

OVERVIEW: SIERRA CLUB EQUITY INCOME FUND LIQUIDATION

The Board of Trustees of Forward Funds approved a proposal to liquidate and dissolve the Sierra Club Equity Income Fund, effective at close of business on September 21, 2007. The Fund will be closed to new investments (other than reinvestment of investment income and capital gain distributions) effective immediately.

- Prior to liquidation and dissolution, shareholders of the Sierra Club Equity Income Fund are entitled to exchange their shares for shares of the same class of the Sierra Club Stock Fund or another Forward Funds. If a shareholder does not wish to exchange their shares, shareholders also may redeem shares as detailed in the Forward Fund's Prospectus. No redemption fees will be charged to any shareholders in the Fund.
- On the liquidation date, September 21, 2007, each remaining shareholder of the Sierra Club Equity Income Fund will receive a liquidating distribution equal to their proportionate interest in the net assets of the Fund. Prior to the Fund's liquidation date, to avoid federal income and excise taxes, the Fund will distribute to the remaining shareholders all of the Fund's investment company taxable income, if any, and all of the Fund's realized net capital gain, if any, earned in its final taxable year.
- Shareholders may be subject to federal, state, local, or foreign taxes on exchanges, redemptions, or liquidations of shares. Shareholders should consult with their tax advisors for information regarding all tax consequences applicable to investments in the Sierra Club Equity Income Fund.
- In connection with the liquidation of the Sierra Club Equity Income Funds' assets, the fund will depart from its stated investment objectives and policies and will hold a significant portion of total assets in cash, U.S. government securities and other short-term debt instruments.
- If shares are currently held in a Sierra Club Equity Income account with Colorado State Bank as custodian (IRA, IRA Rollover, SEP-IRA, and Coverdell accounts) shareholders can continue to maintain the account by exchanging their shares for shares of the same class of the Sierra Club Stock Fund or another Forward Funds. Shareholders also may establish retirement accounts with another institution and submit a transfer request accordingly. If no exchange, redemption, or transfer action is taken, proceeds of liquidation will be invested in the BlackRock FedFund Cash Reserve Shares on September 21, 2007.

This material must be preceded or accompanied by a prospectus. Please read it carefully before investing or sending money.

There are risks involved with investing, including loss of principal. Past performance does not guarantee future results.

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