

April 2008

Forward Eastern Europe Equities Fund*Sub-Advised by Pictet Asset Management, Ltd.*

Performance as of March 31, 2008	1Q08	YTD	Since Inception*	Gross/Net [†] Expenses
Forward Eastern Europe Equities Fund—Institutional	-17.50%	-17.50%	-17.50%	2.80%/1.50%
MSCI Emerging Markets Europe 10/40 Index	-13.76%	-13.76%	-13.76%	

*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 1.50%.

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

April saw a recovery in most equity markets in Emerging Europe. Turkey performed best and gained almost 16% in USD terms (MSCI Turkey), recovering some of the ground lost in the previous month. At the other end of the scale was Poland, which having managed a positive return in March, finished April slightly down. The largest market—Russia—was in the middle of the pack, up just over 2%, supported by resilient oil prices, a strong economy and an increasingly stable political scene.

PERFORMANCE ANALYSIS

The fund's NAV was comfortably ahead of the benchmark. Asset allocation supported relative performance this month as the fund was overweight the strongly performing Turkey and underweight Poland, the weakest market. In Russia, steel stocks Evraz and Mechel performed strongly thanks to rising prices of their products as well as vertical integration that shields them from some of the cost pressures. The fertilizer producer Uralkaliy was also very strong, supported by sharply rising potassium prices. Other notable outperformers included the oil services group Integra. Telecoms companies Vimpelcom, MTS, Sistema and Comstar were, on the other hand, lackluster as they lacked catalysts. Turkey provided a number of strong performers including the financials stocks led by the insurer Aksigorta and the holding company Tekfen. We were also pleased to see the steel company Kardemir outperform.

PERFORMANCE ACTIVITY: OVERWEIGHTINGS AND UNDERWEIGHTINGS

There were no notable changes in asset allocation during the month with the exception of Turkey where we bought Turkcell and GSD Holding. The purchases were funded by partial sale of Kazakhmys in Kazakhstan and trimming of KGHM in Poland. In Russia, we purchased the fast-growing sector leader Sberbank as well as our favored media play CTC Media and Veropharm, the domestic pharmaceuticals producer operating in an expanding market. Pharmstandard, UES and VTB Bank exited the portfolio.

MARKET OUTLOOK

The outlook for Emerging Europe is, to a large extent, driven by developments outside the region. Valuations remain at a very appealing level relative to history as well as in comparison with other regions. Both Russia and Turkey trade on single-digit price/earnings ratios. The multiples are based on earnings that we regard to be by no means stretched. Going forward, we expect both markets to deliver healthy earnings growth. In Turkey, the above-mentioned multiples that the market trades on reflect investor skepticism that we believe is unwarranted as any disruption to the reform process due to political uncertainty is likely to be short-lived and unlikely to derail Turkey's underlying progress with reform.

PORTFOLIO STRATEGY

Russia remains the biggest overweight on the portfolio. The emphasis is on materials and energy, but the fund is also overweight Russian telecoms, an attractively valued play on the fast-growing consumer spending. Within the other favored market, Turkey, the emphasis is on infrastructure. The portfolio remains significantly underweight the Central European markets Poland, Czech Republic and Hungary. Their valuations, while not stretched, provide relatively limited upside in comparison with the faster-growing, less-developed regions that the portfolio is overweight.

The MSCI Emerging Markets Europe 10/40 Index is a free float-adjusted market capitalization index designed to measure equity performance in the emerging markets of Europe and adjusted for the limitations imposed by the UCITS III (Undertakings for Collective Investment in Transferable Securities) directive on funds incorporated in member states of the European Union. The UCITS III directive constrains the weight of any single group entity, as defined therein, at 10% of a fund's total assets and the sum of the weights of all group entities representing more than 5% of the fund at 40% of the fund's total assets. The index figures do not reflect any deduction for fees, expenses or taxes. It is not possible to invest directly in an index.

Valuation is the process of determining the value of an asset or company.

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 Eastern Europe Equities Fund
As of 04/30/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
677862104	LKOD LI	LUKOIL, Sponsored ADR	6,024	\$ 90.30	\$ 543,967	9.90%	USD
368287207	OGZD LI	Gazprom OAO, ADR	9,548	53.20	507,954	9.25%	USD
B114RK6	MNOD LI	JSC MMC Norilsk Nickel, ADR	13,309	27.00	359,343	6.54%	USD
607409109	MBT	Mobile TeleSystems OJSC, Sponsored ADR	3,420	77.58	265,324	4.83%	USD
68370R109	VIP	Vimpel-Communications, ADR	6,298	30.16	189,948	3.46%	USD
48122U204	SSA LI	Sistema JSFC, Sponsored GDR	6,092	30.40	185,197	3.37%	USD
669888109	NVTK LI	NovaTek OAO, GDR	2,398	75.70	181,529	3.30%	USD
7320154	OTP HB	OTP Bank Nyrt	4,032	43.00	173,358	3.16%	HUF
583840103	MTL	Mechel, ADR	1,067	145.80	155,569	2.83%	USD
B29D241	TKFEN TI	Tekfen Holding AS	23,864	6.20	147,852	2.69%	TRL
4767981	SBER RU	Sberbank	44,951	3.26	146,316	2.66%	USD
30050A202	EVR LI	Evrax Group SA, GDR	1,342	103.75	139,233	2.53%	USD
B03NGS5	PKO PW	Powszechna Kasa Oszczednosci Bank Polski SA	6,259	20.80	130,216	2.37%	PLN
559189204	MMK LI	Magnitogorsk Iron & Steel Works, Sponsored GDR	6,216	17.35	107,848	1.96%	USD
B03MYS8	ISCTR TI	Turkiye Is Bankasi AS, Class C	23,307	4.63	107,844	1.96%	TRL
5473113	PEO PW	Bank Pekao SA	1,158	87.29	101,080	1.84%	PLN
B03MPM9	BAGFS TI	Bagfas Bandirma Gubre Fabrikalari AS	906	109.80	99,475	1.81%	TRL
B03MYP5	GARAN TI	Turkiye Garanti Bankasi AS	17,239	5.37	92,610	1.69%	TRL
7127935	GTN PW	Getin Holding SA	16,648	5.51	91,784	1.67%	PLN
5263251	KGH PW	KGHM Polska Miedz SA	1,860	46.40	86,310	1.57%	PLN
47972P208	CMST LI	Comstar United Telesystems, GDR	8,392	9.90	83,081	1.51%	USD
B0D0006	BIMAS TI	BIM Birlesik Magazalar AS	892	90.97	81,148	1.48%	TRL
97263M109	WBD	Wimm-Bill-Dann Foods OJSC	654	121.70	79,592	1.45%	USD
B03MS64	ENKAI TI	Enka Insaat ve Sanayi AS	5,764	13.80	79,560	1.45%	TRL
868861204	SGGD LI	Surgutneftegaz, ADR	7,835	9.75	76,391	1.39%	USD
4132341	BSK PW	ING Bank Slaski AS	337	225.46	75,980	1.38%	PLN
48666V204	KMG LI	KazMunaiGas Exploration & Production, GDR	2,442	29.40	71,795	1.31%	USD
B03MTH2	HURGZ TI	Hurriyet Gazetecilik ve Matbaacilik SA	38,768	1.78	69,017	1.26%	TRL
45822B205	INTE LI	Integra Group Holdings, GDR	5,228	13.00	67,964	1.24%	USD
818150302	SVST LI	Cherepovets MK Severstal, GDR, Registered Shares	2,663	24.61	65,536	1.19%	USD
B03MYN3	TCELL TI	Turkcell Iletisim Hizmetleri AS	7,507	8.00	60,051	1.09%	TRL
91688E206	URKA LI	Uralkali, GDR	1,119	53.30	59,643	1.09%	USD
B1GJ6T8	BGEO LI	Bank of Georgia, GDR	2,450	23.94	58,653	1.07%	USD
B03MV32	KRDMD TI	Kardemir Karabuk Demir Celik Sanayi ve Ticaret AS	59,805	0.98	58,628	1.07%	TRL
5624030	CEZ CP	CEZ AS	746	74.32	55,443	1.01%	CSK
B0HZPV3	KAZ LN	Kazakhmys Plc	1,708	31.46	53,725	0.98%	GBP
670831205	ATAD LI	Tatneft, GDR	416	128.25	53,352	0.97%	USD
B03MND6	AKGRT TI	Aksigorta AS	10,504	5.02	52,722	0.96%	TRL
B1W4MH7	PHST LI	Pharmstandard, GDR	1,996	25.00	49,900	0.91%	USD
B03MXH0	SKBNK TI	Sekerbank TAS	19,129	2.49	47,706	0.87%	TRL
B1BFM59	GTC PW	Global Trade Centre SA	2,873	16.58	47,635	0.87%	PLN
B03MXX6	TATKS TI	TAT Konserve Sanayii AS	15,087	2.90	43,778	0.80%	TRL

Forward Eastern Europe Equities Fund

As of 04/30/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
B00HD78	IEC LN	Imperial Energy Corp., Plc	1,797	21.71	39,017	0.71%	GBP
87260R201	TMKS LI	OAO TMK, GDR	1,153	33.00	38,049	0.69%	USD
B03N094	GSDHO TI	GSD Holding AS	34,083	1.11	37,956	0.69%	TRL
12642X106	CTCM	CTC Media, Inc.	1,397	25.87	36,140	0.66%	USD
B03MY33	TOASO TI	Tofas Turk Otomobil Fabrikasi AS	9,445	3.81	35,999	0.66%	TRL
B13C2Q9	VRPH RU	Veropharm	609	52.65	32,064	0.58%	USD
B03MV65	KARSN TI	Karsan Otomotiv Sanayi ve Ticaret AS	16,896	1.73	29,284	0.53%	TRL
B03MVQ5	KOZAD TI	Koza Davetiyeleri	5,465	4.90	26,787	0.49%	TRL
91701P105	UUU CN	Uranium One, Inc.	3,616	4.62	16,696	0.30%	CAD
5251740	SFGAT ET	Silvano Fashion Group AS	902	4.68	4,225	0.08%	EUR
		Net Cash & Cash Equivalents			-7,319	-0.13%	