

FORTRESS Caribbean Quarterly Report

FORTRESS CARIBBEAN GROWTH FUND



March 2007

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	\$4.37
Net Assets	\$209,273,649

Expenses

Manager

1.75 % per annum of net assets of Fund

Administrator

0.10% on the first \$30M in net assets
0.0875% on amount over \$30M in net assets

Custodian

0.0875% on the first \$30M in net assets
0.075% on amounts over \$30M in net assets

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:
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Report by the Investment Manager

The Fortress Caribbean Growth Fund fell by 0.2% during the quarter ended March 31st 2007. The Fund increased by 8.7% over the last six months and 9.5% over the last year. Total net assets are now \$209.3m with the net asset value per share (NAV) at \$4.37. The Fund remains open to new subscriptions.

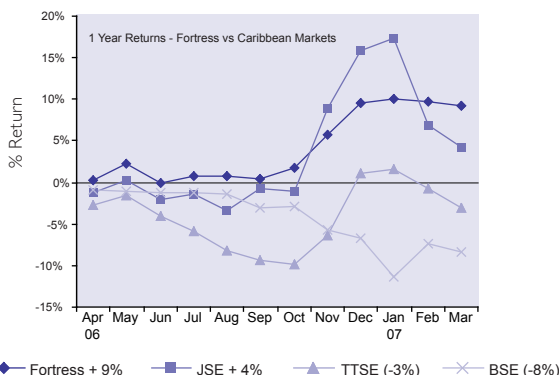
The Caribbean stock markets are struggling to find any direction. After posting strong rallies in the 4th quarter of 2006, the regional markets have all dropped in the 1st quarter of 2007. Barbados decreased by 2%, with Trinidad and Jamaica falling by 4% and 10% respectively. In fact the Trinidad & Jamaica stock exchanges are listed among the ten worst performing stock markets in the world so far in 2007.

Several of our larger holdings which performed very well in November and December, have now retreated, reversing most of those unrealized gains recognized during the previous quarter. These include RBTT, Guardian, Neal & Massy and Grace Kennedy. In addition, some of our larger holdings in Barbados which include Goddard Enterprises and Sagcor both experienced declines in their share prices during the quarter. The fundamentals of our larger holdings remain solid and in many cases we have added to our positions at lower prices and we are positive that in the medium term these investments will prove to be very successful. The international stock markets have had a bumpy but positive ride so far in 2007. A sharp sell-off which started in China in late February, had a negative influence on almost all global markets for over a week before markets rallied again in March, and in many cases have now surpassed the previous highs of earlier in the year. The concern is that many international markets are at all time highs and are very vulnerable to potential shocks. When these shocks occur, there is almost no where to hide as markets have become very highly correlated, particularly in periods of weakness. It appears that investors appetite for risk remains high, with lots of complacency and therefore the possibility exists for sharp corrections, particularly in emerging markets which have had such a great run the last few years.

Closer to home in the Caribbean, the plans for the linking of the regional stock markets which would allow brokers to trade across the region has not materialized on April 2nd as planned and there is no new date yet set for this to occur. The lack of new listings coming to market on regional exchanges is a worrying development for institutional investors such as ourselves. Looking to the positives, the rules restricting pension fund investment in Trinidad relating to the allocation for equities appears to be in the process of resolution. In Barbados there is a new clear policy directive from the Prime Minister for the removal exchange controls first within Caricom with later liberalization of the remaining restrictions on Non-Caricom transactions.

The immediate prospects for the Fund are flat and investors should lower their medium-term expectations for returns. That said, the environment for corporate activity in the form of take-overs and mergers in the region is attractive and should some of these develop, the Fund could see some attractive gains coming through.

Fortress & Index Performance - 12 Mths to Dec 31st, 2005

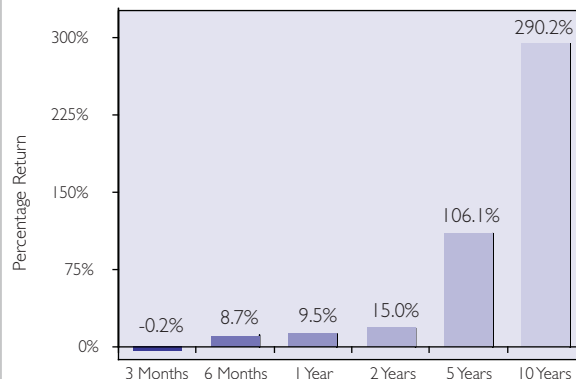


Investment Returns				
-0.2%	8.7%	9.5%	15.3%	337.0%
3 Months	6 Months	1 Year	2 Years	Since Inception
				9.12.96

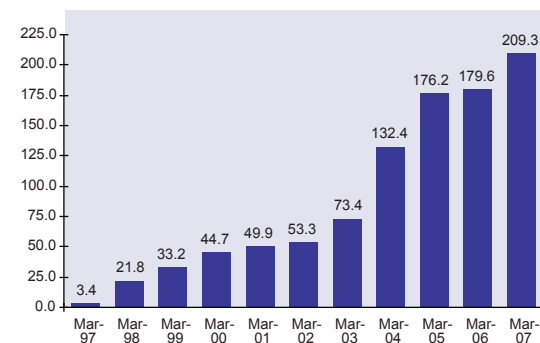
Movement In Fund Price and Total Assets

Date	Net assets	Net Asset Value
31-Mar-06	\$179,602,803	\$3.99
30-Apr-06	\$180,202,490	\$4.01
31-May-06	\$183,625,488	\$4.09
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

Fund Performance 10 Yrs - 14.58 % / Annum



Growth In Assets



Top 10 Holdings

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