

June 2010

Forward International Fixed Income Fund

Sub-Advised by Pictet Asset Management SA

Performance as of June 30, 2010	2Q10	YTD	1 Year	Since Inception*	Gross/Net [†] Expenses
Forward International Fixed Income—Institutional	-5.15%	-4.83%	4.46%	3.82%	1.12%/0.99%
Citigroup World BIG Bond ex-U.S. Index Unhedged USD	-2.98%	-5.31%	0.07%	4.59%	
International Fixed Income Blended Index (60% Citigroup World BIG Bond ex-U.S. Index Unhedged USD / 20% Merrill Lynch European Currency High Yield Index Unhedged USD / 20% JPMorgan GBI-EM Global Diversified Composite Unhedged USD)	-4.37%	-4.06%	7.14%	5.33%	

*10/05/07

[†]The Fund's investment advisor has contractually agreed to waive a portion of its fees and reimburse other expenses until April 30, 2011, in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends, acquired fund fees and expenses, and extraordinary expenses) for the 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. Performance current to the most recent month-end may be obtained at www.forwardfunds.com or by calling (800) 999-6809. The returns assume reinvestment of dividends and distributions, if any.

MARKET REVIEW

Fears of a double-dip recession have been uppermost in the markets' collective psyche, especially with underlying inflation rates already embarked on a downtrend. The worries have been fuelled by some rather more mixed U.S. economic numbers, especially statistics for the property sector, at a time when the impact of economic reflationary measures is beginning to fade away. According to the recent revised figures, the U.S. economy registered gross domestic product (GDP) growth of just 2.7% in the first quarter of 2010, a rate not fast enough, as pointed out by Fed Chairman Bernanke, to bring unemployment down significantly. As for Europe, the adoption of a wave of austerity budget packages rekindled doubts about the sustainability of growth in the economy, with forecasts already not particularly exciting as the consensus is looking for eurozone GDP growth of just 1.0% this year and 1.5% in 2011. Too much belt-tightening is giving rise to fears that the eurozone may stumble down the same deflationary spiral in which Japan became bogged down.

Against this background, both U.S. Treasuries and German Bunds continued to be regarded as safe-haven investments, with investors still confident that official interest rates are not going to be hiked all that soon. Yields on 10-year sovereign bonds, which had edged higher in early June, drifted back down. Spreads between eurozone sovereign bonds once again stretched unmistakably wider, whereas the corporate bond and emerging-market debt segments, under pressure in May, enjoyed a return to some semblance of stability, notching up positive performances.

Interbank markets have again been betraying signs of turning nervy. Banks remain under the cosh and their total financing costs might well rise at a time when the regulatory framework is undoubtedly going to be reinforced. A squeeze on the supply of credit or a rise in interest margins, making raising financing harder for businesses, might well jeopardize the economic upturn. Nevertheless, Basle III guidelines may be softened around the edges and their implementation delayed. Given all the worries about some financial institutions' exposures to sovereign risk and a resurgence in fears about banks collapsing, fuelled by the troubles being encountered by Spanish savings banks, banks are reluctant to lend to each other. Banks in those European countries considered most at risk are becoming increasingly reliant on the ECB to give them a financing helping hand.

The G20 summit had two major goals: first, to agree on measures to restore public-sector finances to a firmer footing without endangering an already-brittle economic recovery and, second, to regulate the banking sector so as to limit the degree of systemic risk engendered by the giants of the financing world. G20 countries' consensus-dictated closing press release highlighted the G20's pledge to bring deficits down steeply whilst safeguarding growth, giving each government the latitude to pursue its chosen strategy, whilst emerging nations should ease their exchange rates. The principle of a levy on banks was not universally adopted and will be left up to individual countries to decide.

PERFORMANCE ANALYSIS

At the end of the quarter, the Fund asset allocation was the following: 48% in Global Government debt, 27.6% in Emerging Local debt and 24.4% in European High Yield. During the quarter, the three components of the portfolio have generated negative returns driven mainly by the continuous rise of risk aversion and the further weakness of the Euro currency.

Sovereign risk and its potential knock-on effects on growth has weighted heavily on credit spreads, dashing hopes of them narrowing again quickly. However, as spreads are currently much higher, the corporates market does offer investors some attractive yields by comparison with government bonds. The allocation towards the High Yield segment has thus been increased by 1.5% as of mid-June.

In the Local-Currency Emerging-Debt markets, the weakest performers were Hungary and Poland as Eastern European countries have so far been more affected by ongoing problems in the European Union region. In late June, the Chinese authorities announced an exit from the USD peg, in place for two years since June 2008, referencing instead a currency basket as before. The increased flexibility has so far not led to any significant appreciation, as the authorities continue to monitor the trading band very closely. Given the continuing uncertainty in global risk and the threat of a sustained negative impact on global growth, most central banks in emerging nations are likely to retain a bias towards keeping rates low for longer. We maintained our strong overweight towards the latter markets.

MARKET OUTLOOK

The state of affairs in Europe remains under a cloud, with the situation looking quite different from one eurozone country to another. Fears that austerity policies will plunge economies into a double-dip recession are unlikely to be dispelled soon even though the weakening euro and falling interest rates should offset in part the pain from brutal budget cuts. In the best possible scenario, growth might inch close to 1% this year, but, in all probability, we believe it will fall short of that.

Yields on 10-year German Bunds should remain pretty low over the summer against the backdrop of lackluster economic growth, unchanged interest rates and a possible slowing in the rate of underlying inflation. With public-sector finances worsening and the deficit problem only likely to be resolved over a number of years, the markets will remain prone to doubts, insisting on a risk premium depending on the eurozone state involved, although the spread widening should be contained by the ECB's repurchases of sovereign bonds.

As we noted above, sovereign risk and its potential knock-on effects on growth are still weighing heavily on credit spreads, dashing hopes of them narrowing again quickly. However, as spreads are currently much higher, the corporates market does offer investors some attractive yields by comparison with government bonds. In a climate of moderate, non-inflationary growth, corporates should perform reasonably well in relative terms although it is worth bearing in mind that, if the economy does topple over into a double-dip recession, they will be hard hit. Although we are somewhat more cautious about short-term prospects, considering the worsening overall climate, we do remain fairly upbeat about the outlook for emerging-market debt in the medium term. This segment offers comparatively appealing yields and, with emerging nations' fundamentals still on a steady improving trend, we expect spreads on local-currency emerging debt to narrow.

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.

As stated in the prospectus, the International Fixed Income Blended Index is a hypothetical index created by Forward Management, which consists of 60% Citigroup World BIG Bond ex-U.S. Index Unhedged USD; 20% BofA Merrill Lynch European Currency High Yield Index Unhedged USD; and 20% JP Morgan GBI-EM Global Diversified Composite Index Unhedged USD. The BofA 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. JPMorgan GBI-EM (Government Bond Index-Emerging Markets) Global Diversified Composite Index Unhedged USD 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.

Gross domestic product (GDP) is the total market value of all final goods and services produced in a country in a given year, equal to total consumer, investment and government spending, plus the value of exports, minus the value of imports. The GDP of a country is one of the ways of measuring the size of its economy.

A bund is a German federal government bond issued with maturities of up to 30 years.

Sovereign bond is a bond issued by a national government. The term usually refers to bonds issued in foreign currencies.

Basel III refers to a new update to the Basel Accords that is under development. While the Bank for International Settlements (BIS) does not currently specify this work as "Basel III," the term has appeared in literature and is now in common usage anticipating this next revision to the Basel Accords. Basel II is a set of banking regulations put forth by the Basel Committee on Bank Supervision, which regulates finance and banking internationally. Basel II attempts to integrate Basel capital standards with national regulations, by setting the minimum capital requirements of financial institutions with the goal of ensuring institution liquidity. The purpose of Basel II was to create standards and regulations on how much capital financial institutions must have put aside. Banks need to put aside capital to reduce the risks associated with its investing and lending practices. The draft Basel III regulations include: 1) tighter definitions of Tier 1 capital, 2) the introduction of a leverage ratio, 3) a framework for counter-cyclical capital buffers, 4) measures to limit counterparty credit risk, and 5) short and medium-term quantitative liquidity ratios.

Sovereign risk is the risk that a foreign central bank will alter its foreign-exchange regulations thereby significantly reducing or completely nulling the value of foreign-exchange contracts.

The euro is the official currency of the European Union (EU).

The European Central Bank (ECB) is one of the world's most important central banks, responsible for monetary policy covering the fifteen member countries of the euro zone.

The G20, or the Group of Twenty Finance Ministers and Central Bank Governors, is a group of finance ministers and central bank governors from 20 economies: 19 countries, plus the European Union (EU).

Investing in foreign securities, especially emerging markets, will involve certain additional risks, including exchange rate fluctuation, less liquidity, greater volatility, and less regulation. Debt securities in which the Fund may invest are subject to several types of investment risk, including market or interest rate risk (i.e., the risk that their value will be affected by fluctuations in the prevailing interest rates), credit risk (i.e., the risk that the issuer may be unable to make timely interest payments and repay the principal upon maturity), call or income risk, (i.e., the risk that certain debt securities with high interest rates will be prepaid or "called" by the issuer before they mature), and event risk (i.e., the risk that certain debt securities may suffer a substantial decline in credit quality and market value if the issuer restructures).

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 Forward International Fixed Income Fund seeks to achieve high total return (capital appreciation and income). There is no guarantee the Fund will achieve its objective.

Forward Funds are distributed by ALPS Distributors, Inc.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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As of June 30, 2010, the Fund held the following positions in the portfolio (These holdings may not reflect the current or future positions in the portfolio. Current or future portfolio holdings are subject to risk. Portfolio holdings are subject to change.):

Forward International Fixed Income Fund
As of 06/30/2010

Security ID	Ticker	Security Name	Principal Amount	Market Price	Market Value	% of Total Net Assets	Currency Code
7394665	7394665	Bundesrepublik Deutschland, Bonds, Series 02, 5.000%, 07/04/12	770,000	\$ 133.01	\$ 1,024,146	4.45%	EUR
B0J2F90	B0J2F90	Japan Government, Bonds, Series 80, 2.100%, 06/20/25	56,800,000	1.21	689,685	3.00%	JPY
B4X2LK7	B4X2LK7	Japan Government, Bonds, Series 300, 1.500%, 09/20/09	53,700,000	1.19	638,996	2.78%	JPY
6510161	6510161	Japan Government, Bonds, Series 236, 1.500%, 12/20/11	50,600,000	1.15	583,579	2.53%	JPY
6739331	6739331	Japan Government, Bonds, Series 257, 1.300%, 12/20/13	47,000,000	1.17	551,693	2.40%	JPY
6744766	6744766	Japan Government, Bonds, Series 258, 1.300%, 03/20/14	40,500,000	1.18	476,119	2.07%	JPY
B1HNZP8	B1HNZP8	Bundesrepublik Deutschland, Bonds, Series 06, 3.750%, 01/04/17	304,000	135.61	412,268	1.79%	EUR
B0SYL99	B0SYL99	Japan Government, Bonds, Series 274, 1.500%, 12/20/15	34,000,000	1.20	407,277	1.77%	JPY
B1RPMZ3	B1RPMZ3	Malaysian Government, Bonds, Series 0207, 3.814%, 02/15/17	1,200,000	31.03	372,319	1.62%	MYR
B0THSG3	B0THSG3	Brazil Notas do Tesouro Nacional, Notes, Series F, 10.000%, 01/01/12	670,000	53.80	360,439	1.56%	BRL
B29NPL9	B29NPL9	Poland Government, Bonds, Series 0413, 5.250%, 04/25/13	1,040,000	29.72	309,100	1.34%	PLN
B01DP02	B01DP02	Bundesrepublik Deutschland, Bonds, Series 04, 4.250%, 07/04/14	225,000	136.96	308,159	1.34%	EUR
6148788	6148788	Republic of South Africa, Bonds, Series R186, 10.500%, 12/21/26	1,940,000	14.63	283,852	1.23%	ZAR
7605163	7605163	French Government O.A.T., Bonds, 4.250%, 04/25/19	200,000	135.41	270,829	1.18%	EUR
B4X3KD6	B4X3KD6	RSHB Capital SA for OJSC Russian Agricultural Bank, Secured Notes, 7.500%, 03/25/13	8,500,000	3.18	270,199	1.17%	RUB
B06YGN0	B06YGN0	United Kingdom, Treasury Bonds, 4.250%, 12/07/55	170,000	152.77	259,708	1.13%	GBP
B3FKPQ6	B3FKPQ6	Bundesrepublik Deutschland, Bonds, Series 09, 3.750%, 01/04/19	190,000	134.97	256,451	1.11%	EUR
B033049	B033049	Hungary Government, Bonds, Series 15/A, 8.000%, 02/12/15	54,200,000	0.44	237,979	1.03%	HUF
B014ZQ1	B014ZQ1	Mexican Bonos, Bonds, Series MI10, 8.000%, 12/19/13	2,800,000	8.29	232,196	1.01%	MXN
INDOFR45		Indonesia Government, Bonds, Series FR45, 11.306%, 05/15/37	235,294	98.44	231,619	1.01%	USD
INDOFR26		Indonesia Government, Bonds, Series FR26, 11.000%, 10/15/14	199,000	114.52	227,885	0.99%	USD
B3MZTP1	B3MZTP1	Turkey Government, Bonds, Zero Coupon%, 11/16/11	400,000	56.25	225,017	0.98%	TRL
4368685	4368685	Bundesrepublik Deutschland, Bonds, Series 86, 6.000%, 06/20/16	140,000	150.64	210,897	0.92%	EUR
B13T000	B13T000	Thailand Government, Bonds, 5.850%, 03/31/21	5,500,000	3.79	208,588	0.91%	THB
B0X4BZ0	B0X4BZ0	Japan Government, Bonds, Series 21, 2.300%, 12/20/35	16,800,000	1.22	204,484	0.89%	JPY
B3F2K01	B3F2K01	United Kingdom, Treasury Bonds, 3.250%, 12/07/11	131,000	154.96	202,996	0.88%	GBP
3182950	3182950	United Kingdom, Treasury Bonds, 5.000%, 09/07/14	120,000	168.30	201,954	0.88%	GBP
7334898	7334898	Bonos Y Oblig Del Estado, Bonds, 5.500%, 07/30/17	150,000	130.87	196,303	0.85%	EUR
B1P8H15	B1P8H15	Bundesrepublik Deutschland, Bonds, Series 07, 4.250%, 07/04/39	136,000	144.32	196,275	0.85%	EUR
B1G0JZ8	B1G0JZ8	Poland Government, Bonds, Series 1017, 5.250%, 10/25/17	680,000	28.77	195,608	0.85%	PLN
5286601	5286601	Bundesrepublik Deutschland, Bonds, Series 97, 6.500%, 07/04/27	110,000	175.91	193,496	0.84%	EUR
B43YVZ8	B43YVZ8	Unitymedia GmbH, Sr. Secured Notes, 9.625%, 12/01/19	150,000	124.12	186,179	0.81%	EUR
B068Z13	B068Z13	Republic of Colombia, Unsub. Bonds, 12.000%, 10/22/15	270,000,000	0.07	183,155	0.80%	COP
B00H215	B00H215	Buoni Poliennali Del Tesoro, Bonds, 4.500%, 02/01/20	140,000	127.10	177,933	0.77%	EUR
B1RP7K3	B1RP7K3	Thailand Government, Bonds, 5.250%, 05/12/14	5,000,000	3.39	169,366	0.74%	THB
4390741	4390741	Bundesrepublik Deutschland, Bonds, 94, 6.250%, 01/04/24	100,000	167.68	167,684	0.73%	EUR
5832242	5832242	HBOS Euro Finance LP, Bank Gtd., 7.627%, Perpetual Maturity	190,000	88.05	167,286	0.73%	EUR

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Security ID	Ticker	Security Name	Principal Amount	Market Price	Market Value	% of Total Net Assets	Currency Code
5293634	5293634	Republic of Austria, Bonds, Series 97 6, 6.250%, 07/15/27	98,000	162.65	159,397	0.69%	EUR
B0Y7SL3	B0Y7SL3	Mexican Bonos, Bonds, Series M10, 8.000%, 12/17/15	1,900,000	8.33	158,333	0.69%	MXN
6788656	6788656	Republic of South Africa, Bonds, Series R157, 13.500%, 09/15/15	980,000	16.01	156,933	0.68%	ZAR
B53XM59	B53XM59	Infinis Plc, Sr. Notes, 9.125%, 12/15/14	100,000	151.65	151,651	0.66%	GBP
B1VRLR0	B1VRLR0	Brazil Notas do Tesouro Nacional, Notes, Series F, 10.000%, 01/01/17	290,000	47.46	137,637	0.60%	BRL
B3BTY59	B3BTY59	French Government Treasury Notes, 4.500%, 07/12/13	100,000	134.20	134,202	0.58%	EUR
B3V54D5	B3V54D5	PE Paper Escrow GMBH, Sr. Secured Notes, 11.750%, 08/01/14	100,000	133.60	133,597	0.58%	EUR
B42RB03	B42RB03	Turkey Government, Bonds, 11.000%, 08/06/14	200,000	66.54	133,072	0.58%	TRL
7624641	7624641	Bundesrepublik Deutschland, Bonds, Series 03, 3.750%, 07/04/13	100,000	132.80	132,798	0.58%	EUR
7309595	7309595	Netherlands Government, Bonds, 5.000%, 07/15/12	100,000	132.72	132,720	0.58%	EUR
B3WXGT8	B3WXGT8	Thailand Government, Bonds, 4.125%, 11/18/16	4,000,000	3.27	130,790	0.57%	THB
7281466	7281466	Bundesrepublik Deutschland, Bonds, Series 02, 5.000%, 01/04/12	100,000	130.61	130,612	0.57%	EUR
B3KXW36	B3KXW36	Republic of Austria, Notes, 3.400%, 10/20/14	100,000	130.20	130,205	0.57%	EUR
B64FV10	B64FV10	Denmark (Kingdom of), Sr. Unsec. Bonds, 3.125%, 03/17/14	100,000	129.06	129,065	0.56%	EUR
7595684	7595684	Buoni Poliennali Del Tesoro, Bonds, 4.250%, 08/01/13	100,000	128.69	128,688	0.56%	EUR
B2R8S95	B2R8S95	Buoni Poliennali Del Tesoro, Bonds, 4.500%, 08/01/18	100,000	128.16	128,165	0.56%	EUR
B1CD2C9	B1CD2C9	FMG Finance Pty Ltd., Sr. Secured Notes, 9.750%, 09/01/13	100,000	127.18	127,177	0.55%	EUR
65409QAF9	B2491X6	Nielsen Finance Llc/Nielsen Finance Co., Gtd. Notes, 9.000%, 08/01/14	100,000	124.12	124,120	0.54%	EUR
B5BQ1L9	B5BQ1L9	LBI Escrow Corp., Sr. Secured Notes, 8.000%, 11/01/2017	100,000	123.20	123,204	0.54%	EUR
B630CK2	B630CK2	Ardagh Glass Finance Plc, Sr. Notes, 8.750%, 02/01/20	100,000	121.98	121,980	0.53%	EUR
B4252Q0	B4252Q0	Caixa d'Estalvis de Catalunya, Gov't Gtd. Notes, 3.000%, 05/07/12	100,000	120.93	120,929	0.52%	EUR
B4LJ531	B4LJ531	Caja de Ahorros de Valencia Castellon y Alicante, Gov't Gtd. Notes, 3.000%, 05/11/12	100,000	120.76	120,756	0.52%	EUR
B1Z6JW4	B1Z6JW4	Beverage Packaging Holdings II SA, Sr. Sub. Notes, 9.500%, Perpetual Maturity	100,000	120.45	120,451	0.52%	EUR
B1YXLB9	B1YXLB9	Republic of Colombia, Unsub. Bonds, 9.850%, 06/28/27	175,000,000	0.07	119,068	0.52%	COP
7724530	7724530	Groupe BPCE, Sub. Bonds, 5.250%, Perpetual Maturity	150,000	79.18	118,770	0.52%	EUR
INDOFR47		Indonesia Government, Bonds, Series FR47, 10.000%, 02/17/28	110,955	104.07	115,473	0.50%	USD
B3N3WD3	B3N3WD3	Obrascon Huarte Lain SA, Sr. Unsec. Notes, 7.375%, 04/28/2015	100,000	114.35	114,349	0.50%	EUR
B467N69	B467N69	Cirsa Funding Luxembourg SA, Gtd. Notes, 8.750%, 05/15/2018	100,000	112.50	112,502	0.49%	EUR
B2RHKV8	B2RHKV8	KBC Bank NV, Sub. Notes, 8.000%, Perpetual Maturity	100,000	110.67	110,668	0.48%	EUR
B05QN14	B05QN14	Mexican Bonos, Gtd. Bonds, Series M20, 10.000%, 12/05/24	1,130,000	9.67	109,312	0.47%	MXN
B1GGNN2	B1GGNN2	Carlson Wagonlit BV, Sr. Secured Notes, 6.413%, 05/01/2015	100,000	109.14	109,140	0.47%	EUR
B2PJ2X2	B2PJ2X2	ING Verzekeringen NV, Sub. Bonds, 6.250%, 06/21/21	100,000	108.53	108,528	0.47%	EUR
B3DD9P4	B3DD9P4	Bundesobligation, Bonds, Series 153, 4.000%, 10/11/13	80,000	134.77	107,820	0.47%	EUR
B4LS301	B4LS301	Raiffeisen Zentralbank Oesterreich AG, Gov't Gtd. Notes, 2.500%, 05/04/11	85,000	123.65	105,099	0.46%	EUR
B08HF85	B08HF85	French Government O.A.T., Bonds, 3.750%, 04/25/21	80,000	128.68	102,943	0.45%	EUR
B1KCZ07	B1KCZ07	Brazil Notas do Tesouro Nacional, Notes, Series F, 10.000%, 01/01/14	200,000	49.17	98,346	0.43%	BRL
B064GG3	B064GG3	French Government O.A.T., Bonds, 3.500%, 04/25/15	75,000	131.10	98,324	0.43%	EUR
B00MQD0	B00MQD0	Hungary Government, Bonds, Series 20/A, 7.500%, 11/12/20	23,000,000	0.42	97,453	0.42%	HUF

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Security ID	Ticker	Security Name	Principal Amount	Market Price	Market Value	% of Total Net Assets	Currency Code
B65P9W6	B65P9W6	Belgium Government, Bonds, Series 56, 3.500%, 03/28/15	75,000	128.71	96,530	0.42%	EUR
B1912G0	B1912G0	Netherlands Government, Bonds , 4.000%, 07/15/16	70,000	136.15	95,306	0.41%	EUR
B3LGQN2	B3LGQN2	Wind Acquisition Finance SA, Sr. Notes, 11.750%, 07/15/17	75,000	124.12	93,090	0.40%	EUR
B2RMDP8	B2RMDP8	American International Group, Inc., Jr. Sub. Notes, 8.000%, 05/22/38	100,000	91.10	91,103	0.40%	EUR
7765454	7765454	Buoni Poliennali Del Tesoro, Bonds , 4.250%, 08/01/14	70,000	129.19	90,434	0.39%	EUR
B0744S0	B0744S0	UBS AG Jersey Branch, Sr. Sub. Notes , 4.280%, Perpetual Maturity	100,000	89.57	89,574	0.39%	EUR
B0XZ3F7	B0XZ3F7	Ineos Group Holdings Plc, Gtd. Notes, 7.875%, 02/15/16	100,000	89.57	89,574	0.39%	EUR
B1VWPC8	B1VWPC8	United Kingdom, Treasury Bonds , 5.000%, 03/07/18	50,000	170.33	85,165	0.37%	GBP
B0BP672	B0BP672	Foodcorp, Ltd., Gtd. Notes, 8.875%, 06/15/12	70,000	121.06	84,744	0.37%	EUR
B1VHNB8	B1VHNB8	Turkey Government, Bonds , 16.000%, 03/07/12	120,000	70.26	84,315	0.37%	TRL
5933305	5933305	Buoni Poliennali Del Tesoro, Bonds , 6.000%, 05/01/31	60,000	137.70	82,621	0.36%	EUR
B235W43	B235W43	SNS Reaal Groep NV, Jr. Sub. Euro Medium-Term Notes , 6.258%, Perpetual Maturity	100,000	79.69	79,690	0.35%	EUR
135087YB4	135087YB	Canadian Government, Bonds , 4.000%, 06/01/16	78,000	101.34	79,044	0.34%	CAD
B1GCCF5	B1GCCF5	Mexican Bonos, Bonds, Series M30, 10.000%, 11/20/36	800,000	9.81	78,497	0.34%	MXN
B0ZXTD9	B0ZXTD9	ABN Amro Bank NV, Sub. Notes , 4.310%, Perpetual Maturity	100,000	78.26	78,263	0.34%	EUR
B06C0C1	B06C0C1	Ardagh Glass Group Plc, Sr. Unsec. PIK Bonds , 10.750%, 03/01/15	65,017	120.15	78,115	0.34%	EUR
B0NCQB5	B0NCQB5	Old Mutual Plc, Jr. Sub. Euro Medium-Term Notes , 5.000%, Perpetual Maturity	100,000	74.59	74,594	0.32%	EUR
B1VXGB7	B1VXGB7	Maturity	100,000	74.59	74,594	0.32%	EUR
B5PH9J2	B5PH9J2	Virgin Media Secured Finance Plc, 7.000%, 01/15/18	50,000	145.86	72,931	0.32%	GBP
B29QN69	B29QN69	Hungary Government, Bonds, Series 12/C, 6.000%, 10/24/12	17,000,000	0.42	71,645	0.31%	HUF
B1P89J7	B1P89J7	Thailand Government, Bonds , 5.000%, 05/26/17	2,000,000	3.44	68,723	0.30%	THB
7624607	7624607	IKB Deutsche Industriebank AG, Sub. Notes , 4.500%, 07/09/13	70,000	96.91	67,838	0.29%	EUR
B09Y701	B09Y701	ING Groep NV, Sub. Euro Medium-Term Notes , 4.176%, Perpetual Maturity	80,000	84.68	67,746	0.29%	EUR
B058DQ5	B058DQ5	United Kingdom, Treasury Bonds , 4.750%, 03/07/20	40,000	166.63	66,653	0.29%	GBP
B1V07B5	B1V07B5	American International Group, Inc., Jr. Sub. Notes, Series A3, 4.875%, 03/15/67	100,000	65.42	65,423	0.28%	EUR
B14PKN0	B14PKN0	Peru Bono Soberano, Bonds , 8.200%, 08/12/26	160,000	40.71	65,138	0.28%	PEN
B03YY84	B03YY84	Republic of South Africa, Bonds, Series R204, 8.000%, 12/21/18	520,000	12.45	64,743	0.28%	ZAR
B5MY4N5	B5MY4N5	TVN Finance Corp., Plc, 10.750%, 11/15/17	50,000	128.40	64,200	0.28%	GBP
B42FSC8	B42FSC8	Fiat Finance & Trade Ltd., SA, Gtd. Notes , 7.625%, 09/15/14	50,000	127.84	63,919	0.28%	EUR
B11ZPD8	B11ZPD8	Malaysian Government, Bonds, Series 0106.4.262%, 09/15/16	200,000	31.85	63,705	0.28%	MYR
B544723	B544723	Rexel SA, Sr. Notes , 8.250%, 12/15/16	50,000	125.95	62,977	0.27%	EUR
B6031S5	B6031S5	InterXion Holding NV, Sec. Notes, 9.500%, 02/12/17	50,000	125.95	62,977	0.27%	EUR
B5876K9	B5876K9	Smurfit Kappa Acquisitions, Sr. Secured Notes, 7.750%, 11/15/19	50,000	123.51	61,754	0.27%	EUR
B4LYXV0	B4LYXV0	Central European Media Enterprises, Ltd., Sr. Notes, 11.625%, 09/15/16	50,000	122.90	61,448	0.27%	EUR
B3S36Z8	B3S36Z8	Ineos Finance Plc, 9.250%, 05/15/2015	50,000	121.98	60,990	0.26%	EUR
B039PM0	B039PM0	Poland Government, Bonds, Series 1015, 6.250%, 10/24/15	200,000	30.45	60,902	0.26%	PLN
B3QQXS1	B3QQXS1	Rhodia SA, Sr. Notes , 7.000%, 05/15/2018	50,000	120.91	60,457	0.26%	EUR
B1YX3R9	B1YX3R9	Travelport Llc, Gtd. Notes , 10.875%, 09/01/16	50,000	120.45	60,225	0.26%	EUR

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Security ID	Ticker	Security Name	Principal Amount	Market Price	Market Value	% of Total Net Assets	Currency Code
B4XYR38	B4XYR38	Agrokor D.D., Sr. Unsec. Euro Medium-Term Notes, 10.000%, 12/07/16	50,000	120.45	60,225	0.26%	EUR
B4XXNN7	B4XXNN7	Magyar Telecom BV, Secured Notes, 9.500%, 12/15/16	50,000	119.24	59,620	0.26%	EUR
B141964	B141964	ISS Holding AS, Secured Notes, 8.875%, 05/15/16	50,000	119.23	59,614	0.26%	EUR
B4QN6V3	B4QN6V3	CEDC Finance Corp. International, Inc., Sr. Secured Notes, 8.875%, 12/01/16	50,000	119.23	59,614	0.26%	EUR
B57J1B2	B57J1B2	Campofrio Food SA, Sr. Notes, 8.250%, 10/31/16	50,000	119.23	59,614	0.26%	EUR
B4TBZ51	B4TBZ51	Poland Government, Bonds, Series 0415, 5.5%, 04/25/2015	200,000	29.57	59,141	0.26%	PLN
B1MY7N8	B1MY7N8	Hertz Corp., Gtd. Notes , 7.875%, 01/01/14	50,000	118.01	59,003	0.26%	EUR
B1VK4C5	B1VK4C5	TRW Automotive, Inc., Gtd. Notes, 6.375%, 03/15/14	50,000	116.78	58,391	0.25%	EUR
B5NR1P4	B5NR1P4	GMAC International Finance BV, Gtd. Notes , 7.500%, 04/21/2015	50,000	115.87	57,933	0.25%	EUR
B1VSJV3	B1VSJV3	Consol Glass, Ltd., Gtd. Notes, 7.625%, 04/15/14	50,000	114.95	57,474	0.25%	EUR
B14Z8H0	B14Z8H0	Lottomatica SpA, Sub. Bonds, 8.250%, 03/31/66	50,000	114.64	57,321	0.25%	EUR
B3MGTJ8	B3MGTJ8	Seat Pagine Gialle SpA, Sr. Secured Notes, 10.500%, 01/31/17	50,000	114.34	57,168	0.25%	EUR
B3N79H8	B3N79H8	Stena AB, Sr. Notes, 7.875%, 03/15/20	50,000	114.03	57,016	0.25%	EUR
B0BSD47	B0BSD47	Codere Finance Luxembourg SA, Sr. Secured Notes, 8.250%, 06/15/15	50,000	113.11	56,557	0.25%	EUR
B1Z6J35	B1Z6J35	Beverage Packaging Holdings II SA, Sr. Notes, 8.000%, 12/15/16	50,000	112.81	56,404	0.24%	EUR
B0SV974	B0SV974	TUI AG, Sr. Unsec. Notes, 5.125%, 12/10/12	50,000	112.50	56,251	0.24%	EUR
B613PS2	B613PS2	French Government O.A.T., Bonds , 4.500%, 04/25/41	40,000	140.22	56,087	0.24%	EUR
B3M1MR2	B3M1MR2	Turkey Government, Bonds , Zero Coupon%, 01/25/12	100,000	55.39	55,388	0.24%	TRL
B1KMV43	B1KMV43	CEVA Group Plc, Gtd. Notes, 8.500%, 12/01/14	50,000	108.83	54,417	0.24%	EUR
6711953	6711953	Republic of South Africa, Bonds, Series R201, 8.750%, 12/21/14	400,000	13.44	53,758	0.23%	ZAR
B1KMX36	B1KMX36	CEVA Group Plc, Gtd. Notes, 10.000%, 12/01/16	50,000	102.72	51,360	0.22%	EUR
B1SNL71	B1SNL71	Cemex Finance Europe BV, Gtd. Notes , 4.750%, 03/05/14	50,000	102.01	51,003	0.22%	EUR
B0DJPW0	B0DJPW0	Smurfit Kappa Funding Plc, Sr. Sub. Notes , 7.750%, 04/01/15	40,000	119.84	47,936	0.21%	EUR
B0KP6D9	B0KP6D9	Swedish Government, Bonds, Series 1050, 3.000%, 07/12/16	360,000	13.31	47,923	0.21%	SEK
B3P0MG5	B3P0MG5	Turkey Government, Bonds , 10.500%, 01/15/20	70,000	66.63	46,642	0.20%	TRL
B0Y8WM5	B0Y8WM5	Ono Finance II Plc, Gtd. Bonds, 8.000%, 05/16/14	50,000	89.27	44,634	0.19%	EUR
B01FNX7	B01FNX7	Switzerland Government, Bonds , 3.000%, 05/12/19	42,000	105.28	44,218	0.19%	CHF
B1YX1Y2	B1YX1Y2	Banco Popolare SC, Jr. Sub. Bonds , 6.756%, 06/21/2049	50,000	86.21	43,106	0.19%	EUR
B0ND0V6	B0ND0V6	Credit Agricole SA, Sub. Notes , 4.130%, 11/09/2049	50,000	84.38	42,188	0.18%	EUR
7335341	7335341	Denmark (Kingdom of), Bonds , 5.000%, 11/15/13	228,000	18.46	42,077	0.18%	DKK
135087UT9	135087UT	Canadian Government, Bonds, Series A55 8.000%, 06/01/23	30,000	140.03	42,008	0.18%	CAD
B04H0V7	B04H0V7	Barclays Bank Plc, Jr. Sub. Notes , 4.875%, 12/15/2049	50,000	81.93	40,966	0.18%	EUR
B23HG03	B23HG03	Peru Bono Soberano, Bonds , 6.900%, 08/12/37	110,000	36.44	40,084	0.17%	PEN
B030R16	B030R16	Groupe BPCE, Sub. Bonds , 4.625%, Perpetual Maturity	50,000	80.10	40,048	0.17%	EUR
B1Z5556	B1Z5556	Deutsche Postbank Funding Trust IV, Sub. Notes , 5.983%, Perpetual Maturity	50,000	79.49	39,743	0.17%	EUR
135087YG3	135087YG	Canadian Government, Bonds , 3.750%, 06/01/12	40,000	98.12	39,246	0.17%	CAD
7795075	7795075	Clondalkin Industries BV, Gtd. Notes, 8.000%, 03/15/14	35,000	111.28	38,948	0.17%	EUR
B1HP8M2	B1HP8M2	Main Capital Funding II LP, Sub. Notes , 5.750%, 06/30/2049	50,000	76.97	38,483	0.17%	EUR

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Security ID	Ticker	Security Name	Principal Amount	Market Price	Market Value	% of Total Net Assets	Currency Code
B012985	B012985	Republic of South Africa, Bonds, Series R203, 8.250%, 09/15/17	300,000	12.75	38,244	0.17%	ZAR
B1W6P30	B1W6P30	Indonesia Government, Bonds, Series FR44, 10.000%, 09/15/24	300,000,000	0.01	36,004	0.16%	IDR
6261083	6261083	Australian Government, Bonds, Series 513, 6.500%, 05/15/13	40,000	88.82	35,530	0.15%	AUD
B00PNM7	B00PNM7	Lighthouse International Co., SA, Sr. Secured Bonds, 8.000%, 04/30/14	50,000	70.31	35,157	0.15%	EUR
B612G64	B612G64	HeidelbergCement AG, Gtd. Notes , 7.500%, 04/03/20	30,000	116.78	35,035	0.15%	EUR
135087XW9	135087XW9	Canadian Government, Bonds , 5.000%, 06/01/37	30,000	115.66	34,699	0.15%	CAD
B1YLGZ2	B1YLGZ2	Indonesia Government, Bonds, Series FR45, 9.750%, 05/15/37	300,000,000	0.01	32,781	0.14%	IDR
135087XS8	135087XS8	Canadian Government, Bonds , 5.000%, 06/01/14	30,000	104.02	31,207	0.14%	CAD
B43XTL7	B43XTL7	Malaysian Government, Bonds, Series 0409, 3.741%, 02/27/15	100,000	31.19	31,191	0.13%	MYR
B54VQQ1	B54VQQ1	HeidelbergCement AG, Gtd. Notes , 8.000%, 01/31/17	25,000	121.98	30,495	0.13%	EUR
B06BX63	B06BX63	French Government O.A.T., Bonds , 4.000%, 04/25/55	20,000	130.66	26,131	0.11%	EUR
7441947	7441947	Poland Government, Bonds, Series 0922, 5.750%, 09/23/22	90,000	28.94	26,048	0.11%	PLN
B6564W4	B6564W4	Turkey Government, Bonds, CPI, 4.500%, 02/11/15	38,499	64.77	24,935	0.11%	TRL
B3FNDZ0	B3FNDZ0	Denmark (Kingdom of), Bonds , 4.500%, 11/15/39	120,000	20.32	24,380	0.11%	DKK
B0KDP47	B0KDP47	Spain Government, Bonds , 3.150%, 01/31/2016	20,000	117.42	23,483	0.10%	EUR
7750933	7750933	Republic of Austria, Notes , 4.300%, 07/15/14	17,000	134.52	22,868	0.10%	EUR
B5W0TD8	B5W0TD8	Colombia Government, Sr. Unsec. Bonds , 7.750%, 04/14/2021	40,000,000	0.06	22,730	0.10%	COP
7215089	7215089	Bank of Ireland Holdings Plc , 7.400%, Perpetual Maturity	25,000	89.88	22,470	0.10%	EUR
B24GV04	B24GV04	Australian Government, Bonds, Series 124, 5.750%, 05/15/21	25,000	88.37	22,093	0.10%	AUD
5367829	5367829	Italy Buoni Poliennali Del Tesoro, Bonds , 6.500%, 11/01/2027	15,000	144.96	21,744	0.09%	EUR
B2NPF11	B2NPF11	Republic of South Africa, Bonds, Series R155, 13.000%, 08/31/11	133,333	13.90	18,531	0.08%	ZAR
B15S5M2	B15S5M2	Norway Government, Bonds , 4.250%, 05/19/17	110,000	16.73	18,398	0.08%	NOK
B415B86	B415B86	Italy Buoni Poliennali Del Tesoro, Bonds , 5.000%, 09/01/2040	15,000	122.54	18,381	0.08%	EUR
B2NP6X0	B2NP6X0	Republic of South Africa, Bonds, Series R154, 13.000%, 08/31/10	133,334	13.15	17,530	0.08%	ZAR
B62L3V4	B62L3V4	Brazil Notas do Tesouro Nacional, Notes, Series F, 10.000%, 01/01/21	35,000	45.98	16,094	0.07%	BRL
B54QYM8	B54QYM8	HeidelbergCement AG, Gtd. Notes , 8.500%, 10/31/19	10,000	123.82	12,382	0.05%	EUR
B0520N3	B0520N3	Polypore International, Inc., Gtd. Notes , 8.750%, 05/15/12	10,000	123.51	12,351	0.05%	EUR
B3DXQM0	B3DXQM0	Poland Government, Bonds, Series 1019, 5.500%, 10/25/2019	40,000	28.79	11,515	0.05%	PLN
B01GVV4	B01GVV4	Australian Government, Bonds, Series 217, 6.000%, 02/15/17	10,000	89.36	8,936	0.04%	AUD
4FN1QN6	4FN1QN6	KfW, Gtd. Euro Medium-Term Notes , 5.625%, 03/09/17	20,000	34.52	6,903	0.03%	EUR

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Security ID	Ticker	Security Name	Number of Contracts	Expiration Date	Market Price	Market Value	% of Total Net Assets	Currency Code
Futures - Long								
0000DUU0	DUU0	Euro-Shatz	4	Sep-10		709	0.00%	EUR
0000G U0	G U0	Long Gilt Future	2	Sep-10		6,335	0.03%	GBP
Futures - Short								
0000OEU0	OEU0	Euro-BOBL Future	(3)	Sep-10		(3,864)	-0.02%	EUR
0000RXU0	RXU0	Euro-Bond Future	(2)	Sep-10		(3,314)	-0.01%	EUR
		Net Cash & Cash Equivalents				1,369,332	5.95%	