

Forward Growth 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	14.49	—	—	—	—	—	-15.18	1.46/1.34
Institutional	14.59	-1.17	-1.17	19.08	—	—	13.61	1.11/0.99
Class A @ NAV*	14.57	-1.47	-1.47	18.72	1.48	4.08	9.77	1.41/1.29
Class A @ MOP**	8.00	-7.15	-7.15	16.39	0.29	3.47	9.43	1.41/1.29
Class C @ NAV†	14.30	-2.15	-2.15	18.01	0.83	3.46	1.61	2.06/1.94
Class C @ MOP‡	13.30	-3.13	-3.13	18.01	0.83	3.46	1.61	2.06/1.94
Russell 2000 Growth Index	14.99	-2.91	-2.91	19.00	2.09	4.48	—	—

Returns for periods greater than one year are annualized.

*Excludes sales charge.

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

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

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

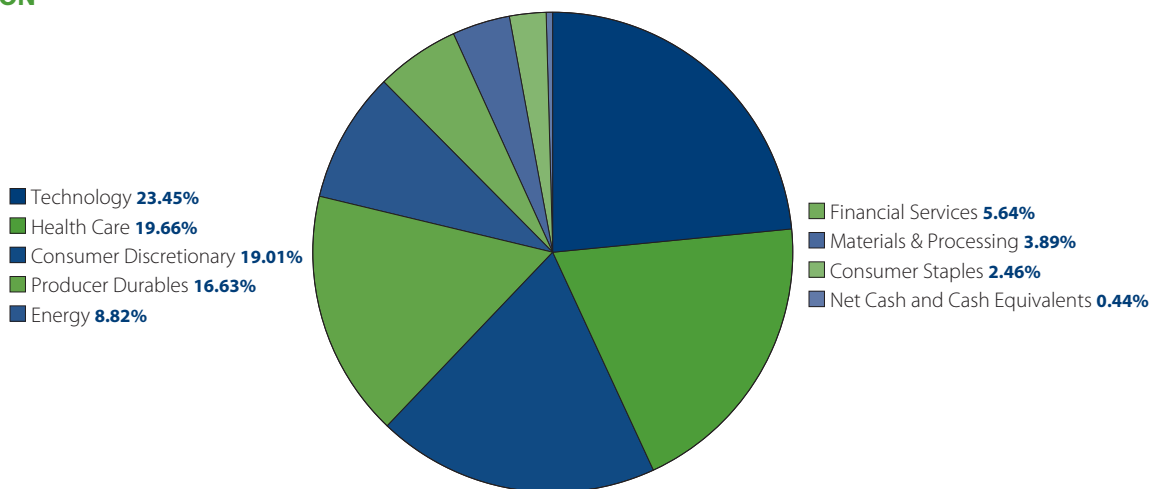
The Fund's investment advisor is contractually obligated to waive a portion of its fees and reimburse other expenses until April 30, 2012, in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends, acquired fund fees and expenses, and extraordinary expenses) for Investor Class, Institutional Class, Class A and Class C shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.34%, 0.99%, 1.29% 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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Investor	—	—	—	—	—	—	—	—	—	—
Institutional	—	—	—	—	—	—	—	33.50	28.00	-1.17
Class A	-27.81	50.81	4.14	8.62	12.56	1.97	-36.91	—	27.66	-4.31
Class C	-28.32	50.00	3.44	7.85	12.36	1.31	-37.40	32.44	26.81	-2.64
Russell 2000 Index	-30.26	48.54	14.31	4.15	13.35	7.05	-38.54	34.47	29.09	-2.91

SECTOR ALLOCATION



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

TOP TEN HOLDINGS

Security	% of Net Assets
FARO Technologies, Inc.	2.87
MWI Veterinary Supply, Inc.	2.50
Kodiak Oil & Gas Corp.	2.16
Triumph Group, Inc.	2.07
Hibbett Sports, Inc.	1.93
Ultimate Software Group, Inc.	1.85
Ulta Salon Cosmetics & Fragrance, Inc.	1.81
WESCO International, Inc.	1.76
Body Central Corp.	1.69
Texas Roadhouse, Inc., Class A	1.63

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

STATISTICS/CHARACTERISTICS

Beta	0.87
R-Squared	87.97
Annual Portfolio Turnover	78.09%
# of Holdings	111
Total Assets	\$105.56M

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.

OBJECTIVE

The Fund seeks long-term growth through capital appreciation.

OVERVIEW

The Fund invests in companies of any size and favors smaller-sized companies with market capitalizations that are equal to or less than the largest company in the Russell 2000 Index, and seeks companies with perceived leadership positions and competitive advantages in niche markets.

- › The portfolio is diversified across industry sectors and focuses on companies that do not receive significant coverage from other institutional investors.
- › The team employs a 10-step research process that includes a brief company description, its competitive advantage, an assessment of management, specific growth drivers, risks, valuation metrics and its comparables and buy analysis, and culminates with the production of an internal report on each company.
- › The team seeks to control volatility by diversifying the Fund's portfolio among subgroups within each industry sector and seeks to minimize risk by unequally weighting the percentage ownership of portfolio companies through a comprehensive on-going risk assessment process.

FUND DETAILS

Sub-Advisor: Emerald Mutual Fund Advisers Trust
Category: Small Growth

Benchmark: Russell 2000 Growth Index
Dividend Frequency: Annually

Share Class	Ticker	CUSIP	Inception Date	Minimum Investments	Expense Ratio (%)	
					Gross	Net
Investor	FFGRX	34986P622	05/01/11	\$4,000	1.46	1.34
Institutional	FGROX	349913483	10/21/08	\$100,000	1.11	0.99
Class A	HSPGX	29089R103	10/01/92	\$4,000	1.41	1.29
Class C	HSPCX	29089R202	07/01/00	\$4,000	2.06	1.94

CORRELATION/STANDARD DEVIATION

	Correlation	Standard Deviation
Fund	N/A	21.92
Russell 2000 Growth Index	0.94	23.62

PORTFOLIO MANAGEMENT

Emerald Mutual Fund Advisers Trust is the sub-advisor to the Fund. The portfolio managers are:

Kenneth G. Mertz, II, CFA

CIO and President
34 Years Experience

Stacey L. Sears

Senior VP of Emerald Advisers, Inc. and VP of Emerald
20 Years Experience

Joseph W. Garner

Director of Research for Emerald Research
18 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.

Investing in smaller companies generally will present greater investment risks, including: greater price volatility, greater sensitivity to changing economic conditions and less liquidity than the securities of larger, more mature companies.

The Russell 2000 Growth Index measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth value. 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. 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.

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