

Why Infrastructure?

Through an investment universe of global companies delivering essential services, infrastructure securities can offer investors equity participation in the acceleration of worldwide infrastructure spending.

What Is Infrastructure?

The infrastructure asset class comprises the basic building blocks required for communities to function, providing essential services such as transportation, communication, water and energy. A critical component of a society's vitality, infrastructure directly impacts economic growth, competitiveness, productivity and overall quality of life.

The chart below details the Forward Global Infrastructure Fund's extensive and diverse investable universe of global infrastructure companies as of December 31, 2009.

The Forward Global Infrastructure Fund Investable Universe

Transportation	Communication	Energy	Utilities	Related Industries
\$457 billion market cap	\$428 billion market cap	\$1.9 trillion market cap	\$1.5 trillion market cap	\$2.8 trillion market cap
82 companies	14 companies	158 companies	133 companies	249 companies
» Toll Roads » Airports » Ports » Railroads	» Wireless Networks » Cable » Satellite Systems	» Oil & Gas Storage » Fuel Transportation » Oil & Gas Drilling	» Electricity » Gas » Water » Power Generation	» Building Materials » Construction & Engineering » Metals & Mining » Agriculture

Source: Forward Management, LLC. Data as of 12/31/09. Portfolio holdings are subject to change.

Infrastructure Demand Drivers

Powerful secular forces such as globalization and urbanization are driving the increasing need for new and improved infrastructure around the world. It is estimated that \$25 to \$30 trillion will be allocated toward global infrastructure over the coming two decades—\$650 billion of which will be spent over the next two years.¹

RISING POPULATION GROWTH AND URBANIZATION

As illustrated in the adjacent chart, half of the world's nearly 7 billion people now live in cities. This rising urbanization is putting increased demands on energy distribution and water systems, roads, hospitals and schools in cities around the world.

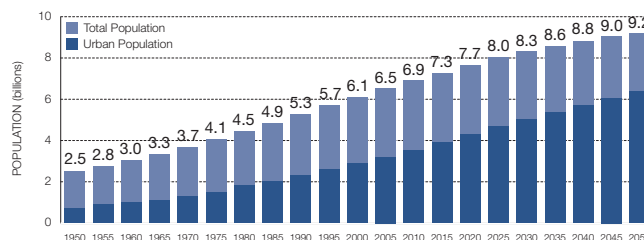
GLOBAL DEMAND FOR NEW INFRASTRUCTURE

The global economy could see up to \$30 trillion of infrastructure investments in the next twenty years, with nearly 40% supporting transportation upgrades.² While emerging markets have the widest investment gaps to fill, the chart to the right shows that inferior infrastructure is a growing problem for many developed nations as well.

AGING OR INADEQUATE INFRASTRUCTURE

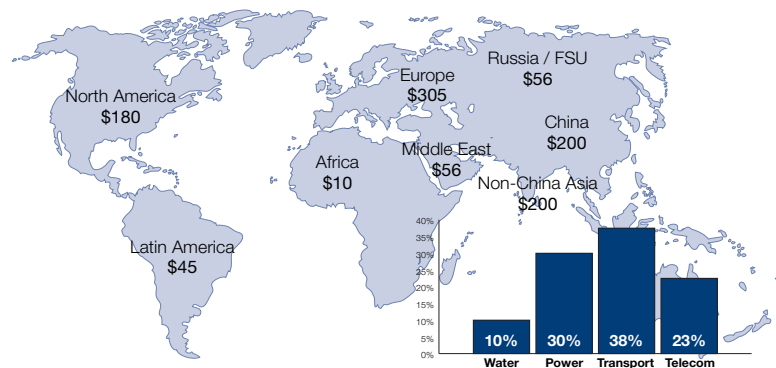
Existing U.S. infrastructure, much of which was constructed over 50 years ago, has been given an overall "poor" rating by the American Society of Civil Engineers. Their 2009 report concluded that \$2.2 trillion is needed over a 5-year period to bring conditions to acceptable levels.³

Future Population Growth and Rising Urbanization



Source: United Nations, 2009

Projected Annual Global Infrastructure Investment (\$B)



Source: CIBC World Markets, 2009

Infrastructure Portfolio Benefits

Infrastructure as an asset class features both equity and bond-like characteristics and may become an increasingly essential element of asset allocation. It's long-term investment horizon and stable income give it a bond-like quality. However, infrastructure assets have historically generated equity-like returns with moderate volatility and upside growth potential. It also can provide low correlations to other asset classes, which can enhance the risk-adjusted performance of a diversified portfolio. Other important characteristics fundamental to infrastructure include:

INELASTIC DEMAND

Infrastructure provides an economic lifeline, delivering essential, irreplaceable services that make the asset class relatively resistant to wide swings in demand, despite shifts in economic growth or other external events. For example, as seen in the chart to the right, air traffic growth has proven to be highly resistant to global events, and continues to climb steadily.

FREE OF COMPETITION

Due to capital and commodity constraints, infrastructure assets tend to operate with little to no competition. Government oversight and regulation may also benefit companies that own or manage basic public resources by creating an additional barrier to entry and further limiting competition.

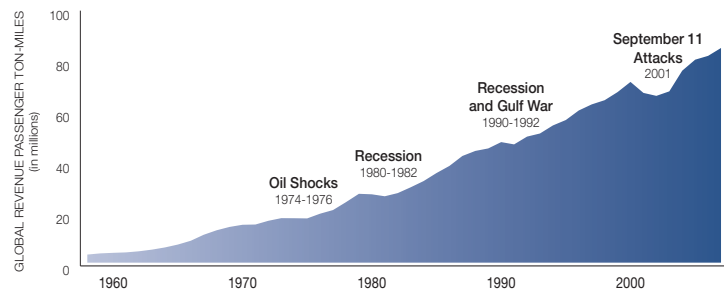
LONG-LIFE ASSETS WITH LOW MAINTENANCE

An infrastructure asset's life can span hundreds of years. The chart to the right shows that periodic maintenance is required only every 10-60 years.

INFLATION-LINKED CASH FLOWS

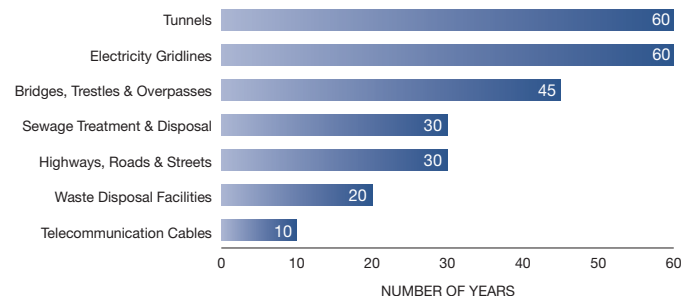
Cash flows generated by infrastructure companies are typically linked to measures of economic growth, such as inflation. For instance, toll road and bridge contracts often include provisions linking toll increases to the rate of inflation.

Global Air Traffic Growth



Source: Bureau of Transportation Statistics, 2009.

Life of Infrastructure Assets before Major Maintenance Is Required



Source: Macquarie Research, May 2007.

Forward Global Infrastructure Fund

The Forward Global Infrastructure Fund takes a comprehensive approach to infrastructure investing, offering access to:

- companies that operate existing infrastructure assets, which typically benefit from more stable cash flow and offer a lower risk-return profile; and
- companies that stand to benefit from the development of new infrastructure networks and services around the globe, which may include more growth-oriented investments.

The primary drivers of infrastructure investing—globalization, demographic shifts and technological advances—are fueling a potential \$30 trillion spending spree in the next 20+ years. Combined with global stimulus efforts, we believe the infrastructure market may experience tremendous growth over the next several years. By offering investors broad exposure to infrastructure investments, the Forward Global Infrastructure Fund offers a compelling vehicle through which to access global infrastructure.

For more information, visit us at www.forwardfunds.com or call (888) 312-4100.

¹ CIBC World Markets, 2009. ² Ibid., 2009. ³ ASCE, 2009.

The Forward Global Infrastructure Fund seeks total return through capital appreciation and current income. The Fund invests primarily in global infrastructure-related securities. Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income. The S&P Global Infrastructure Index is designed to provide liquid exposure to the leading publicly listed companies in the global infrastructure industry, from both developed markets and emerging markets. You cannot invest directly in an index. Correlation refers to the statistical measure of how two securities move in relation to each other and is computed as the correlation coefficient, with ranges from -1 to +1.

The Fund concentrates its investments in infrastructure-related entities and therefore has greater exposure to the potential adverse economic, regulatory, political and other changes affecting such entities. The Fund may invest in a larger percentage of its assets in the securities of a smaller number of issuers, since it is a "non-diversified" mutual fund. The Fund also invests in foreign securities which involve additional risks including exchange rate fluctuations, social and political instability, less liquidity, greater volatility and less regulation.

Past performance is no guarantee of future results.

You should consider the investment objectives, risks, charges and expenses carefully before investing. A prospectus with this and other information about the funds may be obtained by calling (800) 999-6809 or by downloading one from www.forwardfunds.com. It should be read carefully before investing.