

FORWARD FUNDS: Capital Loss Carryforwards

At December 31, 2008, for federal income tax purposes, the following Forward Funds had capital loss carryovers which may be applied against future net taxable realized gains for each succeeding year until the earlier of their utilization or expiration:

Forward Funds	Expiring in 2009	Expiring in 2015	Expiring in 2016
Forward Emerging Markets	\$ (2,015,691) ^(a)	\$ -	\$ (\$28,419,454)
Forward International Equity	-	-	(11,897,887)
Forward International Small Companies	-	-	(102,744,499)
Forward Large Cap	-	(46,757)	(896,852)
Forward Banking and Finance	-	-	(2,636,655)
Forward Growth	-	-	(12,382,608)
Forward Long/Short Credit Analysis	-	(1,322,823)	(2,456,907)
Forward International Fixed Income	-	-	(291,414)
Forward Real Estate*	-	-	(443,801)
Forward Small Cap Equity	-	-	(88,793,562)
Forward Global Infrastructure**	-	-	(22,944,101)
Forward International Real Estate**	-	(2,652,205)	(64,908,383)
Forward Select Income**	-	(12,192,886)	(157,405,438)
Forward Strategic Realty**	-	-	(94,169,609)

^(a) Subject to limitations under §382.

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

* Prior to January 20, 2009, the Fund was named the Forward Progressive Real Estate Fund. **Prior to June 15, 2009, the Funds were named Kensington Global Infrastructure, Kensington International Real Estate, Kensington Select Income and Kensington Strategic Realty.

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