Manager

Baskov is a Senior Investment Manager specializing in High Yield Bonds. He is a graduate of Polytechnic University in St. Petersburg and holds an Executive MBA from the HEC University of Lausanne, Switzerland.

David Bopp, CFA* Investment Manager

Bopp is an Investment Manager responsible for absolute return products. He holds an economics degree from the HEC University of Lausanne, Switzerland.

Simon Lue-Fong Head of Global Emerging Debt

Lue-Fong is a Senior Investment Manager and Head of Global Emerging Debt, responsible for investment management, product development and client relations. He holds a BA (with honors) in finance from Bournemouth University.

*David Bopp has earned the right to use the Chartered Financial Analyst designation.

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

The Citigroup World BIG (Broad Investment-Grade) Bond ex-U.S. Index is a market capitalization weighted index that tracks the performance of international fixed rate bonds that have remaining maturities of one year or longer and that are rated BBB-/Baa3, or better, by S&P or Moody's, respectively. This index excludes the U.S. and is unhedged USD.

The Merrill Lynch European Currency High Yield Index tracks the performance of below investment grade sterling, euro and euro legacy currency denominated bonds of corporate issuers domiciled in countries having an investment grade foreign currency long-term debt rating based on a composite of Moody's and S&P. This index is unhedged USD.

The JPMorgan GBI-EM (Government Bond Index-Emerging Markets) Global Diversified Composite is a comprehensive global local emerging markets index that consists of regularly traded, liquid fixed-rate, domestic currency government bonds and includes only the countries that give access to their capital market to foreign investors (excludes China, India, and Thailand). The index is market capitalization weighted, with a cap of 10% to any one country. This index is unhedged USD.

The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an index.

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.

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