



Your Future. Our Business.

Dear Fellow Investors,

The third quarter was positive across all the Fortress funds, with healthy returns over the past year as well. The Caribbean Growth Fund's 8.9% one-year gain was helped along by a move higher in international and emerging markets shares, and some strong performance in Jamaican stocks. As you will read in the accompanying fund reports, we see an investment world priced today for low expected returns in many areas. But we also see a world where overlooked areas remain and where the valuations in these areas suggest very good future returns indeed. Whether markets are up or down, our job is to cut through the noise and to position the funds consistently where expected future returns are highest. This may not pay off every quarter or even every year, and nothing can keep market prices from bouncing around. But with bank deposits in Barbados and around the world earning less and less, a focus on disciplined long term investing is becoming more and more important for investors to earn an acceptable rate of return.

On the subject of long term investing, you are invited to the **7th Annual Fortress Investment Forum** the evening of Wednesday, November 2, 2016 at 6:30 p.m. at the Frank Collymore Hall. The Fortress team will offer an update and straight talk on the investment environment and outlook - and most importantly answer your questions. This year there will also be a lively panel discussion featuring guest experts on a subject important to many countries in the region and around the world: **"Mirage or Oasis: Do currency adjustments bring prosperity or pain?"** Please visit www.fortressfund.com to RSVP. This is a free event and space is limited. We very much hope you can attend and join us afterward for refreshments.

Thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

gained 3.6% in the third quarter and 8.9% over the past year as international and emerging shares continued to strengthen.

THE CARIBBEAN HIGH INTEREST FUND

returned 1.4% during the third quarter and 3.8% over the past year. Barbados government bonds were downgraded again by S&P.

THE CARIBBEAN PENSION FUND

shares returned 1.5%-3.6% during the third quarter and 4.0%-8.8% over the past year, led by gains in equity investments.



Independence means different things to each of us

For some it might mean being able to help a child or grandchild attend university. For others, it's setting aside a nest egg for loved ones, building a house, moving to part time work or an early retirement to enjoy more travel or charitable work. These all require a long term programme for saving and growing your money.

We're here to help, with long term investments and automatic savings programmes that can help you craft the future, and independence, you want.

Call us at 431-2198 to find out more.



Caribbean Growth Fund

HIGHLIGHTS:

- *The Fund gained 3.6% during the quarter and 8.9% over the past year as international and emerging markets shares continued to strengthen.*
- *Economic weakness in Trinidad is weighing on shares and the currency there.*

The Fund gained 3.6% during the third quarter of 2016 and is up 8.9% over the past year. The net asset value (NAV) finished September 29 at \$5.1030. Net assets of the Fund were \$393 million. The Fund's annual compound rate of return since inception in 1996 is now 8.6% per year. Its portfolio remains well diversified by security, geography and currency.

Caribbean stock markets were little changed during the quarter. Trinidad shares continued to feel the pressure of a weaker economy as did the T&T dollar, while Jamaica shares had another period of consolidation after what has been an exceptionally strong year. In Barbados, the planned delisting of Massy Holdings from the Barbados Stock Exchange put downward pressure on these shares and as a result on the index overall. Massy fell from BDS\$20 to less than BDS\$15 during the quarter, moving from a premium to where the shares trade in Trinidad to a level that is now a meaningful discount. With a weaker economy in Trinidad, it is likely that earnings will remain under pressure, as may the share price. The Fund has only minimal investments in Trinidad at the moment. We have been gradual buyers of select shares in Guyana, where valuations are reasonable and we believe the long term fundamentals will be relatively favourable. Unfortunately, liquidity is thin so it is hard to build significant positions there.

The U.S. Federal Reserve (Fed) indicated it was going to raise interest rates this quarter, but eventually backed down yet again. Interest rates globally remained at historically low levels and additional stimulus from central banks has pushed yields on more government bonds into negative territory. Against this backdrop, global shares continued to recover from their post-Brexit swoon and delivered a positive quarter, with international and emerging markets outpacing those in the U.S. With expected tighter monetary policy, political uncertainty around the presidential election, and meaningfully higher valuations, the U.S. stock market may continue to face some headwinds relative to those in other parts of the world. The Fund benefited from its primary focus in international investments, and from its select holdings in emerging markets where valuations are still low enough to imply good long term returns.

In the coming months we will be looking for opportunities to invest more of the Fund's cash, while maintaining appropriate liquidity. The path to good long term returns will not be smooth, but cutting through the noise and investing for the long term is the only way to achieve appropriate returns for pensions and other investors who depend on them for their future security.

FUND OBJECTIVE

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

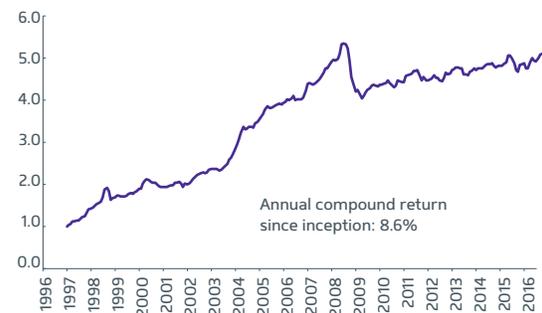
Minimum Investment	\$100
Net Asset Value per share	\$5.1030
Fund Net Assets	\$392,618,436
Fund Inception	Dec 9, 1996

INVESTMENT RETURNS

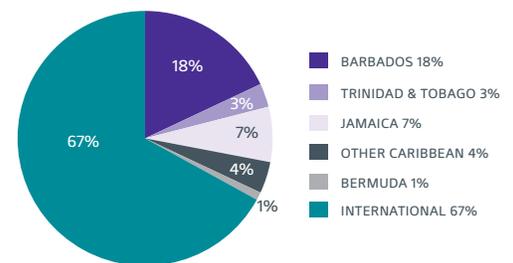
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept
Fortress	3.6%	8.9%	2.9%	2.7%	8.6%
Jamaica	2.2%	58.8%	15.7%	3.9%	5.4%
Trinidad	-0.5%	-4.8%	-1.1%	2.2%	11.1%
Barbados	1.5%	17.5%	-4.8%	-4.9%	4.2%
Global Index	5.0%	12.0%	6.5%	12.3%	7.0%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 29TH, 2016



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

Holding	Country/Region
1. Fortress International Equity Fund	International
2. Fortress Emerging Markets Fund	International
3. Fortress OAM Overseas Fund	Europe/Asia
4. Fortress Income Builder Int'l Fund	International
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 FirstCaribbean International Bank®
 Wealth Management Division

AUDITORS

Ernst & Young

ATTORNEY-AT-LAW

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

DIRECTORS

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

Caribbean High Interest Fund

HIGHLIGHTS:

- *The Fund returned 1.4% for the third quarter and 3.8% over the past year.*
- *Barbados bonds were downgraded again in September by Standard & Poor's, to B- from B.*

The Fund returned 1.4% during the third quarter of 2016 and is up 3.8% over the past year. The net asset value (NAV) of the Fund's Accumulation share finished September 29 at \$1.9140. The Distribution share finished at \$1.0212. Net assets of the Fund were \$121 million. The Fund's annual compound rate of return since inception in 2002 is now 4.6% per year. It remains as diversified as possible by issuer, geography and currency, with approximately 54% invested in Barbados and 46% invested globally.

The return environment for the Fund remained challenging in the third quarter, with little change in global bond yields which remain at historically low levels, and further deterioration in the Caribbean government credit situation. On the positive side, the Fund's portfolio of corporate bonds in Barbados continued to contribute steadily, as did gains in global bonds and currencies, and positive performance from the Fortress Income Builder funds.

Barbados government bonds were hit with another downgrade at the end of September. Standard & Poor's moved them from B to B-, while maintaining a negative outlook for the future. This rating is now below the one they give Jamaica. S&P cited a lack of progress on cutting the deficit, persistent money printing by the central bank to fund government deficits, a lack of economic growth or policies that could be expected to lead to it, as well as some additional concerns around the potential impact on tourism from the weaker British pound post-Brexit. Based on the outlook it seems that S&P thinks the situation will get worse before it gets better. Elsewhere in the Caribbean, the Trinidad budget announcement in late September confirmed that that economy is facing significant challenges of its own. We continue to carry very little exposure to Caribbean government debt, but stand ready to make investments if and when the fundamentals improve.

The Fund's holding in Sagicor preferred shares matured in July, ending five years of earning an attractive 6.5% yield. We have spent some of this cash by making new investments in Barbados corporate bonds from leading companies. Cash levels in the Fund remain significantly higher than normal and we continue to look for good quality investments to make in Barbados. We are still finding some acceptable medium-term investments to make in U.S. corporate bonds, and added a few new positions during the quarter. The average term to maturity of the Fund's portfolio remains very conservative at 2.6 years, with an average gross yield to maturity of 3.3%.

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>	\$1.9140 / \$1.0212
<i>Fund Net Assets</i>	\$121,375,012
<i>Fund Inception</i>	May 17, 2002

INVESTMENT RETURNS

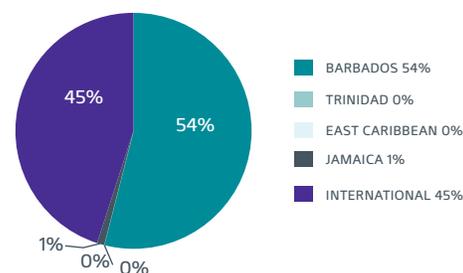
3 Months	1 Year	3 Years	5 Years	Inception
1.4%	3.8%	2.5%	2.5%	4.6%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 29TH, 2016



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

<i>Holding</i>	<i>Country</i>
1. Legg Mason Asian Opportunities Debt Fund	International
2. GEL 4.5% 30 Nov 2017	Barbados
3. PIMCO Global Investment Grade Credit Fund	Global
4. Franklin Templeton Global Bond Fund	Global
5. Stallion Property 5% 30 Sep 2019	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

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC FirstCaribbean International Bank®
Wealth Management Division

AUDITORS

Ernst & Young

ATTORNEY-AT-LAW

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

DIRECTORS

Geoffrey Cave, Chairman

David Bynoe

Ken Emery

Sir Fred Gollop

John Howard

David Simpson

John Williams

Roger Cave, Investment Manager

Caribbean Pension Fund

HIGHLIGHTS:

- Shares of the Pension Fund returned 1.5%-3.6% in the third quarter as global stocks gained and bonds continued to show steady returns.
- Returns by class of share are shown in the table to the right.

Investors, professionals, brokers, trustees and members of a pension plan all seek to maximise their investments, to get the highest rate of return, with an acceptable level of risk, over the appropriate time horizon. That sounds easy enough, but how to do it? When do I buy, when do I sell? How do I know which stocks and bonds to buy and when to sell? That is where Fortress comes in. Our funds make investing simple by giving you direct, easy access to a professionally managed portfolio of investments with each dollar you invest with us. And when it comes to pensions, we've made it simple again by providing a lifestyle path to follow as you save for retirement. This approach lets you select the share of the Fortress Caribbean Pension Fund that best suits your stage in life:

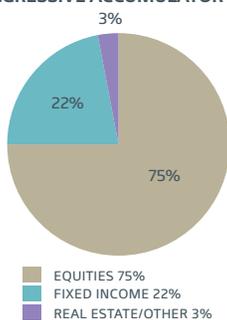
- Up to age 50 - Invest in the AA share
- From age 50 to 5 years before retirement - Invest in the CC share
- 5 years before retirement - Invest in the CS share

More growth in the early years and more security towards retirement. It's simple and it works.

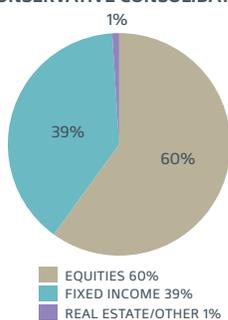
As you build your pension savings we are here to help. Please let us know if you have any questions

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 two and three of this quarterly report give you a direct look into the performance, positioning and outlook for the major underlying investments in the Pension Fund.

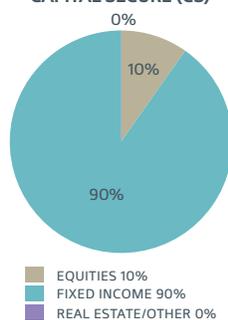
AGGRESSIVE ACCUMULATOR (AA)



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 a whole.
Administrator: No charge at the Fund level.
Sales Charge: None
Redemption Charge: none

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

CUSTODIAN

CIBC FirstCaribbean International Bank®
Wealth Management Division

AUDITORS

Ernst & Young

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.

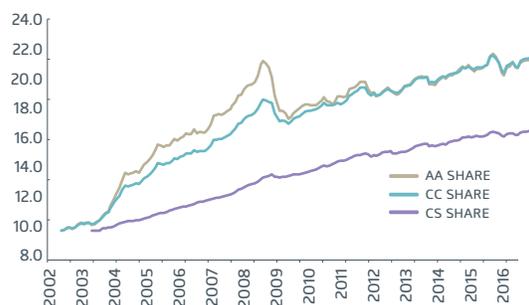
Net Asset Value Per Share (est.): \$21.18 / \$21.16 / \$16.43 (AA/CC/CS)
Fund Net Assets (est.): \$227,241,351

INVESTMENT RETURNS

	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	3.6%	8.8%	3.5%	2.9%	5.7%
CC Share	2.9%	7.5%	3.3%	3.0%	5.7%
CS Share	1.5%	4.0%	2.5%	2.5%	4.0%

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2016



BENEFITS AT A GLANCE

Company Pension (DC Scheme):

- 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):

- 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
 René Delmas
 Ken Emery
 Sir Fred Gollop
 John Howard
 Desmond Kinch
 David Simpson
 John Williams
 Roger Cave, Investment Manager

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