



Your Future. Our Business.

Dear Fellow Investors,

With the changes in tax allowances announced by the Government late last year, we are all going to have a little less money in our pockets. It's important to remember, though, that our financial needs in retirement are not being reduced - saving and investment are as critical now as they ever were.

We think a few things are worth bearing in mind as you assess your own saving and investment program.

- The tax deduction for **Registered Retirement Savings Plans (RRSPs)** is still in place. For many investors this is an excellent way to continue investing in the same Fortress funds and earn tax deductions now. Hundreds of our clients have set up RRSP's in recent months, and many have set up automatic monthly purchases into their RRSPs.
- Consistent investing in good times and bad is the key to long term success. You get better value (and set up for better future returns) when expectations are low and prices are lower.
- Mutual funds are an easy and efficient way to accomplish this. The Fortress funds have some of the best long-term track records in the region, far exceeding bank deposit rates. You can invest any time, or set up automatic monthly purchases.

Please give us a call or stop by our office in Carlisle House if you have any questions, would like to adjust your investment program, or just want to make sure you're getting the most out of your savings.

The first Fortress Investment Forum was held on November 20th, and it was great to see so many friendly faces in the 200-strong audience. We hope to plan more similar events in the future. Please let us know your suggestions for what you would find useful and informative.

Thank you for investing with us. We wish you a happy and prosperous New Year.

Sincerely,

Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

declined 0.6% in the quarter and returned 1.3% over the last year. Barbados stocks once again lagged regional and international markets, but are looking like better and better value as company earnings stabilize.

THE CARIBBEAN HIGH INTEREST FUND

gained 0.8% for the quarter and returned 5.6% over the last year. The Fund continues to be positioned conservatively given concern over government credits and the direction of interest rates.

THE GLOBAL VALUE FUND

gained 6.2% for the quarter and is up 9.9% over the last year. The Fund is adjusting its positions to reduce risk following significant market gains.



INVESTING SHOULD BE EASY!

Once you have an account set up with us, you can pick any of these ways to invest with Fortress:

- Invest by mail, with your account number and cheque payable to the appropriate fund.
- Invest in person at our office - we'd love to see you!
- Invest online via First Caribbean International Bank's bill payment function (NEW) **OR (easiest of all)**
- Invest by automatic monthly purchase, debited directly from your bank account.

Please call us if you'd like more information.

Caribbean Growth Fund



HIGHLIGHTS:

- *The Fund returned -0.6% for the quarter ended December 31 and 1.3% for the full year 2010.*
- *Caribbean stock markets were mixed during the quarter, while international markets rallied strongly. The Barbados market continued to decline.*

The Fund was little changed during the quarter, declining 0.6% as the Barbados stock market lost still more ground against others in the region. The Fund showed a gain of 1.3% for the full year 2010, and its compound annual return since inception is now 11.2%.

Approximately 35% of the Fund's assets are currently invested in Barbados, and Barbados stocks continued to see selling pressure. We recently suffered from price declines in some of our largest holdings, including Sagicor and First Caribbean International Bank. On the positive side, the Fund's international investments showed solid gains, with OAM Asia and Europe funds leading the way by returning 12-13% during the quarter.

Over the years, some of the highest returns for the Fund have come following periods of depressed stock prices. While the rest of the world has seen huge rebounds in stocks from the March 2009 crisis lows, many Caribbean stocks, especially in Barbados, have languished. As a result, we are more and more constructive on the outlook for many major Barbados and Caribbean companies at their current levels. We still fear that economic headwinds in the region will remain significant, and that government fiscal policy will face challenges that could affect the pace of economic growth. Stock prices, though, finally seem to reflect these pressures – and more – and that's better news for the future than we have had in quite some time.

The takeover offer for Light & Power Holdings Ltd. by the Canadian company Emera in late November highlighted how cheap certain high quality companies in our own backyard had become. Before the \$25 offer was announced, Light & Power shares were quoted at \$12. Even at \$25, the stock is not at an expensive valuation, but is consistent with any of a number of utilities in North America.

During the quarter, we added to positions in Neal & Massy and National Commercial Bank of Jamaica. Neal & Massy is trading at a price/earnings ratio of 9X and NCBJ is closer to 5X. These are the kinds of levels that bode very well for future returns, even if (and because) present conditions are depressed. We will continue committing the Fund's capital to good companies as their valuations decline, providing support for the market and, we hope, setting up good future returns for investors in the Fund.

Attractive tax incentives in Jamaica have recently encouraged a number of companies to "go public" and list their shares on the Jamaica exchange. Many of these new issues have performed extremely well. We hope to see more Caribbean countries adopt similar policies, to encourage growth and dynamism in markets around the region.

FUND OBJECTIVE

Capital growth over the long term. The Fund uses a value approach to invest primarily in Caribbean and international equities.

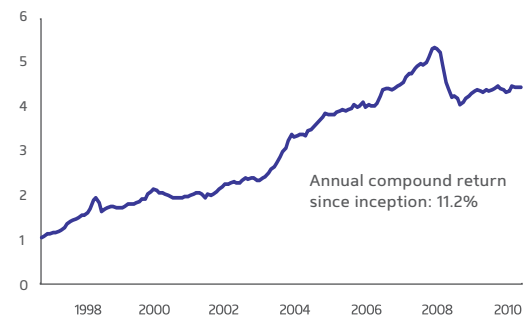
<i>Minimum Investment</i>	\$100
<i>Net Asset Value per Share</i>	\$4.43
<i>Fund Net Assets</i>	\$305,499,785
<i>Fund Inception</i>	Dec 9, 1996

INVESTMENT RETURNS

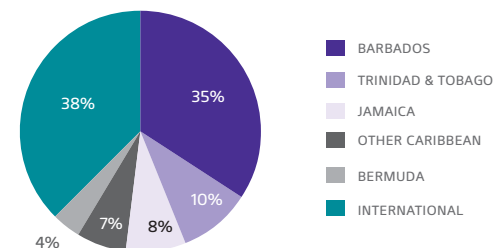
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	-0.6%	1.3%	-3.4%	2.4%	11.2%
Jamaica (US\$)	2.3%	7.5%	-13.3%	-9.2%	5.6%
Trinidad	1.1%	8.0%	-5.8%	-5.1%	11.9%
Barbados	-0.2%	-5.2%	-9.7%	-5.0%	6.6%
MSCI World Index	9.1%	12.3%	-9.7%	3.0%	4.8%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DEC 31ST, 2010



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

<i>Holding</i>	<i>Country/Region</i>
1. Fortress Global Value Fund	Global
2. OAM European Value Fund	Europe
3. Fortress Equity Income Strategy	US
4. Neal & Massy Holdings Ltd.	Trinidad
5. Sagicor Financial Corporation	Barbados

EXPENSES

Manager: 1.75% per annum of net assets
Custodian:
 0.0875% on first \$30M in net assets
 0.075% on amounts over \$30M in net assets
Administrator:
 0.10% on the first \$30M in net assets
 0.0875% on amounts over \$30M in net assets
Redemption Charge: none
Initial Charges: 2%

MANAGER & ADMINSTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

First Caribbean International Bank®
 Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

Sir Henry deB. Forde, K.A., Q.C.
 Juris Chambers

DIRECTORS

Geoffrey Cave, Chairman
 David Bynoe
 Sir Fred Gollop
 Ken Emery
 John Williams
 Roger Cave, Investment Manager

Please see our **Fund Prospectus** for further important information

Caribbean High Interest Fund



HIGHLIGHTS:

- *The Fund returned 0.8% for the quarter ended December 31 and 5.6% for the full year 2010.*
- *Capital preservation is the primary focus for the Fund as government creditworthiness continues to be a concern.*

The Fund gained 0.8% for the quarter and returned 5.6% for the full year 2010. Its compound annual rate of return since inception is now 6.0%.

During the final months of 2010, government bonds from countries all around the world came under greater scrutiny. Government of Ireland 10-year bonds fell in price from 90 cents on the dollar to a low of 73 between September and December, as fears of default from the weaker European countries resurfaced. Many countries are still dealing with the fiscal aftermath of the 2008/2009 crisis in varying ways, and to varying degrees. As a result, some countries' yields are rising while others' are not. There is far greater divergence among government bond yields than has been the case for many years. This highlights some of the potential risks to bond investing, but also some of the opportunities that are developing for the future.

Closer to home, the creditworthiness of the Government of Barbados suffered during the quarter. In late October, the rating agency Standard & Poors downgraded Barbados' credit rating one notch to BBB-. This rating is now just one level above the range that is no longer considered "investment grade". One downgrade from here would result in a smaller pool of potential investors who would be able to invest in the bonds, and a reduction in demand as a result.

In the weeks immediately following the S&P downgrade, and Government budget speech in November, Barbados US\$-denominated bonds fell substantially in price. It seems that investors are beginning to recognise the risks, and to price the bonds more appropriately relative to global peers. We fear that this recognition is not complete, though, and that there may be further downside risk to Government of Barbados bond prices. For now, we are continuing to place a substantial portion of the Fund's assets in 3-month Government of Barbados Treasury Bills, where there is greatest safety and security.

The Fund has a significant portion of its assets in high quality corporate bonds with terms of less than 5 years. We believe these issues will provide attractive yields and limited risk in the months ahead, and are actively looking for more.

The running yield on the portfolio is now below 5%, suggesting returns in the near future may be below our historical average, even though still clearly above prevailing savings rates. We are keenly focused on preserving capital in this environment, and will continue to position the Fund relatively conservatively until either the credit outlook improves, or long term bond prices become more attractive.

FUND OBJECTIVE

Income and capital preservation over the medium term. The Fund actively invests in a diversified portfolio of primarily Caribbean and international debt securities.

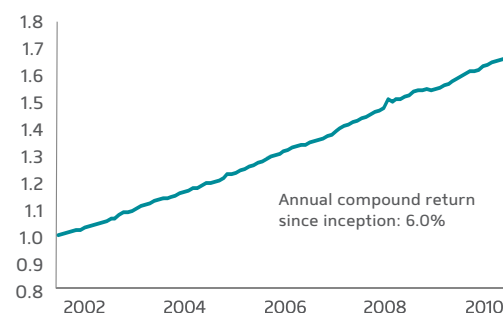
<i>Minimum Investment</i>	\$500
<i>Net Asset value per share</i>	\$1.66
<i>Fund Net Assets</i>	\$102,814,813
<i>Fund Inception</i>	May 17, 2002

INVESTMENT RETURNS

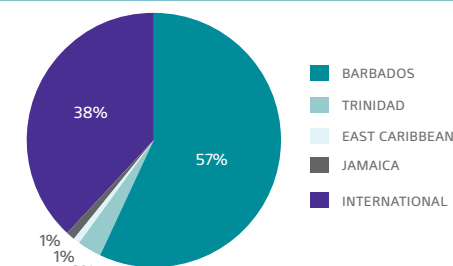
3 Months	1 Year	3 Years	5 Years	Inception
0.8%	5.6%	5.5%	5.9%	6.0%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DEC 31ST, 2010



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country
1. Government of Barbados T-Bill 3/26/1011	Barbados
2. Government of Barbados T-Bill 3/11/2011	Barbados
3. University of West Indies Bond 9/29/2027	Barbados
4. Government of Barbados T-Bill 2/10/2011	Barbados
5. Fortress Equity Income Strategy	US

EXPENSES

Manager: 0.75% per annum

Custodian & Administrator:

0.20% on first \$30M in net assets

0.175% on next \$50M in net assets

0.15% on amounts over \$80M in net assets

Redemption Charge:

2% for funds held less than 6 months

Up to 1% for funds held less than 6 months - 2 years

Nil after 2 years

Initial Charges: none

CUSTODIAN

First Caribbean International Bank®
Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

Sir Henry deB. Forde, K.A., Q.C.
Juris Chambers

MANAGER & ADMINSTRATOR

Fortress Fund Managers Ltd.

DIRECTORS

Geoffrey Cave, Chairman
David Bynoe
Sir Fred Gollop
Ken Emery
John Williams
Roger Cave, Investment Manager

Please see our **Fund Prospectus** for further important information



Global Value Fund

HIGHLIGHTS:

- *The Fund returned 6.2% for the quarter ended December 15 and has gained 9.9% over the last year.*
- *Global markets are no longer cheap. We are adjusting the Fund's allocations to reduce risk and focus on the areas that are still priced for attractive returns.*

The Fund posted a solid gain for the quarter ended December 15, returning 6.2%. It was up 9.9% for the full year 2010. This result slightly lagged the benchmark MSCI World Index, and was much less volatile, due to the Fund's relatively cautious positioning throughout the year.

While the beginning of 2010 was poor for global equities, with markets trading lower and showing huge price swings, the final four months of the year were very strong in most areas. The gains were greatest in equities with clear cyclical exposure, such as materials, energy and information technology. Stocks with more stable earnings such as utilities, telecom and health care were the worst performers and showed only marginal improvement during the last quarter.

Europe had a difficult quarter, caused by renewed credit concerns that pushed government bond prices lower, and in turn pressured equities. The smaller countries suffered most. Spain, for example, saw its stock index fall 5% during the fourth quarter even as in the US the S&P 500 posted a double digit gain. The OAM European Value Fund, in which the Fund increased its holdings mid-year, gained 12% during the quarter, an impressive result against the lackluster European backdrop.

Global equities have now gained almost 90% from the lows in early 2009. As the recovery progressed, some areas gained significantly more; others gained a lot less. It is important to recognise that on average equities are no longer "cheap". This suggests that gains from here may be harder to achieve, and carry more risk of loss. More and more, we are moving the Fund's holdings away from areas that have had enjoyed outsized recent performance, and adding to holdings in areas that offer better value and might have been unduly overlooked in the recent advance.

The Fund maintained a cash balance of 16% during the quarter, similar to the levels it carried through most of the year. This reflects our caution and desire to have buying power in reserve for the next round of market weakness. We have also been making adjustments to the portfolio at the margin, selling extreme strength and buying relative weakness. We recently reduced our long-standing allocation to the Sprott Offshore Fund after 4 years of stellar, and we think possibly unrepeatable, performance. On the buy side, we are in the process of finalizing a 5% allocation to an excellent global value manager with a disciplined investment process and solid long-term track record. The manager has lagged the market over the past year, providing us with a good window to invest on weakness.

FUND OBJECTIVE

Capital growth over the long term. The Fund uses a value approach to invest primarily in global equities and allocate to specialist managers.

<i>Minimum Subscription</i>	US\$ 5,000
<i>Net Asset Value per Share</i>	US\$ 0.9658
<i>Fund Net Assets</i>	US\$ 15,553,290
<i>Fund Inception</i>	Nov 30, 2006

INVESTMENT RETURNS

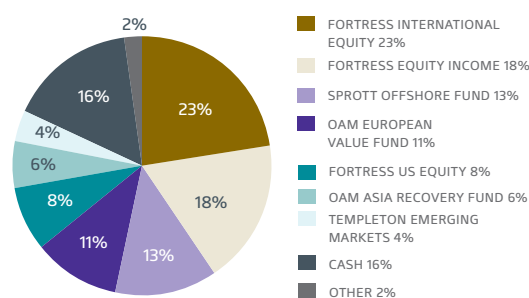
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	6.2%	9.9%	-5.6%	n/a	-0.8%
MSCI World Index	9.3%	11.6%	-4.7%	n/a	-0.6%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DEC 15TH, 2010



MANAGER / STRATEGY ALLOCATIONS



*Important information about our funds is contained in the applicable prospectus, which we encourage you to read before making an investment. The indicated returns are net of all fees and expenses. Returns are historical and are not necessarily indicative of future performance. Investors should be aware that there are risks involved where the value of the funds' shares may go down as well as up.

EXPENSES

Manager: 0.90% per annum of net assets
Sales Charge: 2% for subscriptions through agents

INVESTMENT MANAGER

Fortress Fund Managers Ltd.

CUSTODIAN

First Caribbean International Bank®
 Wealth Management Division

AUDITORS

PricewaterhouseCoopers

LEGAL COUNSEL

Appleby Hunter Baihache

ADMINISTRATOR

ATU Fund Administrators (BVI) Limited

DIRECTORS

Geoffrey Cave, Chairman
 David Bynoe
 Sir Fred Gollop
 Ken Emery
 Desmond Kinch
 Roger Cave, Investment Director

Please see our **Fund Prospectus** for further important information