

Forward EM Corporate Debt Fund

As of December 31, 2011

FORWARD FUNDS

PERFORMANCE (%)

	4Q	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	Gross/Net Expense (%)
Investor	-0.57	-2.73	-2.73	7.04	—	—	4.36	1.85/1.39
Institutional	-0.57	-2.40	-2.40	7.39	—	—	4.70	1.45/0.99
Class C @ NAV [†]	-0.84	-3.31	-3.31	6.50	—	—	3.94	2.40/1.94
Class C @ MOP [‡]	-1.71	-4.13	-4.13	6.50	—	—	3.94	2.40/1.94
Credit Suisse Emerging Market Corporate Bond Index	4.02	4.30	4.30	16.93	—	—	—	—

Returns for periods greater than one year are annualized.

[†]Excludes the effects of the 1% contingent deferred sales charge.

[‡]Includes the effects of the 1% contingent deferred sales charge.

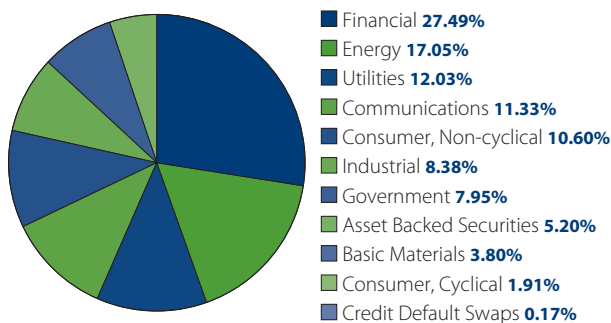
The Fund's investment advisor is contractually obligated to waive a portion of its fees and reimburse other expenses until April 30, 2012, in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends, acquired fund fees and expenses, and extraordinary expenses) for the Fund's Investor Class, Institutional Class and Class C shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.39%, 0.99% and 1.94%, 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)

	2008	2009	2010	2011
Investor	-4.91	18.43	6.47	-2.73
Institutional	-4.59	18.70	6.91	-2.40
Class C	-5.00	18.00	5.87	-3.72
Credit Suisse Emerging Market Corporate Bond Index	-16.31	36.74	12.07	4.30

SECTOR ALLOCATION



TOP TEN HOLDINGS

Security	% of Net Assets
Corp Andina de Fomento, Sr. Unsec. Notes	4.58
Pemex Project Funding Master Trust, Unsec. Notes	4.11
Petroleos de Venezuela SA, Sr. Unsec. Notes	4.03
Petrobras International Finance Co., Sr. Unsec. Notes	3.92
Centrais Eletricas Brasileiras SA, Sr. Unsec. Notes	3.88
Corp. Nacional del Cobre de Chile	3.80
Teva Pharmaceutical Finance IV BV, Sr. Unsec. Notes	3.79
Start CLO, Ltd.	3.72
GTB Finance BV, Gtd. Notes	3.69
America Movil SAB de CV, Gtd. Notes	3.69

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

STATISTICS/CHARACTERISTICS

Beta	0.75
R-Squared	49.41
Annual Portfolio Turnover	74.36%
# of Holdings	51
Total Assets	\$13.46M

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.

COUNTRY ALLOCATION (TOP TEN)

	%
Mexico	16.17%
Brazil	14.28%
Russia	12.14%
United Arab Emirates	7.19%
China	5.20%
Ukraine	4.74%
United States	4.64%
Colombia	4.27%
Venezuela	4.03%
Israel	3.96%

OBJECTIVE

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

OVERVIEW

The Fund invests in foreign currencies from developed and emerging markets countries and seeks to offer exposure to euro- and U.S.-dollar-denominated fixed income securities of non-U.S. issuers and derivatives. Portfolio duration will typically be within a range of plus or minus three years of the benchmark.

- › The portfolio invests in all fixed-income asset classes including investment-grade non-U.S. corporate bonds, using credit default swaps to hedge corporate bonds and high-yield, below investment grade non-U.S. corporate bonds.
- › Country and global macroeconomic themes help frame the Fund's industry and country orientation. Security-specific analysis is generally tailored to the perceived risk profile and typically involves specific quantitative and qualitative assessments.
- › To reduce the risks of fluctuating exchange rates, the Fund may enter into forward foreign currency exchange contracts. For hedging and non-hedging purposes, the Fund may also invest in foreign currency options, futures and and other instruments linked to foreign currency exchange rates.

FUND DETAILS

Sub-Advisor: SW Asset Management, LLC
Category: Emerging Markets Bond

Benchmark: Credit Suisse Emerging Market Corporate Bond Index
Dividend Frequency: Quarterly

Share Class	Ticker	CUSIP	Inception Date	Minimum Investments	Expense Ratio (%)	
					Gross	Net
Investor	FFRX	349913657	10/05/07	\$4,000	1.85	1.39
Institutional	FFXIX	349913640	10/05/07	\$100,000	1.45	0.99
Class C	FFCX	349913665	10/05/07	\$4,000	2.40	1.94

CORRELATION/STANDARD DEVIATION

	Correlation	Standard Deviation
Fund	N/A	13.25
Credit Suisse Emerging Market Corporate Bond Index	0.70	12.34

YIELD (%)

	30-Day SEC Yield
Investor	13.30
Institutional	13.78
Class C	12.65

Data as of 12/31/11. Past performance does not guarantee future results.

PORTFOLIO MANAGEMENT

SW Asset Management, LLC is the sub-advisor to the Fund. The portfolio managers are:

David C. Hinman, CFA

Managing Principal and CIO
23 Years Experience

Raymond T. Zucaro, CFA

Managing Principal and Portfolio Manager
15 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.

A fund's use of derivative instruments involves risks different from the risks associated with investing directly in securities, and certain derivatives may create a risk of loss greater than the amount invested. Derivatives increase volatility and transaction costs and may reduce performance. Foreign securities, especially emerging or frontier markets, will involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility and less regulation. Investing in lower-rated ("high-yield") debt securities involves special risks in addition to the risks associated with investments in

higher-rated debt securities, including a high degree of credit risk. A "non-diversified" fund has the ability to invest a larger percentage of its assets in the securities of a smaller number of issuers than a "diversified" fund. The net asset value per share of a non-diversified fund can be expected to fluctuate more than that of a comparable diversified fund.

The Credit Suisse Emerging Market Corporate Bond Index consists of U.S. dollar-denominated fixed income issues from Latin America, Eastern Europe and Asia. 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.

The 30-Day SEC Yield is based on a 30-day period and is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period.

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.

ALPS Distributors, Inc. is not affiliated with SW Asset Management, LLC.

David C. Hinman and Raymond T. Zucaro have earned the right to use the Chartered Financial Analyst designation. CFA Institute marks are trademarks owned by the CFA Institute.

Prior to May 1, 2011, the Fund was named the Forward International Fixed Income Fund.

Performance figures and other portfolio data shown for periods prior to February 14, 2011, do not reflect the current sub-advisor's performance or strategy.

Effective May 1, 2011, the benchmark index is the Credit Suisse Emerging Market Corporate Bond Index.

Not FDIC Insured | No Bank Guarantee | May Lose Value

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