

# International Dividend Institutional

## Philosophy

The Forward Management International Dividend Institutional 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 stocks 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 50 to 70 stocks diversified across seven to ten sectors. Geographically, the portfolio is typically diversified across 15 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	10 YR	Since Inception <sup>†</sup>
International Dividend Inst'l - Gross	-11.04	15.77	-5.93	5.38	6.11	6.96
International Dividend Inst'l - Net <sup>‡</sup>	-11.25	14.82	-6.52	4.79	5.25	6.40
MSCI EAFE (PRIMARY INDEX)	-13.97	5.93	-13.38	0.88	0.15	1.58
MSCI ACWI ex US (SECONDARY INDEX)	-12.45	8.79	-12.79	1.01	-0.32	1.09
International Dividend Inst'l - STANDARD DEVIATION			24.92	20.60	18.28	18.62
MSCI EAFE - STANDARD DEVIATION			28.62	23.89	21.97	21.56
MSCI ACWI ex US - STANDARD DEVIATION			29.56	24.56	22.42	22.04

\*Returns are preliminary.

<sup>†</sup>Inception Date - 7/1/1999.

<sup>‡</sup>Net returns are calculated using a representative management fee of 0.85%, applied quarterly. Prior to December 1, 2008, net returns are calculated using a 0.50% management fee, 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*	MSCI ACWI ex US**
Number of Stocks	53	918	794
Dividend Yield	3.8%	3.4%	3.2%
Price-to-Earnings	17.0	19.0	19.0
Price-to-Book	3.3	2.5	2.8
Price-to-Cash Flow	11.3	9.2	10.5
Weighted Mean Market Cap	\$29.8B	\$48.6B	\$65.0B

\*Based on iShares MSCI EAFE Index Fund Data.

\*\*Based on iShares MSCI ACWI ex US Index Fund data.

Source: Bloomberg

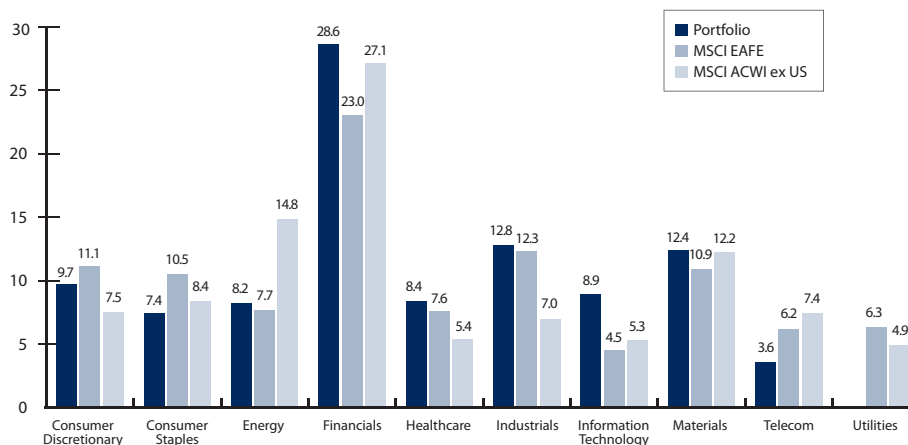
## Top Ten Holdings PERCENTAGE

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

Kuraray - 6497662	4.1	Komatsu - 6496584	2.9
Allied Group - B01XPC4	3.1	Syngenta - SYT US	2.9
Danieli - DANR IM	3.0	Novartis - NVS US	2.8
Vienna Insurance Group - VIG AV	3.0	Roche Holding - ROG VX	2.6
WPP PLC - WPPGY US	2.9	City Telecom - 1137 HK	2.6

## Sector Allocation PERCENTAGE

These allocations may not reflect the current or future holdings of the portfolio. Shown as supplemental information. Please see important disclosures on the reverse side. Percentages may not add up to 100% due to rounding.



# International Dividend Institutional

## Risk Management

The Forward Management International Dividend Institutional Portfolio is structured with a defensive bias and actively targets 20% lower volatility, as measured by standard deviation and beta, than the comparative indexes. 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

	Int'l Div Inst'l Gross %	Int'l Div Inst'l Net* %	MSCI EAFE %	MSCI ACWI ex US %
2009	37.53	36.45	31.77	37.43
2008	-36.26	-36.53	-43.38	-47.07
2007	14.11	13.55	11.18	14.06
2006	24.68	24.09	26.35	23.85
2005	18.94	18.37	13.53	13.89
2004	14.26	13.70	20.25	18.26
2003	29.13	28.52	38.60	37.51
2002	-8.02	-8.49	-15.94	-16.54
2001	-3.71	-4.20	-21.44	-20.98
2000	-0.10	-0.60	-14.18	-16.34
1999**	18.85	18.57	21.89	21.25

\*Net returns are calculated using a representative management fee of 0.85%, applied quarterly. Prior to December 1, 2008, net returns are calculated using a 0.50% management fee, applied quarterly.

\*\*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<sup>†</sup>

Measured Against the MSCI EAFE Index

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	5.76	0.86	113.40	81.90	5.63
5 Year	4.28	0.85	102.60	81.90	5.52
10 Year	5.76	0.77	96.00	65.70	8.40
Since Inception*	5.50	0.79	94.80	65.40	8.66

Measured Against the MSCI ACWI ex US Index

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	4.52	0.83	104.30	81.20	6.97
5 Year	4.07	0.82	97.70	78.80	6.21
10 Year	6.06	0.76	92.40	62.00	8.43
Since Inception*	5.83	0.78	89.90	60.20	8.59

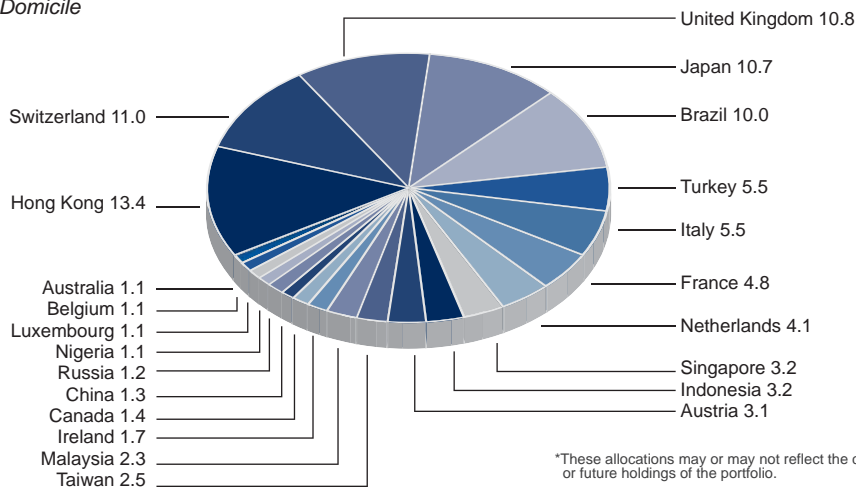
\*Inception Date - 7/1/1999

†Shown as supplemental information. Please see important disclosure 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 and MSCI ACWI ex US Index.

## Global Allocation\* PERCENTAGE

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\*These allocations may or 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.

The International Dividend Institutional Composite contains all institutional, separately managed, and pooled discretionary, equity only portfolios, which invest primarily in dividend paying stocks located outside the U.S. The portfolio typically holds 50-70 stocks diversified across 7-10 sectors. For comparison purposes the composite's primary benchmark is the MSCI EAFE Index (Europe, Australasia, Far East). 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. The composite's secondary benchmark is the MSCI All Country World ex-US Index (ACWI ex-US) which seeks to provide broad-based, low cost exposure to both the developed and emerging markets. The International Dividend Institutional Composite was created on December 14, 2009.

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 Institutional Composite are preliminary for the second quarter of 2010.

Results are based on fully discretionary, institutional accounts under management in this style. The U.S. Dollar is the currency used to express performance. Gross returns are shown after transaction costs, but before management fees. Net Returns are shown after transactions costs and management fees.

Returns include the reinvestment of all income. Leverage or derivatives are not used. Past performance is not indicative of future results. The above net returns incorporate an institutional fee schedule which may be lower than a bundled wrap fee schedule. No wrap accounts are included in the composite. A retail wrap fee composite reflecting the maximum wrap fee is available upon request.

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 lead Portfolio Managers from Berkeley Capital Management LLC. Such performance should not be interpreted as the actual historical performance of Forward.