



Your Future. Our Business.

Dear Fellow Investors,

The last quarter of 2017 was another strong one for the Fortress funds and capped a year of solid performance. Our equity investments performed especially well as the bull market continued in Jamaica, and most global markets responded to improving economic growth and rising corporate profits. International and emerging markets had a great year and continue to offer up many well-valued stocks priced for meaningful future returns. We remain well positioned in these areas.

What will 2018 bring? We believe that return prospects are still good, but a repeat of 2017's gains is unlikely. It is also important to remember that the higher prices go – and the better the news gets – the greater the risk of a short-term market correction. You can find out more about our latest portfolio positioning and outlook (and ask your questions) at the **8th Annual Fortress Investment Forum** to be held the evening of **Thursday, March 8, 2018** at the Frank Collymore Hall. As always there will be straight talk from the Fortress team about how we are investing your money and what the future might hold. Please visit fortressfund.com to register if you wish to join us. This is a free event and space is limited. We hope you can plan to attend and join us afterward for refreshments.

Thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

gained 3.1% in the fourth quarter and 14.0% over the past year. Share prices gained in Jamaica and in most global markets.

THE CARIBBEAN HIGH INTEREST FUND

returned 0.4% during the fourth quarter and 2.6% over the past year. Global interest rates have begun rising from historically low levels.

THE CARIBBEAN PENSION FUND

shares returned between 0.8% and 2.7% during the fourth quarter and between 3.9% to 11.6% over the past year. Equity returns continued to contribute to strong performance.



Thinking long-term? Think long-term assets.

Long-term assets like stocks, bonds and real estate do not guarantee a return, but over time they have been the only assets that actually outpace inflation. Money on deposit is important for immediate needs, but for your long-term savings there's no substitute for investing in long-term assets.

Our Barbados funds are still closed to lump-sum subscriptions but remain open for pension contributions and for automatic monthly savings plans up to \$2,000 per month. Call us at 431-2198 to learn more.



Caribbean Growth Fund

HIGHLIGHTS:

- *The Fund returned 3.1% for the fourth quarter and 14.0% over the last year.*
- *Gains came from holdings in Jamaica and international markets where share prices and earnings continued to improve.*

The Fund gained 3.1% during the fourth quarter of 2017 and is up 14.0% over the past year. The net asset value (NAV) finished December 31 at \$5.9215. Net assets of the Fund were \$467 million. The Fund's annual compound rate of return since inception in 1996 is now 8.8% per year. Its portfolio remains well diversified by security, geography and currency.

It was a strong finish to a positive year in most areas where the Fund invests. Among Caribbean markets, Jamaica posted healthy gains, Trinidad rose slightly, and Barbados experienced a small decline. The Fund benefited during the quarter from holdings in Guyana's Banks DIH (+35%) and in Jamaican companies NCBJ (+13%) and PanJam Investment (+7%). The Jamaican dollar strengthened 4% which added incrementally to returns there. Jamaica continued to see very positive sentiment in its stock market and this quarter there were two more initial public offerings - Victoria Mutual and Wisynco. In the last three years Jamaican stocks have gone from very cheap to fully priced, with some signs now emerging of excessive speculation. This is a natural part of the cycle and we have been gradually reducing the Fund's holdings in Jamaica. Elsewhere in the region, insurers felt the pain from outsized hurricane losses this season, putting pressure on their earnings. Sagcor shares fell 15% during the quarter while in Trinidad Guardian Holdings rose 10% after NCBJ offered to substantially increase its stake in the company. With oil prices continuing to improve we think there is a chance that the economic situation in Trinidad could begin stabilising. As Massy saw its earnings and share price come under pressure we established a 1% position in the shares, our first new investment in Trinidad in some time.

In global markets, stocks continued to benefit from the powerful combination of low interest rates and rising corporate profits. This quarter there was the added benefit of a large corporate tax cut in the U.S. The Fund's performance was helped by its allocations to the Fortress US Equity Fund (+8%), Templeton Asian Smaller Companies Fund (+8%) and Fortress Emerging Markets Fund (+7%), as well as individual holdings such as British Empire (+7%). We continued to see improving fundamentals among companies in just about every corner of the world, with most in the U.S. adding to their gains in recent years and those in Europe, Asia and emerging markets seeing more recovery from recent setbacks. The U.S. Federal Reserve (Fed) raised its target rate by another 0.25% in December and other central banks hinted they will follow suit if their economies keep improving. All things being equal, higher rates are a headwind for stocks and as rates rise along with share prices so too do the risks of a market correction. The Fund's portfolio is still focused in international and emerging markets where valuations are in general far more attractive than in the U.S. We continue to keep higher than normal cash levels to invest on weakness if it develops.

FUND OBJECTIVE

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

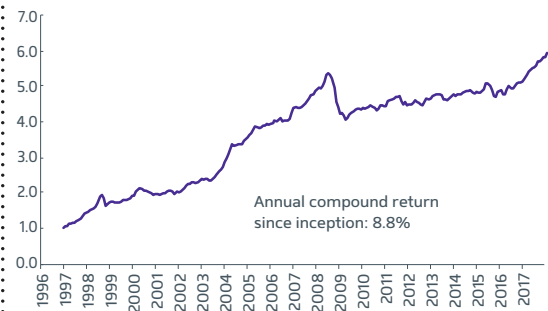
Minimum Investment	\$100
Net Asset Value per share	\$5.9215
Fund Net Assets	\$453,805,998
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

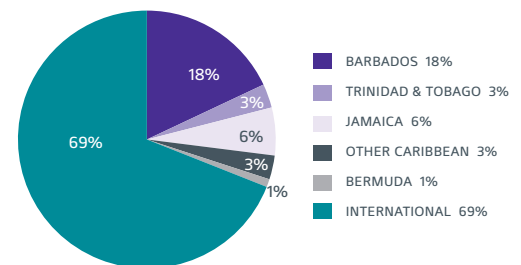
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept
Fortress	3.1%	14.0%	7.1%	4.7%	8.8%
Jamaica	14.2%	55.0%	51.1%	18.5%	8.0%
Trinidad	1.8%	3.4%	1.2%	2.4%	11.6%
Barbados	-0.8%	18.7%	13.0%	0.0%	5.3%
MSCI World	5.6%	23.1%	9.9%	12.3%	8.4%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2017



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country/Region
1 Fortress Emerging Markets Fund	International
2 Fortress International Equity Fund	International
3 Fortress Income Builder Intl Fund	International
4 Fortress OAM Overseas Fund	Europe/Asia
5 Goddard Enterprises Limited	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

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

DIRECTORS

Sir Geoffrey Cave, Chairman
 David Bynoe
 Ken Emery
 John Howard
 David Simpson
 John Williams
 Roger Cave, Investment Manager

Caribbean High Interest Fund



HIGHLIGHTS:

- *The Fund returned 0.4% for the fourth quarter and 2.6% over the past year.*
- *Global interest rates are rising. This reduces returns in the short term but increases expected returns for the future.*

The Fund returned 0.4% during the fourth quarter of 2017 and is up 2.6% over the past year. The net asset value (NAV) of the Fund's Accumulation share finished December 31 at \$1.9688, while the Distribution share finished at \$1.0039 after paying a distribution of \$0.0114. Net assets of the Fund were \$129 million. The Fund's annual compound rate of return since inception in 2002 is now 4.4% per year. Its portfolio remains as diversified as possible across various issuers, industries, geographies and terms to maturity.

The Fund continued to face the now familiar challenges of an ongoing crisis in Caribbean government debt and historically low interest rates globally. Its primary objective of capital preservation remained front and centre as we maintained only minimal exposure to Caribbean government bonds and focused holdings on high quality issuers with the capacity and willingness to make interest and principal payments. We invested in one new short-term corporate note in Barbados during the quarter, at a yield of 5%. Our various corporate holdings in Barbados continued to perform well but there are still far too few bonds with appropriate quality and at appropriate prices in which to invest. As a result, the Fund's portfolio continues to have a much higher than normal amount of Barbados dollar cash on bank deposit and the low interest earned on these balances remain a drag on overall performance, for now. The currency and debt stress now being experienced cannot last forever and we look forward to when they can be sustainably resolved.

Global interest rates remained near historic lows but have recently begun to rise. The interest rate tightening cycle is most advanced in the U.S., where the U.S. Federal Reserve (Fed) raised its target rate by another 0.25% in December and bonds in most maturities saw their yields rise. U.S. Treasury 5-year bond yields ratcheted up from 1.94% to 2.21% during the quarter and have begun 2018 by rising further still. While this is a headwind to short-term returns as it causes bond prices to fall, it also means expected future returns for bond investors are gradually improving. In our view there is still some distance to go to bring interest rates to a level consistent with a U.S. economy that is at or near full employment and where inflation pressures are starting to be felt – especially with global economic growth ticking up as well. We are responding to this expectation by keeping the average term of the Fund's portfolio relatively short, and by diversifying as much as possible among individual holdings and broad sources of return. The Fund's investment in the Fortress Income Builder US Fund gained 4% during the quarter, while most global bond holdings were approximately unchanged. With its investments spread across Barbados and global markets the Fund's average gross yield is currently 3.1% with an average term to maturity of 2.9 years. We continue to expect low single-digit returns for the foreseeable future as the Fund remains conservatively positioned.

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.

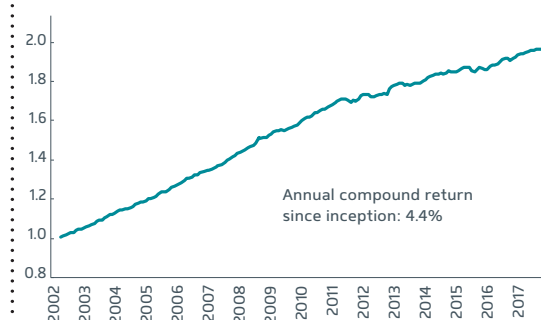
Minimum Investment	\$500
Net Asset Value per share	\$1.9688 / \$1.0039
Fund Net Assets	\$128,976,303
Fund Inception	May 17, 2002

INVESTMENT RETURNS

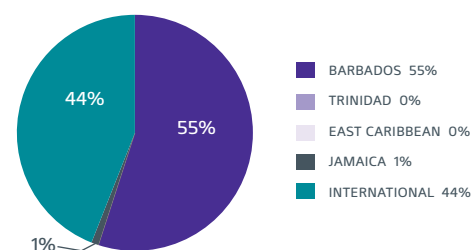
3 Months	1 Year	3 Years	5 Years	Inception
0.4%	2.6%	2.1%	2.3%	4.4%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2017



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country
1 Fortress Fixed Income Fund	International
2 Legg Mason Asian Opportunités Debt Fund	International
3 PIMCO Global Investment Grade Credit Fund	Global
4 GEL 3.75% 30 Nov 2019	Barbados
5 Stallion Property 5% 31 Dec 2021	Barbados

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

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

DIRECTORS

Sir Geoffrey Cave, Chairman

David Bynoe

Ken Emery

John Howard

David Simpson

John Williams

Roger Cave, Investment Manager



Caribbean Pension Fund

HIGHLIGHTS:

- Shares of the Pension Fund returned between 0.8% and 2.7% in the fourth quarter and are up between 3.9% and 11.6% over the past year. Our equity investments continued to generate strong performance.
- Returns by class of share are shown in the table to the right.

"My employer does not have a pension plan. Can I still put something away for my retirement?"

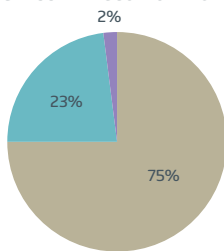
"I am self-employed. Should I contribute to the National Insurance Scheme (NIS) as well as start saving for retirement privately?"

"I am 40 (or 45 or 50 or 55) years old. Should I start to save for a pension?"

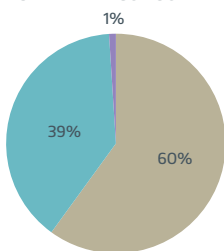
At Fortress we hear these and similar questions often, and our reply is always a resounding "Yes!" It is never too late, and you are never too old to start saving for your retirement. Whether you are employed or work for yourself, you will naturally contribute to NIS. That will provide you with a basic pension starting at your pensionable age. But that alone is rarely enough – most retirees find that other investments are necessary. To accumulate these investments, experts always recommend starting an automatic deduction from your salary/wage and investing for the long-term. Saving and compounding can have a huge effect over time. For example, if you saved \$100 per month for 20 years that would come to \$24,000 by the end of the period. However, if that same \$100 per month were invested at a 6% per annum return for the 20 years, the value at the end would be \$46,435, almost double what you invested. That is the magic of compound interest. To capture the magic the key is to start now, take that first step of the journey and let the power of investment work for you. We can help you set up or adjust your own automatic savings programme whenever you are ready.

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.

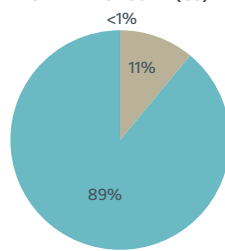
AGGRESSIVE ACCUMULATOR (AA)



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: 0.03% per annum.
Sales Charge: None
Redemption Charge: none

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

CUSTODIAN

CIBC FirstCaribbean International Bank
 Wealth Management Division

AUDITORS

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

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.

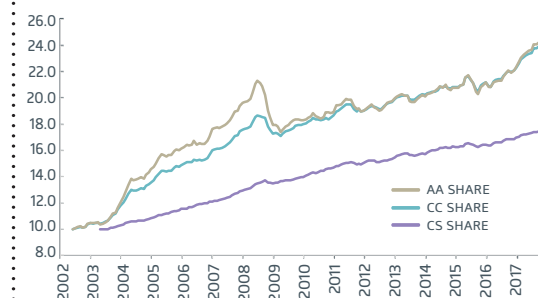
Net Asset Value Per Share (est.): \$24.89 / \$24.47 / \$17.59 (AA/CC/CS)
Fund Net Assets: \$292,468,486

INVESTMENT RETURNS

	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	2.7%	11.6%	6.3%	4.5%	6.0%
CC Share	2.3%	9.9%	5.6%	4.2%	5.9%
CS Share	0.8%	3.9%	2.6%	2.6%	3.9%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO DECEMBER 31ST, 2017



BENEFITS AT A GLANCE

Company Pension (DC Scheme):

- 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):

- 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

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

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