



Dear fellow investors,

There was a lot of “movement” in the second quarter but in the end not much progress to report. The Fortress funds were little changed for the quarter and are still posting single digit percentage gains so far in 2023. On the equity side, global investments performed quite well while those in the Caribbean continued to come under pressure. In fixed income, the fears of economic calamity that accompanied the March failures of some U.S. regional banks have faded and the return to a more balanced outlook caused bond yields to rise and prices to fall. Overall, prices of the investments across the funds remain attractive and consistent with meaningful future returns. As this quarter reminded us, though, we can never know when or in what order future returns will come. We prepare now by investing patiently in high-quality assets at reasonable prices.

Recent news on potential changes to the Barbados National Insurance Scheme have highlighted once again the imperative to save and invest independently for the future. The more robust the plans we have the better. We add our voices to those that call for the government scheme to be secure, well-funded, well-invested and well-governed. We also acknowledge, though, that it has natural limitations and that each one of us has a role to play in securing our own financial security in retirement. The formula for this is simple: spend less than we earn and invest the rest sensibly for the long-term. This – of course – is no surprise to Fortress clients, who have been doing just that for more than 25 years. It might be that future financial security for all will depend on our friends, neighbours and families joining in and doing the same.

As always, we are here to answer your questions about your investment with us – whether that is a pension, RRSP, mutual fund in Barbados or U.S. dollars. Thank you for investing with us.

Sincerely,  
Fortress Fund Managers

## OF INTEREST THIS QUARTER:

### THE CARIBBEAN GROWTH FUND

declined 0.1% in the second quarter and is up 0.9% over the past year. Strength in global investments was once again offset by weakness in the Caribbean.

### THE CARIBBEAN HIGH INTEREST FUND

declined 0.1% in the second quarter and is up 1.9% over the past year. Bond prices mostly fell as fears around U.S. bank failures faded.

### THE CARIBBEAN PENSION FUND

shares returned between -0.1% and 0.1% in the second quarter and are up between 1.8% and 1.9% over the past year.

## If you plant it, they will come.

Investing can be a little like gardening... it benefits from having the right tools, a little know-how, and most importantly *patience*. There is the miracle of compounding as growth brings yet more growth. There is the need for a little weeding from time to time – but not too much. And there is the benefit of having time on your side, as we enjoy the fruits of work done in years past.





# Caribbean Growth Fund

## HIGHLIGHTS:

- *The Fund declined 0.1% in the second quarter and is up 0.9% over the past year.*
- *Gains across the Fund's global investments this quarter were offset by weakness in Caribbean holdings.*

The Fund declined 0.1% in the second quarter and is up 0.9% over the past year. The net asset value (NAV) per share as of June 30 was \$7.2578. Net assets of the Fund were \$625 million, up from \$612 million this time last year. The Fund's annual compound rate of return since inception in 1996 is 7.8% per year. Its portfolio remains well diversified by security, geography, and currency.

Global equities gained as inflation continued to moderate and central bank rate hikes slowed. The quarter started on a cautious note as concerns over U.S. debt ceiling negotiations and regional banking stress lingered, but equities eventually rallied on signs the U.S. Federal Reserve (Fed) may be able to beat inflation without causing a recession. In May, U.S. consumer inflation was up 4% year over year, the slowest pace since March 2021. At the same time, measures of U.S. economic activity and employment continued to be robust. Other parts of the world saw slower inflation, too, but less economic strength. European growth dropped into negative territory and China disappointed after an initial post-pandemic recovery. U.S. equities had strong performance, especially in the technology sector. Europe and Asia also gained despite the weaker economic reports. Japanese stocks were among the strongest in the world this quarter, gaining more than 10% in U.S. dollar terms, while emerging market stocks were little changed due to weakness in China. The Fund's core allocations to the Fortress Global Funds, with broadly diversified portfolios, contributed returns between 2% and 4% during the quarter.

In contrast to global investments, the Fund's Caribbean holdings were a headwind this quarter. The Jamaica and Trinidad indexes had losses of 4% and 8% respectively while Barbados saw a marginal gain. There were some notable outliers that posted gains, including Massy Holdings (+7%) and Agostini's (+17%), but most of the Fund's holdings in the region were weaker. The largest declines included Guardian Holdings (-29%) which reported markedly lower earnings in its first quarter after adopting new accounting standards. Other declines included shares in Sagicor Financial (-7%) and Guyana holdings Banks DIH (-9%) and Demerara Distilleries (-21%). The drops in Guyana come after an extraordinary rally last year.

During the quarter, we took advantage of lower prices to add to the Fund's position in Guardian. We also initiated a new position in a U.S. Regional Bank ETF, which in the aftermath of March's mini crisis offered up what we think is excellent value for the sector as a whole. We continue to see risks developing in the more speculative, highly valued areas of the U.S. stock market. The Fund as always is positioned in a globally diversified mix of good companies trading at reasonable prices, where the long-term return prospects remain substantial.

*The Fund continues to be open to all new subscriptions.*

## FUND OBJECTIVE

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

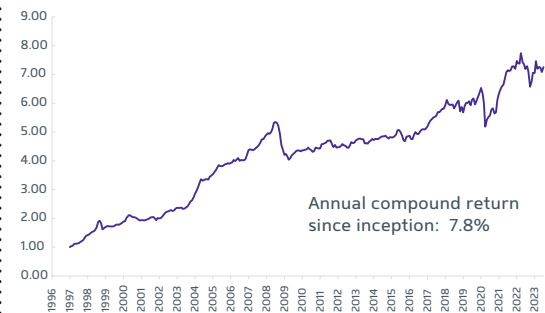
Net Asset Value per share	\$7.2578
Fund Net Assets	\$625,161,711
Fund Inception	Dec 9, 1996

## INVESTMENT RETURNS

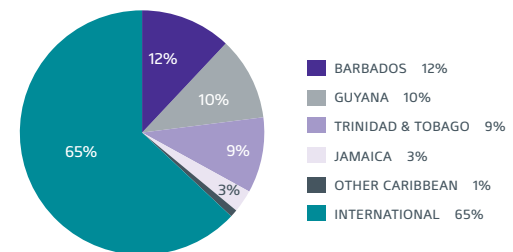
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept
<b>Fortress</b>	<b>-0.1%</b>	<b>0.9%</b>	<b>9.2%</b>	<b>4.5%</b>	<b>7.8%</b>
Jamaica	-4.4%	-13.7%	-7.6%	-1.7%	6.0%
Trinidad	-7.6%	-11.7%	-2.7%	-0.3%	7.3%
Barbados	0.5%	1.4%	-4.3%	-2.9%	2.7%
MSCI World	7.0%	15.8%	12.7%	9.6%	7.4%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO JUNE 30TH, 2023



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country/Region
1 Fortress International Equity Fund	International
2 Fortress US Equity Fund	US
3 Fortress Emerging Markets Fund	International
4 Banks DIH	Guyana
5 Goddard Enterprises	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

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

Roger Cave, Chairman  
 Ruth Henry  
 John Howard  
 Greg McConnie  
 Maria Nicholls  
 Tracey Shuffler  
 John Williams

## DEALING

Weekly on Fridays

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

# Caribbean High Interest Fund

## HIGHLIGHTS:

- *The Fund declined 0.1% in the second quarter and is up 1.9% over the past year.*
- *Corporate and emerging market bonds advanced while Treasuries declined as economic data remained resilient.*

The Fund declined 0.1% in the second quarter and is up 1.9% over the past year. The net asset value (NAV) of the Fund's Accumulation share as of June 30 was \$2.1119, while the Distribution share finished at \$1.0080. Net assets of the Fund were \$142 million, down from \$144 million this time last year. The Fund's annual compound rate of return since inception in 2002 is 3.6% per year. Its portfolio remains as diversified as possible across various issuers, industries, geographies, and terms to maturity.

After a sharp move lower in March on fears surrounding the U.S. regional bank failures, bond yields rose again in the second quarter and prices fell. Most major central banks raised their target rates further, but the U.S. Federal Reserve (Fed) paused in June to leave its rate unchanged at 5% to 5.25%. The economic data in the U.S. showed some favourable signs of a "soft landing", as inflation moderated to 4% in May while consumer spending and the jobs market remained strong. As it became clear the March banking stress hadn't completely undermined the economy, U.S. Treasury yields moved back up towards previous levels. The 10-year yield rose from 3.47% to 3.84% and the two-year moved from 4.03% to 4.90%. Credit spreads narrowed on the same sentiments, and this helped investment grade and high yield corporates outperform Treasuries, along with emerging markets bonds. High yield and emerging both gained approximately 1% against this generally negative backdrop for bonds.

The Fund's core U.S. bond investments performed in line with the broader market, declining about 1% during the quarter. Our small allocations to high yield corporate and emerging market bonds posted gains which contributed to the overall return. Over the quarter, we reduced some of the Fund's medium-term holdings and continued to add incrementally to long-dated U.S. Treasury exposure. This nudged up the portfolio's average yield and term to maturity. It is increasingly likely the large and rapid tightening cycle that began at the end of 2021 is nearing its end. However, the path of rates remains uncertain, and the effects of higher rates are likely to be lagged. As more companies absorb higher funding costs on refinanced debt and the economy eventually cools, stress on creditworthiness could develop. We continue to focus the Fund's holdings on the highest quality corporate credits while also extending the portfolio's duration to benefit appropriately when yields eventually stabilise and fall.

The bond market in Barbados remained quiet over the quarter. While there were no new corporate issues, we rolled and added to some of the Fund's maturing corporate positions. Our existing corporate and government holdings continued to perform as expected. Cash in the portfolio is still higher than desired at 19% of the portfolio. The average gross yield of the portfolio increased slightly to 4.2% during the quarter, a good estimate of the Fund's medium-term return potential.

*The Fund is currently open only to monthly savings programmes and pensions. It remains closed to new lump sum investments.*

## 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.

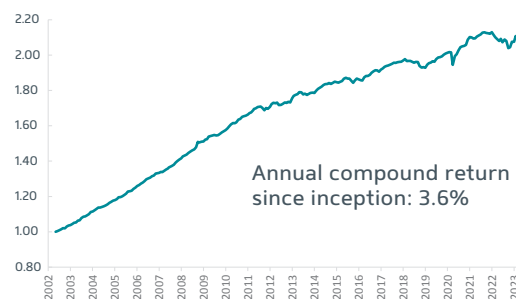
<b>Net Asset Value per share</b>	\$ 2.1119/ \$ 1.0080
<b>Fund Net Assets</b>	\$141,823,278
<b>Fund Inception</b>	May 17, 2002

## INVESTMENT RETURNS

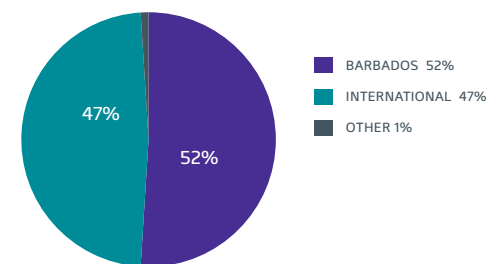
3 Months	1 Year	3 Years	5 Years	Inception
<b>-0.1%</b>	<b>1.9%</b>	<b>1.4%</b>	<b>1.5%</b>	<b>3.6%</b>

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO JUNE 30TH, 2023



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country
1 Fortress Fixed Income Fund	International
2 Deposits - CIBC FirstCaribbean Intl Bank	Barbados
3 Fortress World Fixed Income Fund	International
4 Barbados Series B Sep 30, 2033	Barbados
5 GEL Note Nov 30 2023	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

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

Roger Cave, Chairman  
 Ruth Henry  
 John Howard  
 Greg McConnie  
 Maria Nicholls  
 Tracey Shuffler  
 John Williams

## DEALING

Weekly on Fridays

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



# Caribbean Pension Fund

## HIGHLIGHTS:

- The three classes of shares of the Pension Fund returned between -0.1% and 0.1% in the second quarter and are up between 1.8% and 1.9% over the past year. Global stocks and bonds strengthened in the quarter, but Caribbean equities declined.
- Returns by class of share are shown in the table to the right.

A recent Bloomberg Opinion article by Stuart Trow quoted an estimate from the Institute for Fiscal Studies that **90% of younger workers are saving too little** for a comfortable retirement. That figure may not apply precisely to our context here in Barbados, but it could be close. This is tragic because, as the article also observes, young people have a superpower in the world of saving and investing: their age. A few implications of this, according to the article:

- 1 The biggest pot of future money for most people (other than government plans) is a workplace pension plan. Typically, employers match employee contributions. This should be maximised for as many years as possible and invested in long-term assets like stocks with high expected returns.
- 2 Dollar cost averaging over many years means the same amount invested each month will naturally buy more when assets are cheaper and less when they are not. Over time, share prices tend to go up, benefiting a consistent saving programme.
- 3 Young investors (like all of us) should be careful of being too cautious in their investments. Once allocated sensibly, the focus should be on long-term assets like stocks because holding too much cash over many, many years leaves much of the youth advantage of time unused and makes it nearly impossible to keep up with inflation.
- 4 People are especially tempted to become more cautious after a period of market volatility. But markets tend to be resilient and bounce back over time, and returns can be highest immediately after they've just been terrible.

All this means slow and steady wins this race too – for all of us, but especially for those young enough to have a very long run ahead.

*Investors in the Pension Fund typically select from three different classes of shares, 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 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.*

### Fortress is a leading provider of investment management and pension administration services to defined contribution (DC) and defined benefit (DB) pension plans of all sizes.

In addition, our proprietary pension products serve companies and employees both before and after retirement:

#### Fortress Multi-Employer Pension Plan

- Complete outsourced solution helps companies bypass the expense and burden of maintaining a standalone pension plan.
- Each company selects their own suite of plan details including eligibility, vesting periods, contribution rates, and retirement age.
- As a participant, you select your own investment option from the three classes of the Fortress Caribbean Pension Fund.

#### Personal Pension (RRSP)

- Individual account for investing your own pension savings.
- If you change employers your accumulated pension savings can be transferred into an RRSP and remain invested as you select.

#### INNOVA Lifestage Income Plan

- An alternative to low rates on fixed annuities after retirement.
- You stay invested even in retirement and draw down a variable monthly pension from your own investment account.
- Any unwithdrawn amount forms part of your estate.

*The Fortress Caribbean Pension Fund is the primary investment offering behind all our pension products and for company defined contribution pension plans.*

## 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:** 0.03% per annum.  
**Sales Charge:** None  
**Redemption Charge:** none

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## 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: \$30.61 / \$28.96 / \$19.20 (AA/CC/CS)

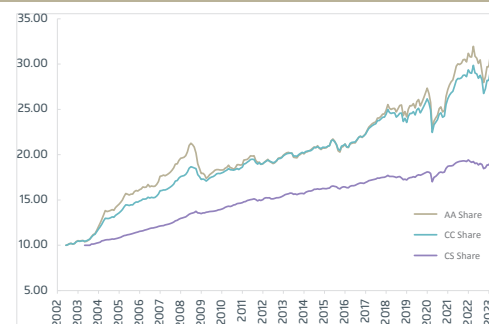
Fund Net Assets: \$408,282,847

## INVESTMENT RETURNS

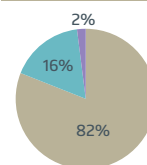
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
AA Share	0.1%	1.8%	7.9%	4.4%	5.4%
CC Share	0.0%	1.9%	6.7%	3.7%	5.2%
CS Share	-0.1%	1.8%	2.6%	1.9%	3.3%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO JUNE 30TH, 2023

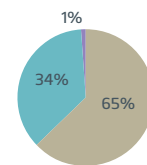


## ASSET ALLOCATION



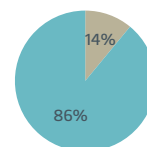
### AGGRESSIVE ACCUMULATOR (AA)

- EQUITIES 82%
- FIXED INCOME 16%
- REAL ESTATE/OTHER 2%



### CONSERVATIVE CONSOLIDATOR (CC)

- EQUITIES 65%
- FIXED INCOME 34%
- REAL ESTATE/OTHER 1%



### CAPITAL SECURE (CS)

- EQUITIES 14%
- FIXED INCOME 86%
- REAL ESTATE/OTHER 0%

## DIRECTORS

Roger Cave, Chairman  
René Delmas  
Ruth Henry  
John Howard  
Desmond Kinch  
Greg McConnie  
Maria Nicholls  
Tracey Shuffler  
John Williams

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