

Forward Large Cap Dividend Fund

As of December 31, 2011

FORWARDFUNDS

PERFORMANCE (%)

	4Q	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	Gross/Net Expense (%)
Investor	11.76	—	—	—	—	—	-4.98	1.70/1.34
Institutional	11.76	4.64	4.64	14.04	—	—	1.34	1.35/0.99
Class A @ NAV*	11.65	4.09	4.09	13.49	1.13	—	1.91	1.85/1.49
Class A @ MOP**	5.21	-1.89	-1.89	11.29	-0.05	—	0.75	1.85/1.49
S&P 500 Index	11.82	2.11	2.11	14.11	-0.25	—	—	—

Returns for periods greater than one year are annualized.

*Excludes sales charge.

**Reflects effects of the Fund's maximum sales charge of 5.75%.

The Fund's investment advisor is contractually obligated to waive a portion of its fees and reimburse other expenses until April 30, 2012, 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 Investor Class, Institutional Class and Class A shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.34%, 0.99% and 1.49%, respectively. This expense limitation arrangement may not be terminated by the Fund's investment advisor prior to such date under any circumstances.

The performance quoted represents past performance, does not guarantee future results and current performance may be lower or higher than the data 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 data current to the most recent month end may be obtained at www.forwardfunds.com. Investment performance reflects fee waivers in effect. In the absence of fee waivers, total return would be lower. Total return is based on NAV, assuming reinvestment of all distributions. Performance does not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the redemption of Fund shares.

CALENDAR YEAR PERFORMANCE (% AT NAV)

	2007	2008	2009	2010	2011
Investor	—	—	—	—	—
Institutional	—	-35.48	24.34	13.98	4.64
Class A	12.58	-35.70	23.78	13.45	1.10
S&P 500 Index	5.49	-37.00	26.46	15.06	2.11

TOP TEN HOLDINGS

Security	% of Net Assets
ConocoPhillips Corp.	3.83
Royal Dutch Shell Plc, ADR	3.36
Exxon Mobil Corp.	3.35
Pfizer, Inc.	3.09
Intel Corp.	3.05
Cardinal Health, Inc.	3.00
McDonald's Corp.	2.97
International Business Machines Corp.	2.85
Microsoft Corp.	2.84
Chevron Corp.	2.81

These holdings may not reflect the current or future positions in the portfolio.

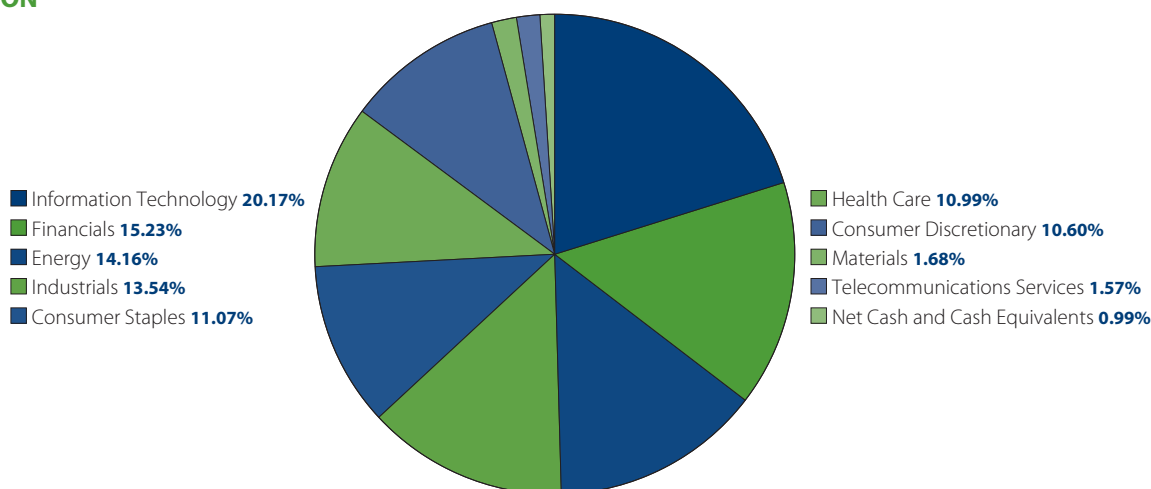
STATISTICS/CHARACTERISTICS

Beta	0.91
R-Squared	96.24
Annual Portfolio Turnover	73.17%
# of Holdings	48
Total Assets	\$14.33M

Beta is a measure of risk which shows the Fund's volatility relative to its benchmark index.

R-Squared reflects the percentage of the Fund's movements that are explained by movement in its benchmark index.

SECTOR ALLOCATION



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

OBJECTIVE

The Fund seeks to achieve high total return (capital appreciation and income).

OVERVIEW

The Fund invests in dividend-paying equity securities selected based on their fundamental quality, dividend yield, dividend growth potential, valuation and anticipated price appreciation.

- › The team employs a novel proprietary statistical measurement of relative dividend yield to identify attractive investment opportunities, and draws on both internal and external resources to assess industry dynamics, business franchise/management strategy, financial analysis and valuation.
- › Disciplined investment process that consists of quantitative screening techniques, fundamental analysis and risk management.
- › Security selection seeks to position the Fund in large cap stocks exhibiting combinations of fundamental quality, dividend yield, dividend growth potential, earnings growth, revenue growth, cash flow growth or anticipated price appreciation.

FUND DETAILS

Advisor: Forward Management, LLC
Category: Large Blend

Benchmark: S&P 500 Index
Dividend Frequency: Annually

Share Class	Ticker	CUSIP	Inception Date	Minimum Investments	Expense Ratio (%)	
					Gross	Net
Investor	FFLRX	349913731	05/01/11	\$4,000	1.70	1.34
Institutional	FFLSX	349913723	01/31/07	\$100,000	1.35	0.99
Class A	FFLAX	349913749	10/31/06	\$4,000	1.85	1.49

CORRELATION/STANDARD DEVIATION

	Correlation	Standard Deviation
Fund	N/A	17.22
S&P 500 Index	0.98	18.60

PORTFOLIO MANAGEMENT

The Fund is team managed and all investment decisions are made jointly by the team. The members of the team are:

David L. Ruff, CFA

Portfolio Manager
25 Years Experience

Randall T. Coleman, CFA

Portfolio Manager
20 Years Experience

Bruce R. Brewington

Portfolio Manager
20 Years Experience

Jim O'Donnell, CFA

CIO
25 Years Experience

Forward Management, LLC, is a privately-held asset management firm that uses a forward-thinking, problem-solving approach to help advisors and investors navigate a shifting, uncertain investment climate. Based in San Francisco, the firm is the investment advisor to the Forward Funds. Forward offers advisors and investors access to a broad spectrum of investment and asset allocation solutions, including an evolving set of alternatives to traditional, long-only investing.

For more information visit us at www.forwardfunds.com or call (800) 999-6809

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 at www.forwardfunds.com. It should be read carefully before investing.

There are risks involved with investing, including loss of principal. Past performance does not guarantee future results, share prices will fluctuate and you may have a gain or loss when you redeem shares.

The S&P 500 Index is an unmanaged index of 500 common stocks chosen to reflect the industries in the U.S. economy. One cannot invest directly in an index.

A correlation coefficient is a measure of the interdependence of two random variables that range in value from -1 to +1, indicating perfect negative correlation at -1, absence of correlation at zero and perfect positive correlation at +1.

Standard deviation measures the degree to which a fund's return varies from its previous returns or from the average of all similar funds.

Forward Management is the investment advisor to the Forward Funds.

Forward Funds are distributed by ALPS Distributors, Inc., which is not affiliated with Forward Management, LLC.

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David L. Ruff is a registered representative of ALPS Distributors, Inc.

Performance figures and other portfolio data shown for periods prior to August 15, 2009, do not reflect the current manager's performance or strategy.

The Forward Large Cap Fund is not available for sale in all states. Please visit our web site for more information.

Prior to November 1, 2011, the Fund was named the Forward Large Cap Equity Fund.

Not FDIC Insured | No Bank Guarantee | May Lose Value
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4Q2011 FWD003739 043012