



Your Future. Our Business.

Dear fellow investors,

In spite of very challenging conditions in the Caribbean, the Fortress Funds had another quarter of positive returns to start 2013. As the Fund commentaries discuss in more detail, governments and companies alike are having a tough time making their revenues exceed their expenses, and this can make for a stormy investment environment. Two regional Caribbean governments restructured their bonds during the quarter, and the well-publicized problems in Cyprus showed that we are certainly not unique in facing challenges. Hopefully our Funds' diversification and attention to controlling risk will keep them ready for whatever storms come next.

Internationally, our search for value is still turning up some good quality, well-priced investments that should contribute nicely to returns in the months ahead. Central banks around the world are "giving" money away, and this is supporting the prices of stocks and bonds alike. More and more, the storms of 2008/2009 are now only a bad memory, as many countries around the world have seen their corporate earnings (and share prices) far surpass the pre-crisis highs.

Where storms are concerned, there's no substitute for being prepared, and Keisha Worrell is certainly prepared. As winner of our 2012 yearend RRSP draw, she's not only preparing for retirement, she's also prepared to claim a tax allowance on her 2012 taxes, and prepared to take a \$5,000 trip on American Airlines. Do you have an RRSP yet?

We are here to help protect and grow your money, and to communicate with you about the things that matter to your investments. If you have any questions at all, please feel free to contact us any time. Signing up for our regular emails is an easy and effective way to keep in touch - you can do that at www.fortressfund.com/news.

We appreciate your business and thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

The Caribbean Growth Fund gained 1.2% for the quarter. Global investments continued to outpace Caribbean equities.

THE CARIBBEAN HIGH INTEREST FUND

returned 1.3% for the quarter. Jamaica and Grenada restructured their bonds.

PENSION FUND

shares returned between 1.3% and 1.5% for the quarter as stock and bond allocations showed similar gains.

Inflation is a FACT of life.

Inflation rates in Barbados:

2008	2009	2010	2011	2012	Cumulative over 5 years
8.1%	3.6%	5.8%	9.5%	6.5%	38%

We can all reduce inflation's bite on our savings by investing money we don't need today in assets that stand a good chance of outrunning it in the long term. Stocks, bonds, real estate, either directly or easily accessed through Fortress mutual funds, should all outperform money left in a savings account over the long term.



Caribbean Growth Fund



HIGHLIGHTS:

- *The Fund gained 1.2% for the first quarter of 2013 and is up 4.1% over the past year.*
- *Global investments strengthened while Caribbean shares lagged, especially in Jamaica.*

The Fund gained 1.2% during the first quarter of 2013. The net asset value (NAV) finished March 31st at \$4.7706 per share. Net assets of the Fund were \$344 million, up \$12 million since this time last year. The Fund's annual compound rate of return since inception in 1996 is now 10.1% per year.

Caribbean equity markets continued to struggle with a weak economic environment. The situation in Jamaica worsened in February when the government announced another restructuring (i.e. default) on its debt. This is the second restructuring of Jamaican bonds in the past three years. The International Monetary Fund has stepped in and will provide support, but only at the price of government spending cuts and slashed payments to bondholders. This is not good for business, or confidence generally.

During the quarter, the Barbados market rose 0.1%, while Jamaica lost 15.6%. This result for Jamaica was exacerbated by a 6% drop in the value of the Jamaican dollar, putting it at a record low. Trinidad shares generally fared better, with the overall market gaining 3.1% for the quarter. Neal & Massy, the Fund's largest position, led the way with a 25% gain.

The Fund also benefited from significant positions in Goddard Enterprises (+11%) and Guardian Holdings (+5%). Its return was reduced by declines in holdings such as FirstCaribbean International Bank (-4%), Cable & Wireless (-9%) and Sagicor (-15%). The ongoing debt restructuring in Jamaica could negatively affect the portfolios of leveraged financial institutions such as banks and insurance companies, so the prospects continue to be difficult for this sector in the Caribbean, which unfortunately are bearing the brunt of the restructuring costs from previous "overspending" by some regional governments.

International markets had a positive quarter, and the Fund's global investments (just over half of total assets) participated in this. US equities continued to lead the way, as corporate profits there long ago surpassed their pre-2008 financial crisis highs, and in March the broad US stock market index set a new all-time high. European profits and share prices remain relatively depressed, though, and emerging market shares declined slightly during the quarter. Investments that added to performance during the quarter included the Fortress US Equity Income Strategy (+7%), Fortress US Equity Strategy (+5%), and OAM Asian Recovery Fund (+10.2%). We are continuing to find good value in some overlooked areas of the US equity market, in parts of Europe and in certain emerging markets.

The Fund is still positioned with plenty of liquidity (\$50 million) to make investments on market weakness. Our outlook (and positioning) with respect to Caribbean regional equities is guarded at best; we see considerable potential for dislocations and damage to companies from the ongoing government debt and fiscal adjustments. Internationally, the horizon is far from clear, but many good companies are still turning out profits for shareholders, day in, day out – and the price of entry to own a share of these profits is still quite reasonable in many cases.

FUND OBJECTIVE

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

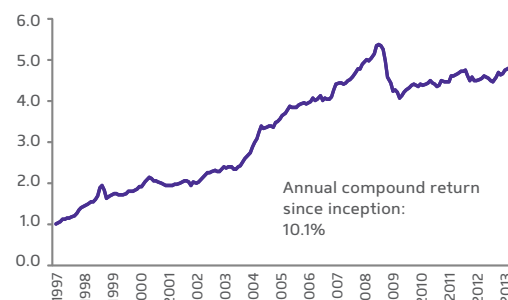
Minimum Investment	\$100
Net Asset Value per Share	\$4.7706
Fund Net Assets	\$344,334,407
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

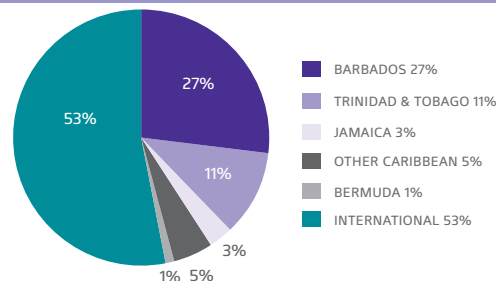
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	1.2%	4.1%	2.7%	-0.9%	10.1%
Jamaica (US\$)	-15.6%	-20.4%	-4.5%	-11.2%	3.8%
Trinidad	3.1%	8.2%	10.0%	1.7%	11.9%
Barbados	0.1%	-5.4%	-0.5%	-5.6%	5.7%
MSCI World Index	7.9%	12.5%	9.1%	2.8%	5.8%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2013



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country/Region
1. OAM European Value Fund	Europe
2. Neal & Massy Holdings Ltd.	Trinidad
3. Fortress Global Value Fund	Global
4. Fortress Emerging Markets Strategy	Global
5. CS&C Joint Venture	Barbados

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 & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC 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 Director

Caribbean High Interest Fund



HIGHLIGHTS:

- *The Fund gained 1.3% during the quarter and is up 3.0% over the past year.*
- *Jamaica and Grenada both restructured their bonds, highlighting the risks in "safe" government securities.*

The Fund gained 1.3% during the first quarter of 2013, which is an annual rate of 5.3%. The net asset value (NAV) of the Fund's accumulation shares finished March 31st at \$1.7795 per share. The distribution share has declared a \$0.02 per share dividend for the six months just ended. Net assets of the Fund were \$119 million, up \$10 million since this time last year. The Fund's annual compound rate of return since inception in 2002 is now 5.4% per year.

This was a difficult quarter for investors in Caribbean government bonds, and one which highlighted the value of diversification and caution. In February and March, two separate governments announced debt restructurings, unilaterally slicing the value of their bondholders' investments. Jamaica was first, hitting its investors with their second restructuring in three years. Grenada followed up with its second restructuring in eight years. Bondholders will likely see their investments in bonds of these countries drop by between 10% and 50%. Grenada bonds have already dropped from 50 cents on the dollar to 30 cents following the announcement.

The Fund was only minimally exposed to these events. We still had a small (0.5%) position in Grenada bonds that we have held for many years. We expect the effect of this restructuring on the Fund will be a one-time loss of approximately 0.2%, which has already been reflected in the NAV. The Fund did not have any positions in Jamaica government debt, although we did begin to accumulate a very small position in the days after the latest restructuring was announced, as prices weakened, and may buy more if prices are pushed dramatically lower. Risk is OK, but it must come at a favourable price.

All Caribbean countries are sailing through variations on the same fiscal storm at the moment, with lower tax revenues and large public sectors relative to a shrinking "real" economy. Governments will need to adjust, or encourage their economies to. The only question is: how will they do it? Borrowing just to pay the bills is not usually a path to greater wealth, and this is one of our major sources of concern as investors where the risks of Caribbean government debt are concerned.

During the quarter, the Fund's diversified international and specialised investments performed relatively well, even as bond yields generally remained at very low levels. The Fortress US Equity Income Strategy has already gained 7% this year. A number of good quality corporate and global bonds are throwing off yields in the 3-4% range. In March we reduced our investment in ChapelGate Credit Opportunities Fund, bringing it back to 2.5% of total assets after its stellar performance over the past four years almost doubled its weight in the portfolio.

In terms of positioning and outlook, our story remains the same. We take the job of preserving capital very seriously, and see significant risks in Caribbean government debt that are only now becoming more widely acknowledged. We remain squarely in capital preservation mode. We continue to hold a large portion of the Fund's Barbados dollar investments in the relative safety of Government of Barbados Treasury bills and wholesale bank deposits with terms out to 90 days. This, and low prevailing interest rates globally, may continue to cause the Fund to yield somewhat less than it has historically. The average yield to maturity of the Fund's holdings is 4.8%, with an average term to maturity of 2.3 years.

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.

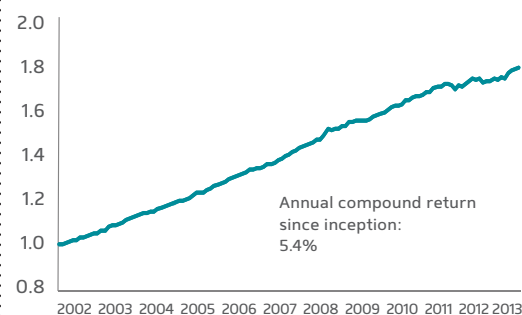
<i>Minimum Investment</i>	\$500
<i>Net Asset Value per share</i>	\$1.7795 / \$1.0203
<i>Fund Net Assets</i>	\$119,086,544
<i>Fund Inception</i>	May 17, 2002

INVESTMENT RETURNS

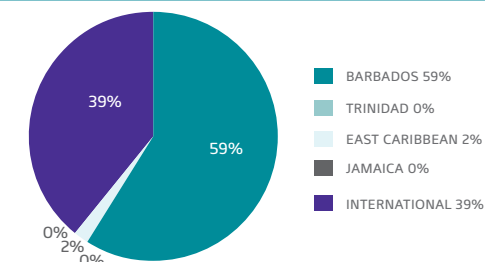
3 Months	1 Year	3 Years	5 Years	Inception
1.3%	3.0%	3.4%	4.4%	5.4%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2013



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country
1. Government of Barbados T-Bills	Barbados
2. Fortress US Equity Income Strategy	US
3. ChapelGate Credit Opportunity Fund	Global
4. University of West Indies Bond 9/29/2027	Barbados
5. Franklin 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

CIBC First Caribbean International Bank®
Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

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

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

DIRECTORS

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

Please see our [Fund Prospectus](#) for further important information

Pension Fund

HIGHLIGHTS:

- All classes of the Pension Fund showed positive returns for the first quarter of 2013, as stock and bond allocations both contributed gains. Returns by class of share are shown in the table to the right.

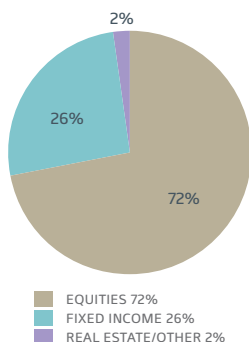
Investors in the Pension Fund typically select from three different classes of share, based on personal circumstances and risk tolerance. These classes differ in how their assets are spread across the major asset classes of equities, bonds, and real estate and other assets. The graphs below show how each of the classes (AA, CC, CS) is allocated currently. The reports on the Caribbean Growth Fund and Caribbean High Interest Fund on pages 2 and 3 of this quarterly report give you a direct look into the performance, positioning and outlook for the major underlying investments in the Pension Fund.

We have been asked a few times recently if you can have BOTH a pension plan and a Registered Retirement Savings Plan (RRSP). The answer is: yes, absolutely. Many people do have both in order to save as much as possible for retirement, and to maximise tax allowances. An RRSP works like a "personal" pension plan. As with a pension, you contribute to it during your working years and then use the accumulated savings (and investment returns) at retirement to fund annuity payments that will support you in retirement. You get a tax allowance for contributions up to 15% of your income to a limit of \$10,000 each year, and this can be done with automatic monthly payments, or as lump sums. It's up to you. The investment choices within your RRSP are the same as in the pension plan: pick the one of the three shares that suits you best.

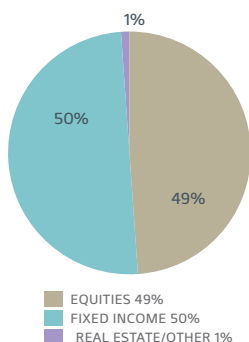
RRSPs also have some extra flexibility in terms of early withdrawals that are worth considering.

Want to find out more? Call us any time, or visit the RRSP section at www.fortressfund.com.

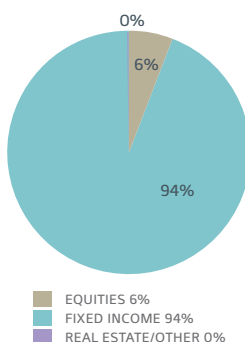
AGGRESSIVE ACCUMULATOR (AA)



CONSERVATIVE CONSOLIDATOR (CC)



CAPITAL SECURE (CS)



EXPENSES

Manager: 0.50% per annum of net assets at the Fund level. Fees from the underlying Fortress funds in which the Fund invests are capped at between 0.25% and 0.50% per annum of net assets, depending on the fund.
Custodian: \$7,500 per year paid by the Fund as whole.
Administrator: No charge at the Fund level.
Sales Charge: None
Redemption Charge: none

MANAGER & ADMINISTRATOR
Fortress Fund Managers Ltd

CUSTODIAN

CIBC First Caribbean International Bank®
Wealth Management Division

AUDITORS

PricewaterhouseCoopers

ATTORNEY-AT-LAW

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

FUND OBJECTIVE

Capital growth, income and security over the long term, as appropriate to each class of share. The Fund invests in equities, fixed income, and real estate assets primarily via the other Fortress funds.

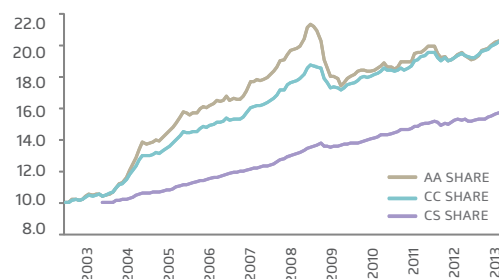
Net Asset Value Per Share (est.):	\$20.26/\$20.15/\$15.68 (AA/CC/CS)
Fund Net Assets (est.):	\$179,583,512

INVESTMENT RETURNS

	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	1.5%	4.0%	2.9%	0.4%	6.7%
CC Share	1.4%	3.9%	3.3%	2.5%	6.7%
CS Share	1.3%	2.9%	3.2%	3.6%	4.6%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2013



BENEFITS AT A GLANCE

Company Pension (DC Scheme):

- Contributions earn a tax allowance up to certain maximums based on your income.
- Choose from three easy, professionally managed options to get the class of share that suits you.
- 25% of your pension can be withdrawn tax free at retirement.
- Employers match employee contributions up to certain amounts.

Personal Pension (RRSP):

- Contributions earn tax allowance up to \$10,000 per year depending on your income.
- Choose from the same three easy, professionally managed options to get the class of share that suits you; or pick your mix of Fortress funds.
- Up to \$25,000 may be withdrawn tax free for the purchase of a first house.
- Flexibility to withdraw funds as necessary, provided tax paid in year of withdrawal.

Fortress is a leading provider of DB and DC pension management and administration services to companies of all sizes, and to individuals via the Personal Pension Plan (RRSP).

DIRECTORS

Geoffrey Cave, Chairman
David Bynoe
Rene Delmas
Ken Emery
Sir Fred Gollop
Desmond Kinch
John Williams
Roger Cave, Investment Director