

April 2008

Forward Asia Ex-Japan Equities Fund*Sub-Advised by Pictet Asset Management, Ltd.*

Performance as of March 31, 2008	1Q08	YTD	Since Inception*	Gross/Net [†] Expenses
Forward Asia Ex-Japan Equities Fund—Institutional	-12.30%	-12.30%	-12.30%	2.66%/1.35%
MSCI All Country Asia ex-Japan Index	-14.35%	-14.35%	-14.35%	

*12/31/07

[†]The Fund's investment advisor has contractually agreed to waive a portion of its fees and reimburse other expenses until April 30, 2009, in amounts necessary to limit the Fund's operating expenses (exclusive of brokerage costs, interest, taxes, dividends and extraordinary expenses) for the Institutional Class shares to an annual rate (as a percentage of the Fund's average daily net assets) of 1.35%.

The performance quoted represents past performance and does not guarantee future results. Current performance may be lower or higher than the performance 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. The returns assume reinvestment of dividends and distributions, if any. Performance current to the most recent month-end may be obtained at www.forwardfunds.com or by calling (800) 999-6809.

MARKET REVIEW

Excessive pessimism of March gave way to a short-covering fuelled market rally. The MSCI AC Far East ex-Japan Index rebounded 7.8% in USD terms during April, exceeding our expectations. The dollar rebounded over the month impacting Asian currencies after strong YTD gains. Resource & energy markets remained strong with crude oil rising to \$120/barrel. The worst performing markets in the first quarter were the best performing markets in April with both India and China posting double-digit gains. China made a formidable recovery rising 15.6% after being hit the hardest in Asia in the first quarter. A mid-month stamp duty reduction for domestically traded stocks in China, coupled with some relaxation in China's punitive tax regime in the energy sector via VAT (value-added tax) refunds and a subsidy on refining losses, provided fuel for a relief rally. Indonesia (-5.9%) and the Philippines (-9.7%) were the only losers this month as inflation rose to a two-year high and entrenched fuel subsidies were pressuring the fiscal balance. Rising food prices also triggered unrest in both of these relatively low-income countries.

PERFORMANCE ANALYSIS

The portfolio gained over 5% in this brisk rally, trailing the benchmark. The squeeze in the Chinese financials—banks, insurers and the Hong Kong Exchange—drove the underperformance this month. We find the sector unappealing given expensive valuations across the board and continuing tightening by the People's Bank of China as inflation remains elevated. Other notable underperformers this month included Korea Telecom on an earnings shortfall and Hanwha Corp. on corporate governance-related issues and irresponsible M&A (mergers and acquisitions) bidding. We exited the latter position despite its undeniably cheap valuation. On the positive side in Korea, our significant overweight in Samsung Electronics paid off as the company reported a 31% earnings gain in the first quarter and the stock broke a significant resistance level. Overall, the portfolio's defensive positioning dampened performance in this swift rebound.

PERFORMANCE ACTIVITY: OVERWEIGHTINGS AND UNDERWEIGHTINGS

We unwound our position in Hanwha Corp. for reasons outlined above. We also trimmed exposure in thermal coal stock Bumi Resources. We continue to see strong thermal coal fundamentals but felt the 125% gain in thermal coal prices was discounted in the short term.

MARKET OUTLOOK

While an equity market rally is currently underway, we continue to think that caution is warranted over the summer given the uncertainty about the state of the U.S. economy and continuing deterioration in inflation readings in Asia. Real rates remain well in negative territory in Asia and policy response would need to be decisive in order to prevent food and fuel inflation from getting entrenched into more generalized inflation. Food inflation remains a bigger issue for Asian consumers in the lower-income countries relative to developed countries, as food can range between 30–65% of the spending basket versus an average of 10% in the OECD (Organisation for Economic Co-Operation Development). Longer term, we remain secular bulls—our optimism stems primarily from robust economic growth rates that will remain intact, rapidly rising consumption and higher purchasing power, low ownership levels and healthy valuations.

PORTFOLIO STRATEGY

Given our less-than-optimistic near-term scenario on the global environment, the portfolio will remain overweight in domestic demand sectors—consumer staples, financials and telecom services—and underweight economically cyclical sectors like consumer discretionary and industrials. At a country level, preferred and overweight markets are Taiwan, Hong Kong, South Korea, Thailand and opportunistic positions in India.

The MSCI All Country Asia ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of Asia, excluding Japan. As of March 2008, the MSCI AC Asia ex-Japan Index consisted of the following eleven developed and emerging market country indexes: China, Hong Kong, India, Indonesia, Korea, Malaysia, Pakistan, Philippines, Singapore, Taiwan and Thailand.

The MSCI All Country Far East ex-Japan Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of the Far East, excluding Japan. As of March 2008, the MSCI AC Far East ex-Japan Index consisted of the following nine developed and emerging market country indexes: China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan and Thailand.

The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an index.

The Organisation for Economic Co-Operation and Development is an international organization of thirty countries that accept the principles of representative democracy and free market economy. The organization provides a setting in which governments can compare policy experiences, seek answers to common problems, identify good practices, and co-ordinate domestic and international policies. The mandate of the OECD is broad, covering economic, environmental and social issues.

Investing in foreign securities, especially emerging markets, will involve certain additional risks, including exchange rate fluctuation, less liquidity, greater volatility, and less regulation.

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 from www.forwardfunds.com. It should be read carefully before investing.

Forward Funds are distributed by ALPS Distributors, Inc.

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As of April 30, 2008, the Fund held the following positions in the portfolio (These holdings may not reflect the current or future positions in the portfolio. Portfolio holdings are subject to change.):

Forward Asia Ex-Japan Equities Fund

As of 04/30/2008

Security ID	Ticker	Security Name	# of		Market Price	Market Value	% of Total Net Assets	Currency Code
			Shares					
6073556	941 HK	China Mobile, Ltd.	27,500	\$	17.21	\$ 473,204	6.63%	HKD
6771720	005930KS	Samsung Electronics Co., Ltd.	653		709.12	463,056	6.49%	KRW
6889106	2330 TT	Taiwan Semiconductor Manufacturing Co., Ltd.	146,000		2.19	319,836	4.48%	TWD
6408374	11 HK	Hang Seng Bank, Ltd.	9,200		20.03	184,280	2.58%	HKD
6693233	005490KS	POSCO	363		489.20	177,581	2.49%	KRW
B1G1QD8	1398 HK	Industrial & Commercial Bank of China, Ltd.	206,000		0.79	163,095	2.28%	HKD
6419365	060000KS	Kookmin Bank	2,199		69.72	153,304	2.15%	KRW
6287841	2412 TT	Chunghwa Telecom Co., Ltd.	54,000		2.58	139,223	1.95%	TWD
B00G0S5	883 HK	CNOOC, Ltd.	67,000		1.77	118,299	1.66%	HKD
6536112	2388 HK	BOC Hong Kong Holdings, Ltd.	38,500		2.59	99,546	1.39%	HKD
6448068	13 HK	Hutchison Whampoa, Ltd.	10,000		9.78	97,842	1.37%	HKD
6190273	1 HK	Cheung Kong Holdings, Ltd.	6,000		15.58	93,467	1.31%	HKD
B0RNR5	086790KS	Hana Financial Group, Inc.	1,980		45.23	89,556	1.25%	KRW
6527666	2891 TT	Chinatrust Financial Holding Co., Ltd.	84,000		1.04	87,593	1.23%	TWD
6175076	033780KS	KT & G Corp.	1,058		82.78	87,582	1.23%	KRW
B012W53	PBKF MK	Public Bank, Bhd	24,100		3.61	86,971	1.22%	MYR
6043485	BUMI IJ	PT Bumi Resources Tbk	120,500		0.72	86,893	1.22%	IDR
6505316	030200KS	KT Corp.	1,860		46.18	85,890	1.20%	KRW
6190950	2002 TT	China Steel Corp.	52,000		1.64	85,393	1.20%	TWD
6321642	330 HK	Esprit Holdings, Ltd.	6,700		12.31	82,448	1.15%	HKD
6424110	2885 TT	Yuanta Financial Holding Co., Ltd.	85,000		0.95	80,959	1.13%	TWD
B01FLR7	2318 HK	Ping An Insurance Co. of China, Ltd.	8,497		9.49	80,629	1.13%	HKD
6805049	004170KS	Shinsegae Co., Ltd.	124		648.28	80,387	1.13%	KRW
6559335	728 HK	China Telecom Corp., Ltd.	114,000		0.67	76,359	1.07%	HKD
6810010	363 HK	Shanghai Industrial Holdings, Ltd.	18,000		4.14	74,604	1.05%	HKD
6580119	2892 TT	First Financial Holding Co., Ltd.	60,000		1.22	72,912	1.02%	TWD
6056331	1102 TT	Asia Cement Corp.	40,000		1.80	71,993	1.01%	TWD
6260734	2308 TT	Delta Electronics, Inc.	23,000		3.01	69,119	0.97%	TWD
6560393	035420KS	NHN Corp.	297		232.38	69,018	0.97%	KRW
6109439	1722 TT	Taiwan Fertilizer Co., Ltd.	14,000		4.84	67,822	0.95%	TWD
6155250	000810KS	Samsung Fire & Marine Insurance Co., Ltd.	303		218.42	66,182	0.93%	KRW
6869937	1101 TT	Taiwan Cement Corp.	40,000		1.63	65,030	0.91%	TWD
B1Y3WG1	IOI MK	IOI Corp., Bhd	28,100		2.31	64,935	0.91%	MYR
6397502	055550KS	Shinhan Financial Group Co., Ltd.	1,120		57.75	64,677	0.91%	KRW
6425395	2600 HK	Aluminum Corp. of China, Ltd.	38,000		1.69	64,267	0.90%	HKD
6438564	2317 TT	Hon Hai Precision Industry Co., Ltd.	11,000		5.80	63,766	0.89%	TWD
6812340	SPC SP	Singapore Petroleum Co., Ltd.	12,000		5.31	63,714	0.89%	SGD
6291819	386 HK	China Petroleum & Chemical Corp.	60,000		1.06	63,671	0.89%	HKD
6704986	2912 TT	President Chain Store Corp.	18,000		3.51	63,256	0.89%	TWD
6226576	857 HK	PetroChina Co., Ltd.	42,000		1.49	62,516	0.88%	HKD
6182076	036460KS	Korea Gas Corp.	802		77.49	62,151	0.87%	KRW
6916781	UOB SP	United Overseas Bank, Ltd.	4,000		15.04	60,175	0.84%	SGD

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As of 04/30/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
6534268	053000KS	Woori Finance Holdings Co., Ltd.	2,990	19.65	58,747	0.82%	KRW
B232R05	096770KS	SK Energy Co., Ltd.	473	122.67	58,025	0.81%	KRW
6420390	PTT/F TB	PTT Pcl	5,200	10.53	54,771	0.77%	THB
B00PTJ6	ITD/F TB	Italian-Thai Development Pcl	208,976	0.26	54,699	0.77%	THB
6868439	2347 TT	Synnex Technology International Corp.	20,000	2.68	53,535	0.75%	TWD
B1WQQ48	029780KS	Samsung Card Co., Ltd	947	55.65	52,703	0.74%	KRW
6859927	16 HK	Sun Hung Kai Properties, Ltd.	3,000	17.52	52,546	0.74%	HKD
6537096	006360KS	GS Engineering & Construction Corp.	354	147.11	52,077	0.73%	KRW
6497004	010060KS	DC Chemical Co., Ltd.	127	404.93	51,426	0.72%	KRW
6425663	2882 TT	Cathay Financial Holding Co., Ltd.	18,000	2.81	50,546	0.71%	TWD
B23S952	097230KS	Hanjin Heavy Industries & Construction Co., Ltd.	879	57.35	50,409	0.71%	KRW
B03PGR0	906 HK	China Netcom Group Corp. Hong Kong, Ltd.	16,587	3.02	50,018	0.70%	HKD
6451680	2887 TT	Taishin Financial Holdings Co., Ltd.	93,000	0.52	48,413	0.68%	TWD
6411673	2881 TT	Fubon Financial Holding Co., Ltd.	40,000	1.19	47,689	0.67%	TWD
6867748	19 HK	Swire Pacific, Ltd.	4,000	11.70	46,785	0.66%	HKD
6725299	2899 HK	Zijin Mining Group Co., Ltd.	51,068	0.91	46,460	0.65%	HKD
6402428	012630KS	Hyundai Development Co.	720	63.93	46,030	0.64%	KRW
6420538	12 HK	Henderson Land Development Co., Ltd.	6,000	7.63	45,809	0.64%	HKD
6344122	047040KS	Daewoo Engineering & Construction Co., Ltd.	2,540	17.75	45,093	0.63%	KRW
6719764	PGAS IJ	PT Perusahaan Gas Negara	33,000	1.31	43,299	0.61%	IDR
6075949	BAY/F TB	Bank of Ayudhya Pcl	54,800	0.79	43,204	0.61%	THB
6700393	1216 TT	Uni-President Enterprises Corp.	30,000	1.43	42,959	0.60%	TWD
6633767	17 HK	New World Development Co., Ltd.	16,000	2.58	41,267	0.58%	HKD
6056074	2311 TT	Advanced Semiconductor Engineering, Inc.	39,000	1.03	40,092	0.56%	TWD
6309303	CAPL SP	CapitaLand, Ltd.	8,000	5.01	40,058	0.56%	SGD
6075745	BCHB MK	Bumiputra-Commerce Holdings Berhad	12,700	3.15	40,002	0.56%	MYR
6179755	293 HK	Cathay Pacific Airways, Ltd.	19,000	2.09	39,643	0.56%	HKD
B01JCK9	2331 HK	Li Ning Co., Ltd.	13,201	2.95	38,960	0.55%	HKD
B1WJ4X2	1880 HK	Belle International Holdings, Ltd.	35,000	1.07	37,276	0.52%	HKD
6264048	966 HK	China Insurance International Holdings Co., Ltd.	14,000	2.66	37,187	0.52%	HKD
6782045	1138 HK	China Shipping Development Co., Ltd.	10,587	3.36	35,525	0.50%	HKD
6361466	KTB-R TB	Krung Thai Bank Pcl	107,600	0.32	34,950	0.49%	THB
6077019	BBL/F TB	Bangkok Bank Pcl, Foreign Registered Shares	7,800	4.42	34,437	0.48%	THB
6331470	1402 TT	Far Eastern Textile, Ltd.	20,000	1.68	33,632	0.47%	TWD
B1VQ5C0	KEP SP	Keppel Corp., Ltd.	4,000	7.61	30,441	0.42%	SGD
6888794	KBANK/F	Kasikornbank Pcl	10,900	2.78	30,249	0.41%	THB
B01B1L9	2319 HK	China Mengniu Dairy Co., Ltd.	10,000	3.00	30,026	0.41%	HKD
B04KNF1	753 HK	Air China, Ltd.	40,000	0.74	29,667	0.41%	HKD
6175203	DBS SP	DBS Group Holdings, Ltd.	2,000	14.65	29,291	0.40%	SGD
6771601	000830KS	Samsung Corp.	420	69.22	29,071	0.40%	KRW
6230845	UNTR IJ	PT United Tractors Tbk	20,500	1.31	26,786	0.37%	IDR
6051046	2357 TT	Asustek Computer, Inc.	8,000	3.24	25,959	0.36%	TWD
6709099	BBRI IJ	PT Bank Rakyat Indonesia Tbk	38,500	0.65	24,840	0.35%	IDR

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As of 04/30/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
6486314	683 HK	Kerry Properties, Ltd.	3,500	6.77	23,691	0.33%	HKD
6811734	SIA SP	Singapore Airlines, Ltd.	2,000	11.80	23,598	0.33%	SGD
6288190	2409 TT	AU Optronics Corp.	12,000	1.95	23,450	0.33%	TWD
B24CVP7	3377 HK	Sino-Ocean Land Holdings, Ltd.	26,451	0.83	21,824	0.31%	HKD
B2QZGV5	TI MK	TM International Bhd	9,300	2.26	21,049	0.29%	MYR
6523341	BDO PM	Banco de Oro-EPCI, Inc.	18,600	1.11	20,681	0.29%	PHP
6412591	ADVANC/F	Advanced Info Service Pcl	6,700	2.92	19,544	0.27%	THB
B0HZZ57	3368 HK	Parkson Retail Group, Ltd.	1,967	9.42	18,539	0.26%	HKD
B09JBT3	AC PM	Ayala Corp.	2,292	7.04	16,131	0.23%	PHP
B0MSW50	3339 HK	China Infrastructure Machinery Holdings, Ltd.	13,000	1.13	14,663	0.21%	SGD
6718976	2628 HK	China Life Insurance Co., Ltd.	2,914	4.34	12,638	0.18%	HKD
6868398	T MK	Telekom Malaysia Bhd	9,300	1.15	10,657	0.15%	MYR
6205133	SMM SP	SembCorp Marine, Ltd.	3,274	2.73	8,933	0.13%	SGD
6192150	688 HK	China Overseas Land & Investment, Ltd.	4,004	2.10	8,426	0.12%	HKD
B013KZ2	AH-R TB	Aapico Hitech Pcl	12,600	0.37	4,649	0.07%	THB
B24FHB4	3833 HK	Xinjiang Xinxin Mining Industry Co., Ltd.	2,000	0.71	1,412	0.02%	HKD
B236JB2	826 HK	Tiangong International Co., Ltd.	2,000	0.57	1,150	0.02%	HKD
B23Z373	415 HK	China Overseas Land & Investment, Ltd., Warrants, (Expiring 08/27/08)	2,000	0.54	1,078	0.02%	HKD
B19H8Y8	2777 HK	Guangzhou R&F Properties Co., Ltd.	1	2.86	3	0.00%	HKD
		Net Cash & Cash Equivalents			398,672	5.58%	