Fortress
FUND MANAGERS

FORTRESS GLOBAL FUNDS SPC INC.

An Exempted Segregated Portfolio Company
Incorporated in the Cayman Islands with Limited Liability

Supplement to the Offering Memorandum of
Class A Shares, Corresponding to the Segregated Portfolio

FORTRESS EMERGING MARKETS FUND SP
SEPTEMBER 2021

This Supplement forms part of the Offering Memorandum dated July 2021 ("**Memorandum**") of FORTRESS GLOBAL FUNDS SPC INC. ("**Fund**") and **must** be read in conjunction therewith. In the event of any conflict between this Supplement and the Offering Memorandum, the terms of this Supplement will govern.

This Supplement contains specific information in relation to Class A Shares ("**Shares**") in the FORTRESS EMERGING MARKETS FUND SP ("**Segregated Portfolio**") of the Fund.

Any terms that are defined in the Memorandum shall have the same meanings when used in this Supplement unless the context otherwise requires.

The Directors of the Fund accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything which is likely to affect the import of such information. The Directors accept responsibility accordingly. Neither the delivery of this Supplement nor the issue of Shares of the Fund shall be taken to imply that any information herein is correct as of any date subsequent to the date hereof.

INVESTMENT POLICY

INVESTMENT OBJECTIVE AND STRATEGY

The primary investment objective of the Segregated Portfolio is long-term capital appreciation by using a bottom-up value-based process to select emerging markets equities.

The Fund seeks to achieve its objective mainly by utilising a disciplined process based on proprietary value-based models. The portfolio is equally weighted and constructed bottom-up. Holdings in aggregate will have comparable or better operational characteristics than the benchmark, and typically have lower than average valuations. The portfolio is structured to maximise desirable operational characteristics and minimise the valuation paid to access them.

INVESTMENT PHILOSOPHY AND PROCESS

A sustainable investment program should be able to point to its sources of expected return, in both absolute and relative terms. Here are eight that the Fortress portfolios rely on.

1. **Value.** Over time, good stocks trading at low valuations (price-to-earnings, price-to-book, etc.) enjoy higher returns than both the broad market and stocks with higher valuations. All things being equal, it pays to own more of what's cheap and less of what's not.

2. **Mean reversion.** Stock valuations, like many things in the world, tend to pull back to average over time. Selling strength and buying weakness against an objective, value-based yardstick adds to return.

3. **Index bias.** Capitalization-weighted indices have a natural bias to expensive stocks. Equal-weighting a portfolio is one way to neutralize this.

4. **Growth.** Stocks with certain growth characteristics (EPS momentum, dividend growth, etc.), like pure value stocks, show a tendency to outperform over time. Imposing a value discipline on these desirable characteristics gains exposure to the benefits of both factors while stripping away both "value trap" and "growth at any price" situations.

5. **Indifference.** Market fashions change. Our portfolios are agnostic among the three desirable operating traits we measure – Profitability, Growth and Quality – systematically loading in more of a given factor as other investors choose, or are forced, to give it away cheaper and cheaper.

6. **Realism.** The "ideal" stock according to our analytical models is generally a steady performer, with growing cash flow to cover growing dividends – and available in the market at a low valuation. This almost never happens. Our models allow a dispassionate assessment of the best choices within an always imperfect (and changing) marketplace.

7. **Aggregation.** Investors often shun stocks with relatively volatile earnings cycles, pushing their valuations lower than average. When combined in a portfolio, though, these earnings cycles are often offsetting and result in aggregate earnings stability that is comparable to that of the market – purchased at a steep discount.

8. **Panic and euphoria.** People make mistakes. A process with a systematic, objective core will not fall prey to the same emotional trading that often causes securities to trade above or below their intrinsic values. It naturally feeds on these situations, to the extent that they exist. This reduces the risk level of the portfolio, and increases its expected return.

The portfolio is managed using a disciplined process based on proprietary value-based models. The portfolio is equally-weighted and constructed bottom-up. Holdings in aggregate have comparable or better operational characteristics than the benchmark, and typically have lower than average valuations.

The portfolio typically consists of approximately 30 stocks. They are the stocks we calculate to be the best value in the index, representing those with the highest expected returns. The maximum weight to any one stock is usually 5% and the maximum weight to any one Global Industry Classification Standard ("GICS") sector is 50% at market.

Portfolio weights are adjusted back to target (3.2%) as price changes push them to 2% or 5%. Smaller adjustments may be made at the discretion of the portfolio manager. Up to 10% cash may be carried from time to time, but cash levels will not usually be altered tactically.

The portfolio is rebalanced and holdings refreshed approximately once per month. If no trades are of a sufficient pickup in expected return, no changes are made. The portfolio manager is responsible for reviewing each holding and transaction to ensure it is appropriate. In addition, the portfolio manager:

- Monitors holdings on an ongoing basis for news or other developments that may dramatically affect the data and assumptions behind the rationale for investing in each stock.

- Manually verify financial data behind each security purchased and ensure short term liquidity requirement is met.

Currency forwards or options may be used from time to time to neutralize currency exposures arising from underlying investments. It is not expected that currency will be a source of return in the long term.

The portfolio is structured to maximize desirable operational characteristics and minimize the valuation paid to gain access to them. These operational characteristics are broadly categorized as Profitability, Growth and Quality.

Fortress analytical models compile and analyze a number of factors contributing to a total assessment of the operations of the larger members of the MSCI Emerging Markets Index. These are then considered against the valuation of each company's stock to arrive at one number for each, allowing objective comparisons among stocks. At Fortress this number is called the Total Value Score ("TVS"). The portfolio maximizes its expected return, and limits its risk, by positioning with a high TVS.

Equity holdings are rebalanced and refreshed approximately monthly, or following a relative move of greater than 10% in any one GICS sector.

OVERALL PORTFOLIO RISK MANAGEMENT:

Depending on market conditions, protecting capital can be just as important as positioning for gains. The strategy approaches capital preservation from two perspectives:

1. The portfolio systematically positions in the market's most undervalued securities without reference to "index" weights. Avoiding overvalued stocks limits the risk that holdings will either gradually or suddenly pull back down to more appropriate valuations.

2. Tactical risk management positions reduce market exposure at times that risk is high and insurance against declines is relatively cheap. This top-down, tactical overlay may sometimes "cost" the strategy in terms of premiums paid for downside protection that proves unnecessary, but the tradeoff is greater certainty that absolute return targets will be met.

PERMITTED SECURITIES AND TRADING ACTIVITIES:

The strategy may hold positions in equities, ETFs and listed options. The core portfolio is entirely equities. Leverage is not permitted.

Stop loss orders are not used extensively. As long as companies' fundamentals remain relatively constant, further price weakness in and of itself only increases the attractiveness of an investment, in our view.

Put options may be sold as a way of establishing a position in a stock, and to earn premium income if the desired entry point is not reached. This may be used as a way to deploy additional cash or to add to positions.

ETFs may be held from time to time, typically as a cash management tool.

INVESTMENT RESTRICTIONS

While there are no investment restrictions, Prospective Shareholders should carefully consider the section headed "INVESTMENT POLICY" in the Memorandum.

FEES AND EXPENSES

FEES OF THE INVESTMENT MANAGER

Management Fee. Pursuant to the Investment Management Agreement, the Investment Manager receives an annual fee ("**Management Fee**") that is equal to 1.00% of the Net Asset Value attributable to the Shares during the relevant calendar year. The Management Fee will be calculated at each Valuation Day and paid monthly, in arrears, in an amount equal to 1% of the Net Asset Value attributable to the Shares. The Management Fee will be prorated based upon a Shareholder's actual period of ownership of its Shares. The Investment Manager may, in its discretion, effectively waive all or part of the Management Fee with respect to any Shareholder by rebate or otherwise.

Payment of Management Fee. The Management Fee payable by the Fund to the Investment Manager within 3 days after each becomes due. Payment of the Management Fee will be subject to adjustment upon completion of the audit of the Fund's financial statements for the fiscal year in which such fees accrue.

FEES OF THE ADMINISTRATOR

Administrator Fee. For performing and supervising the performance of corporate and administrative services necessary for the operation of the Fund (other than making of investment decisions), the Administrator will receive an administration fee equal to 0.10% per annum on assets of this Segregated Portfolio.

Payment of Administrator Fee. The fee will be calculated at each Valuation Day and paid monthly in arrears. The Administrator will also be reimbursed for out-of-pocket expenses.

Prospective Shareholders should carefully consider the section headed "FEES AND EXPENSES" in the Memorandum.

SHARES OF THE FUND

SUBSCRIPTION PRICES

The "**Initial Offering Period**" in respect of the Shares ended on January 31, 2013.

Shares may be purchased twice a month on the 15th and last day of each month or at such other time as determined by the Directors in their sole discretion (each a "**Subscription Day**") at a subscription price equal to the Net Asset Value per Share as of the close of business on the immediately preceding Valuation Day (as defined below). The Directors may modify the frequency of permitted subscriptions in their sole discretion.

For the purposes of this Supplement, a "**Valuation Day**" shall mean 5:00 pm Barbados time twice a month on the 15th and last day of each month or on such other date when such computation is necessary or appropriate.

The minimum initial investment for each investor is $100,000 and the minimum additional investment for an existing Shareholder is US$10,000. The minimum initial and additional investments may be waived, increased or reduced at the discretion of the Directors generally or on a case by case basis except on initial subscription which must always be for at least US$100,000 or its equivalent or such other minimum as may be relevant under applicable law.

Subscriptions may be subject to a charge of up to 2% calculated as a percentage of the total amount subscribed by a Shareholder for Shares. The charge will be deducted from the applicant's subscription payment for purposes of determining the net amount available for investment in the Shares. Waivers of this charge are at the sole discretion of the Directors. The charge is in place to cover distribution costs.

Subscriptions are payable in US Dollars, unless otherwise permitted in another currency if approved by the Directors in their sole discretion.

PROCEDURE FOR REDEMPTIONS

Except as provided herein, a Shareholder may request redemption of all or some of its Shares as of 5pm one (1) Business Day before the 15th and the last day of the month or at such other time as determined by the Directors in their sole discretion (each a "**Redemption Day**"), provided that a Shareholder who requests the redemption of any of its Shares within six months after the Shareholder initially invests in the Fund shall be subject to a 2% redemption fee payable to the Fund.

At all times, unless the Directors determine otherwise in their sole discretion, redemptions shall be subject to a 0.50% fee payable to the Fund.

Shareholders wishing to redeem Shares as of a particular Redemption Day must provide the Administrator with 1 days' prior written notice of their intention to redeem such Shares as of that Redemption Day. A request for redemption received after 5:00 p.m. (Barbados time) will be treated as a request for redemption as of the next Redemption Day.

Redemption payments will be made in US Dollars and within 5 business days of Valuation Day

Prospective Shareholders should carefully consider the section headed "SHARES OF THE FUND" in the Memorandum.

CERTAIN RISK FACTORS

When evaluating the merits and suitability of an investment in the Shares, prospective investors should give careful consideration to all of the risk factors described in the section headed "CERTAIN RISK FACTORS" in the Memorandum and the following risk factors that are relevant to the Segregated Portfolio. Such risk factors are not purported to be a comprehensive summary of all of the risks associated with an investment in the Shares. Rather, they are only certain risks to which the Segregated Portfolio is subject and that the Investment Manager wishes to encourage prospective investors to discuss in detail with their professional advisors.

1. *Potential of Loss.* An investment in the Fund entails a degree of uncertainty. There can be no assurance that the Fund will achieve its investment objective or that the strategies described herein will be successful. Given the factors that are described below, there exists a possibility that an investor could suffer a substantial loss as a result of an investment in the Fund.

2. *Market Risk:* There is a risk that the price of a security held by the Fund will fall due to changing economic, currency exchange rates, interest rates, political or market conditions or by disappointing earning results.

3. *Company Risk*: Prices of securities react to the economic conditions of the company that issued the security. The Fund's investments in an issuer may rise or fall based on the issuer's actual or anticipated earnings, changes in management and potential for takeovers and acquisitions.

4. *Value Company Risk*: Prices of value company securities held by the Fund may decline due to changing economic, political or market conditions or due to the financial condition of the company which issued the securities. If anticipated events do not occur or are delayed or if investor perceptions about the securities do not improve, the market price of value securities may not rise as expected or may fall.

5. *Foreign Markets Risk*: Investing in foreign securities involves risks relating to political, social or economic developments abroad as well as risks resulting from the differences between the regulations to which the issuers and the markets are subject.

6. *Style Risk:* The portfolio frequently consists of opportunities in companies that appear to be temporarily depressed. The performances of these securities tend to underperform relative to the benchmarks during market advances and outperform during market declines.

7. *Concentration Risk:* The Fund may invest a substantial amount of its assets in issuers located in a single country or a limited number of countries. If the Fund concentrates its investments in this manner, it assumes the risk that economic, political and social conditions in those countries will have a significant impact of its investment performance.

8. *Emerging Markets Risk*: Emerging markets are generally defined as countries in the initial stages of their industrialization cycles with low per capital income. The markets of emerging countries are generally more volatile than the markets of developed countries with more mature economies. All of the risks of investing in foreign securities are described herein are heightened when investing in emerging markets countries.

9. *Conversion Risk*: The Fund's shares will be valued in US Dollars. As such, investors need to be aware of the cost of converting from their home currency to US Dollars to purchase as well as to redeem shares.

10. *No Current Income*: As there can be no assurance that the Investment Manager's assessments of the short-term or long-term prospects of investments will generate a profit, the Fund's investment policies should be considered speculative. In view of the fact that the Fund will likely not pay dividends, an investment in the Fund is not suitable for investors seeking current income for financial or tax planning purposes.

11. *Currency Risk*: The net asset value per share of the Fund will be computed in United States Dollars. However, the Fund may hold investments in currencies other than US Dollars which may rise or fall due to the exchange rate fluctuations of individual currencies. In the case of funds invested into other funds or placed with third party managers, the concern surrounds the potential of currency changes on the components of the Fund.

12. *Exchange Rules:* Each securities exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension would render it impossible for the Fund to liquidate positions and, accordingly, could expose the Fund to losses. Similarly, the Directors have the right to suspend or limit redemptions when, in their opinion, the Fund's net assets are not sufficiently liquid to fund redemptions.

13. *Option Trading*: In seeking to enhance performance or hedge capital, the Fund may purchase and sell call and put options on both securities and stock indexes. A stock index measures the movement of a certain group of stocks by assigning relative values to the common stocks included in the index. Examples of well-known stock indexes are the S&P 500 and the S&P 100 Index. Both the purchasing and the selling of call and put options contain risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying securities. In theory, the exposure to loss is potentially unlimited in the case of an uncovered call writer (i.e. a call writer who does not have and maintain during the term of the call an equivalent long position in the stock or other security underlying the call), but in practice the loss is limited by the term of existence of the call. The risk for a writer of

an uncovered put option (i.e., a put option written by a writer that does not have and maintain an offsetting short position in the underlying stock or other security) is that the price of the underlying security may fall below the exercise price. The effectiveness of purchasing or selling stock index options as a hedging technique may depend upon the extent to which price movements in investments that are hedged to correlate with price movements of the stock index selected. Because the value of an index option depends upon movement in the level of the index rather than the price of a particular stock, whether a gain or loss will be realized from the purchase or writing of options on an index depends upon movements in the level of stock prices in the stock market generally, rather than movements in the price of a particular stock.

14. *Illiquidity of Shares*: Transfers of Shares are restricted; there is no market for Shares and, accordingly, Shares may be disposed of only through the redemption procedures described elsewhere in the Memorandum. Under certain circumstances, such redemption procedures may entail a significant delay in redemptions.

15. *Distributions/Redemptions in Cash or Kind:* The Fund is not required to distribute cash or other property to the Shareholders, and the Fund does not intend to make any such distributions. Notwithstanding the foregoing, the Fund may, in its discretion, settle redemptions in kind.

16. *Notice Required:* A Shareholder must give prior written notice to the Administrator to make a partial or total redemption of its Shares. During such notice period, the Shareholder's investment remains at risk and may decrease in value from the date that notice of redemption is made to the Administrator until the effective date of redemption.

17. *Compliance:* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

18. *Forced Liquidation:* Substantial redemptions by Shareholders within a short period of time could require the Investment Manager to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the value of the Fund's capital. The resulting reduction in the Fund's capital could make it more difficult to generate a positive rate of return or to recoup losses due to a reduced equity base. Additionally, such substantial redemptions may increase the share of the Fund's fees and expenses payable by the remaining Shareholders.

19. *Acts of Interest:* The Fund and the Investment Manager are subject to various conflicts of interest as set forth in the section of the Memorandum entitled "POTENTIAL CONFLICTS OF INTEREST".

20. *Need for Independent Advice:* The Investment Manager has consulted with counsel, accountants and other experts regarding the formation of the Fund. Each

prospective investor should consult his own legal, tax and financial advisors regarding the desirability of an investment in the Fund.

21. *Allocation of Shareholder Loss:* No Shareholder will be liable for losses or debts of the Fund beyond that Shareholder's investment nor may any Shareholder be assessed or otherwise required to invest more than its initial investment.

22. *Legal Requirements:* The Fund must comply with various legal requirements, including requirements imposed by the securities laws, tax laws and pension laws in various jurisdictions. Should any of those laws change over the scheduled term of the Fund, the legal requirements to which the Fund and the Shareholders may be subject could differ materially from current requirements.

23. *Economic and Business Conditions:* General economic and business conditions may affect the Fund's activities. Interest rates, the prices of securities and participation by other investors in the financial markets may affect the value of securities purchased by the Fund. Unexpected volatility or liquidity in the markets in which the Fund directly or indirectly holds positions could impair the Fund's ability to carry out its business and could cause it to incur losses.