FORTRESS
Quarterly Report
FORTRESS CARIBBEAN GROWTH FUND

FORTRESS
CARIBBEAN GROWTH FUND
March 2010

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

Inception	December 9, 1996
Minimum Investment	$100
for subsequent investments	$100
for monthly savings plan	$50
Net Asset Value Per Share	$4.40
Net Assets	$299,343,223

Expenses

Manager & Administrator
1.75 % per annum of net assets of the Fund

Fund Custodian
0.175 % per annum of net assets of the Fund

Initial Charges
2% initial charge

Redemption Charge
None

Manager & Administrator
Fortress Fund Managers Ltd.

Directors
Geoffrey Cave, Chairman
David Bynoe
Sir Fred Gollop
Ken Emery
John Williams
Roger Cave, Investment Manager

Custodian
FirstCaribbean International Bank
Wealth Management
Broad Street
Bridgetown
Barbados

Independent Auditors
PricewaterhouseCoopers
Barbados

Attorney-at-Law
Sir Henry deB. Forde, K.A., 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.

This report is published by:
Fortress Fund Managers Limited,
1st Floor, Carlisle House, Hincks Street,
Bridgetown, Barbados. BB11144
Tel: (246) 431 2198.
Fax No - (246) 431-0514
Toll Free: 800 450 6461 (USA & Canada only)
E-mail- invest@fortressfund.com
www.fortressfund.com

Report by the Investment Manager

The Fortress Caribbean Growth Fund was up 0.6% for the quarter ended March 31st 2010, 0.9% for the last six months and 8.9% for the last year. Total assets have increased to BDS$299M.

The Fund outperformed the Barbados market during the last quarter but underperformed Trinidad & Jamaica which were up 7% and 3% respectively. As the graph below shows, the Fund has outperformed all three Caribbean markets during the last twelve months but has significantly underperformed the international markets which were up 57% over the period.

International markets have recorded spectacular gains from their lows of March 2009 and are now fully priced in the expectation of solid earnings growth from a sustained global economic recovery. Should either of these disappoint, markets overall may be vulnerable to a correction from current levels. We remain confident that the international component of the Fund is concentrated in strong companies at reasonable valuations and should hold up well.

The Caribbean on the other hand remains one of the few stock markets in the world which are yet to show a recovery from the global financial crisis in 2008. This revaluation is an opportunity which we believe could happen over the next 12 to 18 months. So far in 2010, selected shares on the Trinidad & Jamaica stock markets have already produced significant gains and the Fund has benefitted from some of these including Grace Kennedy in Jamaica and NEL in Trinidad. Unfortunately the benefit of these gains was offset by losses from our position in Butterfield Bank which was re-capitalized in March by new shareholders – thereby wiping out more than 80% of the old shareholders' value. This was both unexpected and painful for a company which had produced such solid gains for the Fund in previous years.

The share prices of some of the Fund's larger Caribbean holdings including Sagicor, Neal & Massy, FCIB and Goddard Enterprises are yet to move in price and we believe represent good long term value at these levels. Sagicor for example is currently trading at only 8 times cycle low historic earnings.

The region as a whole still faces enormous challenges, with very high levels of debt at government levels and weak economies. Guyana's President recently stated that "many of the Caribbean countries simply cannot pay their way" if the debt situation cannot be brought under control. This is very worrying, and while not unique to the Caribbean, as many other countries in the developed and developing world face similar problems, the question is whether the timeliness and severity of the actions that are required to correct the situation, are being adopted by the regional governments.

Despite this uncertain economic outlook, there are strong companies which we own that are trading at reasonable levels that we believe will both survive and do well in the years to come. They will likely provide shareholders with long term returns which exceed those available from the very low yielding deposits and fixed income securities currently available on the market.

TOP 10 HOLDINGS

Rank	Company	Country	Sector
(1)	Overseas Asset Management	Cayman	Mutual Fund
(2)	Fortress Global Value Fund	BVI	Mutual Fund
(3)	Neal & Massy Holdings Ltd	Trinidad	Conglomerate
(4)	Fortress International Equity Strategy	International	Various
(5)	Sagicor Financial Corporation	Barbados	Insurance
(6)	CS&C Joint Venture	Barbados	Real Estate
(7)	Goddard Enterprises Limited	Barbados	Conglomerate
(8)	FirstCaribbean International Bank	Barbados	Banking
(9)	Cable & Wireless B'dos Limited	Barbados	Telecommunications
(10)	Bermuda Fire & Marine Ltd	Bermuda	Insurance

Investment Returns

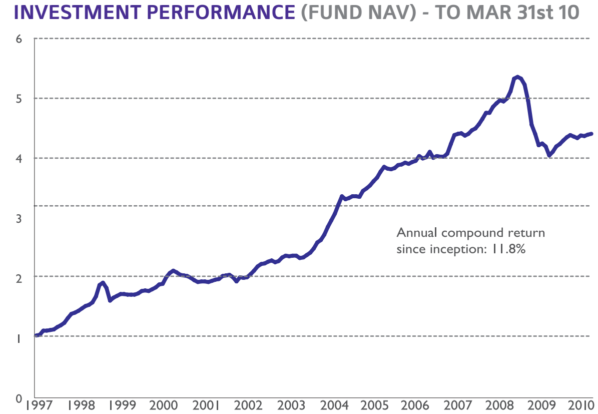
0.6%	8.9%	0.2%	3.1%	11.8%
3 Months	1 Year	3 Years	5 Years	Inception

Returns longer than 1 year are annualised

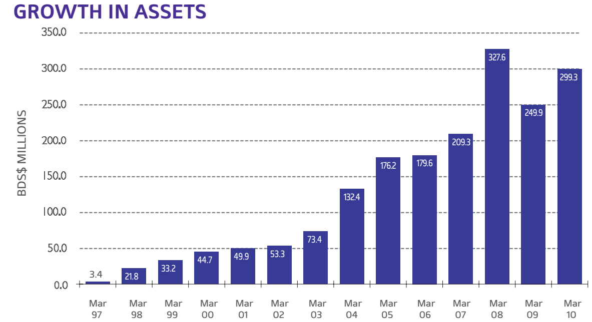
MOVEMENT IN FUND PRICE AND TOTAL ASSETS

Date	Net assets	Net Asset Value/Share
31-Mar-09	$249,966,287	$4.04
30-Apr-09	$254,322,937	$4.10
31-May-09	$261,537,798	$4.19
30-Jun-09	$266,378,062	$4.23
31-Jul-09	$275,125,073	$4.29
31-Aug-09	$278,725,518	$4.34
30-Sep-09	$283,248,525	$4.38
31-Oct-09	$282,452,059	$4.35
30-Nov-09	$282,670,561	$4.33
31-Dec-09	$289,473,227	$4.37
31-Jan-10	$295,059,542	$4.36
28-Feb-10	$297,563,581	$4.39
31-Mar-10	$299,343,223	$4.40

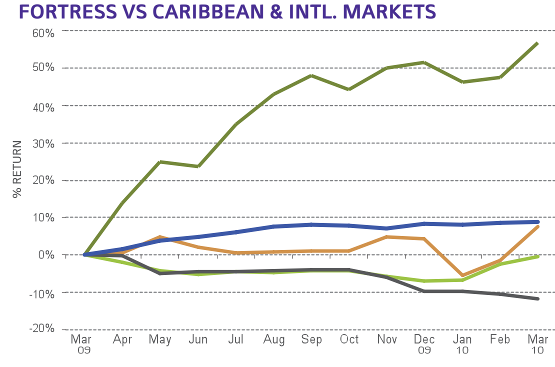
INVESTMENT PERFORMANCE (FUND NAV) - TO MAR 31st 10



GROWTH IN ASSETS



1 YEAR RETURNS - MARCH 31ST 2009 - MARCH 31ST 2010
FORTRESS VS CARIBBEAN & INTL. MARKETS



FORTRESS CARIBBEAN HIGH INTEREST FUND

March 2010

Fund Objective - Income
The Fund aims to achieve the highest level of income compatible with the preservation of capital by investing primarily in medium to high grade debt securities issued by corporate and government entities with a short to medium term maturity profile principally in the Caribbean.

Fund Details

Inception	May 17, 2002
Minimum Investment	$500
for subsequent investments	$100
or monthly savings plan	$100
NAV - Accumulation	$1.6080
NAV - Distribution	$1.0354

Net Assets

Accumulation	$76,904,868
Distribution	$5,718,799
	$82,623,667

Expenses
Manager
0.75% per annum of net assets of Fund

Custodian & Administrator
0.20% on the first $30M in net assets
0.175% on the next $50M in net assets
0.15% on amounts over $80M in net assets

Initial Charges
none

Redemption Charge
2% for funds held less than 6 months
up to 1% for funds held less 6 months to 2 years
Nil - After 2 years

Manager & Administrator
Fortress Fund Managers Ltd.

Directors
Geoffrey Cave, Chairman
David Bynoe
Sir Fred Gollop
Ken Emery
John Williams
Roger Cave, Investment Manager

Custodian
FirstCaribbean International Bank
Wealth Management Division
Broad Street
Bridgetown

Independent Auditors
PricewaterhouseCoopers

Attorney-at-Law
Sir Henry deB. Forde, Q.C.
Juris Chambers

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www.fortressfund.com
Bloomberg Ticker: FORCAHI BA

Report by the Investment Manager

The Caribbean High Interest Fund returned 2.07% in the first quarter, a rate that annualises to just over 8%. This result is ahead of the Fund's long-term average and compares favourably to the rates of return available on bank deposits and money market instruments.

So far in 2010, government bond markets have shown mixed results. Early in the year, fears grew that European countries like Greece, Spain and Portugal faced severe enough fiscal difficulties that they may default on their bonds. Bond and stock markets in these countries suffered as a result, as did the value of the euro currency. There is now speculation about whether or not these countries will need to seek assistance from the International Monetary Fund (IMF), or whether support can come directly from other European governments.

Time will tell what the outcome will be for countries like Greece. It is important to remember, though, that these European countries are not alone in struggling with the aftermath of the financial crisis. We in the Caribbean continue to feel the pressure on tax revenues from drops in tourism, real estate purchases, remittances, offshore financial activity and retail sales of items like automobiles. Access to foreign currency is also not easy. In the absence of strong actions by governments to curtail their spending, we are concerned that further ratings downgrades may occur and that bond prices may fall.

On the positive side, Jamaica struck a deal for IMF support in January, and as a result saw some of its bond prices improve significantly. The government there effectively defaulted on its local debt, dropping the coupons and extending the maturity dates, but left the foreign (mostly US$) debt untouched. These foreign-denominated Jamaica government bonds rallied dramatically from January to March, with the yield on the US$ 7-year issue falling from 11.8% to 8.5%. The Jamaican government is also being forced to improve its fiscal situation. Unfortunately, this means difficult times for regular Jamaican residents in the short term. In the long term, though, these hard and unpopular decisions may provide an opportunity for the country to improve its economic standing. In the meantime, Jamaica's creditworthiness improved as a direct result of the debt restructuring and IMF loans.

The Fund invested approximately 5% of its assets in short and medium-term Jamaican bonds immediately after the restructuring was announced. These positions have seen capital gains of approximately 10% since then. We wish the adjustment had been slower and that we had been able to accumulate a larger position. With the yields having dropped considerably now, we believe these bonds are no longer undervalued, especially in the longer maturities where our confidence level in eventual repayment is lower.

Investors' appetite for risk in the region seems to have been revived by the developments in Jamaica. During the quarter, bonds of regional issuers like Bahamas, Aruba and Venezuela moved up in price, pushing their yields lower. Overall, though, economic conditions in the Caribbean remain challenging for governments and corporations alike. This means that we remain very cautious in the type of issuer whose debt we invest in, preferring those with low levels of leverage and relatively more room to manoeuvre through any future difficulties. The average term to maturity of the Fund's portfolio is still less than 3 years, limiting our exposure to rising interest rates and negative credit events.

Short-term rates remain low in most developed countries, with the US, Japan and Europe all keeping their target rates at or below 1%. This environment continues to dampen the running yield on the Fund's portfolio. The running yield is still just over 5%, making this the return most likely to be achieved for investors in the coming months.

TOP 5 HOLDINGS

Rank	Security	Currency	Coupon/Yield	Maturity
1	UWI Bond	BDS$	9.03%	2027-09-27
2	Fortress Equity Income Strategy	US$	N/A	N/A
3	Term Deposit	BDS$	7.00%	2011-12-01
4	Sagicor Merchant Deposit	US$	6.50%	2010-06-30
5	Government of Barbados Treasury Bill	BDS$	3.39%	2010-05-28

Investment Returns

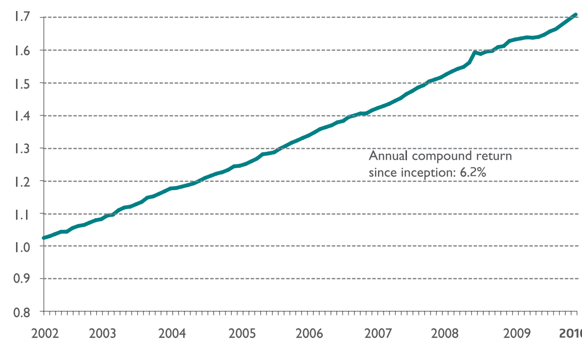
2.1%	4.5%	6.1%	6.1%	6.2%
3 Months	1 Year	3 Years	5 Years	Inception

returns longer than 1 year are annualised

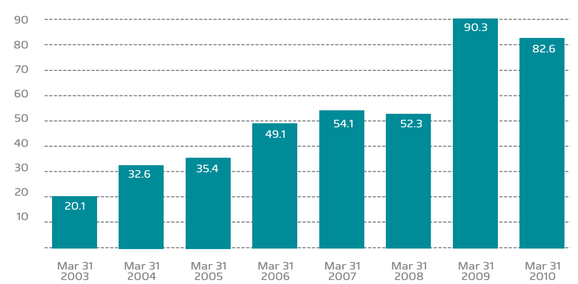
MOVEMENT IN FUND PRICE

Date	Net asset value Accumulation	Distribution
2009-03-31	$1.5389	$1.0201
2009-04-30	$1.5427	$1.0025
2009-05-31	$1.5451	$1.0042
2009-06-30	$1.5476	$1.0056
2009-07-31	$1.5454	$1.0042
2009-08-31	$1.5470	$1.0052
2009-09-30	$1.5531	$1.0091
2009-10-31	$1.5624	$1.0060
2009-11-30	$1.5684	$1.0098
2009-12-31	$1.5754	$1.0143
2010-01-31	$1.5853	$1.0208
2010-02-28	$1.5964	$1.0279
2010-03-31	$1.6080	$1.0354

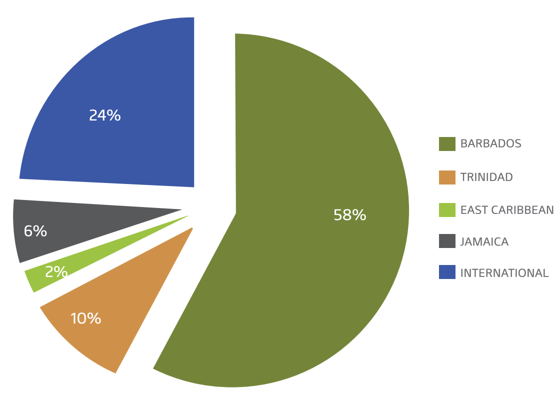
INVESTMENT PERFORMANCE (FUND NAV) - TO MAR 31ST 2010



GROWTH IN ASSETS



GEOGRAPHICAL DISTRIBUTION OF ASSETS



FORTRESS GLOBAL VALUE FUND

March 2010

Report by the Investment Manager

As at March 15, 2010, the Fund was up 1.39% year to date, compared to a 2.6% return for the MSCI World index over the same period. The net asset value (NAV) stood at $0.8911 and total assets of the Fund were $14.1 million.

During the first quarter of the year, markets continued to show gains, but concerns also grew of fiscal problems in various countries around the world. The US and UK issues were well known by the market last year, but in January news of Greece's budget deficits surfaced and caused investors to fear the worst there and in neighbouring countries. This led to selloffs in European bonds, stocks, the euro, British Pound and eventually most equity markets globally. From mid-January to mid-February, the S&P 500 fell 8% and the MSCI World index dropped 10%, while the Greece and Spain market indices dropped approximately 20% in local currency terms. The issue of government fiscal pressure is not confined to Greece, Spain or Europe. It is something most countries are grappling with in the aftermath of the financial crisis. This fact raises the possibility of potential inflation down the road, and/or the likelihood of consumer demand being reduced by the need to increase taxes. Neither one of these developments would be helpful to equity markets, all else being equal.

These concerns aside, global economies generally continued to improve during the first quarter. However, it remains to be seen how robust future improvement will be now that much of the government fiscal and monetary stimulus is diminished. The Federal Reserve, for example, recently removed most of its temporary liquidity programs that had been established during the crisis. China, meanwhile, tightened its monetary policy in an attempt to cool capital investment and real estate speculation.

Equity markets have rallied substantially since their lows of March 2009. Since that time, the MSCI World index has gained over 75% - a fact that many investors might have missed. The consequence of such a move is that valuations are now no longer universally cheap. The economy and corporate earnings now have a reasonably high hurdle to clear in order to support these market levels. This does not leave a lot of room for error in an uncertain future.

Even in uncertain times, though, there are companies making money. The Fund is allocated to strategies and managers that are investing in these companies, at what are still attractive valuations. This maximises the potential for consistent gains and does not rely on market momentum. The Fund's allocation to the OAM Asian Recovery Fund gives it exposure to an area that continued to grow well even through the financial crisis. The Fortress strategies are invested heavily in high quality companies whose operations saw limited impact from the crisis, and continue to trade at cheap valuations. We believe the prospects for returns in this area are very good, in spite of the economic environment.

During the quarter, we took advantage of the market weakness in early February to move approximately 7% of the Fund's cash into the Fortress International Equity strategy. This allocation had gained 6% by the end of March. We also began receiving the proceeds of liquidation from an investment in the Enable fund. That fund is being wound up as a result of large redemptions from other investors, and as its underlying investments are sold, proceeds are being paid to us. Unfortunately, this fund has been a drag on our performance even though it is only a relatively small allocation.

So far this year, the Fortress strategies have shown gains ahead of benchmark. Unfortunately, the Sprott fund has lagged due to its significant exposure to gold. We believe this is still an important element to the overall portfolio, though, since it will typically perform its best at the exact time that our core investments may be coming under pressure. As we saw in 2008, markets can sometimes move in unexpected ways. Overall, the Fund is well-positioned to generate returns while limiting risk, and we will take the opportunity of any substantial market weakness to reduce cash levels further.

TOP 5 HOLDINGS

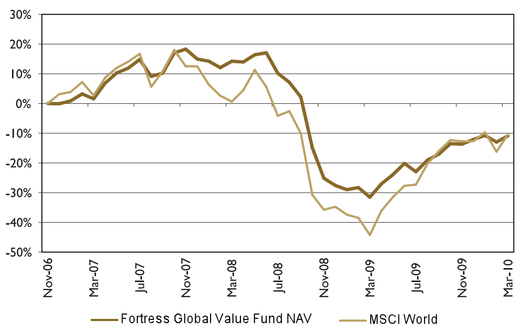
Rank	Company
(1)	Fortress International Equity Strategy
(2)	Fortress Equity Income Strategy
(3)	OAM Asia Recovery Fund
(4)	Sprott Offshore Fund II
(5)	Fortress US Equity Strategy

Cash Allocation 9.80%

RELATIVE PERFORMANCE

as at March 15th, 2010	YTD	6 Mths	1 Year	Since Inception [annualised]
Fortress Global Value Fund	1.39%	7.35%	30.13%	-3.40%
Benchmarks				
MSCI World	2.60%	6.64%	60.68%	-3.25%
MSCI EAFE	0.08%	2.46%	64.75%	-3.93%

PERFORMANCE SINCE INCEPTION



NET ASSET VALUES (1 YEAR)

Date	NAV
15-Mar-09	$0.6848
15-Apr-09	$0.7295
15-May-09	$0.7606
15-Jun-09	$0.7985
15-Jul-09	$0.7706
15-Aug-09	$0.8092
15-Sep-09	$0.8301
15-Oct-09	$0.8648
15-Nov-09	$0.8632
15-Dec-09	$0.8789
15-Jan-10	$0.8927
15-Feb-10	$0.8702
15-Mar-10	$0.8911

Fund Objective - Growth

The Fund aims to identify geographic regions and investment sectors around the world that offer sound prospects for capital growth over the long term by investments into a combination of professionally managed funds as well as direct equity selections on international exchanges.

Fund Details

Net Asset Value
$0.8911
Net Assets
$14,175,207

Structure

Open-ended fund

Minimum Subscription

US$5,000

Subsequent Investments

US$1,000

Management Fees

0.90% per annum of net assets

Sales Charge

2% for subscriptions through agents

Investment Manager

Fortress Fund Managers Limited

Auditors

PricewaterhouseCoopers

Directors

Geoffrey Cave, Chairman
David Bynoe
Sir Fred Gollop
Ken Emery
Desmond Kinch
Roger Cave, Investment Manager

Custodian

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Legal Counsel

Appleby Hunter Bailhache

Administrator

ATU Fund Administrators(BVI) Limited

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Contact Details
Tel: (284)494-1100, Fax:(284)494-1199
E-mail: invest@fortressfund.com
Website: www.fortressfund.com
Bloomberg Ticker: FORGLVF BA

FORTRESS GLOBAL VALUE FUND LIMITED - INCEPTION TO MARCH 15TH, 2010

Performance (stated in percentages)													
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	0.96	2.32	-1.58	5.19	3.20	1.45	2.64	-4.96	0.99	6.19	1.07	-2.81	15.06
2008	-0.63	-1.90	1.92	-0.21	2.12	0.56	-5.88	-2.75	-4.64	-16.71	-12.02	-3.27	-37.01
2009	-1.95	0.99	-4.50	6.53	4.26	4.98	-3.49	5.01	2.58	4.18	-0.19	1.82	21.36
2010	1.57	-2.52	2.40										1.39

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