



Second Quarter 2010

Forward Small Cap Equity Fund

Sub-Advised by Hoover Investment Management

Performance as of June 30, 2010	2Q10	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross/Net Expenses
Forward Small Cap Equity Fund—Investor	-11.34%	-8.03%	8.05%	-13.45%	-3.22%	1.69%	5.05%	1.70%/1.70%
Russell 2000 Index	-9.92%	-1.95%	21.48%	-8.60%	0.37%	3.00%	5.86%	

Returns for periods greater than one year are annualized.

*10/01/98

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.

SECOND QUARTER REVIEW

During the second quarter of 2010, the Russell 2000 Index declined 9.92%, the S&P 500 declined 11.43%, the Dow Jones Industrial Average declined 9.36%, and our Fund declined 11.34%. The Consumer Staples and Health Care sectors, along with Materials & Processing, provided positive contributions to return. Labor-saving technology, medical devices, suppliers to veterinary care, and nutraceutical stocks drove our outperformance in Health Care, our strongest performing sector this quarter. Sectors that detracted from performance included Energy, Financials, Technology, and Producer Durables. We had good stock selection in the Consumer Discretionary sector; however, our overweighting was negative. In Energy, we are invested in on-shore oil and in natural gas and service companies, which performed well until the BP oil spill in the Gulf of Mexico brought all energy stocks down. In Financials, we had mixed performance in our REITs (real estate investment trusts) and banks. We reduced our capital market suppliers, which started to underperform due to market conditions. In Producer Durables, transportation and aerospace companies aided performance while employment/service-related stocks detracted. We lowered our weighting in Technology during the quarter, particularly in semiconductors which declined in the last half of the quarter, while software and telecom companies remained strong. We continue to hold and add companies that have secular growth drivers, special situation growth, recurring revenues, dividends or high cash flow yield, while avoiding highly cyclical companies.

We have positioned the portfolio to take advantage of dominant investment themes: industrial profit recovery, driven in part by stimulus spending; the resurgence of the domestic aerospace industry and its suppliers; the rapid adoption of entrenched technology platforms in targeted vertical markets providing significant cost savings; the emerging technology bandwidth crunch, driving demand for companies in optical networking; and special situation consumer stocks.

PORTFOLIO REVIEW

We maintained an overweight position in the Consumer Discretionary sector. Hard-line retailers were among our better performers, including *Tractor Supply Company* and *Monro Muffler Brake*, while soft-line retailers such as *Ann Taylor*, *American Eagle Outfitters*, and *Dress Barn* (among our better performers over the past few quarters) pulled back. We took double-digit profits in *Carter's Inc.*, *J. Crew Group*, and *Guess? Inc.* We maintained our positions in casual and fast casual (lower-end) restaurants *Panera Bread* and *Chipotle Mexican Grill*, which had solid performance during the quarter due to better-than-expected earnings, commodity cost deflation, and attractive valuations relative to their growth prospects. We believe the recent pullback has provided very attractive entry points and we added to our existing holdings in *Ruby Tuesday* and *Texas Roadhouse*, among others, which were down during the second quarter and are rebounding thus far in the third quarter. We believe our current restaurant holdings will continue to do well in the second half of 2010, benefiting from economic recovery, low commodity costs, increased traffic, and cost cutting. *DG FastChannel*, the niche leader in the distribution of digital media services to the advertising industry, had a strong quarter on the announcement of HD video advertising, up over 40% since purchase. In the education services group, we maintained our position in *Grand Canyon Education*, which



provides on-line, post-secondary education services focused on offering graduate and undergraduate degrees. In the Consumer Staples sector, we continue to hold natural and organics food supplier *United Natural Foods*; *Diamond Foods*, a distributor of snacks and nuts; and *Peet's Coffee & Tea*. Our investments in these companies should benefit from an increase in spending by the mid-to-higher-end consumer, the company's market or niche leadership, growth potential and outstanding management rather than the defensive nature of the sector.

We underperformed in the Financial Services sector this quarter. Our bank stocks and certain REITs performed in-line with the Russell 2000 Index in the second quarter, while our capital market-related stocks and investment market providers were pressured during the quarter. We continue to maintain our positions in *Signature Bank of NY*, *Prosperity Bank*, and *FirstMerit Corp.*, as they have strong capital ratios, low Texas ratios, and the ability to participate in FDIC-assisted takeovers. We will continue to look for opportunities in regional banks as we believe the credit issues at the high-quality banks have peaked and the outlook continues to improve. We lowered our weighting in capital market stocks *Waddell & Reed* and *Affiliated Managers*, and took profits in *FactSet Research Systems*. Other investment market providers, such as *Advent Software*, did well for the quarter. We maintained our positions in the REITs: *Digital Realty Trust*, which owns and manages technology-related real estate; *Alexandria Real Estate Equities*; *Douglas Emmett Inc.*; and *Entertainment Properties Trust*, which develops megaplex theatres and entertainment theme retail centers.

We increased our weighting in Health Care during the quarter from 10% to 14.5%. Labor-saving technology, medical devices, suppliers to veterinary care, and nutraceutical stocks drove our outperformance in Health Care, our strongest-performing sector this quarter. We continue to look for health care services companies with recurring revenue, such as *SXC Health Solutions* and *Mednax Inc.* Both of these companies have provided positive outperformance since purchase due to the quality of management and execution of their business plans. We continue to invest in firms that reduce the cost of delivering health care such as *Catalyst Health Solutions*, an IT service provider, and pharmacy benefit manager *SXC Health Solutions*. We continue to hold *Bio-Reference Labs*, which provides clinical lab testing services, and *HMS Holdings Corp.*, which recaptures Medicaid fraud for the states. All of these stocks have good balance sheets and recurring revenue models. We took double-digit profits in *Icon*. We continue to avoid services firms with ongoing major investigations and exposure to government reform, and believe our "clean" list of health care companies will continue to perform well as the market is starting to reward and recognize quality.

In the underweighted Materials & Processing sector our focus is on commercial aerospace, where aircraft build rates are set to rise significantly beginning late this year or in early 2011. This is positive in both absolute and relative terms for existing holding *Hexcel Corp*, which was up 7% for the quarter. Our positions in the more industrially focused areas, such as *General Cable*, which distributes copper, aluminum and fiber optic wire and other cable products, and *Kaydon*, which develops and manufacturers custom engineered products for the aerospace and defense industry, lagged the market this quarter but are recovering in the third quarter. Our Producer Durables stocks underperformed the market as weak economic news quelled enthusiasm for the sector during the quarter. Our transportation stocks, *Alaska Air Group*, *Marten Transport Limited*, and *Old Dominion*, advanced for the quarter. We took profits in *Wabtec*. We are currently weighting the sector in line with the Index.

We remained overweight the Energy sector primarily in land-based exploration & production (E&P) and service companies as we believe the majors are moving into the on-shore shale and coal plays. The government moratorium on drilling in the Gulf of Mexico hurt two of our energy positions, *Dril-Quip* and *Oil States International*, which are rebounding this quarter. Our positions in oil-related *Concho Resources* and *SM Energy* were both up over 10% for the quarter. We sold our positions in *Tetra Technologies* and *Atwood Oceanics* due to the uncertainty that continues to surround deepwater drilling. We continue to focus on the companies with the strongest balance sheets, best drilling assets and lowest costs, and have shifted our emphasis toward on-shore oil, natural gas and service companies. We own several stocks within this industry that have strong prospects in the second half of 2010 and into 2011. While underperforming in the second quarter, this sector has been our best performer so far in the third quarter.

We significantly reduced our weighting in Technology from 19% to 11%, primarily by reducing an overweight position in semiconductors, which underperformed late in the quarter. New purchase *Ariba Inc.*, which provides enterprise software and services, was up over 9%. We took profits in *Veeco Instruments*, *Bottom Line Technology*, and *Blue Coat Systems*. Existing holdings, *Coherent Inc.* and *SS&C Technologies*, also did well for the quarter. We believe Technology remains a good place for new investments in companies with strong balance sheets, reasonable valuations, and accelerating growth and have been adding to enterprise networking equipment and productivity software companies.



MARKET OUTLOOK—INVESTING IN A DELEVERGING WORLD

Near term, we are expecting a continued choppy market as a result of uncertainty about the extent of an economic slowdown which is being predicted by lower ISM numbers, weakening consumer confidence, and earnings uncertainty. Investors have become increasingly concerned that global growth issues will persist and Washington will be unable to devise policies for the U.S. to avoid a double-dip recession. While declining consumer confidence and irrational 1,000-point market moves are of concern, we are not in the double-dip camp at this time. None of the last six U.S. recessions has occurred without an inverted yield curve, which we think would be nearly impossible today with short-term rates near zero, and we believe the Fed is likely to remain accommodative. Corporate cash flow greatly exceeds capital expenditures, creating pent-up demand and record levels of balance sheet cash. We believe many companies will continue to report strong second quarter earnings and give positive guidance enabling the market to move higher this fall.

In a slower growth economy and a volatile stock market exacerbated by speculation in ETFs (exchange-traded funds), high-frequency trading, etc., we believe investors will seek to invest in companies with high cash flow generation, earnings stability, strong growth, low debt, strong balance sheets, stock liquidity and rising dividends. These characteristics describe the companies in our portfolio. We believe that in this opportunistic business environment, market share gains will accelerate for the financially strong, niche-dominant companies versus their weakened or purely local competitors. As an example, we have seen this in certain national restaurant chains which have purchasing power, lower prices and advertising dollars that are reporting strong earnings.

We are especially focused on three factors for companies in the portfolio: productivity enhancement, cash, and non-regulation. Companies which provide productivity-enhancing software, products or processes, and companies whose implementation of productivity tools for sales, financial analysis, factory or distribution automation, etc. should enjoy rising sales, margins and earnings. While the world's governments are out of cash without their printing presses, U.S. corporations have been hoarding cash and many have unprecedented levels on their balance sheets. We believe excess cash generation for growth, stock buybacks, debt reduction or dividend increases is particularly important at this time. We also believe we are just beginning to see acquisitions of smaller companies by the cash rich and internally growth challenged larger companies. We are also working hard to avoid companies which could be negatively affected by the increasing regulatory environment coming from Washington. As we have seen, uncertainty about regulation has destroyed value in the health care and education industries, to name two.

We have focused on companies whose businesses are less cyclical and which provide consistent or accelerating growth, such as health care IT and medical innovators, technology productivity, telecom bandwidth, off-price retailers and on-shore energy companies. In Finance, we are investing in specialized REITs and the strongest of banks, both of which have the power to raise dividends. In Energy, we are invested in onshore E&P and service companies which are employing the productivity of horizontal drilling in the unconventional shale and coal basins. There is increasing evidence that the potential gas reserves are large enough to attract the majors (such as the Exxon purchase of XTO) and also to convince the administration that the new gas fields are sufficient to create a national energy policy emphasizing these domestic and relatively clean (compared to oil and coal) resources. In the Industrial sector, we are focused on companies whose end markets are not unduly dependent on cyclical strength, such as aerospace and defense where programs such as the long-delayed 787 are proceeding, as well as companies supplying clean or alternative energy. In Technology, outsourcing of data centers and cloud computing are driving productivity. We also prefer technology platform companies

How do small caps fare in this world of "new normal," namely slower economic growth, deleveraging, reregulation, deglobalization and high volatility? We anticipate the strong and healthy companies will gain performance over the "low quality bouncers" of 2009 and early 2010 as they did in 2000 after the dot.com wonders of 1999. The number of truly investible companies in the Russell 2000 Index seems to have shrunk with the new, very small, often over-leveraged and frequently low priced with minimal trading volume additions to the Russell over the last two years. This gives advantage to the stronger companies. In addition, the currently volatile market provides the opportunistic investor an opportunity to invest in companies which are mispriced due to investor overreaction to a weak but not devastating earnings release and outlook, weak or negative swings in overall investor sentiment, and new macro problems such as the Greek and European debt issues. Thus our portfolio will remain diversified by style as well as sector, including both growth- and value-oriented stocks.

-Irene G. Hoover, CFA*

*Irene G. Hoover has earned the right to use the Chartered Financial Analyst designation. CFA Institute marks are trademarks owned by the CFA Institute.



The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The Russell 3000 Index represents approximately 98% of the investable U.S. equity market. The index figures do not reflect any deduction for fees, expenses, or taxes.

The S&P 500 Index is a capitalization-weighted index of 500 stocks traded on the NYSE, AMEX and OTC exchanges, and is comprised of industrial, financial, transportation and utility companies.

The Dow Jones Industrial Average (DIJA) is a price-weighted average of 30 blue-chip stocks that are generally the leaders in their industry and are listed on the New York Stock Exchange. It has been a widely followed indicator of the U.S. stock market since October 1, 1928.

It is not possible to invest directly in an index..

The Texas ratio is a measure of a bank's credit troubles.

Cash flow yield refers to the overall return evaluation ratio of a stock, which standardizes the free cash flow per share a company is expected to earn against its market price per share.

Deleverage is a process undertaken by a company in an attempt to reduce its financial leverage. Financial leverage can be beneficial for a company, but if it becomes too risky or harmful, the company may need to deleverage itself by decreasing the amount of debt that it has (by paying it off).

The Institute of Supply Management (ISM) Manufacturing Index is a monthly index that tracks the amount of manufacturing activity that occurred in the previous month. This data is considered a very important and trusted economic measure. If the index has a value below 50, due to a decrease in activity, it tends to indicate an economic recession, especially if the trend continues over several months. A value substantially above 50 likely indicates a time of economic growth. The values for the index can be between 0 and 100.

Exchange-Traded Funds (ETF) are index-based products that allow investors to buy or sell shares of entire portfolios of stock in a single security. It is a type of investment vehicle whose objective is to achieve the same return as a particular market, and is similar to an index fund in that it will primarily invest in the securities of companies that are included in a selected market index.

Small company stocks are generally riskier than large company stocks due to greater volatility and less liquidity. Asset allocation does not protect against risk or assure profit. There are risks involved with investing, including loss of principal. Past performance does not guarantee future results.

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 Small Cap Equity Fund seeks to achieve high total return. The Fund anticipates that its investment returns are likely to be in the form of capital appreciation rather than income, since small capitalization companies often do not pay regular dividends. 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

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.):

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Forward Small Cap Equity Fund

As of 06/30/2010

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
78505P100	SXCI	SXC Health Solutions Corp.	93,300	\$ 73.25	\$ 6,834,225	2.02%	USD
40425J101	HMSY	HMS Holdings Corp.	101,200	54.22	5,487,064	1.62%	USD
610236101	MNRO	Monro Muffler Brake, Inc.	121,700	39.53	4,810,801	1.42%	USD
011659109	ALK	Alaska Air Group, Inc.	105,900	44.95	4,760,205	1.41%	USD
892356106	TSCO	Tractor Supply Co.	75,900	60.97	4,627,623	1.37%	USD
252603105	DMND	Diamond Foods, Inc.	110,400	41.10	4,537,440	1.34%	USD
09057G602	BRLI	Bio-Reference Labs, Inc.	203,500	22.17	4,511,595	1.33%	USD
67069D108	NTRI	NutriSystem, Inc.	193,200	22.94	4,432,008	1.31%	USD
911163103	UNFI	United Natural Foods, Inc.	147,000	29.88	4,392,360	1.30%	USD
428291108	HXL	Hexcel Corp.	276,400	15.51	4,286,964	1.27%	USD
25960P109	DEI	Douglas Emmett, Inc.	298,700	14.22	4,247,514	1.26%	USD
31787A507	FNSR	Finisar Corp.	273,500	14.90	4,075,150	1.20%	USD
58502B106	MD	MEDNAX, Inc.	72,300	55.61	4,020,603	1.19%	USD
44984A105	IPCM	IPC The Hospitalist Co., Inc.	159,200	25.10	3,995,920	1.18%	USD
82669G104	SBNY	Signature Bank	104,900	38.01	3,987,249	1.18%	USD
33610F109	FPO	First Potomac Realty Trust	275,553	14.37	3,959,697	1.17%	USD
42833L108	HGG	hgregg, Inc.	165,488	23.32	3,859,180	1.14%	USD
253868103	DLR	Digital Realty Trust, Inc.	66,900	57.68	3,858,792	1.14%	USD
04033V203	ARBA	Ariba, Inc.	241,100	15.93	3,840,723	1.14%	USD
192479103	COHR	Coherent, Inc.	110,700	34.30	3,797,010	1.12%	USD
29380T105	EPR	Entertainment Properties Trust	99,000	38.07	3,768,930	1.11%	USD
743312100	PRGS	Progress Software Corp.	123,100	30.03	3,696,693	1.09%	USD
69840W108	PNRA	Panera Bread Co., Class A	48,700	75.29	3,666,623	1.08%	USD
19259P300	CSTR	Coinstar, Inc.	85,000	42.97	3,652,450	1.08%	USD
55402X105	MWIV	MWI Veterinary Supply, Inc.	72,400	50.26	3,638,824	1.07%	USD
015271109	ARE	Alexandria Real Estate Equities, Inc.	56,900	63.37	3,605,753	1.07%	USD
909218109	UNT	Unit Corp.	88,700	40.59	3,600,333	1.07%	USD
029429107	ASEI	American Science & Engineering, Inc.	46,400	76.21	3,536,144	1.05%	USD
860630102	SF	Stifel Financial Corp.	81,000	43.39	3,514,590	1.04%	USD
885175307	THOR	Thoratec Corp.	82,200	42.73	3,512,406	1.04%	USD
942622200	WSO	Watsco, Inc.	60,500	57.92	3,504,160	1.04%	USD
38526M106	LOPE	Grand Canyon Education, Inc.	148,500	23.43	3,479,355	1.03%	USD
64118B100	NETL	Netlogic Microsystems, Inc.	127,500	27.20	3,468,000	1.03%	USD
685564106	ORB	Orbital Sciences Corp.	219,700	15.77	3,464,669	1.02%	USD
465741106	ITRI	Itron, Inc.	55,700	61.82	3,443,374	1.02%	USD
53217R207	LTM	Life Time Fitness, Inc.	105,900	31.79	3,366,561	1.00%	USD
261570105	DBRN	The Dress Barn, Inc.	140,700	23.81	3,350,067	0.99%	USD
169656105	CMG	Chipotle Mexican Grill, Inc., Class A	24,200	136.81	3,310,802	0.98%	USD

Forward Small Cap Equity Fund

As of 06/30/2010

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
457667103	INSU	Insituform Technologies, Inc., Class A	160,600	20.48	3,289,088	0.97%	USD
369300108	BGC	General Cable Corp.	123,400	26.65	3,288,610	0.97%	USD
026375105	AM	American Greetings Corp., Class A	172,400	18.76	3,234,224	0.96%	USD
572901106	MATK	Martek Biosciences Corp.	136,000	23.71	3,224,560	0.95%	USD
759148109	RHB	RehabCare Group, Inc.	146,800	21.78	3,197,304	0.94%	USD
008252108	AMG	Affiliated Managers Group, Inc.	52,500	60.77	3,190,425	0.94%	USD
781182100	RT	Ruby Tuesday, Inc.	374,800	8.50	3,185,800	0.94%	USD
594901100	MCRS	MICROS Systems, Inc.	99,900	31.87	3,183,813	0.94%	USD
930059100	WDR	Waddell & Reed Financial, Inc., Class A	145,500	21.88	3,183,540	0.94%	USD
007974108	ADVS	Advent Software, Inc.	65,600	46.96	3,080,576	0.91%	USD
416196103	HHS	Harte-Hanks, Inc.	294,200	10.45	3,074,390	0.91%	USD
577933104	MMS	MAXIMUS, Inc.	53,100	57.87	3,072,897	0.91%	USD
20605P101	CXO	Concho Resources, Inc.	55,200	55.33	3,054,216	0.90%	USD
758750103	RBC	Regal-Beloit Corp.	54,700	55.78	3,051,166	0.90%	USD
78454L100	SM	St. Mary Land & Exploration Co.	75,500	40.16	3,032,080	0.90%	USD
703481101	PTEN	Patterson-UTI Energy, Inc.	233,300	12.87	3,002,571	0.89%	USD
005125109	ACXM	Acxiom Corp.	204,300	14.69	3,001,167	0.89%	USD
23326R109	DGIT	DG FastChannel, Inc.	92,100	32.58	3,000,618	0.89%	USD
344849104	FL	Foot Locker, Inc.	237,500	12.62	2,997,250	0.89%	USD
709631105	PNR	Pentair, Inc.	91,500	32.20	2,946,300	0.87%	USD
679580100	ODFL	Old Dominion Freight Line, Inc.	83,600	35.14	2,937,704	0.87%	USD
830566105	SKX	Skechers U.S.A., Inc., Class A	80,200	36.52	2,928,904	0.87%	USD
356108100	FRED	Fred's, Inc., Class A	263,700	11.06	2,916,522	0.86%	USD
573075108	MRTN	Marten Transport, Ltd.	138,600	20.78	2,880,108	0.85%	USD
262037104	DRQ	Dril-Quip, Inc.	65,200	44.02	2,870,104	0.85%	USD
216648402	COO	The Cooper Cos, Inc.	69,800	39.79	2,777,342	0.82%	USD
896818101	TGI	Triumph Group, Inc.	41,500	66.63	2,765,145	0.82%	USD
204166102	CVLT	CommVault Systems, Inc.	122,800	22.50	2,763,000	0.82%	USD
67018T105	NUS	Nu Skin Enterprises, Inc., Class A	109,900	24.93	2,739,807	0.81%	USD
980745103	WGOV	Woodward Governor Co.	106,300	25.53	2,713,839	0.80%	USD
486587108	KDN	Kaydon Corp.	80,500	32.86	2,645,230	0.78%	USD
882681109	TXRH	Texas Roadhouse, Inc., Class A	206,400	12.62	2,604,768	0.77%	USD
754730109	RJF	Raymond James Financial, Inc.	103,600	24.69	2,557,884	0.76%	USD
492914106	KEG	Key Energy Services, Inc.	277,600	9.18	2,548,368	0.75%	USD
48020Q107	JLL	Jones Lang LaSalle, Inc.	38,400	65.64	2,520,576	0.75%	USD
777779307	ROSE	Rosetta Resources, Inc.	127,200	19.81	2,519,832	0.75%	USD
168905107	PLCE	The Children's Place Retail Stores, Inc.	56,500	44.02	2,487,130	0.74%	USD
550021109	LULU	Lululemon Athletica, Inc.	66,800	37.22	2,486,296	0.74%	USD

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As of 06/30/2010

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
085789105	BRY	Berry Petroleum Co., Class A	92,400	25.72	2,376,528	0.70%	USD
680033107	ONB	Old National Bancorp	227,300	10.36	2,354,828	0.70%	USD
684010101	OXPS	optionsXpress Holdings, Inc.	146,700	15.74	2,309,058	0.68%	USD
119848109	BWLD	Buffalo Wild Wings, Inc.	61,600	36.58	2,253,328	0.67%	USD
049298102	ATLS	Atlas Energy, Inc.	82,100	27.07	2,222,447	0.66%	USD
615394202	MOG/A	Moog, Inc., Class A	68,600	32.23	2,210,978	0.65%	USD
78467J100	SSNC	SS&C Technologies Holdings, Inc.	137,100	16.03	2,197,713	0.65%	USD
073685109	BECN	Beacon Roofing Supply, Inc.	119,500	18.02	2,153,390	0.64%	USD
02553E106	AEO	American Eagle Outfitters, Inc.	182,900	11.75	2,149,075	0.64%	USD
32055Y201	FIBK	First Interstate Bancsystem, Inc.	132,500	15.73	2,084,225	0.62%	USD
205768203	CRK	Comstock Resources, Inc.	74,600	27.72	2,067,912	0.61%	USD
95082P105	WCC	WESCO International, Inc.	61,400	33.67	2,067,338	0.61%	USD
705560100	PEET	Peet's Coffee & Tea, Inc.	52,000	39.27	2,042,040	0.60%	USD
036115103	ANN	AnnTaylor Stores Corp.	124,800	16.27	2,030,496	0.60%	USD
720279108	PIR	Pier 1 Imports, Inc.	307,300	6.41	1,969,793	0.58%	USD
09180C106	BJRI	BJ's Restaurants, Inc.	83,400	23.60	1,968,240	0.58%	USD
197236102	COLB	Columbia Banking System, Inc.	105,600	18.26	1,928,256	0.57%	USD
678026105	OIS	Oil States International, Inc.	46,800	39.58	1,852,344	0.55%	USD
253393102	DKS	Dick's Sporting Goods, Inc.	74,400	24.89	1,851,816	0.55%	USD
29084Q100	EME	EMCOR Group, Inc.	79,600	23.17	1,844,332	0.54%	USD
14888B103	CHSI	Catalyst Health Solutions, Inc.	51,500	34.50	1,776,750	0.53%	USD
743606105	PRSP	Prosperity Bancshares, Inc.	51,100	34.75	1,775,725	0.53%	USD
337915102	FMER	FirstMerit Corp.	103,100	17.13	1,766,103	0.52%	USD
76116A108	REN	Resolute Energy Corp.	141,600	12.24	1,733,184	0.51%	USD
06846N104	BBG	Bill Barrett Corp.	55,700	30.77	1,713,889	0.51%	USD
73930R102	PWER	Power-One, Inc.	248,700	6.75	1,678,725	0.50%	USD
227046109	CROX	Crocs, Inc.	158,200	10.58	1,673,756	0.50%	USD
989922109	ZOLL	Zoll Medical Corp.	61,500	27.10	1,666,650	0.49%	USD
969904101	WSM	Williams-Sonoma, Inc.	65,100	24.82	1,615,782	0.48%	USD
617700109	MORN	Morningstar, Inc.	37,300	42.52	1,585,996	0.47%	USD
82966C103	SIRO	Sirona Dental Systems, Inc.	40,900	34.84	1,424,956	0.42%	USD
		Net Cash & Cash Equivalents			14,840,078	4.40%	