



Your Future. Our Business.

Dear fellow investors,

We'd like to take this opportunity to invite you to attend the *third* annual Fortress Investment Forum, to be held on **Saturday, November 10th, from 9:00 a.m. to 11:30 a.m. at the Errol Barrow Centre for Creative Imagination, UWI, Cave Hill.**

This event is free of charge, and is open to all Fortress clients and their families, as well as (space permitting), interested students, members of professional societies, and the general public. We will update you on the investment environment, report on our funds' performance and outlook, and most importantly, answer your questions. In previous years, we have also had guest speakers on topics including the psychology of investing, regional credit ratings and personal financial planning. This year, we will also be hosting a roundtable discussion on pensions: *"Your retirement isn't what it used to be: What we all need to know now about NIS and pension savings"*. This is a great opportunity to hear from some of the best experts on the subject, including:

Justin Robinson, Chairman, National Insurance Scheme
Frank Alleyne, Chairman, Financial Services Commission
Charles Herbert, Consulting Actuary, Eckler Ltd.

It promises to be a lively and informative discussion on a critical part of everyone's financial future. Seating is limited, so please RSVP by November 5th by email to invest@fortressfund.com, or by calling our office at 431-2198.

The quarterly report you are reading is a little different (and we hope better) this time. The last page now features the **Fortress Caribbean Pension Fund**, offering improved information for our many defined contribution and defined benefit pension investors. We are in the process of expanding our range of global US\$ funds and will begin reporting on them separately. If you are not a Global Value Fund shareholder and would like to be added to the distribution list to receive information about our global funds, please just email or call to let us know.

We thank you for investing with us, and hope to see you at the third annual Fortress Investment Forum on November 10th.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

gained 3.7% for the quarter as global markets responded positively to new stimulus from central banks.

THE CARIBBEAN HIGH INTEREST FUND

returned 0.7% for the quarter. Caribbean government bonds saw further downgrades recently.

PENSION FUND

shares returned between 0.6% and 1.5% (estimated) for the quarter. Shares with larger equity allocations performed better.

save
tax
earn
more

Keep more of your money

Save on taxes and build your financial security with a **REGISTERED RETIREMENT SAVINGS PLAN.**

- Invest by December 31st 2012 to benefit from income tax allowances of up to \$10,000
- Contribute to your new or existing RRSP by December 31st to be entered for a chance to win a trip for two!

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

Caribbean Growth Fund



HIGHLIGHTS:

- *The Fund gained 3.7% for the third quarter 2012.*
- *Global investments contributed solid returns while those in Barbados and Jamaica lagged.*

The Fund gained 3.7% during the third quarter of 2012 as gains in global investments were partially offset by declines in Caribbean holdings. The net asset value (NAV) finished September 28 at 4.6313 per share. Net assets of the Fund were \$336 million, up \$13 million so far in 2012. The Fund's annual compound rate of return since inception in 1996 is now 10.2% per year.

The continued promise by central bankers to keep interest rates near zero drove most equity markets higher in the third quarter. The US Fed, Bank of Japan and European Central Bank all announced new, very aggressive rounds of policies aimed at keeping interest rates near zero to rekindle the economy and support stressed government debt markets in Europe. Central bankers are trying everything, reminding us of the old joke that "The beatings will continue until morale improves."

The "beating" of zero interest rates makes all sorts of other assets look cheaper in comparison, and all things being equal this supports their prices. These days, though, all things are not equal, and the new central bank actions are an acknowledgment of this. The global economic recovery that began in early 2009 is now three years old and is faltering. China is slowing and Europe is in recession. Corporate earnings have in aggregate stopped growing. It is quite possible that, even with big central bank support, global equities – now up 100% from their financial crisis lows – will stall near current levels for some time.

In the Caribbean, Trinidad stocks had another good quarter. Near zero interest rates have led yield hungry investors to push up the share prices of some major Trinidad companies. The index gained 4.3% for the quarter. In contrast, the Barbados and Jamaica markets saw declines during the quarter, and the Fund's holdings in shares such as Goddards, GraceKennedy and CIBC FirstCaribbean moved lower. The Barbados equity market continues to see very little trade, and slowly pressured lower as selling by individuals looking for ready cash sets the price in the absence of any larger buying from institutions. We believe the prices of shares here are reasonable, but corporate performance will need to improve before share prices do, and the business environment remains challenging.

On the positive side, the Fund's substantial position in Lascelles benefited from a takeover offer from Italian company Campari. The stock gained 30%, and more gains are possible as the company sheds non-core assets ahead of the deal closing later this year. The Fund's global investments also showed gains in the quarter, though generally less than those for the market indexes.

The Fund continues to carry relatively high cash reserves to take advantage of opportunities in either regional or global markets as they arise.

FUND OBJECTIVE

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

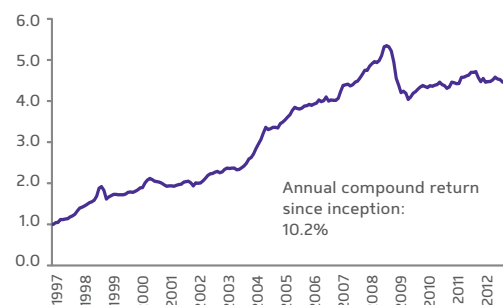
Minimum Investment	\$100
Net Asset Value per Share	\$4.6313
Fund Net Assets	\$335,881,766
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

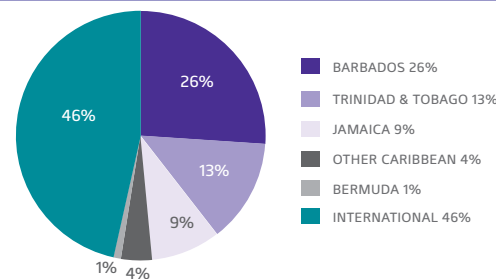
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
Fund	3.7%	3.5%	1.9%	-0.5%	10.2%
Jamaica (US\$)	-1.3%	-8.4%	2.6%	-6.6%	4.9%
Trinidad	4.3%	8.1%	10.1%	2.1%	12.1%
Barbados	-0.2%	-3.4%	-2.1%	-3.6%	6.1%
MSCI World Index	6.8%	22.3%	8.1%	-1.6%	5.3%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2012



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country/Region
1. Neal & Massy Holdings Ltd.	Trinidad
2. OAM European Value Fund	Europe
3. Fortress Global Value Fund	Global
4. GraceKennedy Ltd.	Jamaica
5. Cave Shepherd & Co 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 0.7% during the third quarter of 2012.*
- *Recent downgrades and credit events highlight the importance of caution and diversification in the current environment.*

The Fund gained 0.7% during the third quarter of 2012 and is up 2.5% over the last year. The net asset value (NAV) of the Fund's accumulation shares finished September 28 at \$1.7299 per share. The distribution shares finished at \$1.0016. Net assets of the Fund were \$111 million, up \$3 million so far in 2012. The Fund's annual compound rate of return since inception in 2002 is now 5.4% per year.

The Fund's return this year has again been disappointing. The bulk of the portfolio remains very conservatively positioned at a time when substantial and still largely overlooked risks remain in the region's government debt markets, and high quality global rates hover near zero.

During the quarter, the Government of Barbados saw its long term debt rating cut by Standard & Poor's, to a level that is now below investment grade. Governments up and down the region are feeling similar pressures on their creditworthiness due to high deficits and a weak economic environment. We continue to exercise extreme caution in our exposure to long term Caribbean government debt, choosing to earn a lower than average rate of return, in order to keep principal as secure as possible. The problems of this debt cycle are not over.

In August, another country in the Caribbean region moved towards restructuring (ie. defaulting on) its debt. The government of Belize announced its intention not to pay its bondholders in full, and has since made only a partial payment at the most recent interest payment date. The bonds are currently trading at 40 cents on the dollar. Belize is now added to Jamaica, and St. Kitts & Nevis as the list of recent regional defaults grows.

During the quarter we took the prudent decision to write-down the value of one of the fund's positions, which was due to mature in 2013, on the news that it was to be liquidated. We do not know at this point if that loss will be permanent but it was meaningful to the fund as it represented 1.5% of the assets of the fund. This painful experience highlights the risks of investing in any bond, and underlines once again the importance of broad and methodical diversification of these risks by seeking as many different sources of return as possible.

In that respect, the portion of the Fund allocated to specialised strategies yielded good returns during the quarter. Our mix of credit and global bond fund investments gained from 1% to 5% during the quarter.

In September, we completed an agreement to make a secured \$3 million Barbados dollar corporate loan at a rate of 8.25% for a term of two years, and are actively looking to make more such investments with reasonable rates backed by quality assets.

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.

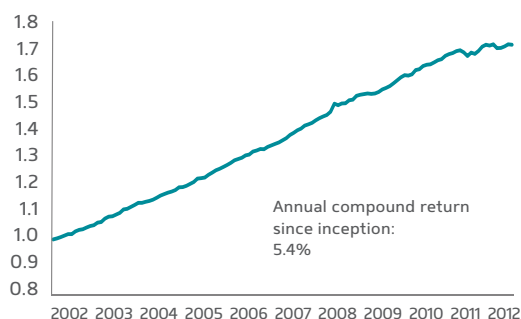
<i>Minimum Investment</i>	\$500
<i>Net Asset Value per share</i>	\$1.7299/\$1.0016
<i>Fund Net Assets</i>	\$111,213,952
<i>Fund Inception</i>	May 17, 2002

INVESTMENT RETURNS

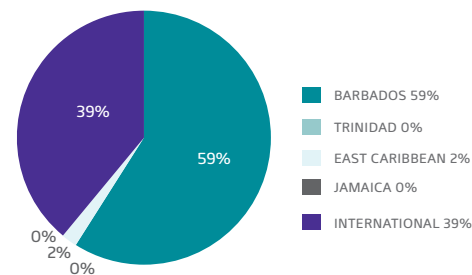
3 Months	1 Year	3 Years	5 Years	Inception
0.7%	2.5%	3.7%	4.5%	5.4%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2012



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

<i>Holding</i>	<i>Country</i>
1. Government of Barbados T-Bills	Barbados
2. CIBC FirstCaribbean deposits	Barbados
3. Fortress US Equity Income Strategy	US
4. Franklin Templeton Global Bond Fund	Global
5. University of West Indies Bond 9/29/2027	Barbados

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 had positive returns in the third quarter of 2012. Gains were greater in the classes with larger long term allocations to equities. This reflects good returns from global stock holdings in recent months. Returns by class are shown in the table to the right.

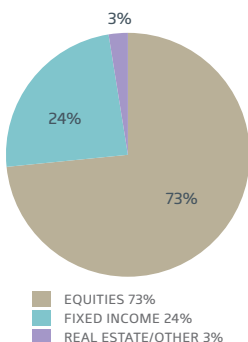
Investors in the Pension Fund typically select from three different classes of share, based on personal circumstances and risk tolerance. These classes differ in how their assets are spread across the major asset classes of equities, bonds, and real estate and other assets. The graphs below show how 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.

If you are participating in a Defined Contribution scheme or an RRSP, coming up to the end of the year it is a good idea to make sure your selection is still appropriate for you. If you would like to change the class of share that you are invested in, just let us know. Changes can be made once a year at no fee.

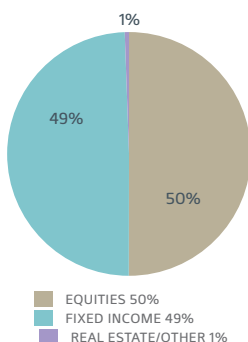
Your pension benefits in the future are a function of two factors: how much you contribute now, and how much you earn on the accumulated savings over time. In recent years, investment returns in Barbados, the Caribbean and even globally have been well below average. Interest rates are at historically low levels in many parts of the world, so investment returns may stay low for a while yet. This means we all need to think about what we can do to maximise the other variable: contributions. Many company pension plans give you the option of Additional Voluntary Contributions (AVCs) which allow you to save additional amounts, some of which could be matched by the company and which may also be tax deductible. It's worth checking if your company offers this benefit, and if so, finding a way to take advantage of it sooner rather than later.

The third annual Fortress Investment Forum is November 10th. You're invited! Details are on the first page of this quarterly report, and on our website.

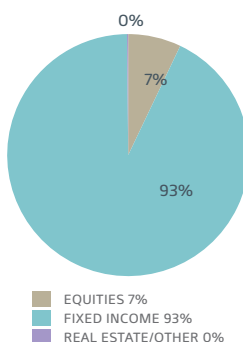
AGGRESSIVE ACCUMULATOR (AA)



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.

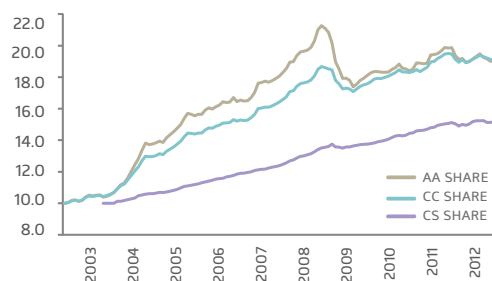
Net Asset Value Per Share (est.):	\$19.59/\$19.56/\$15.25 (AA/CC/CS)
Fund Net Assets (est.):	\$158,336,713

INVESTMENT RETURNS

	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	1.5%	0.9%	1.7%	0.4%	6.5%
CC Share	1.2%	2.1%	2.7%	2.5%	6.6%
CS Share	0.6%	2.1%	3.2%	3.7%	4.6%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2012



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