

International Dividend

Philosophy

The Forward Management International Dividend investment philosophy is based on the belief that by emphasizing higher-yielding stocks, the portfolio can participate in stock market advances and protect capital better than competing strategies during stock market declines.

Investment Process

The Forward Management International Dividend Portfolio seeks to provide long-term capital appreciation and income by investing in dividend-paying companies located outside of the United States. The portfolio invests primarily in ADRs that regularly pay dividends. Investments are selected based on higher-relative dividend yields, dividend growth potential and anticipated stock price appreciation. This internationally-oriented portfolio is typically structured with 30 to 50 stocks diversified across seven to ten sectors. Geographically, the portfolio is diversified across eight or more countries.

Buy Process

- Screen for companies with an absolute dividend yield higher than the local market or the S&P 500
- Identify companies with an unusually high historical relative yield, this can be defined as being one standard deviation above its historical average
- Qualitatively review resulting universe to identify the most attractive candidates
- Determine weighting based upon perceived risk, and strength of the investment catalyst

Sell Discipline

A stock may be sold for any of the following reasons:

- A stock's historical relative yield becomes unusually low, this can be defined as being one standard deviation below its historical average
- A stock's yield declines to an unattractive level
- A company's cash flow no longer adequately covers the dividend
- Future stock price appreciation appears limited

Annualized Returns PERCENTAGE

	2Q 2010*	1YR	3YR	5YR	10YR	Since Inception†
International Dividend - Gross	-13.42	11.26	-9.61	2.89	4.85	5.80
International Dividend - Net‡	-13.92	9.76	-10.38	2.17	3.93	5.18
MSCI EAFE	-13.97	5.93	-13.38	0.88	0.15	1.58
International Dividend - STANDARD DEVIATION			23.68	20.10	18.03	18.40
MSCI EAFE - STANDARD DEVIATION			28.62	23.89	21.97	21.56

*Returns are preliminary.

†Inception Date - 7/1/1999.

‡Net returns are calculated using a representative management fee of 2.00%, applied quarterly. Prior to January 1, 2010, net returns are calculated using a representative management fee of 0.65%, applied quarterly. Prior to August 1, 2008, net returns are calculated using a management fee of 0.50%, applied quarterly. Periods less than one year are not annualized. Please see important disclosures on the reverse side.

Portfolio Characteristics

Shown as supplemental information. Please see important disclosures on the reverse side.

Characteristics	Portfolio	MSCI EAFE*
Number of Stocks:	37	918
Dividend Yield:	3.7%	3.4%
Price-to-Earnings:	16.6	19.0
Price-to-Book:	3.7	2.5
Price-to-Cash Flow:	8.7	9.2
Weighted Mean Market Cap:	\$37.0B	\$48.6B

*Based on iShares MSCI EAFE Index Fund Data.

Source: Bloomberg

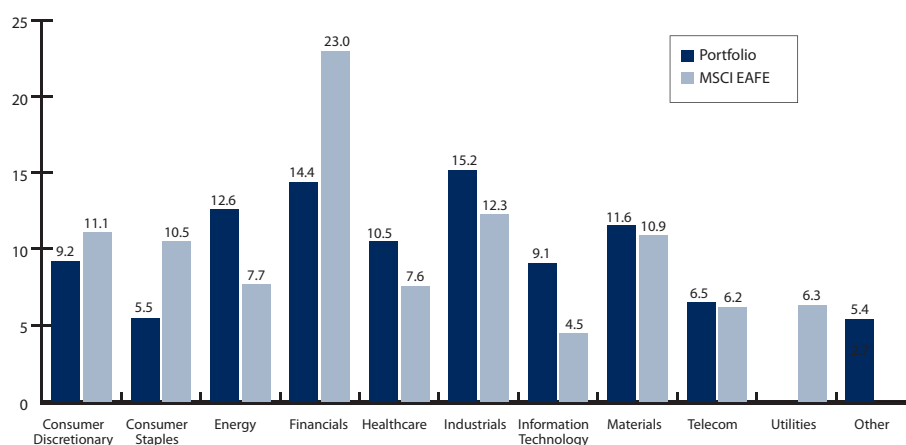
Top Ten Holdings PERCENTAGE

Portfolio holdings are subject to change at any time. Shown as supplemental information. Please see important disclosures on the reverse side.

WPP PLC - WPPGY	4.7	Vienna Insurance Group - VNRGY	3.7
Komatsu - KMTUY	4.7	City Telecom - CTEL	3.6
Syngenta - SYT	4.6	Total SA - TOT	3.5
Novartis AG - NVS	4.2	TNT NV - TNTTY	3.3
Royal Dutch Shell - RDS/A	3.8	Roche Hldg - RHHBY	3.2

Sector Allocation PERCENTAGE

These allocations may not reflect the current or future holdings of the portfolio. Shown as supplemental information. Percentages may not add up to 100% due to rounding.



International Dividend

Risk Management

The Forward Management International Dividend Portfolio is structured with a defensive bias and actively targets 20% lower volatility, as measured by standard deviation and beta, than the MSCI EAFE Index. This defensive portfolio strives to protect capital better than other like strategies in times of market weakness and to provide smoother performance over full-market cycles.

Annual Returns

	International Div Gross %	International Div Net* %	MSCI EAFE %
2009	26.53	25.75	31.77
2008	-36.26	-36.66	-43.38
2007	14.11	13.55	11.18
2006	24.68	24.09	26.35
2005	18.94	18.37	13.53
2004	14.26	13.70	20.25
2003	29.13	28.52	38.60
2002	-8.02	-8.49	-15.94
2001	-3.71	-4.20	-21.44
2000	-0.10	-0.60	-14.18
1999**	18.85	18.57	21.89

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**Inception Date - 7/1/1999

Portfolio Management

LEAD MANAGERS

Title / Years of Experience

David Ruff, CFA	Portfolio Manager / 23
Randall Coleman, CFA	Portfolio Manager / 18
Bruce Brewington	Portfolio Manager / 18

INVESTMENT TEAM

Jim O'Donnell, CFA	Chief Investment Ofcr / 23
Michael McGowan	Portfolio Manager / 24
Aaron Visse, CFA	Portfolio Manager / 11
Ian Goltra	Senior Analyst / 23
James Clary, CFA	Senior Analyst / 17
Matt Feldmann, CFA	Senior Analyst / 9
Fabian Garces	Analyst / 3

Risk/Analysis[†]

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	0.92	0.80	95.60	87.00	8.04
5 Year	1.86	0.81	94.40	87.00	6.79
10 Year	4.53	0.75	91.40	68.70	8.91
Since Inception*	4.40	0.78	90.70	68.40	9.10

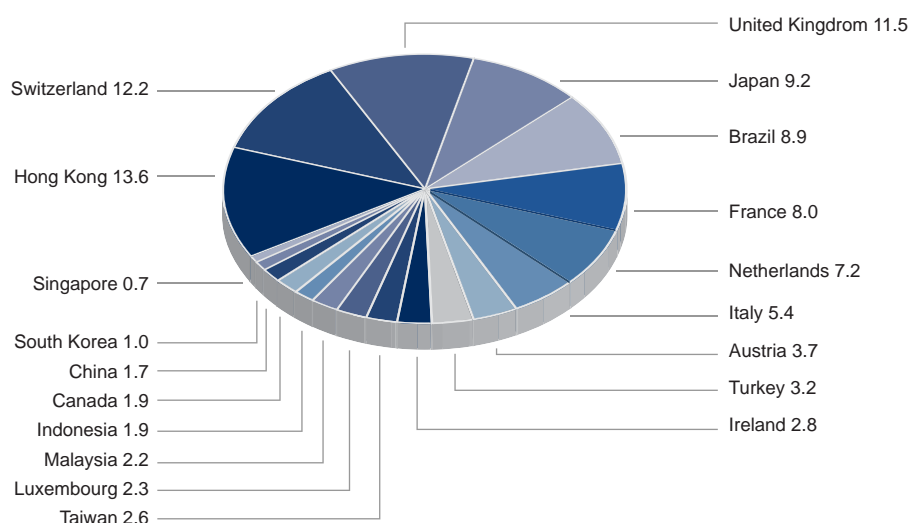
*Inception Date - 7/1/1999

†Shown as supplemental information. Please see important disclosures below. Information/statistics in each of these sections is current as of 6/30/10.

Source: Data is obtained from Zephyr Analysis. Gross statistics are measured against the MSCI EAFE Index.

Global Allocation* PERCENTAGE

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The International Dividend Composite seeks to provide long-term capital appreciation and income by investing in dividend-paying companies, located outside the United States. The portfolio invests primarily in ADRs that regularly pay dividends. The portfolio typically holds 30-50 stocks diversified across 7-10 sectors. For comparison purposes the composite's benchmark is the MSCI EAFE (Europe, Australasia, Far East) Index. The MSCI EAFE Index is a free float-adjusted market capitalization weighted index that is designed to measure developed market equity performance, excluding the U.S. and Canada.

Forward Management, LLC ("Forward") is an independent registered investment adviser. Forward claims compliance with the Global Investment Performance Standards (GIPS®). Please contact Matt Feldmann (415-216-3142) at Forward to request a fully compliant presentation and/or list and description of all firm composites.

Performance results for the International Dividend Composite are preliminary for the second quarter of 2010.

Results are based on fully discretionary accounts under management in this style. The U.S. Dollar is the currency used to express performance.

Gross returns are shown as supplemental information and are stated gross of all fees and transaction costs. Net returns are reduced by the highest applicable wrap/bundled fees, applied quarterly.

Returns include the reinvestment of all income. Leverage or derivatives are not used. Past performance is not indicative of future results.

Performance presented prior to August 1, 2008, occurred while the lead Portfolio Managers were affiliated with a prior firm and the lead Portfolio Managers were the only individuals responsible for selecting the securities to buy and sell. Forward acquired the assets and the lead portfolio managers from Berkeley Capital Management LLC. Such performance should not be interpreted as the actual historical performance of Forward.