Fortress FUND MANAGERS

Your Future. Our Business.

Dear Fellow Investors,

2011 is off to a good start, with all the Fortress funds showing gains for the first quarter. We are still cautious, but are gradually becoming more optimistic on the future return prospects for certain regional equities given their reasonable valuations.

We can never predict when or how the investments in the funds will produce returns. The most important thing we can do, though, is to continually structure them for the best long-term potential possible, while limiting risk. This is a process that's at work in all the Fortress funds, all the time, and has over the years helped produce very good returns.

In terms of our own personal finances, the most important thing we can all do is to establish and follow a long-term savings program using reliable investments. With government tax allowances now suspended for regular mutual fund purchases, it's more important than ever to get the most out of your savings.

As part of that program, most investors would benefit from making some of their mutual fund purchases through a **Fortress Registered Retirement Savings Plan (RRSP)**. This allows you to continue earning an annual tax allowance of up to $10,000, and get access to the same family of Fortress funds as always.

The RRSP may be new to many people, but the concept is actually simple. It is a "wrapper" account that holds the mutual funds you select and buy to hold until retirement. By investing today you boost your income in later years, and save on your taxes now.

As you'll see from the enclosed flyer, we'd like to do our part to help you invest in an RRSP. It's easy, and we're here to help. And if you make an RRSP investment before June 30th, **you'll be entered to win a prize of $5,000** in shares of the Fortress fund of your choice. We hope if you win you'll choose to put them in your RRSP.

As always, please call us or stop by the office if you have any questions at all. Thank you for investing with us.

Sincerely,

Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

gained 4.0% for the quarter. Regional and international investments both performed well. The Fund's compound annual rate of return since inception is now 11.3%.

THE CARIBBEAN HIGH INTEREST FUND

gained 1.5% for the quarter and is up 5.0% over the last year. As global interest rates rise, the Fund is well positioned to increase returns for investors.

THE GLOBAL VALUE FUND

gained 2.4% for the quarter and is up 11.0% over the last year. Conditions for global markets may be shifting as the cyclical recovery is now two years old.

Invest by June 30th and you could WIN!

A Fortress RRSP: Now's the time to start YOURS!

- Tax allowances still apply for RRSP investments – up to $10,000 per year
- Invest in the same Fortress funds as always
- It's easy to start – roll over matured mutual fund shares, make a lump sum investment, or set up an automatic monthly purchase. It's your choice.
- **Contribute to a Fortress RRSP before June 30th and you could win $5,000 in Fortress mutual fund shares!**

Call us today at 431-2198 to find out more.

Fortress FUND MANAGERS

Caribbean Growth Fund

HIGHLIGHTS:

- *The Fund returned 4.0% for the quarter ended March 31, 2011.*
- *Caribbean and international stock markets enjoyed a strong start to the year.*

The Fund gained 4.0% during the first quarter, benefiting from strength in Caribbean markets and good returns from international holdings. Its compound annual return since inception is now 11.3%.

During the quarter, we tendered the Fund's holdings in BL&P (approximately 1% of the Fund) to the Emera takeover offer at $25.70/share. While the offer price was double where the shares were quoted before the offer, we believe it was still a reasonable valuation for a well-capitalised company generating a consistent earnings stream. In that sense, we were disappointed to lose the stock from the Fund's portfolio – we expect it will prove a profitable investment for Emera in future years.

One effect of the BL&P takeover was to release millions of dollars of investment capital, some of which found its way into other equity investments. Many of our clients chose the route of adding to their holdings at Fortress. It seems that some of the capital also found its way directly into major regional stocks. A few companies saw significant upward movement in their share prices following good earnings reports. Guardian Holdings of Trinidad (1.25% of the Fund), for example, rallied approximately 15% in March after reporting strong earnings.

Shares in regional financial companies such as FirstCaribbean International Bank and Sagicor continued to struggle. Banks in the region still appear to be experiencing above average loan losses, and this is impacting their earnings and balance sheet quality. Sagicor is struggling with the distribution costs and underwriting losses associated with new business lines.

During the quarter, we increased our positions in Neal & Massy Holdings and in Grace Kennedy. These companies offer good earnings potential and are trading at attractive valuations. Neal & Massy is now the largest single holding in the Fund.

Looking ahead, we are still constructive on the prospects for a modest recovery in earnings among well-managed regional companies. Valuations are generally below average, suggesting the possibility of good future returns from here. We remain concerned about the government fiscal situation in Barbados and other Caribbean countries, but it is a good sign that corporate earnings seem to have stabilised, and some are even starting to recover.

Internationally, the situation is slightly different. The earnings and stock market recoveries in many areas are already essentially complete, having begun in early 2009. Interest rates have been ultra low for two years, and they are now inching higher around the word in response to commodity inflation. We are paying close attention to the market risk of the Fund's international holdings, taking steps to reduce it as markets keep rising. Our specific international holdings are focused on high quality, steady earning companies trading at attractive valuations. At current prices, these "all weather" stocks have very good return prospects, at relatively low levels of risk.

FUND OBJECTIVE

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

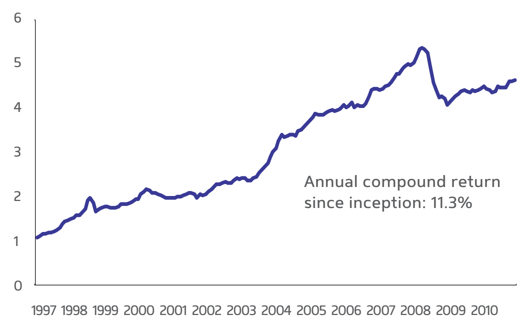
Minimum Investment	$100
Net Asset Value per Share	$4.6107
Fund Net Assets	$333,235,289
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

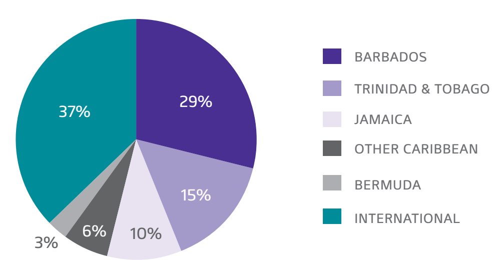
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	**4.0%**	**4.8%**	**-2.6%**	**2.9%**	**11.3%**
Jamaica (US$)	1.1%	5.3%	-12.6%	-5.3%	5.7%
Trinidad	4.0%	5.6%	-4.7%	-2.2%	11.9%
Barbados	10.6%	7.3%	-6.5%	-3.1%	7.1%
MSCI World Index	4.9%	14.0%	-6.5%	2.6%	5.7%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2011



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	*Country/Region*
1. Neal & Massy Holdings Ltd.	Trinidad
2. Fortress Global Value Fund	Global
3. GraceKennedy Ltd.	Jamaica
4. OAM European Value Fund	Europe
5. Fortress Equity Income Strategy	US

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 & ADMINSTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

First Caribbean International Bank®
Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

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

DIRECTORS

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

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

Caribbean High Interest Fund

Fortress
FUND MANAGERS

HIGHLIGHTS:

- *The Fund returned 1.5% for the quarter ended March 31, 2011, and is up 5.0% over the last year.*
- *As global interest rates rise, the Fund is well positioned to increase returns for investors.*

The Fund gained 1.5% for the quarter and has returned 5.0% over the last year. Its compound annual rate of return since inception is now 6.1%.

The Fund is positioned to provide both security and a consistent rate of return from a diversified mix of investments. Holdings continue to be focused in three main areas: Government of Barbados Treasury bills, short-term corporate bonds, and specialised income strategies and funds. We are still concerned about the potential for a decline in value of regional government bonds as creditworthiness has generally not yet improved relative to the market yields. Government of Barbados Treasury bills (32% of the Fund), with a term to maturity of only 90 days, yield less than some other government bonds, but we feel the lower yield is a small price to pay for the additional security they provide if bond prices do fall.

The Fund's yield is also slightly lower than its historic average because there have not been as many good quality corporate bond issues as in previous years. In times of slower economic growth, corporate demand for loans is often reduced. Companies find fewer uses for capital that will pay back sufficiently more than the interest rate. For investors like us, this means there are also fewer new corporate bonds to consider including in our portfolios. It also tends to push the yields on the available bonds lower. On this front, we are encouraged to see some stability in the Barbados economy in recent months, and what may be the beginning of a recovery in corporate earnings. We hope it brings more companies out to borrow.

In early April, the European Central Bank raised its target rate 0.25% to 1.25%, becoming the first of the developed world's central banks to raise rates since the 2008 financial crisis. 1.25% is still a very low rate by historic standards, but the increase may suggest the beginning of a tightening cycle that could bring rates back to more "normal" levels. Already, countries like China, South Korea, India and Taiwan had been raising their target rates to combat inflation. The European debt crisis has pushed yields higher on bonds issued by some European countries. The Fund's global bond holdings carry relatively short maturities, so they will not lose significant value if and when rates rise in the US, or continue rising elsewhere. Such a move higher in rates would allow us to invest for longer terms at improved yields, setting up the Fund for higher returns in the future.

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.

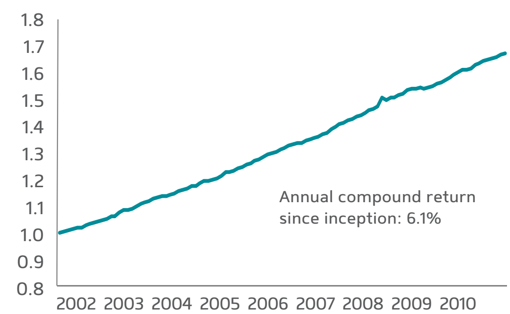
Minimum Investment	$500
Net Asset value per share	$1.6886
Fund Net Assets	$107,533,676
Fund Inception	May 17, 2002

INVESTMENT RETURNS

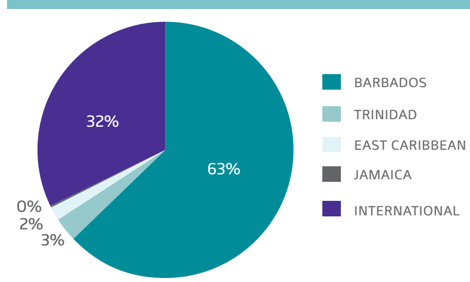
3 Months	1 Year	3 Years	5 Years	Inception
1.5%	**5.0%**	**5.5%**	**5.8%**	**6.1%**

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2011



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	*Country*
1. Government of Barbados T-Bill 6/25/1011	Barbados
2. Government of Barbados T-Bill 5/12/2011	Barbados
3. University of West Indies Bond 9/29/2027	Barbados
4. Fortress Equity Income Strategy	US
5. Templeton Global Bond Fund	Global

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

CUSTODIAN
First Caribbean International Bank®
Wealth Management Division

AUDITORS
PricewaterhouseCoopers

ATTORNEY-AT-LAW
Sir Henry deB. Forde, K.A., Q.C.
Juris Chambers

MANAGER & ADMINSTRATOR
Fortress Fund Managers Ltd.

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

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

Global Value Fund (US$)

Fortress FUND MANAGERS

HIGHLIGHTS:

- *The Fund returned 2.4% for the quarter ended March 15 and has gained 11.0% over the last year.*
- *Conditions for global markets may be shifting as the cyclical recovery is now two years old*

The Fund gained 2.4% in the quarter ended March 15, 2011 and is up 11.0% over the last year. This compares favourably with returns for the MSCI World Index over the same periods, which were 1.5% and 10.3% respectively. Risk control continues to be an important feature underlying the Fund's structure: in the month of March the MSCI World Index dropped 5.2%, while the Fund declined only 0.8%.

Global equity markets enjoyed a very strong start to the year, as expansionary monetary policy in the US helped support further gains in the prices of risky assets of all kinds. Commodities showed particular strength, with oil up 18% in the first quarter, silver up 21%, corn up 12% and coffee up 9%. Equity investors refused to be spooked by these increases, which could suggest higher production costs, reduced trade and tighter profit margins down the road. Investors also shrugged off other potentially worrying developments: political protests and civil wars in the Middle East and North Africa, the tsunami and earthquake in Japan, rate hikes by some central banks, and renewed attention on the lingering government debt crisis in Europe.

Even though markets may take time to recognise it, we believe there is a shift underway. The next two years in global equities will be very different from the last two. The dramatic rally from the March 2009 lows were supported by four pillars: low starting valuations, substantial increases in government spending in the form of fiscal stimulus, strong corporate earnings recovery (partly based on cost cutting), and hugely expansive monetary policy. These are all now fading in one way or another.

Now, in early 2011, things are getting more challenging. Valuations are no longer universally cheap. In some cyclical sectors we would argue they have become somewhat expensive. Governments have spent heavily to "rescue" the financial system and are now faced with the requirement to go the other way, to cut spending, increase taxes, or both. Corporate earnings are largely back to pre-crisis levels. Some sectors and regions are still lower (financials, Europe), but some are higher (technology, emerging markets). But the snapback is over – now comes the grind of generating growth that meets investor expectations. Finally, central banks in emerging countries such as China and India have been tightening policy for months. The European Central Bank also moved in early April to increase its target rate, suggesting that at the margins the monetary policy tailwind equities have enjoyed may be dropping.

As the overall market tone potentially shifts, we believe the opportunities for gains ahead are also shifting to different areas than those that led the recent cyclical rally. High quality, steady earning large cap stocks are still available at very reasonable valuations and offer appealing return prospects from here, with limited risk. We are invested in many of them, and are consistently looking for more, similar investments where the downside is limited and return prospects are good.

FUND OBJECTIVE

Capital growth over the long term. The Fund uses a value approach to invest primarily in global equities and allocate to specialist managers.

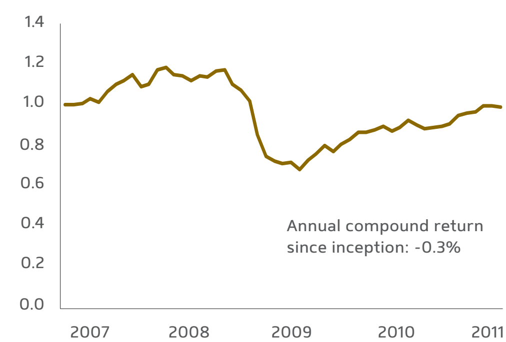
Minimum Subscription	US$ 5,000
Net Asset Value per Share	US$ 0.9887
Fund Net Assets	US$ 16,667,986
Fund Inception	Nov 30, 2006

INVESTMENT RETURNS

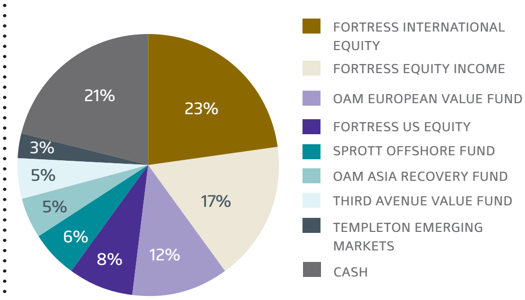
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	**2.4%**	**11.0%**	**-4.7%**	**n/a**	**-0.3%**
MSCI World Index	1.5%	10.3%	-0.6%	n/a	-0.3%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 15TH, 2011



MANAGER / STRATEGY ALLOCATIONS



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

EXPENSES
Manager: 0.90% per annum of net assets
Sales Charge: 2% for subscriptions through agents

INVESTMENT MANAGER
Fortress Fund Managers Ltd.

CUSTODIAN
First Caribbean International Bank®
Wealth Management Division

AUDITORS
PricewaterhouseCoopers

LEGAL COUNSEL
Appleby Hunter Baihache

ADMINISTRATOR
ATU Fund Administrators (BVI) Limited

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

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

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