

# Fortress Global Funds Quarterly Reports

Fixed Income Fund

Global Opportunity Wealth Fund

US Equity Fund

International Equity Fund

Emerging Markets Fund

Income Builder US Fund

Income Builder International Fund

June 30, 2018



Your Future. Our Business.



July, 2018.

Dear investors,

The second quarter was a challenging time for nearly all global investments, as interest rates rose and trade tensions mounted, applying pressure especially to investments outside the U.S. The Fortress funds showed a small decline in fixed income, posted negative returns in international and emerging equities, and were essentially flat in the U.S. The declines in international and emerging markets came from lower share prices as well as from weaker currencies against the U.S. dollar, with the U.S. dollar up 5% in the quarter. In spite of negative headlines, the numbers continue to tell a story of generally solid fundamentals in the U.S. and in many regions and industries around the world, and this bodes well for future returns especially as prices get substantially cheaper in some areas. The accompanying reports have details on the performance and positioning of each fund.

Nearly a hundred years (and several market cycles) ago, F. Scott Fitzgerald wrote, "The test of a first-rate intelligence is the ability to hold two opposed ideas in the mind at the same time, and still retain the ability to function." This can be a challenge for any of us at the best of times, but right now we think the investment climate is demanding it and the two ideas are equally relevant to investors.

The first "opposed" idea has to do with overall valuations and the implications for risk and return. Returns to investment assets vary over time: in the short-term, returns are typically random, but over the course of many years they are driven by starting and ending valuations. Low starting valuations today – in any asset, stocks, bonds, real estate – when combined with high ending valuations in the future will result in a pull to high returns. In the more immediately relevant case, high valuations today and low, or even average, valuations in the future will lead to much lower returns. Today's price drives tomorrow's return as surely as night follows day.

Today, nearly all global investment assets are *on average* already priced at levels high enough to stifle future returns, ensuring they will be well below normal, and in some cases even negative – unless we can be certain that today's high valuations will prevail as far as the eye can see. That assumption may not be wrong, but it is certainly an aggressive one. The more likely scenario is that ten years from now most of the major asset classes will have delivered returns nothing like their historical averages, and investors will have endured a discouraging amount of volatility along with way to an underwhelming result.

Thankfully, we are not bound to invest just in the averages – and this is where the "opposing" idea comes in. Under the surface of each major asset class – U.S., international and emerging equities, for example – there are an unusual number of examples of individual securities offering good, sometimes great, value at today's prices. These are the less fashionable parts of the market

(according to *current* fashion), and the return prospects for them are far better than those for the overall markets. And they are enticing in absolute terms as well. The Fortress US Equity Fund, for example, has an average Price/Earnings (P/E) ratio of 10x across its 30 holdings, a level historically associated with very good returns indeed. By comparison, the large-cap market index is valued at 16x, and many of the largest weighted components trade on P/E's of 25x or more. The Fortress International Equity and Emerging Markets funds' portfolios have some of the best value right now, in our view, with P/E's of 8x and 7x respectively, levels consistent with substantial long-term returns.

So those are the two opposing ideas: valuations of major asset classes imply low future returns, while under the surface, bottom-up, value-oriented portfolios appear priced for quite good returns. The first observation suggests risk, the second opportunity. We think both are real. From an asset allocation perspective, we continue to approach this situation as simply and consistently as possible, by controlling the things we can control: diversify investments globally to spread the risk and make sure we capture the best value available; and focus exclusively on well-valued securities that do not require unrealistically positive results to justify their prices. In addition, we are playing defense by including in our asset allocations the Fortress Income Builder funds which target a high single-digit return with only bond-like volatility.

We are always happy to answer any questions you may have.

Thank you for investing with us.

Sincerely,

A handwritten signature in blue ink that reads "Peter Arender". The signature is written in a cursive, flowing style.

Peter Arender, CFA  
Chief Investment Officer

# Fixed Income Fund



## HIGHLIGHTS:

The Fund declined 0.21% in the second quarter and is down 1.16% since inception in October, 2017. Interest rates continued to rise during the quarter and the yield curve flattened further. The average gross yield on the Fund's portfolio increased to 3.58%.

In June the U.S. Federal Reserve raised its target rate again, setting the range at between 1.75% and 2%. Higher rates on cash are now offering a viable alternative to longer dated investments, and will do so more as hikes continue in the medium term. Investment grade and high yield corporate spreads widened slightly during the quarter but have since tightened back so far in July. New issues continue to be met with extremely strong demand and pricing has reflected this. The Fund's portfolio remains weighted towards select high-quality corporates that, according to our analysis, are undervalued and represent less credit risk than their spreads imply.

The average term to maturity of the Fund is moderate at 5.8 years, with very little exposure to the long end of the curve. Approximately 13% of the Fund is in floating rate notes whose coupons reset on short time horizons, usually quarterly, limiting sensitivity to rising rates. Another 6% of the Fund is in inflation-linked notes, further diversifying the rate and inflation-related risks in the portfolio while still generating a reasonable yield.

## FUND OBJECTIVE

**Consistent returns and protection of principal over the medium-term with investments in high-quality bonds.**

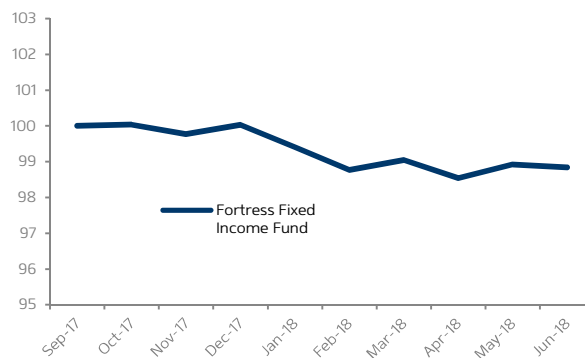
<b>Minimum Investment:</b>	US\$ 100,000
<b>Net Asset Value per Share:</b>	US\$ 98.8396
<b>Fund Net Assets:</b>	US\$ 17,268,512
<b>Fund Inception:</b>	Oct 2, 2017
<b>Strategy Inception:</b>	Oct 2, 2017
<b>Bloomberg Ticker:</b>	FORFIFA KY
<b>Dealing/NAV Dates:</b>	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
<b>Fund</b>	<b>-0.21%</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>-1.16%</b>
<b>Index</b>	<b>-0.16%</b>	<b>-0.40%</b>	<b>1.72%</b>	<b>2.27%</b>	<b>-1.23%</b>

*Periods longer than one year are annual compound returns*

## PERFORMANCE SINCE INCEPTION to 6/30/2018



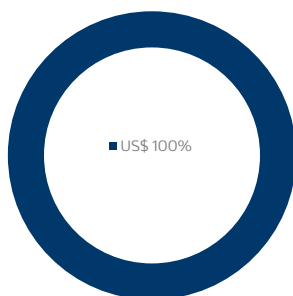
Fund returns are net of fees and withholding taxes.

## PORTFOLIO SUMMARY

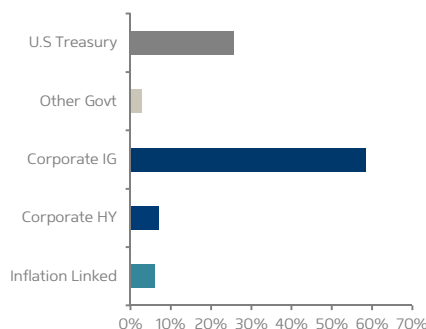
	Weight	Yield	Term to Maturity	Credit Rating*	Spread (bps)
<b>FUND</b>	<b>100%</b>	<b>3.58%</b>	<b>5.8 yrs</b>	<b>A</b>	<b>90</b>
Corporate securities	65.4%	4.01%	5.4 yrs	BBB+	132
Government securities	34.6%	2.92%	5.9 yrs	AAA	17

\* Source: Bloomberg

## CURRENCY ALLOCATION



## ALLOCATION SUMMARY



## TOP 10 HOLDINGS

US TREASURY N/B 2 7/31/2020	11.6%
US TREASURY N/B 2.25 2/15/2027	11.2%
TSY INFL IX N/B 0.25 1/15/2025	6.2%
JPMORGAN CHASE & CO FLOATING 10/24/2023	3.0%
CVS HEALTH CORP 4.1 3/25/2025	2.9%
JUNIPER NETWORKS INC 4.35 6/15/2025	2.9%
BECTON DICKINSON AND CO FLOATING 6/6/2022	2.9%
WARNER MEDIA LLC 3.875 1/15/2026	2.9%
US TREASURY N/B 2.25 11/15/2024	2.8%
GOVT OF BERMUDA 3.717 1/25/2027	2.8%

## EXPENSES

### Paid by the Fund

Management Fee: 0.35% of net assets per annum  
 Administrator Fee: 0.075% of net assets per annum

### Investor Redemption Fees

Within 3 months of purchase: 2%  
 All other times: 0.1%

Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited

### ADMINISTRATOR

Fortress Fund Managers Limited

### PRIMARY CUSTODIAN

Morgan Stanley

### AUDITORS

EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson

### FUND DIRECTORS

David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**

# Global Opportunity Wealth Fund



## HIGHLIGHTS:

The Fund declined 2.5% in the second quarter and is up 1.9% over the past year. Investments outside the U.S. felt the headwind of a stronger U.S. dollar while higher interest rates continued to diminish bond returns. We still see significant return potential in international and emerging equities, especially as currencies have once again become cheaper. The Fund's allocations reflect this.

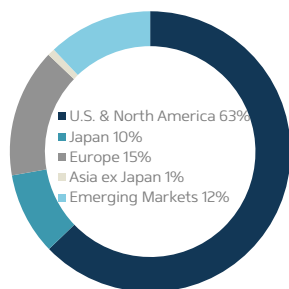
Headlines have recently been dominated by the back and forth of trade tensions. Behind the noise, though, our bottom up analysis suggests earnings of many companies globally remain solid and growing. In the U.S. the earnings boost provided by corporate tax cuts continues to be seen, but rising interest rates are presenting a headwind to broader share prices, which in many cases are becoming reasonable again. U.S. growth and small cap stocks have been the only major areas of positive returns so far in 2018, and they are the ones we find least attractive because of high valuations. Many other areas have not participated in line with their fundamentals. This trend will not last forever, and the inevitable normalisation should bring significant upside to value-oriented, globally diversified portfolios such as this.

There were no major changes to the Fund's allocations during the quarter.

## PORTFOLIO SUMMARY

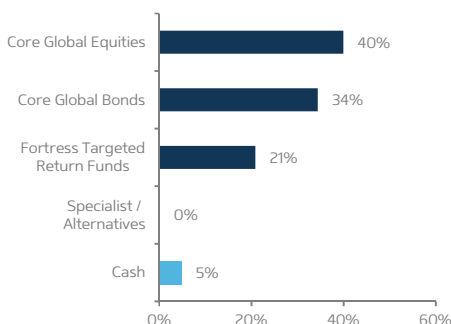
The Fund's portfolio is diversified across key asset classes and a combination of strategies to generate return and limit risk. The long term benchmark for the Fund is a blended index of **60%** global stocks and **40%** global bonds, though the Fund's positioning may differ from this both structurally and tactically. Limiting risk is a key objective of the overall asset allocation. The Fund will typically include allocations to the low volatility, targeted return Fortress Income Builder funds as an alternative to core equity and bond allocations.

## GEOGRAPHIC ALLOCATION



Geographic allocations estimated on a look-through basis.

## ASSET CLASS SUMMARY



## FUND OBJECTIVE

Long term wealth preservation and growth for the whole portfolio.

<b>Minimum Investment:</b>	US\$ 100,000
<b>Net Asset Value per Share:</b>	US\$ 112.6155
<b>Fund Net Assets:</b>	US\$ 4,437,400
<b>Fund Inception:</b>	May 31, 2013
<b>Strategy Inception:</b>	May 31, 2013
<b>Bloomberg Ticker:</b>	FORTGOW KY
<b>Dealing/NAV Dates:</b>	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
<b>Fund</b>	-2.5%	1.9%	1.6%	2.4%	2.4%
<b>Benchmark</b>	-0.6%	6.8%	5.9%	6.2%	5.6%

Periods longer than one year are annual compound returns

## PERFORMANCE SINCE INCEPTION to 6/30/2018



Fund returns are net of fees and withholding taxes.

## TOP 10 ALLOCATIONS

Fortress Fixed Income Fund	24.0%
Fortress International Equity Fund	18.7%
Fortress US Equity Fund	14.3%
Fortress Income Builder International Fund	10.9%
Fortress Income Builder US Fund	10.0%
PIMCO Global Investment Grade Credit Fund	7.9%
Fortress Emerging Markets Fund	7.0%
US Dollar Cash	4.9%
Legg Mason WA Asian Opportunities Fund	2.4%

### EXPENSES

#### Paid by the Fund

Management Fee: 0.65% of net assets p.a. (rebated for Fortress funds)

Administrator Fee: 0.1% of net assets per annum

#### Investor Redemption Fees

Within 6 months of purchase: 2%

All other times: 0.2%

Paid to the benefit of remaining shareholders in both cases

### INVESTMENT MANAGER

Fortress Fund Advisors Limited

#### ADMINISTRATOR

Fortress Fund Managers Limited

#### PRIMARY CUSTODIAN

Morgan Stanley

#### AUDITORS

EY

### FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave John Williams

Ken Emery John Howard

Roger Cave David Simpson

David Bynoe

#### FUND DIRECTORS

David Bynoe Roger Cave

John Howard

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**



# US Equity Fund

## HIGHLIGHTS:

The Fund was flat for the second quarter and is up 8.3% over the past year. U.S. trade policy and rising interest rates were headwinds for the market but behind the scenes company earnings quietly continued to be solid. Growth shares outperformed value again, pushing the year-to-date differential to 12 percentage points.

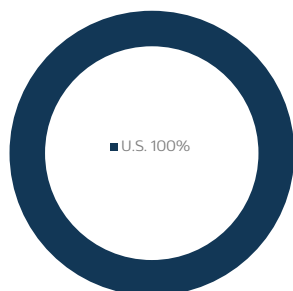
The Fund's portfolio and performance remained substantially different from that of the broader market. With a Price/Earnings ratio of only 10x and dividend yield of 2.4% its valuation is meaningfully lower than the market and at a level consistent with well above average long-term returns. The portfolio has only limited holdings in information technology where valuations have reached disadvantageous levels. Our systematic process remains unchanged, and as the pendulum swings more towards growth we are finding better and better opportunities in the less fashionable areas left behind. The pendulum will eventually swing the other way, and when that time comes there is a substantial - and growing - amount of absolute and relative return potential in this Fund's portfolio.

In May we added a new position in homebuilder DR Horton. It is a good example of the type of company our process favours: responsible balance sheet, profitable and growing operations, and an undemanding valuation. Retailers continued to recover during the quarter and we gradually trimmed our holdings in this area, taking partial profits into the strength.

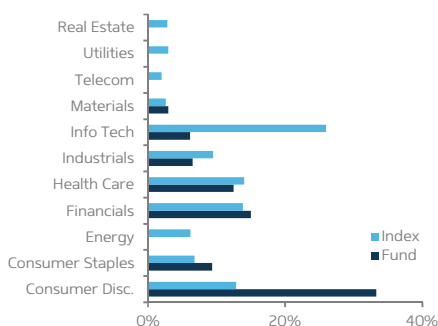
## PORTFOLIO SUMMARY

	P/E Ratio	P/B Ratio	Div Yld	ROE	Volatility
FUND	10.2	2.1	2.4%	20.6%	3.5%
Index	16.2	3.3	1.9%	20.3%	3.6%
+/-	-6.0	-1.2	0.5%	0.3%	-0.2%

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## FUND OBJECTIVE

Long term growth with limited risk in U.S. large cap equities.

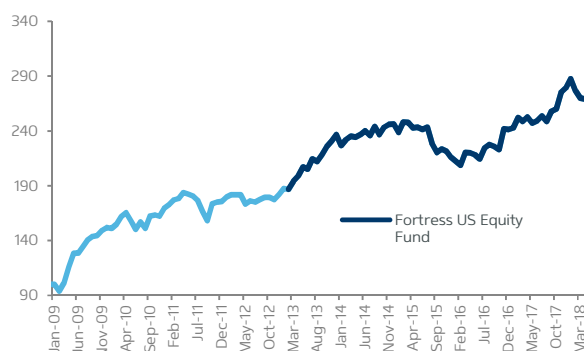
Minimum Investment:	US\$ 100,000
Net Asset Value per Share:	US\$ 144.398
Fund Net Assets:	US\$ 11,508,193
Fund Inception:	Feb 28, 2013
Strategy Inception:	Feb 18, 2009
Bloomberg Ticker:	FORUEFA KY
Dealing/NAV Dates:	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
Fund	0.0%	8.3%	3.8%	5.6%	11.2%
Index	3.3%	13.7%	11.2%	12.7%	16.7%

Periods longer than one year are annual compound returns

## PERFORMANCE SINCE INCEPTION to 6/30/2018



Returns prior to Feb 28, 2013 are for the composite of segregated accounts managed with the identical strategy, adjusted for Fund management and administration fees. Fund returns are net of fees and withholding taxes.

## TOP 10 HOLDINGS

US DOLLAR CASH	14.3%
KOHL'S CORP	3.7%
TRACTOR SUPPLY COMPANY	3.4%
FOOT LOCKER INC	3.4%
SNAP-ON INC	3.4%
ANTHEM INC	3.3%
HORMEL FOODS CORP	3.3%
UNITEDHEALTH GROUP INC	3.2%
AMERIPRISE FINANCIAL INC	3.2%
DR HORTON INC	3.2%

## EXPENSES

### Paid by the Fund

Management Fee: 1% of net assets per annum  
 Administrator Fee: 0.1% of net assets per annum

### Investor Redemption Fees

Within 6 months of purchase: 2%  
 All other times: 0.2%

Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited

### ADMINISTRATOR

Fortress Fund Managers Limited

### PRIMARY CUSTODIAN

Morgan Stanley

### AUDITORS

EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson
David Bynoe	
<b>FUND DIRECTORS</b>	
David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**

FORTRESS FUND MANAGERS, FIRST FLOOR, CARLISLE HOUSE, HINCKS STREET, BRIDGETOWN, BB11144, BARBADOS

TEL: (246) 431-2198 invest@fortressfund.com www.fortressfund.com



# International Equity Fund

## HIGHLIGHTS:

The Fund declined 5.3% in the second quarter and is up 3.7% over the past year. International equities and currencies faced pressure especially in June as U.S. trade policy concerns moved from a noisy sideshow to a main event in many investors' minds. The U.S. dollar strengthened substantially against most major currencies. International equity valuations became even more compelling.

The Fund's holdings did see some pockets of strength, with gains in Babcock (+18%) and KDDI (+7%), but there were declines in most regions and sectors. Some of the auto-related companies saw the most acute pressure, with drops in Daimler (-20%), Continental (-16%) and BMW (-13%). Under the surface, we continued to note from a bottom up perspective the continuation of the recovery in earnings that began in early 2016. It is possible that trade tensions, reduced monetary stimulus or other factors may eventually pressure earnings but for now the recent growth trend appears intact. With the combination of lower prices and improving fundamentals, the characteristics of the Fund's portfolio became even more attractive during the quarter. The average Price/Earnings ratio fell from 9x to 8x and the dividend yield rose from 3.8% to 4.1%. In addition, currencies got cheaper. This suggests even more substantial return potential when the current wave of pessimism passes.

There were no changes to the Fund's holdings during the quarter. The available opportunities still favour holdings in the consumer discretionary sector, and relatively less areas like energy and materials.

## FUND OBJECTIVE

**Long term growth with limited risk in non-U.S. large cap equities.**

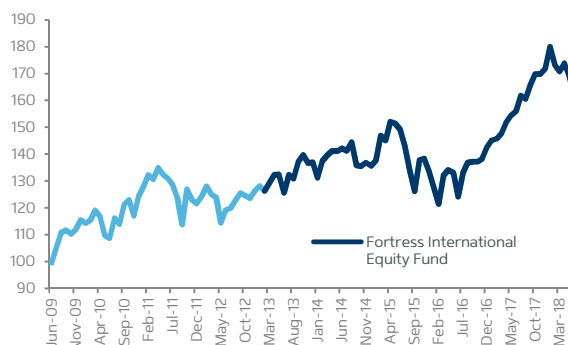
<b>Minimum Investment:</b>	US\$ 100,000
<b>Net Asset Value per Share:</b>	US\$ 128.0692
<b>Fund Net Assets:</b>	US\$ 28,690,651
<b>Fund Inception:</b>	Feb 28, 2013
<b>Strategy Inception:</b>	Jun 30, 2009
<b>Bloomberg Ticker:</b>	FORIEFA KY
<b>Dealing/NAV Dates:</b>	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
<b>Fund</b>	-5.3%	3.7%	2.7%	5.2%	5.5%
<b>Index</b>	-2.6%	7.3%	5.1%	6.0%	7.1%

*Periods longer than one year are annual compound returns*

## PERFORMANCE SINCE INCEPTION to 6/30/2018

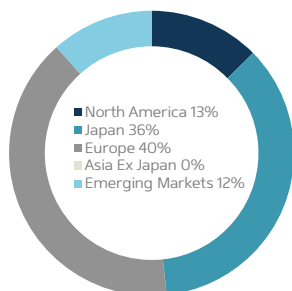


Returns prior to Feb 28, 2013 are for the composite of segregated accounts managed with the identical strategy, adjusted for Fund management and administration fees. Fund returns are net of fees and withholding taxes.

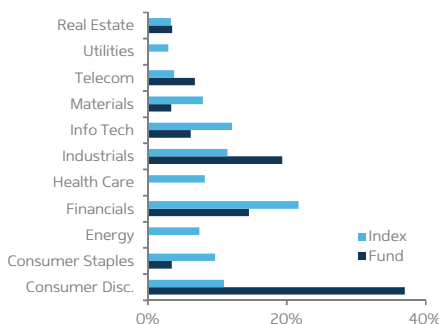
## PORTFOLIO SUMMARY

	P/E Ratio	P/B Ratio	Div Yld	ROE	Volatility
<b>FUND</b>	8.4	1.2	4.1%	14.5%	3.7%
<b>Index</b>	12.8	1.6	3.1%	12.2%	4.3%
<b>+/-</b>	-4.5	-0.4	1.0%	2.2%	-0.6%

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## TOP 10 HOLDINGS

US DOLLAR CASH	5.9%
KDDI CORP	3.6%
MARUBENI CORP	3.6%
BABCOCK INTL GROUP PLC	3.5%
CHINA OVERSEAS LAND & INVEST	3.5%
TOYOTA MOTOR CORP - SPON ADR	3.5%
KONINKLIJKE AHOLD DELHAIZE N	3.5%
ASHTREAD GROUP PLC	3.4%
WPP PLC	3.4%
SUMITOMO CHEMICAL CO LTD	3.4%

## EXPENSES

### Paid by the Fund

Management Fee: 1% of net assets per annum  
 Administrator Fee: 0.1% of net assets per annum

### Investor Redemption Fees

Within 6 months of purchase: 2%  
 All other times: 0.2%

Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited

### ADMINISTRATOR

Fortress Fund Managers Limited

### PRIMARY CUSTODIAN

Morgan Stanley

### AUDITORS

EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson
David Bynoe	
<b>FUND DIRECTORS</b>	
David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**

# Emerging Markets Fund



## HIGHLIGHTS:

The Fund declined 10.1% in the second quarter and is up 5.8% over the past year. So far in July it has seen a move higher from these levels. Emerging markets stocks and currencies felt the pressure of U.S.-initiated trade tensions especially in June as concerns grew that global supply chains would be disrupted. For now, though, the earnings recovery in emerging markets companies that began in 2016 appears intact.

Some areas of relative strength during a very weak quarter included the Russian energy companies such as Rosneft (+15%), and individual names in China and South Africa such as China Railway (+9%) and Mondi (+6%). In general, though, most holdings in the Fund were lower during the quarter. Some of the largest declines came in Brazil and South Africa, where double digit percentage losses in shares prices combined with similar drops in the local currencies. Banco Bradesco, for example, fell 36% in U.S. dollar terms, Itau Unibanco dropped 33% and Barloworld declined 32%. While trade-related headlines have created uncertainty and some fear, the numbers continue to tell a less dramatic story of well-valued shares in emerging markets, with many still seeing solid earnings growth.

Times of stress can be opportunities to add exposure. In late June we initiated a new position in Agricultural Bank of China as shares in many China-related companies declined in spite of already trading at giveaway prices. Agricultural Bank trades on a Price/Earnings ratio of 5x and has a dividend yield of 5.8%.

## FUND OBJECTIVE

Long term growth with limited risk in emerging markets equities.

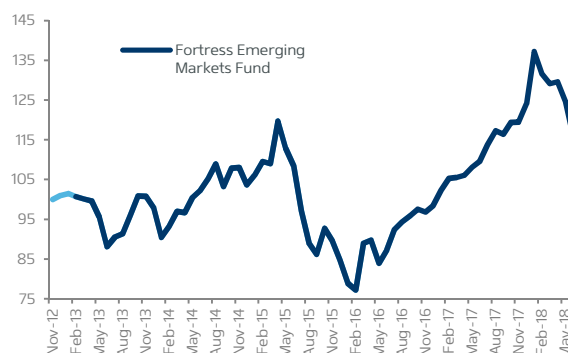
<b>Minimum Investment:</b>	US\$ 100,000
<b>Net Asset Value per Share:</b>	US\$ 115.2457
<b>Fund Net Assets:</b>	US\$ 30,107,063
<b>Fund Inception:</b>	Feb 28, 2013
<b>Strategy Inception:</b>	Dec 20, 2012
<b>Bloomberg Ticker:</b>	FORTEMA KY
<b>Dealing/NAV Dates:</b>	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
<b>Fund</b>	<b>-10.1%</b>	<b>5.8%</b>	<b>2.3%</b>	<b>5.7%</b>	<b>2.7%</b>
<b>Index</b>	<b>-8.0%</b>	<b>8.2%</b>	<b>5.6%</b>	<b>5.0%</b>	<b>2.6%</b>

Periods longer than one year are annual compound returns

## PERFORMANCE SINCE INCEPTION to 6/30/2018

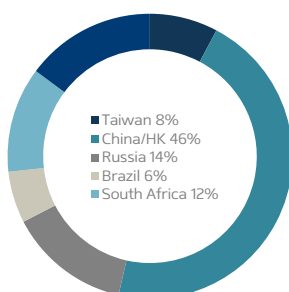


Returns prior to Feb 28, 2013 are for the composite of segregated accounts managed with the identical strategy, adjusted for Fund management and administration fees. Fund returns are net of fees and withholding taxes.

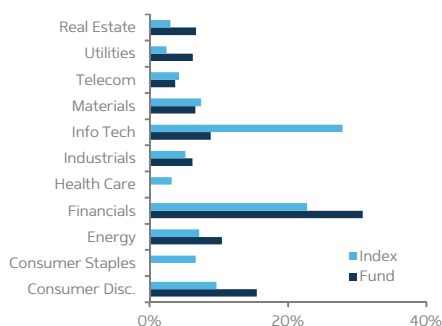
## PORTFOLIO SUMMARY

	P/E Ratio	P/B Ratio	Div Yld	ROE	Volatility
<b>FUND</b>	<b>6.9</b>	<b>1.0</b>	<b>4.5%</b>	<b>15.0%</b>	<b>4.8%</b>
<b>Index</b>	<b>11.2</b>	<b>1.5</b>	<b>2.6%</b>	<b>13.8%</b>	<b>4.2%</b>
<b>+/-</b>	<b>-4.3</b>	<b>-0.5</b>	<b>1.9%</b>	<b>1.3%</b>	<b>0.6%</b>

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## TOP 10 HOLDINGS

US DOLLAR CASH	4.7%
ISHARES MSCI TAIWAN ETF	4.4%
ROSNEFT OIL CO PJSC-REGS GDR	3.6%
SK TELECOM CO LTD-SPON ADR	3.5%
HAIER ELECTRONICS GROUP CO	3.5%
SBERBANK PJSC -SPONSORED ADR	3.5%
LUKOIL PJSC-SPON ADR	3.4%
TATNEFT PAO-SPONSORED ADR	3.4%
MONDI LTD	3.4%
HON HAI PRECISION-GDR REG S	3.4%

## EXPENSES

### Paid by the Fund

Management Fee: 1% of net assets per annum  
 Administrator Fee: 0.1% of net assets per annum

### Investor Redemption Fees

Within 6 months of purchase: 2%  
 All other times: 0.5%

Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited  
**ADMINISTRATOR**  
 Fortress Fund Managers Limited  
**PRIMARY CUSTODIAN**  
 Morgan Stanley  
**AUDITORS**  
 EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson
David Bynoe	
<b>FUND DIRECTORS</b>	
David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**





# Income Builder US Fund

## HIGHLIGHTS:

The Fund returned 0.3% during the second quarter and was unchanged over the past year. U.S. equity returns continued to be driven by relatively highly valued growth stocks, with much of the rest of the market either flat or down. This dynamic, and low levels of implied volatility in options, has resulted in unusually muted returns for the Fund's strategy in recent months.

Interest rates continued to rise in the second quarter, as the U.S. Federal Reserve raised its target rate again in June, bringing it to a range between 1.75% and 2%. Pressure remained on bond prices, with the main index declining 0.2% bringing its year to date decline to 1.6%. Interest-rate sensitive areas of the stock market felt similar pressure as financials (-4%), consumer staples (-3%) and telecom (-2%) were among the weakest areas of the market. We expect interest rates to continue rising in the medium term. Overall, the Fund's portfolio of high-quality, well-valued shares saw little change but under the surface there were some larger moves. Retailers such as Macy's (+27%), Tractor Supply (+22%) and Foot Locker (+17%) rebounded, while companies like Cardinal Health (-21%), Principal Financial (-12%) and Raytheon (-10%) were among the weakest.

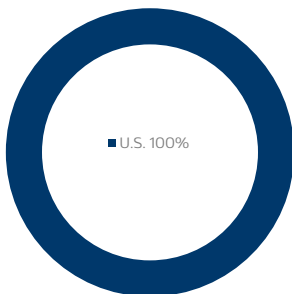
There were no changes to the equity portfolio during the quarter. With an earnings yield of over 8% and a dividend yield of 2.6%, the portfolio remains priced for decidedly healthy long-term returns. In recent weeks we have added put options as implied volatility moves lower, reducing market risk.

## PORTFOLIO SUMMARY

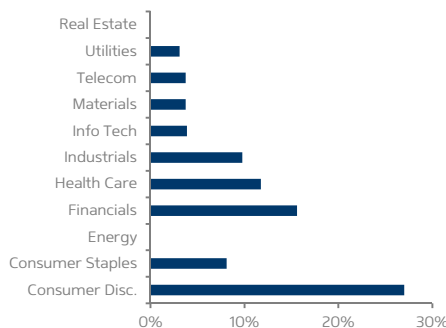
	Earnings Yield	Dividend Yield	Call Option Coverage	Put Option Protection	Monthly Volatility
FUND	8.3%	2.6%	51%	5%	1.6%

Options data are delta-adjusted

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## FUND OBJECTIVE

Target a fixed return of 8% per year with bond-like volatility.

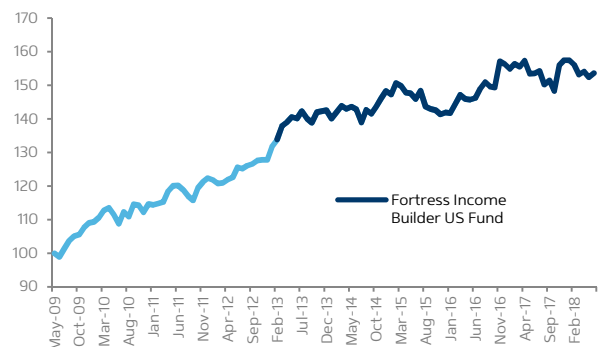
Minimum Investment:	US\$ 100,000
Net Asset Value per Share:	US\$ 114.7395
Fund Net Assets:	US\$ 15,466,913
Fund Inception:	Feb 28, 2013
Strategy Inception:	Jun 11, 2009
Bloomberg Ticker:	FORIBUA KY
Dealing/NAV Dates:	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
Fund	0.3%	0.0%	1.7%	1.9%	4.9%

Periods longer than one year are annual compound returns

## PERFORMANCE SINCE INCEPTION to 6/30/2018



Returns prior to Feb 28, 2013 are for the composite of segregated accounts managed with the identical strategy, adjusted for Fund management and administration fees. Fund returns are net of fees and withholding taxes.

## TOP 10 HOLDINGS

US DOLLAR CASH	13.3%
UNITEDHEALTH GROUP INC	4.0%
TE CONNECTIVITY LTD	3.9%
AT&T INC	3.8%
EASTMAN CHEMICAL CO	3.8%
TRACTOR SUPPLY COMPANY	3.7%
HONEYWELL INTERNATIONAL INC	3.7%
KOHL'S CORP	3.7%
TORCHMARK CORP	3.6%
BEST BUY CO INC	3.3%

## EXPENSES

### Paid by the Fund

Management Fee: 1% of net assets per annum  
 Administrator Fee: 0.1% of net assets per annum

### Investor Redemption Fees

Within 6 months of purchase: 2%  
 All other times: 0.2%  
 Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited  
**ADMINISTRATOR**  
 Fortress Fund Managers Limited  
**PRIMARY CUSTODIAN**  
 Morgan Stanley  
**AUDITORS**  
 EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson
David Bynoe	
<b>FUND DIRECTORS</b>	
David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**



# Income Builder International Fund

## HIGHLIGHTS:

The Fund declined 4.6% during the quarter in U.S. dollar terms and is down 1.6% over the past year. International stocks came under pressure as trade tensions with the U.S. escalated, and most global currencies dropped against the U.S. dollar. Under the surface, company earnings generally remained healthy.

The effects of trade tensions, fiscal stimulus from tax cuts and higher interest rates combined to push the U.S. dollar stronger against all major currencies during the quarter. The British pound lost 6%, the euro 5% and the Japanese yen 4%. Bond prices also fell as rates rose. Our holdings among European industrials and consumer discretionary stocks were among the weakest during the quarter, with stocks like Daimler (-20%), Continental (-16%) and Valeo (-15%) accounting for the largest declines. Holdings in the UK and Japan held their value relatively well, with Babcock (+18%), KDDI (+7%) and Marubeni (+6%) the top performers. From a bottom-up perspective, we continue to find companies in Europe and Asia with solid and growing earnings, whose shares are trading at attractive valuations - and the lower the prices, the better the risk/reward prospects.

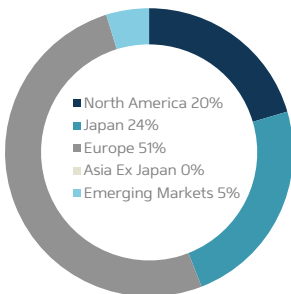
With earnings continuing to grow and prices falling, the portfolio's valuation improved since last quarter, suggesting greater potential to drive future returns. The earnings yield rose from 10.4% to 11.1% and dividend yield increased from 3.5% to 3.9%. There were no changes to the Fund's underlying equity portfolio during the quarter.

## PORTFOLIO SUMMARY

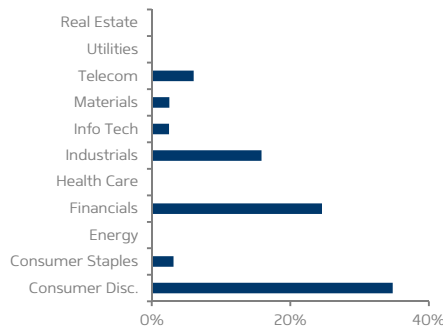
	Earnings Yield	Dividend Yield	Call Option Coverage	Put Option Protection	Monthly Volatility
<b>FUND</b>	<b>11.1%</b>	<b>3.9%</b>	<b>14%</b>	<b>4%</b>	<b>2.5%</b>

Options data are delta-adjusted

## GEOGRAPHIC ALLOCATION



## SECTOR ALLOCATION



## FUND OBJECTIVE

Target a fixed return of 8% per year with bond-like volatility.

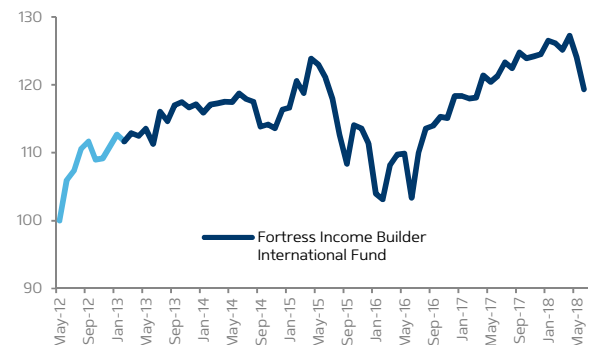
<b>Minimum Investment:</b>	US\$ 100,000
<b>Net Asset Value per Share:</b>	US\$ 106.885
<b>Fund Net Assets:</b>	US\$ 21,240,990
<b>Fund Inception:</b>	Feb 28, 2013
<b>Strategy Inception:</b>	Jun 1, 2012
<b>Bloomberg Ticker:</b>	FORIBIA KY
<b>Dealing/NAV Dates:</b>	15th and end of each month

## INVESTMENT RETURNS

	3mo	1yr	3yr	5yr	Inception
<b>Fund</b>	<b>-4.6%</b>	<b>-1.6%</b>	<b>-0.5%</b>	<b>1.4%</b>	<b>3.0%</b>

Periods longer than one year are annual compound returns

## PERFORMANCE SINCE INCEPTION to 6/30/2018



Returns prior to Feb 28, 2013 are for the composite of segregated accounts managed with the identical strategy, adjusted for Fund management and administration fees. Fund returns are net of fees and withholding taxes.

## TOP 10 HOLDINGS

US DOLLAR CASH	10.5%
MAGNA INTERNATIONAL INC	4.0%
MARUBENI CORP	3.7%
ALLIANZ SE-REG	3.6%
LEGAL & GENERAL GROUP PLC	3.5%
MICHELIN (CGDE)	3.4%
TOYOTA MOTOR CORP -SPON ADR	3.3%
ASSICURAZIONI GENERALI	3.3%
SECURITAS AB-B SHS	3.2%
HENKEL AG & CO KGAA	3.2%

## EXPENSES

### Paid by the Fund

Management Fee: 1% of net assets per annum  
 Administrator Fee: 0.1% of net assets per annum

### Investor Redemption Fees

Within 6 months of purchase: 2%  
 All other times: 0.2%  
 Paid to the benefit of remaining shareholders in both cases

## INVESTMENT MANAGER

Fortress Fund Advisors Limited  
**ADMINISTRATOR**  
 Fortress Fund Managers Limited  
**PRIMARY CUSTODIAN**  
 Morgan Stanley  
**AUDITORS**  
 EY

## FORTRESS FUND MANAGERS DIRECTORS

Sir Geoffrey Cave	John Williams
Ken Emery	John Howard
Roger Cave	David Simpson
David Bynoe	
<b>FUND DIRECTORS</b>	
David Bynoe	Roger Cave
John Howard	

The Fund is a segregated portfolio of Fortress Global Funds SPC Inc., which is an exempted portfolio company incorporated in the Cayman Islands. Offering is to qualified investors only via Offering Memorandum and a Supplement related to this specific portfolio. This report is for information purposes only and does not constitute an offer or solicitation to purchase the Fund. **The Fund may not be sold to U.S. persons.**