

Philosophy

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

Buy Process

- Screen for companies with an absolute dividend yield higher than 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

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

Annualized Returns PERCENTAGE

	2Q 2010*	1YR	3YR	5YR	10YR	Since Inception†
U.S. Dividend - Gross	-9.84	12.46	-5.71	1.89	2.76	8.89
U.S. Dividend - Net‡	-10.34	11.41	-6.35	1.28	2.19	8.33
S&P 500	-11.43	14.43	-9.81	-0.79	-1.59	8.61
U.S. Dividend - STANDARD DEVIATION			16.42	13.81	13.31	12.23
S&P 500 - STANDARD DEVIATION			22.61	18.33	18.17	16.04

*Returns are preliminary.

†Inception 7/1/1988.

‡Net returns are calculated using a highest management fee of 2.00%, applied quarterly. Prior to March 31, 2010, net returns are calculated using a representative management fee of 0.55%, 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	S&P 500
Number of Stocks:	40	500
Dividend Yield:	3.1%	2.1%
Price-to-Earnings:	12.5	16.5
Price-to-Book:	2.7	3.3
Price-to-Cash Flow:	9.3	10.1
Weighted Mean Market Cap:	\$78.0B	\$78.0B

Source: Bloomberg

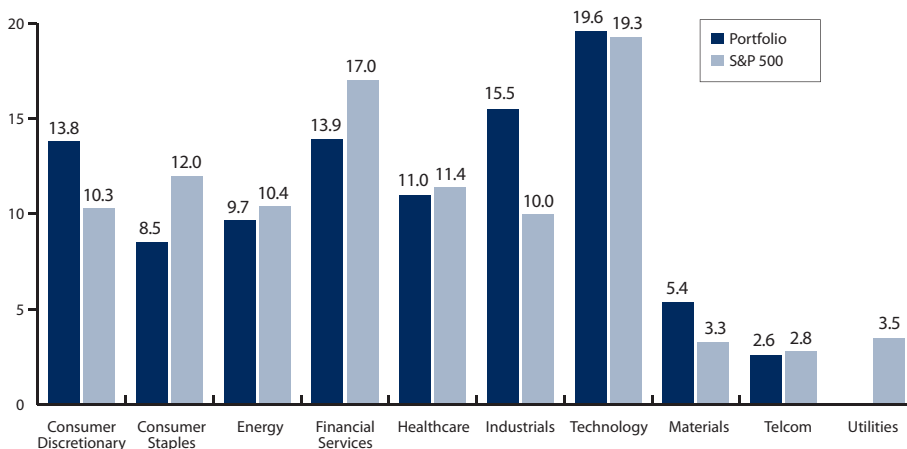
Top Ten Holdings PERCENTAGE

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

McDonald's - MCD	4.3	Norfolk Southern - NSC	3.2
Chevron - CVX	3.6	Johnson & Johnson - JNJ	3.1
Intel - INTX	3.6	Proctor & Gamble - PG	3.0
NYSE Euronext - NYX	3.5	Air Products & Chemicals - APD	3.0
Wal-Mart - WMT	3.4	Emerson Electric - EMR	2.9

Sector Allocation PERCENTAGE

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.



U.S. Dividend

Risk Management

The Forward Management U.S. Dividend Portfolio is structured with a defensive bias and actively targets 20% lower volatility, as measured by standard deviation and beta, than the S&P 500 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 PERCENTAGE

	U.S. Dividend Gross	U.S. Dividend Div Net*	S&P 500
2009	18.83	18.20	26.47
2008	-23.68	-24.10	-37.00
2007	4.90	4.38	5.50
2006	20.83	20.26	15.80
2005	1.68	1.17	4.91
2004	5.82	5.29	10.87
2003	19.17	18.60	28.69
2002	-12.79	-13.24	-22.11
2001	-3.99	-4.47	-11.89
2000	9.62	9.09	-9.11
1999	-0.52	-1.02	21.05
1998	17.02	16.46	28.58
1997	29.14	28.53	33.36
1996	19.65	19.08	22.97
1995	38.33	37.69	37.59
1994	0.13	-0.37	1.32
1993	13.57	13.02	10.08
1992	10.95	10.41	7.61
1991	25.54	24.94	30.47
1990	-2.12	-2.61	-3.11
1989	27.80	27.20	31.69
1988**	4.60	4.35	3.44

*Net returns are calculated using a highest management fee of 2.00%, applied quarterly. Prior to March 31, 2010, net returns are calculated using a representative management fee of 0.55%, applied quarterly. Prior to August 1, 2008, net returns are calculated using a management fee of 0.50%, applied quarterly.

**Inception Date - 7/1/1988

Risk/Analysis†

	Alpha	Beta	Upside Capture	Downside Capture	Tracking Error
3 Year	0.53	0.71	74.20	74.50	7.45
5 Year	1.92	0.73	80.60	71.00	6.05
10 Year	3.49	0.66	74.10	55.60	8.49
Since Inception	2.74	0.68	77.40	61.80	7.42

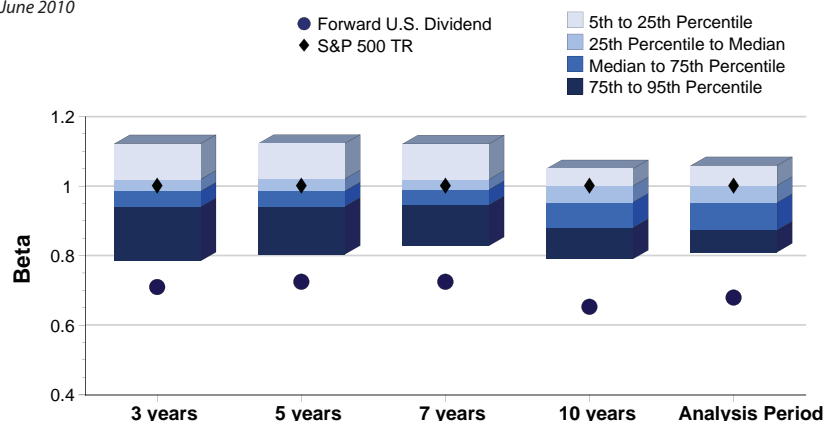
*Inception Date - 7/1/1988

†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 S&P 500.

Beta†

Through June 2010



Percentage Rankings

Forward U.S. Dividend:	99%	99%	100%	100%	100%
S&P 500:	41%	42%	44%	26%	30%

†Shown as supplemental information. Please see important disclosures below. Information/statistics in each of these sections is current as of 6/30/2010.

Source: Data is obtained from Zephyr Analysis large cap core universe.

The **U.S. Dividend Composite** seeks to provide long-term capital appreciation and income by investing in dividend-paying companies typically located in the United States. The portfolio invests primarily in common stocks 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 S&P 500 Index. The S&P 500 Index is a market capitalization weighted index widely regarded as the best single gauge of the U.S. equities market. The index includes 500 leading companies chosen across the major industries of the U.S. economy.

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 U.S. 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.

For the period July 1, 1988 to August 1, 2008, the composite returns and lead Portfolio Managers (Ruff, Coleman and Brewington) were affiliated with a prior firm. From July 1, 1988 to April 30, 2006, Jim Landau was responsible for selecting the securities to buy and sell. From April 30, 2006 to August 1, 2008, the lead Portfolio Managers were responsible for selecting the securities to buy and sell. Forward acquired the assets and lead Portfolio Managers from Berkeley Capital Management LLC on August 1, 2008. Performance prior to that date should not be interpreted as the actual historical performance of Forward.