



Your Future. Our Business.

Dear Fellow Investors,

After a good start to the year, the third quarter brought negative returns for the Fortress funds as stock and bond markets fell around the world. As you may know, we had been expecting market weakness for some time - corrections are inevitable after extended periods of strong returns, especially in the stock market. In the Fortress Caribbean Growth Fund we had raised cash and reduced market risk, but against a very hostile backdrop the quarterly return was still negative. We do not know if more declines are to come in the near term, but we do know that the prices of good quality securities always recover. We also know that lower prices today inevitably mean higher returns for the future - what matters most for long term returns is what's in the portfolio and at what price. Keeping the portfolios positioned where the value is best and the risks are appropriate is our job, and it is the same day in and day out in all market conditions.

A great opportunity to learn more about how your savings are being invested is at the Fortress Investment Forum. The 6th Annual **Fortress Investment Forum** will be held on **Thursday, November 12th from 6:30 p.m. - 8:30 p.m. at the Frank Collymore Hall**. As usual there will be investment updates from the Fortress team and extensive, candid Q&A. We've also invited guest experts to discuss what's next for Barbados and what we as individuals and businesses can do about it. For those who can arrive early, at 5:15 p.m. there will also be a "pre-forum" seminar on personal finance featuring Michael Lashley of Lashley Financial. The entire forum is a free event and there will be light refreshments afterwards. As a featured guest speaker at a previous investment forum said, "It's your money, so take it personally." Please take it personally and plan to join us on November 12th. You can easily RSVP on our website www.fortressfund.com or by calling our office.

Thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

declined 6.5% during the quarter and is down 3% over the past year. Equity markets globally sold off on growth and interest rate worries.

THE CARIBBEAN HIGH INTEREST FUND

declined 1% during the quarter and is up 1% over the past year. Credit stresses remain in the Caribbean and global bond yields are again at historic lows.

THE CARIBBEAN PENSION FUND

showed declines of 2-6% for the quarter and have returned zero to -2% over the past year. Investments in equities showed particular weakness.

Keep calm and carry on



This year the personal tax allowances for new RRSP contributions have been eliminated. But this doesn't change the fact that retirement is coming and preparing for it requires savings. Remember that investments of any size directly in the Fortress fund (or funds) of your choice can grow tax free over the years and you can withdraw them at any time.

Experts recommend a regular savings programme.

Call us at 431-2198 to find out how easy it can be.



Caribbean Growth Fund

HIGHLIGHTS:

- *The Fund declined 6.5% in the third quarter as global stock markets sold off and Caribbean markets also lost value. The Fund has now declined 3% over the past year.*
- *Recent volatility has started to offer up some excellent investment opportunities and the Fund has substantial cash on hand to take advantage of them.*

The Fund declined 6.5% during the third quarter of 2015 and is down 3% over the past year in a very difficult period for stocks globally. The net asset value (NAV) finished September 30th at \$4.6748. Net assets of the Fund were \$356 million. The Fund's annual compound rate of return since inception in 1996 is 8.6% per year.

The quarter saw a significant selloff in global stock markets as investors adjusted to the potential for higher interest rates in the U.S., and to slowing economic growth in China. The MSCI World Index declined 8% during the quarter, while the MSCI Emerging Markets Index dropped 18%. As we have written previously, some weakness in global markets was to be expected. We were surprised, though, that the weakness was most pronounced in markets outside the U.S., where gains in recent years had been much less and valuations much more reasonable. The weakness in international markets has created bargains in some stocks, where we can own shares of quality businesses at very attractive prices.

Regional Caribbean equities also showed losses for the quarter, with Jamaica declining by 4%, Trinidad down 1% and Barbados down fractionally. Jamaica has still had a substantial rally over the past year from very depressed levels. The Jamaican dollar has resumed its weakening trend essentially now trading at levels close to JMD\$120 to US\$1. We have begun taking some profits on the Fund's holdings in Jamaican companies NCBJ and GraceKennedy.

We still believe Trinidad shares are vulnerable because they are trading at relatively high valuations yet under the surface company profits are starting to feel the same pressure other energy and commodity-focused countries are feeling globally. In Barbados, a takeover offer was made for Banks Holdings at \$4 per share, a significant premium to its recent trading levels. The Fund holds a small position in Banks and if we elect to accept the offer, the Fund will benefit from the realisation of greater value from the shares.

In July and August we responded to higher stock prices and rising risks by taking profits on some of the Fund's international holdings, raising cash and reducing the Fund's exposure to market volatility generally. Cash and other secure investments are now approximately 20%, giving the Fund significant flexibility to take advantage of opportunities from market volatility. The portfolio is well diversified and consistently positioned in shares trading at attractive valuations, in the Caribbean region and globally. With an average price/earnings ratio of approximately 10 times, the Fund's holdings have well above average potential for future returns. We cannot predict how markets will behave, but we do know that market weakness and correspondingly lower prices has increased our expectations for medium and long term returns from here.

FUND OBJECTIVE

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

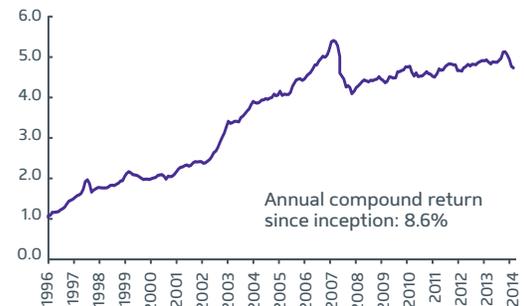
| | |
|---------------------------|---------------|
| Minimum Investment | \$100 |
| Net Asset Value per share | \$4.6748 |
| Fund Net Assets | \$356,166,759 |
| Fund Inception | Dec 9, 1996 |

INVESTMENT RETURNS

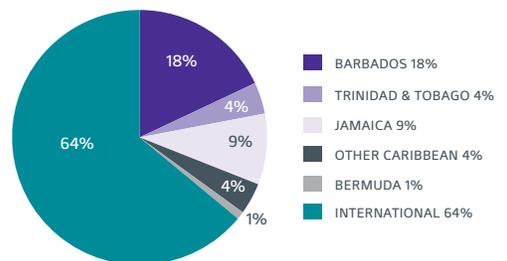
| | 3 Mo | 1 Yr | 3 Yrs | 5 Yrs | Incept. |
|------------------|--------------|--------------|-------------|-------------|-------------|
| Fortress | -6.5% | -3.0% | 0.2% | 0.9% | 8.6% |
| Jamaica | -3.6% | 25.9% | -5.9% | -3.6% | 3.3% |
| Trinidad | -0.9% | 0.5% | 2.9% | 7.0% | 11.4% |
| Barbados | -0.4% | 2.2% | -11.9% | -6.4% | 3.2% |
| MSCI World Index | -8.3% | -4.6% | 9.2% | 8.9% | 6.3% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2015



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 declined 1% during the quarter and is up 1% over the past year. A period of weakness in global bonds and currencies reduced performance marginally this quarter.*
- *We continue to see substantial risks in Caribbean government debt and the Fund remains conservatively positioned.*

The Fund declined 1% during the third quarter and is up 1% over the past year, returns that remain well below historic averages. The net asset value (NAV) of the Fund's Accumulation share finished at \$1.8452. The Distribution share finished at \$0.9946. Net assets of the Fund were \$117 million. The Fund's annual compound rate of return since inception in 2002 is 4.7% per year. It remains as diversified as possible by issuer, geography and currency, with approximately 55% invested in Barbados and 45% invested globally.

Within Barbados, we still face the challenge of a lack of viable investments to make at acceptable rates of return. The domestic capital market is dominated by government paper and we continue to believe that prevailing yields do not reflect the high and rising risks represented by the stressed fiscal situation. During the quarter, Standard & Poor's affirmed Barbados' debt rating at "B", with a negative outlook. We continue to hold and invest in bonds issued by high quality companies with solid balance sheets and the willingness and ability to make timely payments. Many of these are secured by real assets. Where we cannot find suitable investments, though, cash is placed on deposit with the Fund's custodian, CIBC FirstCaribbean. Cash is currently 25% of the portfolio, a meaningful drag on the Fund's overall yield.

In global markets, the challenge continues to be low interest rates. They remain at or near historically low levels, and in a growing number of developed countries interest rates have gone negative. While we can look to global markets for much-needed diversification, unfortunately we cannot look there at the moment for high expected returns. During the third quarter, most global currencies weakened against the U.S. dollar as the U.S. Federal Reserve was widely expected to begin raising its target rate in September. The portion of the Fund's holdings in international currencies therefore faced a headwind during this period, reducing performance marginally.

There were some bright spots for bond investors in the region during the quarter. In July, Sagicor issued a very well-received new 7-year U.S. dollar bond at a yield of approximately 9%. After the issue, the secondary market trading in the bond pushed prices as high as \$107 per \$100, a big move in the bond world which pushed its yield all the way down to 7.5%. We invested in this new issue and the Fund has benefited from the increase in price since issue. Including cash, the average gross yield of the Fund's portfolio is currently 3.7%, a good indication of its medium term return potential which remains lower than average as we continue to focus on capital preservation. The average term to maturity of its holdings remains short at 2.6 years, meaning there is only minimal exposure to rising interest rates

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.

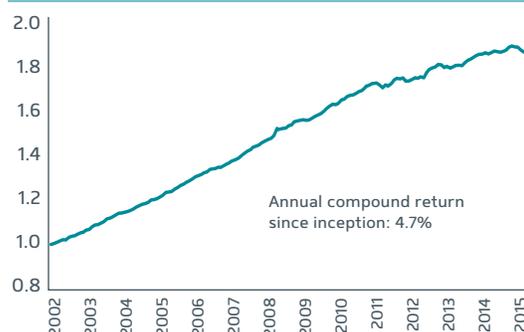
| | |
|----------------------------------|---------------------|
| <i>Minimum Investment</i> | \$500 |
| <i>Net Asset Value per share</i> | \$1.8452 / \$0.9946 |
| <i>Fund Net Assets</i> | \$116,602,397 |
| <i>Fund Inception</i> | May 17, 2002 |

INVESTMENT RETURNS

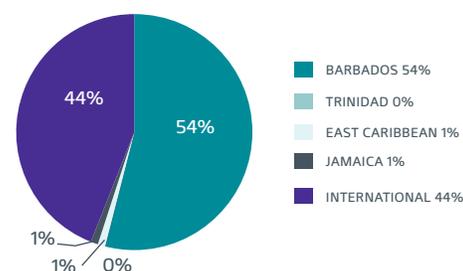
| 3 Months | 1 Year | 3 Years | 5 Years | Inception |
|--------------|-------------|-------------|-------------|-------------|
| -1.2% | 0.5% | 2.2% | 2.3% | 4.7% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2015



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

| <i>Holding</i> | <i>Country</i> |
|--|----------------|
| 1. Sagicor 6.5% Preferred Shares | Barbados |
| 2. Legg Mason Asian Opportunities Debt Fund | International |
| 3. GEL 4.75% 30 Nov 2015 | Barbados |
| 4. Franklin Templeton Global Bond Fund | Global |
| 5. PIMCO Global Investment Grade Credit 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

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 experienced declines of 2%-6% during the quarter as stock and bond markets weakened globally. Over the past year returns have been between zero and -2%.
- Returns by class of share are shown in the table to the right.

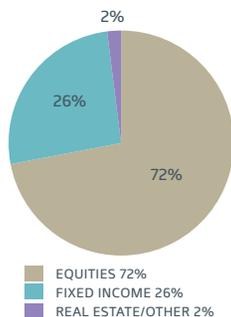
Pensions are a hugely important tool for long term savings, and are acknowledged globally as a vital part of how individuals can prepare financially for retirement. Unfortunately, the government of Barbados recently reduced its support for pension savings by eliminating tax allowances for contributions individuals make to pension plans. We are still seeking clarification about the government's intention on taxing post-2015 money when it is ultimately withdrawn from the pension plan because this point is unclear. It would seem quite possible that money could wind up being taxed twice under the new system. Once when it is earned (now without a personal tax allowance) and then again on the way out as a pension. Until we know for sure what the policy is, we suggest it's better to be safe than sorry. While each company pension plan may be slightly different, and each individual participant's situation may be unique, we think this change in tax policy has two clear implications for anyone who wishes to avoid unnecessary risk of double taxation:

1. Employees should consider immediately diverting future Additional Voluntary Contributions (AVCs) **that are not being matched** by their employer into a direct savings vehicle like a mutual fund where the savings can grow tax-free over the years and then be withdrawn free of additional tax.
2. Persons who are accustomed to contributing to a Registered Retirement Savings Plan (RRSP) should equally consider diverting future savings directly into a regular mutual fund account where the savings can grow tax free and then be withdrawn free of additional tax.

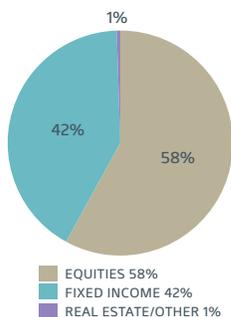
We will keep our clients posted as we learn more and can share any more suggestions on working sensibly with the new tax policies.

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.

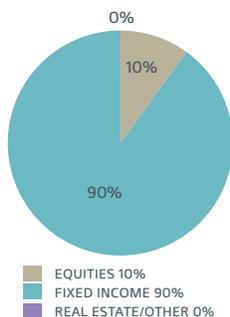
AGGRESSIVE ACCUMULATOR (AA)



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.): \$20.29 / \$20.49 / \$16.22 (AA/CC/CS)
Fund Net Assets (est.): \$217,281,057

INVESTMENT RETURNS

| | 3 Mo | 1 Yr | 3 Yrs | 5 Yrs | Incept. |
|----------|-------|-------|-------|-------|---------|
| AA Share | -5.6% | -2.0% | 1.2% | 1.4% | 5.4% |
| CC Share | -4.4% | -1.3% | 1.6% | 2.1% | 5.5% |
| CS Share | -1.7% | 0.2% | 2.1% | 2.1% | 4.0% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO SEPTEMBER 30TH, 2015



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.