



Your Future. Our Business.

Dear fellow investor,

A number of clients have contacted us recently to ask about Standard & Poor's latest downgrade of Government of Barbados debt. This may be because of the news coverage it has received and the conflicting opinions aired about it. In our view, there is no doubt that the government fiscal situation is severely stressed and this has consequences for us all. There have been efforts to cut spending and increase tax revenues, so far with only limited results. In the meantime, more than a quarter of all tax revenue collected continues to go to paying interest on debt already outstanding, and the debt itself continues to rise each month. At some point the government debt load must be moved onto a sustainable path, and this will likely be a painful process with the burden of adjustment shared among taxpayers, bond investors and pensioners. It will not happen on its own, and as with all things we believe that hope is not a strategy.

At the same time, though, the government debt problem is not the sum total of the Barbados economy and it must be kept in perspective. From our position as investors, we are seeing some encouraging signs that companies' operations are stabilising and in some cases showing improvement from a low base after a number of years of declines. Individuals and companies seem to be adapting to the more challenging circumstances, and in some cases they are doing it successfully. We believe this may eventually be positive news for investors, even as the government debt situation works towards a long-term solution.

On an administrative note, the 2014 Annual Reports for all Fortress funds are now available online at www.fortressfund.com. As usual, the reports include extended commentary on the funds' performance during the year, full financial statements and listing of investments. Also, a sincere thank you to those clients who responded to recent correspondence with proof of address and copies of identification to satisfy anti-money laundering regulations - we know these things are not always convenient, but unfortunately they are absolutely necessary in today's world.

We thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

was unchanged for the quarter and is up 2.0% over the last year. Stock markets were generally flat for the quarter, finishing a weak year for regional Caribbean equities.

THE CARIBBEAN HIGH INTEREST FUND

returned 0.6% for the quarter and is up 3.5% over the last year. Global interest rates remain at historic lows and Government of Barbados bonds were downgraded further.

THE CARIBBEAN PENSION FUND

shares mostly showed small gains for the quarter, and are up 3.1%-3.7% over the last year.

Are you paying yourself first this year?

Financial planning experts agree that paying yourself on a regular basis is one of the best ways to save money.

At Fortress we cater to your budget and objectives with an **automatic monthly savings plan.**

What are you saving for?

Call us today and we can help get you there.



Caribbean Growth Fund



HIGHLIGHTS:

- *The Fund was unchanged in the fourth quarter and is up 2.0% over the last year.*
- *Global stock markets were volatile during the quarter but ended little changed. Regional Caribbean markets were flat except in Jamaica where shares rose.*

The Fund was unchanged during the fourth quarter of 2014 and has returned 2.0% over the last year. The net asset value (NAV) finished December 31st at \$4.8181. Net assets of the Fund were \$362 million, up \$24 million from this time last year. The Fund's annual compound rate of return since inception in 1996 is 9.1% per year.

Regional Caribbean stock markets had a quiet quarter, with little change in value in shares in Barbados and Trinidad. Jamaican shares rose approximately 4% as some large companies' shares advanced from the depressed levels we have noted previously and the Jamaican dollar stabilised. This comes at the end of a very negative year for Caribbean markets which showed substantial declines. Thankfully, some regional companies such as Goddard Enterprises continue to report improved earnings and we are very encouraged by this trend.

Massy Holdings announced in recent weeks that it intends to voluntarily delist its shares from the Barbados Stock Exchange in response to low trading volumes and unnecessary costs. This is another example of the contracting of Caribbean capital markets which has over the past number of years significantly diminished the options for investors and made executing transactions more costly. We would wholeheartedly welcome the long promised harmonisation of regional stock markets because it would benefit all investors and issuing companies.

International stock markets finished unchanged during the quarter but had a relatively volatile time in October as major markets saw corrections of 10% or more before eventually recovering. The U.S. dollar continued its recent strength, especially against the euro as expectations grew that the U.S. Federal Reserve (Fed) would raise interest rates soon. Oil prices also fell, in response to a short term glut of supply and potentially reduced demand from slowing economic growth in China. The drop in oil prices has put pressure on shares of energy-related companies and it has particularly punished the currencies of countries like Canada and Norway, as well as the debt of countries like Venezuela with high dependency on oil exports for corporate profits and government revenues. So far there has been little effect from the oil price decline in Trinidad but we believe it will only be a matter of time until companies and the government feel some pressure there too.

During the quarter we took some profits on the Fund's substantial position in Massy Holdings in Trinidad as prices continued to rise and the risks of medium-term earnings headwinds grew. We also added to the Fund's investments in emerging markets and Asian stocks generally where we are finding some excellent value. Weakness in a number of global currencies has made it even cheaper to invest in shares in those markets. We continue to purchase shares in Jamaica as opportunities arise at the right prices.

The Fund's portfolio remains well diversified geographically, with sufficient cash on hand to be opportunistic. It is well positioned in attractive stocks from around the world which together have the potential to generate meaningful returns from current levels with limited risk.

FUND OBJECTIVE

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

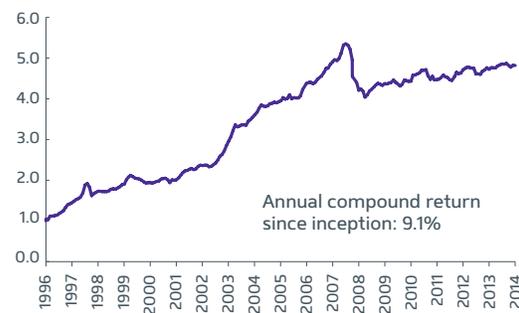
Minimum Investment	\$100
Net Asset Value per share	\$4.8181
Fund Net Assets	\$361,596,570
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

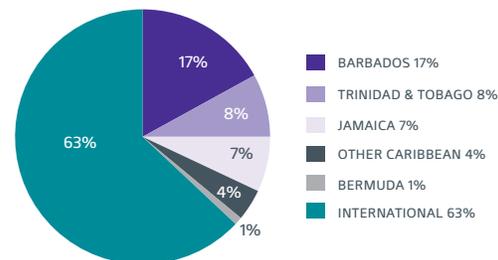
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fortress	0.0%	2.0%	2.5%	2.0%	9.1%
Jamaica	4.0%	-11.7%	-15.3%	-6.3%	2.2%
Trinidad	-0.1%	-2.4%	4.6%	8.3%	11.4%
Barbados	0.0%	-28.7%	-13.2%	-7.8%	3.1%
MSCI World Index	1.1%	5.5%	16.1%	10.8%	6.7%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2014



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country/Region
1. Fortress International Equity Fund	International
2. Fortress Emerging Markets Fund	International
3. Fortress OAM Overseas Fund	Europe/Asia
4. Fortress Income Builder US Fund	U.S.
5. CS&C Joint Venture	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 & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC FirstCaribbean 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
 Ken Emery
 Sir Fred Gollop
 John Howard
 David Simpson
 John Williams
 Roger Cave, Investment Manager

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

Caribbean High Interest Fund



HIGHLIGHTS:

- *The Fund gained 0.6% in the fourth quarter of 2014 and has returned 3.5% over the last year.*
- *The Fund continues to have very limited exposure to Caribbean government debt as credit quality remains under pressure.*

The Fund returned 0.6% during the quarter, and has gained 3.5% over the last year. The net asset value (NAV) of the Fund's accumulation share finished at \$1.8471. The distribution share finished at \$1.0057 after paying out a dividend of \$0.0121 in early October. Net assets of the Fund were \$115 million. The Fund's annual compound rate of return since inception in 2002 is now 5.0% per year.

The fourth quarter highlighted some of the ongoing challenges of investing to earn income and preserve capital in the current environment. The risks of Caribbean government debt reared up again as Standard & Poor's downgraded Government of Barbados bonds in late December. The rating of "B" with a negative outlook is now 5 notches below investment grade and suggests that on the current trajectory a default or restructuring of some kind is an increasingly likely outcome. This would involve capital losses for bond investors. Meanwhile, on the other end of the spectrum, interest rates in developed markets globally continued their march to new historic lows during the quarter. 10-year U.S. Treasury note yields fell to 2.1% from 2.4%, and rates in Canada and much of Europe also hit new lows. They have fallen further yet in early 2015. Recent economic data confirmed that deflation is present in Europe. European investors are becoming accustomed to earning zero or even negative yields on cash and government bonds.

Thankfully, government bonds are not the only area in which to invest. This was a relatively good quarter for the Fortress Income Builder funds which contributed to the Fund's overall return. Allocations to other specialised funds did not contribute during the quarter as currencies weakened and corporate bonds underperformed government bonds in developed markets, leading to flat returns. During the quarter we added some small positions in medium term corporate bonds and will continue to add more as they become available at sufficient yields and appropriate credit quality. A significant portion of the Fund is still held in short term deposits making the portfolio very liquid and giving it very little sensitivity to changes in interest rates.

We think the stresses showing globally on countries reliant on energy exports cannot be ignored. While Trinidad is one of the stronger credits in the Caribbean region, it is unlikely to be immune to the effects of declining energy sector activity and revenues and could see pressure on its credit rating and potentially the currency. We are watching for potential investment opportunities there.

The portfolio continues to be well diversified across issuers, sources of return, and as much as possible, by geography. These are challenging times for investors looking to earn a safe, consistent rate of return, and the Fund is positioned both prudently and opportunistically in the face of these challenges. The average gross yield of the portfolio's holdings is approximately 4.5%, and the average term to maturity is still relatively short at 2.8 years.

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.

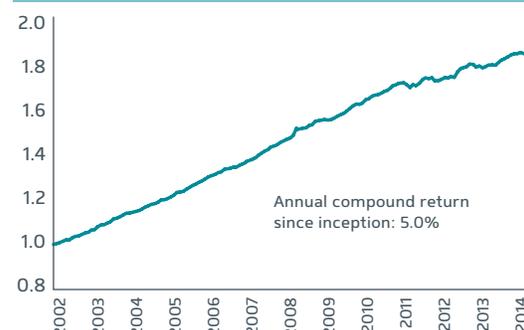
<i>Minimum Investment</i>	\$500
<i>Net Asset Value per share</i>	\$1.8471 / \$1.0057
<i>Fund Net Assets</i>	\$115,206,982
<i>Fund Inception</i>	May 17, 2002

INVESTMENT RETURNS

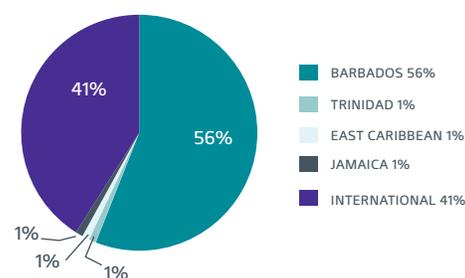
3 Months	1 Year	3 Years	5 Years	Inception
0.6%	3.5%	2.7%	3.2%	5.0%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2014



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country
1. Sagicor 6.5% Preferred Shares	Barbados
2. Legg Mason Asian Opportunities Debt Fund	International
3. Franklin Templeton Global Bond Fund	Global
4. GEL 4.75% 30 Nov 2015	Barbados
5. PIMCO Global Investment Grade Credit Fund	Global

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

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC FirstCaribbean International Bank®
Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

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Juris Chambers

DIRECTORS

Geoffrey Cave, Chairman

David Bynoe

Ken Emery

Sir Fred Gollop

John Howard

David Simpson

John Williams

Roger Cave, Investment Manager

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

Caribbean Pension Fund



HIGHLIGHTS:

- Shares of the Pension Fund generally showed small gains during the quarter, and are up between 3.1% and 3.7% over the last year.
- Returns by class of share are shown in the table to the right.

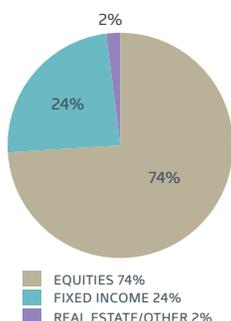
As we move into the New Year and look at our taxes from 2014, now is a good time to stop and make sure we aren't paying more tax than we need to. If you are participating in a company pension plan, congratulations, you are already taking advantage of one of the major tax savings opportunities available to individuals. Here are some other easy ways to save for your future, and save on tax:

- Maximise your pension **Additional Voluntary Contributions (AVCs)**. Many company plans allow participants to voluntarily increase monthly contributions beyond the standard amounts, up to allowable limits. If this is an option in your company's plan, consider making the election to save the maximum amount of tax each year and increase your retirement nest egg.
- Contribute to a **Registered Retirement Savings Plan (RRSP)**. The Fortress RRSP allows you to choose between lump sum contributions or convenient monthly payments, adding to your retirement savings and offering up to another \$10,000 per year of tax allowance.

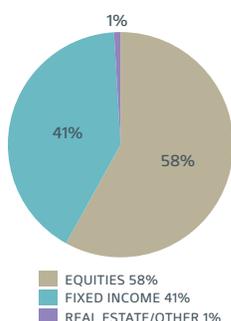
Of course, how your savings are invested matters too because it is important to grow your money without exposing it to undue risks. You can check the Net Asset Value (NAV) of the Pension Fund share in which you are invested at any time by visiting www.fortressfund.com. The NAVs are updated at the end of each month. And you can read commentary on how the underlying funds are invested in the individual fund reports right here on the preceding pages.

Investors in the Pension Fund typically select from three different classes of share, based on personal circumstances and risk tolerance. These classes differ in how their assets are spread across the major asset classes of equities, bonds, and real estate and other assets. The graphs below show how each of the classes (AA, CC, CS) is allocated currently. The reports on the Caribbean Growth Fund and Caribbean High Interest Fund on pages two and three of this quarterly report give you a direct look into the performance, positioning and outlook for the major underlying investments in the Pension Fund.

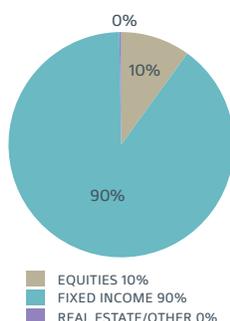
AGGRESSIVE ACCUMULATOR (AA)



CONSERVATIVE CONSOLIDATOR (CC)



CAPITAL SECURE (CS)



EXPENSES

Manager: 0.50% per annum of net assets at the Fund level. Fees from the underlying Fortress funds in which the Fund invests are capped at between 0.25% and 0.50% per annum of net assets, depending on the fund.
Custodian: \$7,500 per year paid by the Fund as a whole.
Administrator: No charge at the Fund level.
Sales Charge: None
Redemption Charge: none

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

CUSTODIAN

CIBC FirstCaribbean International Bank®
 Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

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

FUND OBJECTIVE

Capital growth, income and security over the long term, as appropriate to each class of share. The Fund invests in equities, fixed income, and real estate assets primarily via the other Fortress funds.

Net Asset Value Per Share (est.):

\$20.72 / \$20.81 / \$16.26
 (AA/CC/CS)

Fund Net Assets (est.): \$208,880,506

INVESTMENT RETURNS

	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	0.0%	3.1%	2.9%	2.5%	6.0%
CC Share	0.2%	3.1%	3.0%	3.0%	6.0%
CS Share	0.5%	3.7%	2.6%	3.1%	4.3%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2014



BENEFITS AT A GLANCE

Company Pension (DC Scheme):

- Contributions earn a tax allowance up to certain maximums based on your income.
- Choose from three easy, professionally managed options to get the class of share that suits you.
- 25% of your pension can be withdrawn tax free at retirement.
- Employers match employee contributions up to certain amounts.

Personal Pension (RRSP):

- Contributions earn tax allowance up to \$10,000 per year depending on your income.
- Choose from the same three easy, professionally managed options to get the class of share that suits you; or pick your mix of Fortress funds.
- Up to \$25,000 may be withdrawn tax free for the purchase of a first house.
- Flexibility to withdraw funds as necessary, provided tax paid in year of withdrawal.

Fortress is a leading provider of DB and DC pension management and administration services to companies of all sizes, and to individuals via the Personal Pension Plan (RRSP).

DIRECTORS

Geoffrey Cave, Chairman
 David Bynoe
 René Delmas
 Ken Emery
 Sir Fred Gollop
 John Howard
 Desmond Kinch
 David Simpson
 John Williams
 Roger Cave, Investment Manager

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