

April 2008

**Forward Emerging Markets Fund***Sub-Advised by Pictet Asset Management, Ltd.*

Performance as of March 31, 2008	1Q08	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception*	Gross/Net <sup>†</sup> Expenses
Forward Emerging Markets Fund—Institutional	-11.55%	-11.55%	21.84%	28.45%	36.98%	13.21%	10.07%	1.84%/1.39%
MSCI Emerging Markets Index	-10.92%	-10.92%	21.65%	29.64%	35.95%	13.61%	10.40%	

Returns for periods greater than one year are annualized.

\*10/04/95

<sup>†</sup>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 1.39%.

Prior to May 1, 2008, the Fund was named the Forward Global Emerging Markets Fund. The Institutional Class of the Pictet Global Emerging Markets Fund was reorganized into the Institutional Class of the Forward Global Emerging Markets Fund on September 15, 2004. Performance figures shown for periods prior to September 15, 2004, represent performance of the Institutional Class of Pictet Global Emerging Markets Fund.

**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](http://www.forwardfunds.com) or by calling (800) 999-6809.**

**MARKET REVIEW**

Emerging markets performed well over the month of April with the MSCI Emerging Markets Index registering a gain of USD 8.1%. Investors have become a little more sanguine over the systemic risk overhanging the financial sector and the prospects for global growth, and this has helped sentiment towards equity markets in general. Against this background, emerging markets outperformed developed stocks over the month, driven by double-digit gains in the large markets of India and China. Improved valuation levels and supportive economic growth data helped these markets recoup some of the underperformance that had accrued over recent months. Likewise, Turkey and South Africa bounced back sharply from recent underperformance linked to worrisome current account and inflation trends. Brazil was the other notable outperformer, finishing the month on a flourish after S&P upgraded the sovereign debt rating to investment grade. Weaker performance was seen in both the Philippines and Indonesia, as investors questioned the authorities' ability to manage higher inflation.

**PERFORMANCE ANALYSIS**

The fund underperformed the sharp increase in the benchmark index over the month. The main detractors to relative performance included stock selection in Taiwan as many domestic industrial stocks gave back some of the good performance accrued over the first quarter. In China, our underweight policy in some of the large financial names was a negative, while our overweight positions in both Thailand and Indonesia detracted from relative performance. In addition, our overweight policy in the telecoms sector made a negative contribution to performance. On the positive side, there was a healthy contribution from our stock picks in Brazil and Korea, while our underweight allocation to the relatively poor-performing markets of Poland and Chile also aided relative returns.

**PORTFOLIO ACTIVITY: OVERWEIGHTINGS AND UNDERWEIGHTINGS**

Weightings in Indonesia and Thailand were trimmed as our macro economic risk control analysis identified potential difficulty in dealing with domestic inflation issues. Some profits were taken in Taiwan after the strong increase in the market following the election result. We re-organized some holdings within China—seeking inflation-protected value candidates with visible earnings and reducing companies exposed to potential margin pressure. Emaar Properties was added as an attractively valued play on the secular growth trends in the Middle East.

**MARKET OUTLOOK**

For all the debate on the “de-coupling” thesis, emerging markets have (broadly) performed in line with developed equities since the end of October (when world equity markets peaked). We think it unlikely that emerging markets can outperform strongly in the current economic environment, especially given the valuation premiums that exist for many emerging stocks relative to their developed peers. Looking through the uninspiring relative returns likely in the short term, fundamentals for emerging markets remain attractive and further periods of volatility may provide good opportunities for investors with a long-term horizon.

**PORTFOLIO STRATEGY**

The fund continues to focus on opportunities identified by our bottom-up and valuation-based process. The results of this methodology results in a bias towards the markets of Russia, Brazil, Taiwan (domestic names) and Indonesia. The fund is currently underweight the markets in South Africa, Israel and Turkey. At a sector level, the fund is overweight telecoms and more cautious towards the IT sector.

The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. 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](http://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 Emerging Markets Fund

As of 04/30/2008

Security ID	Ticker	Security Name	# of Shares	Market Price	Market Value	% of Total Net Assets	Currency Code
71654V101	PBR/A	Petroleo Brasileiro SA, ADR	57,124	\$ 101.10	\$ 5,775,236	5.19%	USD
368287207	OGZD LI	OAO Gazprom, Sponsored ADR	99,510	53.20	5,293,932	4.76%	USD
2196286	VALE3 BZ	Companhia Vale do Rio Doce	106,050	39.42	4,180,879	3.76%	BRL
6073556	941 HK	China Mobile, Ltd.	204,750	17.21	3,523,219	3.17%	HKD
02364W105	AMX	America Movil SA de CV, ADR, Series L	54,072	57.96	3,134,013	2.82%	USD
6771720	005930KS	Samsung Electronics Co., Ltd.	4,344	709.12	3,080,421	2.77%	KRW
4767981	SBER RU	Sberbank	655,267	3.26	2,132,894	1.92%	USD
6563206	MTN SJ	MTN Group, Ltd.	110,461	19.11	2,110,836	1.90%	ZAR
67812M207	ROSN LI	Rosneft Oil Co., GDR	193,444	9.80	1,895,751	1.70%	USD
90458E107	UBB	Unibanco-Uniao de Bancos Brasileiros SA, GDR	11,533	145.41	1,677,014	1.51%	USD
607409109	MBT	Mobile TeleSystems OJSC, Sponsored ADR	21,287	77.58	1,651,445	1.48%	USD
6043485	BUMI IJ	PT Bumi Resources Tbk	2,286,000	0.72	1,648,439	1.48%	IDR
6805049	004170KS	Shinsegae Co., Ltd.	2,512	648.28	1,628,485	1.46%	KRW
B1FFT76	IMP SJ	Impala Platinum Holdings, Ltd.	39,498	40.73	1,608,805	1.45%	ZAR
874039100	TSM	Taiwan Semiconductor Manufacturing Co., Ltd., Sponsored ADR	138,959	11.24	1,561,899	1.40%	USD
6364766	KBANK-R	Kasikornbank Plc	552,600	2.76	1,524,834	1.37%	THB
6537030	003550KS	LG Corp.	18,132	83.28	1,510,020	1.36%	KRW
6397502	055550KS	Shinhan Financial Group Co., Ltd.	25,060	57.75	1,447,139	1.30%	KRW
7131431	GMKN RU	MMC Norilsk Nickel	5,292	269.80	1,427,782	1.28%	USD
6438564	2317 TT	Hon Hai Precision Industry Co., Ltd.	242,756	5.80	1,407,223	1.26%	TWD
B01FLR7	2318 HK	Ping An Insurance (Group) Co. of China, Ltd.	145,970	9.49	1,385,124	1.24%	HKD
6771601	000830KS	Samsung Corp.	19,770	69.22	1,368,412	1.23%	KRW
B00G0S5	883 HK	CNOOC, Ltd.	767,000	1.77	1,354,256	1.22%	HKD
B1G1QD8	1398 HK	Industrial & Commercial Bank of China, Ltd.	1,700,000	0.79	1,345,926	1.21%	HKD
6288190	2409 TT	AU Optronics Corp.	643,477	1.95	1,257,472	1.13%	TWD
6109439	1722 TT	Taiwan Fertilizer Co., Ltd.	259,000	4.84	1,254,701	1.13%	TWD
B0CGYD6	LREN3 BZ	Lojas Renner SA	51,990	23.36	1,214,518	1.09%	BRL
PNRANBAX		Ranbaxy Laboratories, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 01/28/09	100,868	11.84	1,194,408	1.07%	INR
PNBEIJ		Beijing Hualian Hypermarket Co., Ltd., Class A (Loan Participation Note issued by UBS AG), expiring 04/24/09	398,000	2.99	1,189,301	1.07%	USD
2328595	BBAS3 BZ	Banco do Brasil SA	66,853	17.33	1,158,324	1.04%	BRL
4560588	LKOH RU	LUKOIL	12,663	89.60	1,134,605	1.02%	USD
B0B8Z18	1919 HK	China COSCO Holdings Co., Ltd.	377,803	2.98	1,127,133	1.01%	HKD
6527666	2891 TT	Chinatrust Financial Holding Co., Ltd.	1,067,600	1.04	1,113,270	1.00%	TWD
2386009	USIM5 BZ	Usinas Siderurgicas de Minas Gerais SA, Preference	22,710	48.07	1,091,643	0.98%	BRL
6621580	1303 TT	Nan Ya Plastics Corp.	463,000	2.35	1,090,306	0.98%	NTS
68554N106	ORSD LI	Orascom Construction Industries Co., GDR	6,751	161.50	1,090,287	0.98%	USD
6810010	363 HK	Shanghai Industrial Holdings, Ltd.	261,000	4.14	1,081,758	0.97%	HKD
74347R321	FXP	UltraShort FTSE/Xinhua China 25 ProShares	16,719	63.72	1,065,335	0.96%	USD
B125TD5	PNBHARTI	Bharti Airtel Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 03/17/11	47,970	22.17	1,063,533	0.96%	INR
B1YBRG0	CMIG4 BZ	Cia Energetica de Minas Gerais, Preference	50,786	20.79	1,055,621	0.95%	BRL
PNEMAAR		Emaar Properties PJSC (Loan Participation Note issued by HSBC Bank Plc), expiring 04/27/09	327,068	3.13	1,024,063	0.92%	USD
6287841	2412 TT	Chunghwa Telecom Co., Ltd.	397,000	2.58	1,023,549	0.92%	TWD

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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
2643674	GMEXICOB	Grupo Mexico SAB de CV Series B	140,068	7.29	1,021,590	0.92%	MXN
48122U204	SSA LI	Sistema JSFC, Sponsored GDR	33,576	30.40	1,020,710	0.92%	USD
6568610	069960KS	Hyundai Department Store Co., Ltd.	9,646	105.72	1,019,774	0.92%	KRW
6424110	2885 TT	Yuanta Financial Holding Co., Ltd.	1,066,000	0.95	1,015,321	0.91%	TWD
6808877	2325 TT	Siliconware Precision Industries Co.	579,458	1.73	1,002,954	0.90%	TWD
715684106	TLK	PT Telekomunikasi Indonesia, Sponsored ADR	25,703	38.82	997,790	0.90%	USD
5263251	KGH PW	KGHM Polska Miedz SA	21,143	46.40	981,105	0.88%	PLN
856552203	SBID LI	State Bank of India, GDR	10,242	92.90	951,482	0.86%	USD
6520739	066570KS	LG Electronics, Inc.	6,021	156.09	939,796	0.84%	KRW
B1WJ4X2	1880 HK	Belle International Holdings, Ltd.	823,000	1.07	876,526	0.79%	HKD
6155250	000810KS	Samsung Fire & Marine Insurance Co., Ltd.	3,960	218.42	864,948	0.78%	KRW
6425663	2882 TT	Cathay Financial Holding Co., Ltd.	298,485	2.81	838,179	0.75%	TWD
B1Q2FV2	GVTT3 BZ	Global Village Telecom Holding SA	34,044	24.31	827,444	0.74%	BRL
559189204	MMK LI	Magnitogorsk Iron & Steel Works, Sponsored GDR	47,353	17.35	821,575	0.74%	USD
B16YNS1	813 HK	Shimao Property Holdings, Ltd.	404,000	1.99	803,526	0.72%	HKD
2196026	COPEC CI	Empresas Copec SA	48,008	16.66	799,884	0.72%	CLP
B03MYN3	TCELL TI	Turkcell Iletisim Hizmetleri AS	98,966	8.00	791,666	0.71%	TRL
6600879	323 HK	Maanshan Iron & Steel Co., Ltd.	1,220,000	0.64	785,870	0.71%	HKD
B1W0JF2	998 HK	China CITIC Bank	1,184,000	0.66	783,950	0.70%	HKD
B1Y3WG1	IOI MK	IOI Corp., Bhd	331,200	2.31	765,356	0.69%	MYR
B1359J0	PTTEP/F	PTT Exploration & Production Plc	145,900	5.23	763,778	0.69%	THB
B188PZ2	PNHINDU	Hindustan Unilever, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 12/30/10,	122,046	6.18	753,845	0.68%	INR
PNHINDA		Hindalco Industries, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 09/30/10	150,877	4.78	721,893	0.65%	INR
B2471B8	1393 HK	Hidili Industry International Development, Ltd.	466,000	1.53	711,574	0.64%	HKD
B03MYS8	ISCTR TI	Turkiye Is Bankasi AS, Class C	147,581	4.63	682,870	0.61%	TRL
6725299	2899 HK	Zijin Mining Group Co., Ltd.	750,000	0.91	682,330	0.61%	HKD
6359881	GAM MK	Gamuda Bhd	686,000	0.99	677,531	0.61%	MYR
B0RNR5	086790KS	Hana Financial Group, Inc.	14,920	45.23	674,834	0.61%	KRW
6869937	1101 TT	Taiwan Cement Corp.	394,000	1.63	640,545	0.58%	TWD
876568502	TTM	Tata Motors, Ltd., Sponsored ADR	38,293	16.54	633,366	0.57%	USD
16941R108	SNP	China Petroleum & Chemical Corp., ADR	5,690	107.51	611,732	0.55%	USD
6732716	OGDC PA	Oil & Gas Development Co., Ltd.	291,000	2.07	603,435	0.54%	PKR
45104G104	IBN	ICICI Bank, Ltd., Sponsored ADR	13,420	44.59	598,398	0.54%	USD
6489261	011160KS	Doosan Construction & Engineering Co., Ltd.	44,580	12.92	575,785	0.52%	KRW
6075745	BCHB MK	Bumiputra-Commerce Holdings Bhd	180,700	3.15	569,156	0.51%	MYR
88706P106	TSU	Tim Participacoes SA, ADR	16,533	33.58	555,178	0.50%	USD
6246574	015940KS	LG Dacom Corp.	28,790	18.95	545,564	0.49%	KRW
71646E100	PTR	PetroChina Co., Ltd., ADR	3,577	151.14	540,628	0.49%	USD
B2QZGV5	TI MK	TM International Bhd	212,400	2.26	480,741	0.43%	MYR
PNGUJA		Gujarat NRE Coke, Ltd. (Loan Participation Note issued by Macquarie Group, Ltd.), expiring 05/10/12	120,892	3.70	447,582	0.40%	INR
6249584	000210KS	Daelim Industrial Co.	3,297	135.14	445,563	0.40%	KRW
6560393	035420KS	NHN Corp.	1,904	232.38	442,459	0.40%	KRW
PNSAIL		Steel Authority of India, Ltd. (Loan Participation Note issued by Merrill Lynch International & Co.), expiring 04/21/09	96,722	4.56	441,534	0.40%	INR

Forward Emerging Markets Fund

As of 04/30/2008

Security ID	Ticker	Security Name	# of	Market Price	Market Value	% of Total Net Assets	Currency Code
			Shares				
6263766	203 HK	Denway Motors, Ltd.	836,000	0.51	425,877	0.38%	HKD
904688207	UESD LI	RAO Unified Energy System, GDR	4,373	94.00	411,062	0.37%	USD
6651048	BMRI IJ	PT Bank Mandiri Tbk	1,235,915	0.31	385,302	0.35%	IDR
6495428	010130KS	Korea Zinc Co., Ltd.	3,172	120.68	382,798	0.34%	KRW
6709099	BBRI IJ	PT Bank Rakyat Indonesia Tbk	556,313	0.65	358,931	0.32%	IDR
6868398	T MK	Telekom Malaysia Bhd	212,400	1.15	243,396	0.22%	MYR
B01H2V4	VIETNGF	Vietnam Growth Fund, Ltd.	9,858	23.00	226,734	0.19%	USD
B23JKK7	VIETRES	Vietnam Resource Investments Holdings, Ltd.	26,000	8.38	217,750	0.19%	USD
B09RFT5	UBL PA	United Bank, Ltd.	47,800	2.21	105,778	0.10%	PKR
583840103	MTL	Mechel, ADR	435	145.80	63,423	0.06%	USD
40227Q204	GFH LI	Gulf Finance House E.C., Sponsored GDR	1,364	38.50	52,514	0.05%	USD
7320154	OTP HB	OTP Bank Nyrt.	103	43.00	4,429	0.00%	HUF
05961W105	BMA	Banco Macro SA, ADR	122	22.60	2,757	0.00%	USD
6718255	2333 HK	Great Wall Motor Co., Ltd.	400	1.18	472	0.00%	HKD
718252109	TEL PM	Philippine Long Distance Telephone Co.	3	60.68	182	0.00%	PHP
B24FZ32	3998 HK	Bosideng International Holdings, Ltd.	443	0.20	86	0.00%	HKD
6496818	003480KS	Hanjin Heavy Industries & Construction Co., Ltd.	1	32.21	32	0.00%	KRW
B0LMTQ3	939 HK	China Construction Bank Corp.	3	0.90	3	0.00%	HKD
6055112	ALI PM	Ayala Land, Inc.	2	0.23	0	0.00%	PHP
4176996	CHPR CP	Chirana Prema AS	525	0.00	0.00	0.00%	SKK
		Net Cash & Cash Equivalents			2,774,776	2.49%	