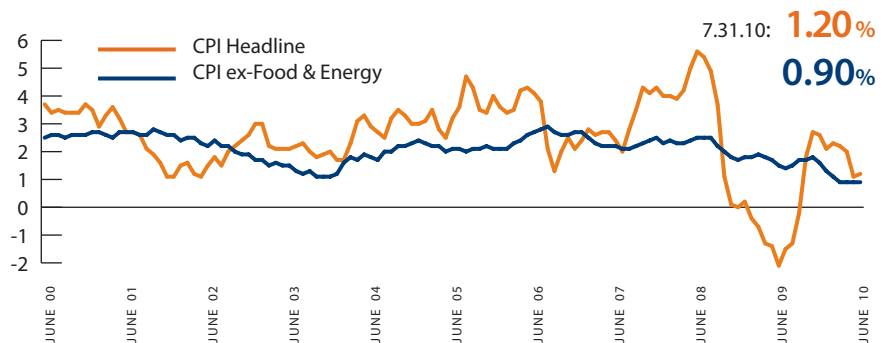


# INFLATION WATCH

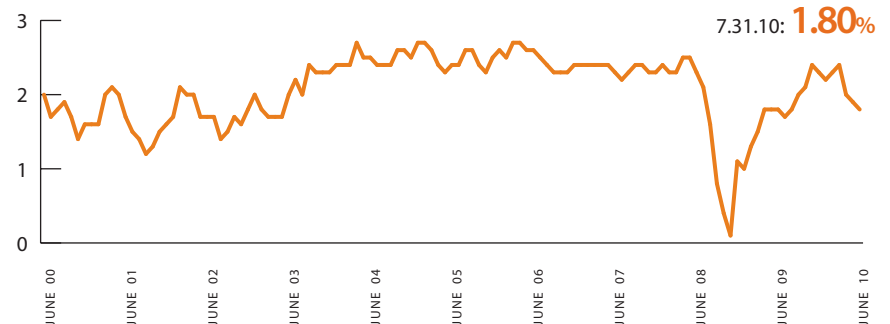
Inflation is defined as a rise in the general level of prices in goods and services in an economy over time. This is an important concept for investors because, over time, inflation will erode the purchasing power of money. The most common measure of inflation in the U.S. is the Consumer Price Index (CPI). Many investors track the real return of an investment, which is an investment's return above and beyond the rate of inflation.

Spreads between long term Treasury Inflation Protected Securities (TIPs) and long term U.S. Treasuries can be used as a measure of investors' implied inflation expectations. When spreads are high it may be indicative of increased inflation expectations. Tracking these spreads over time may provide a signal of where expected inflation is headed. This information could be helpful for the purpose of identifying trends in fixed-income asset classes or in gaining insight into allocation decisions.

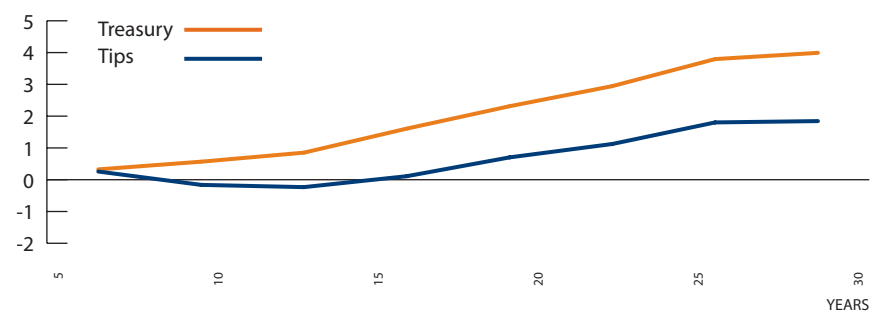
## INFLATION - HEADLINE & CORE<sup>1</sup>



## IMPLIED INFLATION - 10 YR TREASURY MINUS TIPS<sup>1,2</sup>



## YIELD CURVE<sup>2</sup>



<sup>1</sup> Source: Bureau of Labor Statistics

<sup>2</sup> Source: Bloomberg

Investing involves risk, including possible loss of principal. Index returns are for illustrative purposes only and do not represent actual Fund performance. Index performance returns do not reflect any management fees, transaction costs or expenses. Indices are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.

The summary, prices, quotes, and statistics have been obtained from sources we believe to be reliable, but we cannot guarantee their accuracy or completeness. All expressions of opinion are subject to change without notice.

Definitions:

**Treasury Inflation-Protected Security (TIPS):** A security which is identical to a treasury bond except that principal and coupon payments are adjusted to eliminate the effects of inflation.

**Consumer Price Index (CPI):**

**Headline:** a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

**ex - Food & Energy:** a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services excluding food and energy.

***Please consider the objectives, risks, charges and expenses carefully before investing in the Forward Funds. A prospectus with this an other information may be obtained by calling (888) 312-4100 or by visiting [www.forwardfunds.com](http://www.forwardfunds.com). Please read carefully before making a final investment decision.***

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Effective 5/1/10, Accessor Funds will be renamed to Forward Funds. The Accessor Growth Fund will be renamed to the Forward Large Cap Growth Fund. The Accessor Value Fund will be renamed to the Forward Large Cap Value Fund.

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