

Report by the Investment Manager

Fund Objective – Growth

Capital appreciation of assets over the long term, principally through investment in shares of both quoted and unquoted companies located or that have their principal activities in the Caribbean.

Recommended for:

- Investors seeking investment exposure in the Caribbean;
- Investors seeking capital growth and appreciation over the long term

Fund Details

Minimum Investment	\$100
for subsequent investments	\$100
for monthly savings plan	\$50
Net Asset Value Per Share	\$4.49
Net Assets	\$225,156,249

Expenses

Manager & Administrator

1.75 % per annum of net assets of Fund

Custodian

0.175 % per annum of net assets of Fund

Initial Charges

2 % initial charge

Redemption Charge

None

Manager & Administrator

Fortress Fund Managers Ltd

Directors

Fortress Mutual Fund Limited
Geoffrey Cave, Chairman
David Bynoe
Sir Fred Gollop
Ken Emery
Anthony King
John Williams
Roger Cave, Investment Manager

Custodian

FirstCaribbean International Bank
Trust & Asset Management Division
Broad Street
Bridgetown

Independent Auditors

PricewaterhouseCoopers

Attorney-at-Law

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

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

Fortress Caribbean Quarterly is published by: Fortress Fund Managers Limited, 1st Floor, Carlisle House, Hincks Street, Bridgetown, Barbados. Tel: (1 246) 431 2198. Toll Free: 800 450 6461 (USA & Canada only) E-mail: invest@fortressfund.com www.fortressfund.com

The Fortress Caribbean Growth Fund increased by 2.75 % during the quarter ended June 30th 2007 and by 12.25% over the last year. Total assets are now \$225.1M with the net asset value (NAV) at \$4.49 per share. The Fund remains open to new subscriptions.

The Caribbean stock markets are all in negative territory for the year so far. Barbados fell by 0.42%, Trinidad by 5.2% and Jamaica by 10.54%. Against this back drop the Fortress Caribbean Growth Fund has still been able to produce a positive return of 2.5% due largely to strong performances from our international investments.

While shares prices in the region remain depressed, corporate profits continue to improve and valuations are becoming more attractive. These are the conditions which we find ideal for investment and we are active buyers in several selective shares around the Caribbean. Corporate activity in the form of mergers and acquisitions can be expected when companies are trading at prices below their fair values. This has been evidenced by developments in Barbados and Trinidad during the last few months. W/bisco has been taken-over by Bermudez, BS&T has a merger proposal with Neal & Massy before its shareholders, Ansa McAl has stated its intention to launch a hostile take-over bid for BS&T and it is reported that First Caribbean International Bank and RBTT are involved in discussions for a business combination. These are positive developments for the shareholders of the target companies and we are pleased that the Fortress Caribbean Growth Fund holds large positions in several of these entities. We can expect more of these transactions in the coming years as Caribbean companies seek to improve efficiency, growth and returns on investment.

Our overseas investments have done very well so far this year led by the OAM portfolio in Asia & Europe with gains of 15% and 7% respectively. Our investment in the Fortress Global Value Fund has also done very well and is up 11.97% for the year to date. Our main holdings in Bermuda have been flat for the year but we expect one of these holdings do very well in the latter half of this year.

Overall, global economic growth remains strong but rising interest rates, high energy costs and weaknesses in the housing and credit markets in the US, raise worrying questions as to the future prospects. The 'bubble' characteristics present in almost every major asset class around the world has been created by extremely low interest rates and enormous amounts of leverage at the consumer, private equity & government levels. Furthermore, the 'carry trades' of borrowing in low yielding currencies such as the yen, has encouraged investors to chase higher returns using this cheap borrowed money to invest elsewhere which has resulted in asset prices being driven to unsustainable levels. There is no question that global financial markets are poised for some form of correction and it is only a matter of when. With respect to the Caribbean, prospects here are better in the medium term as our markets have been weak for the last two years.

We would like to take this opportunity to thank all of our shareholders for their overwhelming response to our request for shareholder information. Your prompt responses have aided us greatly in ensuring that our records are up-to-date and in compliance with local Anti-Money Laundering regulations.

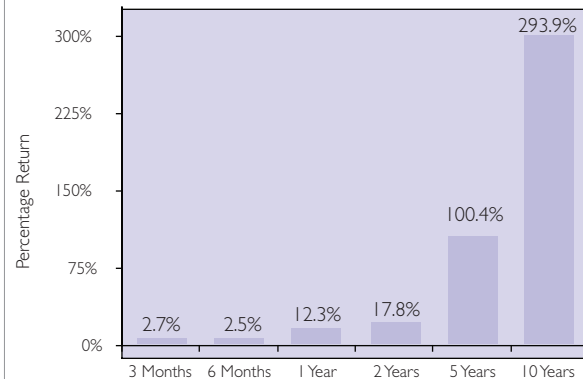
Investment Returns				
2.7% 3 Months	2.5% 6 Months	12.3% 1 Year	17.8% 2 Years	349.0% Since Inception 9.1.296

Movement In Fund Price and Total Assets

Date	Total Assets	Net Asset Value / Share
30-Jun-06	\$178,804,175	\$4.00
28-Jul-06	\$178,804,175	\$4.03
31-Aug-06	\$179,858,198	\$4.02
29-Sep-06	\$178,606,094	\$4.02
24-Oct-06	\$182,416,451	\$4.07
30-Nov-06	\$191,635,174	\$4.23
29-Dec-06	\$203,715,107	\$4.38
31-Jan-07	\$210,692,744	\$4.40
28-Feb-07	\$210,757,938	\$4.39
31-Mar-07	\$209,273,649	\$4.37
30-Apr-07	\$210,726,891	\$4.40
31-May-07	\$213,545,969	\$4.45
30-Jun-07	\$225,156,249	\$4.49

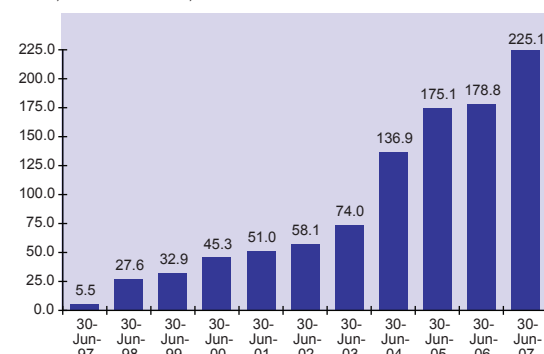
Fund Performance

10 Yrs - 14.69 % / Annum



Growth In Assets

June 30th, 1997 to June 30th, 2007

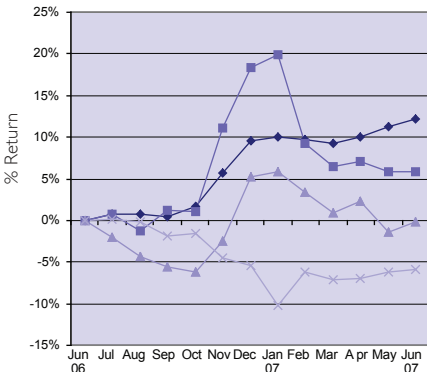


Top 10 Holdings

Rank	Company	Country	Sector
(1)	Overseas Asset Management	Cayman	Mutual Fund
(2)	RBTT Financial Holdings Ltd	Trinidad	Banking
(3)	Fortress Global Value Fund	BVI	Mutual Fund
(4)	Sagicor Financial Corporation	Barbados	Insurance
(5)	Bank of Butterfield	Bermuda	Banking
(6)	Bermuda Fire & Marine Ltd	Bermuda	Insurance
(7)	Neal & Massy Holdings Ltd	Trinidad	Conglomerate
(8)	Goddard Enterprises Limited	Barbados	Conglomerate
(9)	Fortress Caribbean High Interest Fund	Barbados	Mutual Fund
(10)	Barbados Shipping & Trading	Barbados	Conglomerate

Fortress & Index Performance - 12 Mths to June 30th, 2007

1 Year Returns - Fortress vs Caribbean Markets



◆ Fortress +12.25% ■ JSE +5.83% ▲ TTSE (-0.17%) ✕ BSE (-5.84%)