



# 2023

ANNUAL REPORT



Fortress  
**WORLD FUNDS LIMITED SCC**

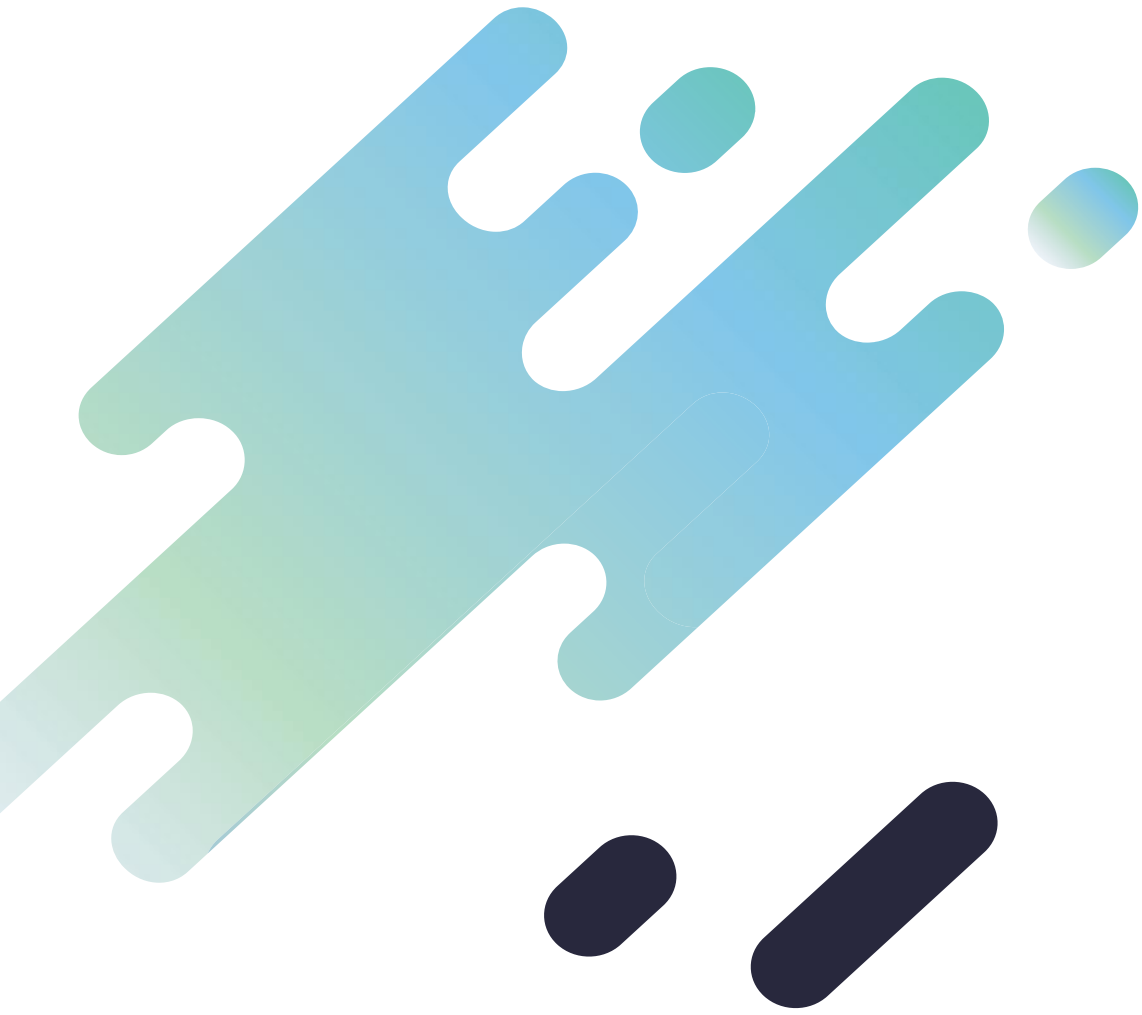


Fortress Fund Managers is a Barbados-based investment manager. We have been providing top-ranked returns, open communication and accessible service to our clients since 1996.

We offer a range of funds and investment products to meet the needs of individuals and institutions. In each case, our main goal is to achieve consistent long-term returns for our clients. We do this by applying sound, disciplined processes to our investments in equities, fixed income and real estate. We offer products with global reach, as well as those that focus primarily on the Caribbean region.

Please feel free to contact us to learn more about this Fund, or any of our products.

Fortress Fund Managers Limited  
Radley Court  
Upper Collymore Rock  
St. Michael, BB14004  
Barbados  
TEL (246) 431 2198  
FAX (246) 431 0514  
[invest@fortressfund.com](mailto:invest@fortressfund.com)  
[www.fortressfund.com](http://www.fortressfund.com)



Fortress

**World Funds Limited SCC**

# Investment Objectives & Fund Details

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The overall objective of the Fund is long-term capital appreciation. The Fund is divided into two sub-funds: **Fortress World Growth Fund** and **Fortress World Fixed Income Fund (The Funds)**. Each sub-fund pursues a discrete investment policy and strategy consistent with its objectives. The **Fortress World Growth Fund** has the objective of long-term growth from diversified investment in global equities. The **Fortress World Fixed Income Fund** has the objective of steady returns over the medium-term from diversified investment in high-quality bonds.

The Funds do not pay dividends. Investors receive their entire return, including interest, dividends, and capital gains, via the Funds' increase in Net Asset Value.

All dollar amounts are in U.S. dollars unless noted otherwise.

<b>FUND NAME:</b>	Fortress World Funds Limited SCC
<b>SUB-FUNDS:</b>	Fortress World Growth Fund Fortress World Fixed Income Fund
<b>NAV CURRENCY:</b>	USD
<b>FUND INCEPTION:</b>	January 29, 2021
<b>LAUNCH PRICE:</b>	\$1.00 per share
<b>DEALING/NAV DATES:</b>	Weekly on Fridays
<b>MINIMUM INVESTMENT:</b>	\$1,000.00 \$100.00 for subsequent investments
<b>FUND STATUS:</b>	Open
<b>MANAGEMENT EXPENSES:</b>	
<i>Management fees:</i>	0.6%-1.25% per annum on the net assets
<i>Administrator fees:</i>	0.075% per annum on the net assets .
<i>Custodian fees:</i>	0.05% per annum on the first \$20 million of net assets 0.03% per annum on amounts over \$20 million in net assets
<b>INITIAL CHARGES:</b>	Nil
<b>INVESTMENT MANAGER &amp; ADMINISTRATOR:</b>	Fortress Fund Managers Limited
<b>CUSTODIAN:</b>	SigniaGlobe Financial Group Inc.
<b>NAV QUOTATIONS:</b>	Internet: <a href="http://www.fortressfund.com">www.fortressfund.com</a> Bloomberg: FOWFSFW BA FOWFSFA BA

Please see the applicable fund Quarterly Report, Fact Sheet or Offering Supplement for details of features and expenses unique to each fund. Available at [www.fortressfund.com](http://www.fortressfund.com).

# Directors & Administrators

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## **DIRECTORS**

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

## **FORTRESS FUND MANAGERS AUDIT COMMITTEE**

John Howard  
Greg McConnie  
Maria Nicholls

## **FORTRESS FUND MANAGERS GOVERNANCE COMMITTEE**

Ruth Henry  
Maria Nicholls  
Tracey Shuffler

## **COMPANY SECRETARY**

Hanna M. Chrysostom  
One+ Haggatt Hall  
St. Michael  
Barbados

## **REGISTERED OFFICE**

Radley Court  
Upper Collymore Rock  
St. Michael, BB14004  
Barbados

## **INVESTMENT MANAGER & ADMINISTRATOR**

Fortress Fund Managers Limited  
Radley Court  
Upper Collymore Rock  
St. Michael, BB14004  
Barbados

Tel: (246) 431 2198  
Fax: (246) 431 0514  
Email: invest@fortressfund.com

## **CUSTODIAN**

SigniaGlobe Financial Group Inc.  
Shirley House  
Hastings Main Road  
Christ Church  
Barbados

## **INDEPENDENT AUDITORS**

Ernst & Young Ltd.  
One Welches  
Welches  
St. Thomas  
Barbados

Fortress World Funds Limited SCC is a segregated cell company incorporated in Barbados with limited liability to carry on mutual fund business. It is an umbrella fund offering sub-funds ("cells"), each of which has its own assets and liabilities, and pursues its own, independent mandate and investment objective.

Important information about the Fund is contained in its offering memorandum, and in the supplements for each specific cell, all of which are available at [www.fortressfund.com](http://www.fortressfund.com) or may be requested from the Manager. You are encouraged to read the relevant documents before making an investment. The indicated returns in this document are net of all fees and expenses. Returns are historical and not necessarily indicative of future performance. Investors should be aware that there are risks involved where the value of the Fund's shares may go down as well as up.

This does not constitute an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. **The Fund may not be sold to U.S. persons.**

# Fund Net Asset Values

As of September 30, 2023:

Fund	Net Asset Value per Share (NAV)	Fund Net Assets	Bloomberg Ticker
Fortress World Growth Fund	\$1.0062	\$7,618,828	FOWFSFW BA
Fortress World Fixed Income Fund	\$0.8830	\$5,210,914	FOWFSFA BA

# Investment Performance

Net Asset Value and Return Summary to September 30, 2023:

Fund	Sep. 30, 2023 NAV	Sep. 30, 2022 NAV	One Year Return	Return Since Inception*	Fund Inception
Fortress World Growth Fund	\$1.0062	\$0.8779	14.6%	0.2%	Jan. 29, 2021
Fortress World Fixed Income Fund	\$0.8830	\$0.8704	1.4%	-4.6%	Jan. 29, 2021

*\*Periods longer than one year are annual compound returns.*

Quarterly reports for the Funds, including current positioning and long term performance since inception, are available at [www.fortressfund.com](http://www.fortressfund.com).



## Directors' Report

# Directors' Report

"The Fortress World Growth Fund and Fortress World Fixed Income Fund gained 14.6% and 1.4% respectively for the year ended September 30, 2023"

The Fortress World Growth Fund and Fortress World Fixed Income Fund gained 14.6% and 1.4% respectively for the year ended September 30, 2023, as global financial markets recovered from relatively depressed levels this time last year. The Fortress World Growth Fund's primary allocations to U.S., international and emerging markets equities contributed gains of between 11% and 20%. Global interest rates rose further during the year, pushing bond prices lower and muting returns in the Fortress World Fixed Income Fund. Bond yields are now the highest in many years, meaning that so are future return expectations for this usually "boring" asset class.

Each of the Fortress World Funds pursues its own, independent mandate and investment objective. In each, we select investments systematically based on clear, disciplined value criteria and focus on achieving long-term returns while limiting risk. A summary of each Fund's performance and positioning is provided below.

For a detailed listing of each Fund's holdings, please see the accompanying financial statements, or view the periodically updated holdings information in Bloomberg. Additional investment commentary is also contained in quarterly reports for these and other Fortress funds available at [www.fortressfund.com](http://www.fortressfund.com).

## **INVESTMENT PERFORMANCE AND POSITIONING**

Short summaries by Fund are below.

### **Fortress World Growth Fund**

The Fortress World Growth Fund returned 14.6% for the year ended September 30, 2023, recovering much of the decline seen in global markets in 2022. The main global index rose 20.8% for the year. The Fund's core allocations to the Fortress US Equity, International Equity and Emerging Markets funds performed well, returning 14%, 20% and 11% respectively. These gains were in line with market averages everywhere except in the U.S., where our value-oriented portfolio lagged this year's growth-driven rally, after the opposite dynamic last year.

Economic growth in the U.S. remained surprisingly strong through the year, while growth declined in Europe and China. The Chinese government announced fiscal and monetary stimulus to support the economy and markets, to limited effect. The trend of U.S. companies reducing direct investments in China in favour of other countries remained intact. Share prices there continued to trade at large discounts to global averages. Japan, on the other hand, saw substantial gains over the year as company earnings improved alongside still reasonable share valuations. The Fund's investments in Japan contributed to its overall return. The strongest returns among global equities, however, came among the largest handful of technology stocks in the U.S. as excitement over the impact of artificial intelligence pushed valuations to new highs. This is an area in which the Fund has only minimal exposure due to its high valuation and corresponding risk.



The Fund's portfolio consists of allocations to the Fortress US Equity Fund SP (46% of the portfolio), Fortress International Equity SP (40%) and Fortress Emerging Markets Fund SP (13%). The portfolios are as always focused in areas of high-quality and reasonable valuations where we see substantial potential for future returns. Even with this year's recovery in prices, we still see substantial return potential from this subset of global equities, in both absolute and relative terms. A summary of valuations for each of the Fund's major allocations is shown below.

### US EQUITY

	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	14.7	3.2	2.4%	21.8%
<b>Index</b>	17.9	4.1	2.0%	22.9%

### INTERNATIONAL EQUITY

	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	11.4	1.9	3.5%	16.7%
<b>Index</b>	12.2	1.7	3.2%	13.8%

### EMERGING MARKETS

	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	7.8	1.1	2.9%	14.1%
<b>Index</b>	11.5	1.5	3.0%	13.0%

On a look-through basis the Fund's globally diversified portfolio has an average price/earnings (P/E) ratio of 12x and a dividend yield of 2.9%, levels consistent with meaningful future returns.

### Fortress World Fixed Income Fund

The Fortress World Fixed Income Fund was up 1.4% for the year ended September 30, 2023, as global central banks tightened policy further and government bond prices fell. The main index of U.S. high-quality bonds, which includes both corporates and governments, rose 0.6% for the year. One helpful dynamic was that corporate bonds recovered from the stress they were under this time last year, and the Fund's corporate holdings benefited from gains in this part of the portfolio.

It was another year in which interest rates preoccupied investors globally, as the fight against post-pandemic inflation continued. The U.S. Federal Reserve (Fed) raised its target rate steadily from a range of 3-3.25% to 5.25-5.5%, the highest it has been in 20 years. Bond yields also rose, with the 10-year U.S. Treasury yield moving up from 3.83% to 4.57% during the year. Inflation rates eased around the world as supply chains normalized further and higher interest rates reduced demand. Even as inflation cooled, however, it remained above central banks' targets. This suggested interest rates may need to stay high for some time, and the "higher for longer" fears were a headwind for global markets during August and September. The failure of some U.S. regional banks in March was a concern and caused a brief flight to quality in the bond market. It did not have a lasting impact outside of the regional banking sector, but the episode highlighted the vulnerability of leveraged financial institutions to the rapid declines in bond prices brought on by higher interest rates, and encouraged a more cautious approach to rate hikes from the Fed.

As of September 30, 2023, the average term to maturity of the Fund's diversified holdings was 6.8 years, well-positioned to benefit as interest rates stabilise and eventually decline. The average gross yield to maturity of the portfolio is 5.6%, a good estimate of its medium-term return potential. This is up from a yield of 4.9% last year, reflecting the rise in bond yields generally. The portfolio of high-quality government and corporate

bonds is structured to generate an acceptable yield while remaining robust to a range of risks including those from rates, inflation, and credit.

More investment commentary by Fund may be found in the quarterly reports for each Fund.

### OUTLOOK

Interest rates affect the prices of all financial assets. All things being equal, higher rates push down prices, and lower rates draw them higher. It is worth noting, therefore, that with the Fed's target rate now at a 20-year high and U.S. government bond yields at 15-year highs, interest rates are exerting significant downward pressure on stock and bond prices around the world. We do not know how long this period of higher rates will last, but it will eventually ease. For now, though, the situation is not without its benefits. Higher interest rates are allowing us to own and invest even more in high-quality stocks and bonds around the world at reasonable prices, and this is positive for the future return prospects for both the **Fortress World Growth Fund** and the **Fortress World Fixed Income Fund**. Bonds offer a particularly interesting risk-reward prospect from today's low prices, in our view, following a three-year bear market.

Governance and complying with regulatory oversight are key aspects of the Funds' operations. The Funds' Board and that of the Manager were active and engaged throughout the year, and we would like to thank all members of our Boards for their efforts on behalf of investors. SigniaGlobe Financial, the Funds' custodian, as well as EY the external auditor and BDO the internal auditor, as usual worked diligently with us to oversee the safekeeping of assets and monitor the integrity of important processes and financial

reporting. We would like to thank them, and the other excellent counterparties and service providers who make operating a fund like this possible and secure.

During the year, Roger Cave became Chairman of the Funds and of Fortress Fund Managers Limited. This corresponded with him taking over from John Williams as Chief Executive Officer of Fortress' parent company, Cave Shepherd & Co. Ltd., following Mr. Williams' retirement. We are grateful to Mr. Williams for his service as previous Chairman of the Funds and are delighted he will remain as a director to help guide the Funds in the years ahead. As part of these changes, Peter Arender has taken over the leadership role at Fortress Fund Managers and will continue to work closely with Mr. Cave on the management of the business and Fortress' range of funds.

Sincere thanks to you, our shareholders, for your trust and support. We look forward to reporting on the Funds' continued progress in the year ahead.



Roger Cave CA, CFA  
Chairman



Peter Arender, CFA  
Chief Investment Officer



Financial Statements



Ernst & Young Ltd  
P.O. Box 261  
Bridgetown, BB11000  
Barbados, W.I.

Tel: 246 430 3900  
Fax: 246 426 9551  
246 430 3879  
246 430 1352  
www.ey.com

Street Address  
One Welches  
Welches  
St. Thomas, BB22025  
Barbados, W.I.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC**

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

We have audited the financial statements of Fortress World Funds Limited SCC (“the Fund”), which comprise the statement of financial position as at 30 September 2023, and the statement of net assets attributable to holders of redeemable mutual fund shares, statement of comprehensive income and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2023 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (“IFRSs”).

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants’ (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Other information included in the 2023 Annual Report**

Management is responsible for the other information. Other information consists of the information included in the Annual Report, other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC**

#### **Report on the Audit of the Financial Statements (Continued)**

##### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Fund's financial reporting process.

##### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC**

#### **Report on the Audit of the Financial Statements (Continued)**

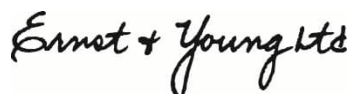
#### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **Other Matter**

This report is made solely to the Fund's shareholders, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Fund's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to any enactment or rule of law to the contrary, we do not accept or assume responsibility to anyone other than the Fund and the Fund's shareholders as a body, for our audit work, for this report, or for the opinion we have formed



BARBADOS  
December 14, 2023

# Fortress World Funds Limited SCC

Statement of Financial Position

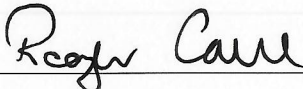
As at September 30, 2023

(expressed in United States dollars)

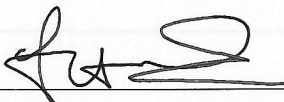
	September 30, 2023		September 30, 2022	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
<b>Assets</b>				
Financial assets (note 5)	7,569,730	5,205,452	6,196,701	4,521,594
Cash and cash equivalents (note 6)	53,823	10,187	102,860	99,410
<b>Total assets</b>	<b>7,623,553</b>	<b>5,215,639</b>	<b>6,299,561</b>	<b>4,621,004</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	4,725	4,725	15,763	6,626
<b>Total liabilities</b>	<b>4,725</b>	<b>4,725</b>	<b>15,763</b>	<b>6,626</b>
<b>Equity</b>				
Net assets attributable to holders of redeemable mutual fund shares (note 8)	7,618,828	5,210,914	6,283,798	4,614,378
<b>Liabilities and equity</b>	<b>7,623,553</b>	<b>5,215,639</b>	<b>6,299,561</b>	<b>4,621,004</b>
<b>Net asset value per redeemable mutual fund share</b>	<b>1.0062</b>	<b>0.8830</b>	<b>0.8779</b>	<b>0.8704</b>

The accompanying notes form an integral part of these financial statements

Approved by the Board of Directors on December 14, 2023



Director



Director

# Fortress World Funds Limited SCC

## Statement of Changes in Equity

For the year ended September 30, 2023

(expressed in United States dollars)

	Number of shares		Net assets attributable to holders of redeemable mutual fund shares	
	Fortress World Growth Fund	Fortress World Fixed Income Fund	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
<b>Balance at September 30, 2021</b>	<b>5,644,206</b>	<b>5,178,397</b>	<b>6,173,631</b>	<b>5,120,817</b>
Issue of shares	1,556,655	122,951	1,624,242	112,609
Redemption of shares	(42,888)	–	(42,966)	–
Total comprehensive loss for the year	–	–	(1,471,109)	(619,048)
<b>Balance at September 30, 2022</b>	<b>7,157,973</b>	<b>5,301,348</b>	<b>6,283,798</b>	<b>4,614,378</b>
Issue of shares	444,091	878,858	457,754	781,123
Redemption of shares	(29,939)	(278,925)	(28,565)	(250,000)
Total comprehensive gain for the year	–	–	905,841	65,413
<b>Balance at September 30, 2023</b>	<b>7,572,125</b>	<b>5,901,281</b>	<b>7,618,828</b>	<b>5,210,914</b>

The accompanying notes form an integral part of these financial statements.



# Fortress World Funds Limited SCC

## Statement of Comprehensive Income For the year ended September 30, 2023

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(expressed in United States dollars)

	2023		2022	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
<b>Revenue</b>				
Net fair value (losses)/gains on financial assets at fair value through profit and loss (note 5)	943,029	93,858	(1,433,128)	(589,831)
<b>Total investment (loss)/income</b>	<b>943,029</b>	<b>93,858</b>	<b>(1,433,128)</b>	<b>(589,831)</b>
<b>Expenses</b>				
Management fees-net (note 7)	19,862	13,555	18,428	12,399
Administrator fees (note 7)	5,575	4,025	5,041	3,687
Custodian fees	1,843	1,008	3,361	2,458
Professional and audit fees	8,250	8,250	5,138	5,138
Operating expenses	1,658	1,607	6,013	5,535
<b>Operating expenditure</b>	<b>37,188</b>	<b>28,445</b>	<b>37,981</b>	<b>29,217</b>
<b>Net (loss)/income and total comprehensive (loss)/income</b>	<b>905,841</b>	<b>65,413</b>	<b>(1,471,109)</b>	<b>(619,048)</b>

The accompanying notes form an integral part of these financial statements.

# Fortress World Funds Limited SCC

## Statement of Cash Flows

For the year ended September 30, 2023

(expressed in United States dollars)

	2023		2022	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
<b>Cash flows from operating activities</b>				
Total comprehensive income/(loss)	905,841	65,413	(1,471,109)	(619,048)
Adjustments for:				
Net fair value (gains)/losses on financial assets at fair value through profit and loss	(943,029)	(93,858)	1,433,128	589,831
<b>Operating loss before working capital changes</b> (Decrease)/increase in accounts payable and accrued expenses	(37,188)	(28,445)	(37,981)	(29,217)
Purchase of financial assets at fair value through profit and loss	(430,000)	(840,000)	(1,400,001)	–
Proceeds on sale of financial assets at fair value through profit and loss	–	250,000	–	–
<b>Net cash used in operations</b>	<b>(478,226)</b>	<b>(620,346)</b>	<b>(1,536,550)</b>	<b>(28,484)</b>
<b>Cash flows from financing activities</b>				
Issue of mutual fund shares	457,754	781,123	1,624,242	112,609
Redemption of mutual fund shares	(28,565)	(250,000)	(42,966)	–
<b>Cash generated from financing activities</b>	<b>429,189</b>	<b>531,123</b>	<b>1,581,276</b>	<b>112,609</b>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(49,037)</b>	<b>(89,223)</b>	<b>44,726</b>	<b>84,125</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>102,860</b>	<b>99,410</b>	<b>58,134</b>	<b>15,285</b>
<b>Cash and cash equivalents – end of year</b>	<b>53,823</b>	<b>10,187</b>	<b>102,860</b>	<b>99,410</b>

The accompanying notes form an integral part of these financial statements.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 1 Incorporation and principal activity

Fortress World Funds Limited SCC (“the Company”) was incorporated in Barbados on March 24, 2020, is registered as a segregated cell company under the Companies Act of Barbados. The Fund was licensed under the Mutual Funds Act 2002-22 as an authorised Mutual Fund on January 1, 2021. The Fund maintains its registered office at Radley Court, Upper Collymore Rock, St. Michael, Barbados.

The Company is divided into two cells, Fortress World Growth Fund and Fortress World Fixed Income Fund (each “a Fund” and together “the Funds”). Each segregated cell has a separate and distinct portfolio of investments and a separate class of shares are issued in respect of any such segregated cell. Separate books and records have been maintained for each segregated cell. Each cell is an open-ended fund. The Company is a separate legal entity, while each segregated cell is not a separate legal entity. The assets and liabilities of the Company held within each segregated cell are segregated from the assets and liabilities of other segregated cells and from the general assets and liabilities of the Company. The assets of each segregated cell are only available to meet the liabilities attributable to that particular segregated cell.

The investment objective of the Fortress World Growth Fund is long term capital appreciation. The Fund is intended as a vehicle for long-term investment. The Fund seeks to achieve its objective through diversified, value-based investment in publicly listed global equities. The Fund's investment exposure may be accomplished via individual securities, the Fortress Global Funds SPC, or via external managers through diversified, value-based investment in publicly listed global equities.

The investment objective of the Fortress World Fixed Income Fund is to generate consistent returns and minimise fluctuations in the value of principal over a medium-term. The Fund seeks to achieve its objective by investing primarily in high-quality government and corporate fixed income securities across a range of maturities, reducing risk and volatility through consistent portfolio structure and diversification. It aims to increase returns by investing selectively in corporate bonds whose yields are more attractive than would be suggested by the issuers' underlying operations, risks and business prospects.

The Funds' investment management and administration activities are performed by Fortress Fund Managers Limited.

These financial statements have been authorised for issue by the Board of Directors on December 14, 2023.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (IFRS IC) promulgated by the International Accounting Standards Board (IASB), applicable to entities reporting under IFRS. The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets held at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund’s accounting policies. Although these estimates are based on management’s best knowledge of current events and conditions, actual results could differ from these estimates. The areas involving a higher degree of judgement on complexity, or areas where assumptions and estimates are significant to the financial assets are disclosed in note 3.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *New and amended standards and interpretations*

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2022, that have a material effect on the financial statements of the Funds.

### b) Foreign currency translation

#### *Functional and presentation currency*

Items included in the financial statements of the Funds are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in United States dollars which is the Funds’ functional and presentation currency.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as securities held at fair value through profit or loss are recognised in the statement of comprehensive income as part of the fair value gain and loss.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 2 Summary of significant accounting policies...continued

### c) Financial assets and financial liabilities at fair value through profit or loss

#### i) Classification

##### *Assets*

The Fund classifies its investments based on both the Funds' business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Funds are primarily focused on fair value information and use that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. Consequently, all investments are measured at fair value through profit or loss. Financial assets in the category at fair value through profit or loss have been so designated by management at inception since the assets form part of the managed portfolio whose performance is evaluated on a fair value basis in accordance with a documented investment strategy.

##### *Liabilities*

The Funds make short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss.

The Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

The Funds' policies require the Investment Manager and the Board of Directors to evaluate the information about these financial assets and liabilities on a fair value basis together with other related financial information.

#### ii) Recognition, derecognition and measurement

Regular purchases and sales of investments are recognised on the trade date, which is the date the Funds commits to purchase or sell the investments. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income which include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers.

Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from these assets have expired or the Funds has transferred substantially all risks and rewards of ownership.

Investments in other investment funds are valued on the basis of the net asset value per share as determined by the administrators of those investment vehicles in accordance with industry practice.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 2 Summary of significant accounting policies...*continued*

### c) Financial assets and financial liabilities at fair value through profit or loss...*continued*

#### ii) *Recognition, derecognition and measurement...continued*

All other financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

#### iii) *Fair value estimation*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Funds is the current exit price; the quoted market price for financial liabilities is the current exit price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value. A significant event is any event that occurs after the last market price for a security, close of market or close of the foreign exchange, but before the Funds' valuation time that materially affects the integrity of the closing prices for any security, instrument, currency or securities affected by that event so that they cannot be considered 'readily available' market quotations.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques or from other sources. The Funds use a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. Investments in other funds are measured on the net asset value per share as determined by the administrator of the fund.

#### iv) *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting period.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 2 Summary of significant accounting policies...continued

### d) Cash and cash equivalents

Cash and cash equivalents are short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash which are subject to insignificant changes in fair value. Cash includes deposits held at call with banks.

### e) Expenses

Expenses are accounted for on an accrual basis. Expenses are charged to the statement of comprehensive income. In addition to the management fees and administration expenses, the Funds are responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

### f) Due from and due to brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased, that have been contracted for but not yet settled or delivered by the statement of financial position date, respectively.

### g) Equity

The Funds' two classes of segregated redeemable cell shares, the World Growth Fund shares and the World Fixed Income Fund shares are classified as equity.

Redeemable shares are classified as equity instruments when:

- The redeemable shares entitle the holder to a pro rata share of the Funds' net assets in the event of the funds' liquidation.
- The redeemable shares are in the class of instruments that is subordinate to all other classes of instruments.
- All redeemable shares in the class of instruments that is subordinate to all other classes of instruments have identical features.
- The redeemable shares do not include any contractual obligation to deliver cash or another financial asset other than the holder's rights to a pro rata share of the Funds' net assets.
- The total expected cash flows attributable to the redeemable shares over the life of the instrument are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the funds over the life of the instrument.

In addition to the redeemable shares having all of the above features, the Funds must have no other financial instrument or contract that has:

- Total cash flows based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the funds.
- The effect of substantially restricting or fixing the residual return to the redeemable shareholders.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 2 Summary of significant accounting policies...continued

### g) Equity...continued

The Company continuously assesses the classification of the redeemable shares. If the redeemable shares cease to have all the features, or meet all the conditions set out, to be classified as equity, the Fund will reclassify them as financial liabilities and measure them at fair value at the date of reclassification, with any differences from the previous carrying amount recognised in equity. If the redeemable shares subsequently have all the features and meet the conditions to be classified as equity, the fund will reclassify them as equity instruments and measure them at the carrying amount of the liabilities at the date of the reclassification.

Each Fund issues redeemable shares which have all the features above and as such are classified as equity. Redeemable shares are redeemable at the holder's option and can be put back to a fund bi-weekly for cash equal to a proportionate share of that funds' net asset value. The redeemable shares equal the redemption amount that is payable at the statement of financial position date if the holders exercise the right to put the shares back to a Fund.

Each Funds' net asset value per redeemable mutual fund share is calculated by dividing the net assets attributable to those shares by the number of outstanding redeemable shares. In accordance with the provisions of each Funds' regulations, investment positions are valued based on the procedures described in note 2c for the purpose of determining the net asset value per share for subscriptions and redemptions.

### h) Distributions payable to holders of redeemable cell shares

The Funds do not pay dividends or distributions to the holders of redeemable cell shares. All income, including interest, dividends and capital gains earned by the Funds, is automatically reinvested and this income is reflected in the quoted net asset value of the shares.

### i) Taxation

The Company is licensed as an authorised mutual fund under the Mutual Funds Act, 2002-22 of Barbados. The Board of Directors have resolved that all of the net income of each cell is attributable to the Funds' redeemable mutual fund shareholders. In calculating the assessable income of the Funds for tax purposes, the Act provides for a deduction of up to 100% of the income that is designated to be the income of the Funds' shareholders.

## 3 Critical accounting estimates and assumptions

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

The estimates and assumptions that have a significant risk of causing material adjustment to the carrying value of assets and liabilities within the next financial year relate to the valuation of unquoted investments and the determination of impairment provisions. The fair value of such securities not quoted in an active market may be determined by the Funds using reputable pricing sources (such as pricing agencies) or indicative prices.



# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

### 3 Critical accounting estimates and assumptions...*continued*

The Funds would exercise judgement and estimates on the quantity and quality of pricing sources used. The determination of what constitutes ‘observable’ requires significant judgement by the Funds. The Funds consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Management policies surrounding these estimates and assumptions are disclosed in note 4.

### 4 Financial risk management

The Funds’ activities expose them to a variety of financial risks: market risk (which includes price risk, interest rate risk and foreign currency risk), credit risk and liquidity risk.

The Funds are also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Funds’ overall risk management programme seeks to maximise the returns derived for the level of risk to which the Funds are exposed and seeks to minimise the potential adverse effect on the Funds’ financial performance. The Funds’ policy allows them to use derivative financial instruments to moderate certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased options, long equity and debt securities is limited to the fair value of those positions. On written call options, short future positions and on equity and debt sold short, the maximum loss of capital can be unlimited. The maximum loss of capital on written put options, long futures and forward currency contracts is limited to the notional contract values of those positions.

The risk management policies employed by the Fund to manage these risks are discussed below. There are no changes in the risk management policies from the prior year.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors (‘the Board’). The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Market risk

#### (i) Price risk

The Funds are exposed to equity securities price risk. Equity price risk is the risk of unfavourable changes in the fair values of equity instruments or equity-linked derivatives as the result of changes in the levels of equity indices and the value of individual shares.

The equity price risk exposure arises from the Funds' investments in equity securities and units in managed equity funds. To manage this risk, the Funds hold a diversified portfolio of investments in accordance with its investment policy. A summary of the overall statement of financial position market exposures as at September 30, 2023 is disclosed in note 5.

#### Sensitivity

Management's best estimate of the effect on profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. The analysis is based using the MSCI All Country World Index for the Fortress World Growth Fund and the Bloomberg Barclays US Aggregate Bond Index for the Fortress World Fixed Income Fund. The analysis is based on the assumptions that the MSCI All Country World Index increased by 15% (2022- 21%) and the Bloomberg Barclays US Aggregate Bond Index increased by 4% (2022- 9%), with all other variables held constant. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

An equivalent decrease in each of the indices shown below would have resulted in an equivalent, but opposite, impact.

	2023	2022
	\$	\$
<b>Effect on net assets attributable to redeemable shares of an increase in the indices</b>		
Fortress World Growth Fund	<b>757,510</b>	786,248
Fortress World Fixed Income Fund	<b>179,297</b>	290,637

The Investment Manager uses the MSCI All Country World Index and the Bloomberg Barclays US Aggregate Bond Index as a reference point in evaluating portfolio risk and performance. However, the Investment Manager does not manage the Funds' investment strategy to track the MSCI All Country World Index, the Bloomberg Barclays US Aggregate Bond Index or any other index or external benchmark.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Market risk

#### (ii) Cash flows and fair value interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flow. The majority of the Fund's financial assets and liabilities are non-interest bearing. As a result, the Fund is not subject to significant amounts of cash flow interest risk due to fluctuation in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. The effective yield is disclosed on cash and cash equivalents in note 6.

#### (iii) Foreign currency risk

The Funds hold financial assets with underlying exposure in currencies other than the United States dollars, the functional currency of the Funds. Consequently, except where assets and liabilities are denominated in currencies fixed to the United States dollar, the Funds are exposed to currency risk. The Funds policy is not to enter into any hedging transactions.

When the Investment Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the Funds, the Investment Manager factors that into its portfolio allocation decisions.

While the Funds have direct exposure to foreign exchange rate changes on the price of non-United States-denominated securities, they may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Funds invests, even if those companies' securities are denominated in United States dollars.

Foreign currency risk arises as the value of future transactions, recognised monetary assets and monetary liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates. IFRS 7 considers the foreign exchange exposure relating to non-monetary assets and liabilities to be a component of market price risk not foreign currency risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities.

At year end the Funds held no assets directly denominated in currencies other than United States dollars.

### Credit risk

Credit risk is the risk that an issuer or counterparty to a financial instrument will be unable or unwilling to meet a commitment thereby causing a financial loss to the Funds. It is the Funds' policy to enter into financial instruments with reputable counterparties.

The main concentration to which the Funds are exposed arises from the Funds' investments in debt securities. The Funds are also exposed to counterparty credit risk on cash and cash equivalents, amounts due from brokers and other receivable balances.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Credit risk...continued

Credit risk from debt securities is minimised through holding a diversified portfolio of investments, purchasing securities after careful assessment of the borrower and placing deposits with financial institutions with a strong capital base.

The maximum exposure of the Fund to the credit risk is set out in the following table:

	<b>Fortress World Growth Fund</b>	<b>Fortress World Fixed Income Fund</b>
	\$	\$
<b>September 30, 2023</b>		
Cash and cash equivalents	53,823	10,187
	<b>53,823</b>	<b>10,187</b>
<b>September 30, 2022</b>		
Cash and cash equivalents	102,860	99,410
	<b>102,860</b>	<b>99,410</b>

The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At September 30, 2023, all cash and short-term deposits are held with counterparties with a credit rating of BBB+ or equivalent and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

### Liquidity risk

Liquidity risk is the risk that the Funds may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Funds are exposed to weekly cash redemptions of Redeemable Cell Shares (note 8). The table below analyses the Funds' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount, as the impact of discounting is not significant.

	<b>Less than 1 month \$</b>	<b>1 - 3 months \$</b>
<b>September 30, 2023</b>		
<b>Fortress World Growth Fund</b>		
Accounts payable and accrued expenses	–	4,725
Net assets attributable to holders of redeemable mutual fund shares	7,618,828	–
<b>Total financial liabilities</b>	<b>7,618,828</b>	<b>4,725</b>
<b>Fortress Fixed Income Fund</b>		
Accounts payable and accrued expenses	–	4,725
Net assets attributable to holders of redeemable mutual fund shares	5,210,914	–
<b>Total financial liabilities</b>	<b>5,210,914</b>	<b>4,725</b>
<b>September 30, 2022</b>		
<b>Fortress World Growth Fund</b>		
Accounts payable and accrued expenses	10,813	4,950
Net assets attributable to holders of redeemable mutual fund shares	6,283,798	–
<b>Total financial liabilities</b>	<b>6,294,611</b>	<b>4,950</b>
<b>Fortress Fixed Income Fund</b>		
Accounts payable and accrued expenses	1,676	4,950
Net assets attributable to holders of redeemable mutual fund shares	4,614,378	–
<b>Total financial liabilities</b>	<b>4,616,054</b>	<b>4,950</b>

Redeemable shares are redeemed on demand at the holder's option (note 8). In the event of unusual circumstances and redemption requests representing more than 20% of a Funds' assets being received within 30 consecutive days, the directors of the Funds reserve the right to suspend redemptions and to hold a special meeting of the Fund shareholders to determine the future of the Funds, including the liquidation of the Funds' assets.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

At September 30, 2023, 100% (2022- 100%) of financial assets at fair value through profit or loss for the Funds, comprise of investments in other funds that have been fair valued in accordance with the policies set out in note 2c. Since the shares of the other funds are not publicly traded, redemption can only be made by the Funds on the redemption dates and subject to the required notice periods specified in the offering documents of each of the other funds.

The rights of the Funds to request redemption of its investments in other funds may vary in frequency from daily to monthly redemptions. As a result, the carrying values of the other funds may not be indicative of the prevailing values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in funds in which the Funds has invested.

The Funds manage its liquidity risk by investing predominantly in securities that it expects to be able to liquidate within 1 week or less. The following table illustrates the expected liquidity of assets held.

	Less than 1 week \$	1 week- 1 month \$
<b>September 30, 2023</b>		
<b>Fortress World Growth Fund</b>		
Total assets	<u>53,823</u>	<u>7,569,730</u>
<b>Fortress Fixed Income Fund</b>		
Total assets	<u>10,187</u>	<u>5,205,452</u>
<b>September 30, 2022</b>		
<b>Fortress World Growth Fund</b>		
Total assets	<u>102,860</u>	<u>6,196,701</u>
<b>Fortress Fixed Income Fund</b>		
Total assets	<u>99,410</u>	<u>4,521,594</u>

### Capital risk management

The capital of each Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net asset attributable to holders of redeemable shares can change significantly on a weekly basis as the Funds are subject to weekly subscriptions and redemptions at the discretion of shareholders. The Funds' objective when managing capital is to safeguard the Funds' ability to continue as a going concern in order to provide returns for shareholders and to maintain a strong capital base to support the development of the investment activities of the Funds.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management ...continued

### Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. The quoted market price used for financial assets held by the Funds is the current exit price; the quoted market price for financial liabilities is the current exit price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value.

An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

The Funds are required to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by each Fund. Each Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management ...continued

### Fair value estimation ...continued

The following tables analyse within the fair value hierarchy each Funds' financial assets and liabilities (by class) measured at fair value:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2023</b>				
<b>Financial assets at fair value through profit or loss:</b>				
<b>Fortress World Growth Fund</b>				
Mutual funds	–	7,569,730	–	7,569,730
<b>Fortress World Fixed Income Fund</b>				
Mutual funds	–	5,205,452	–	5,205,452
<b>September 30, 2022</b>				
<b>Financial assets at fair value through profit or loss:</b>				
<b>Fortress World Growth Fund</b>				
Mutual funds	–	6,196,701	–	6,196,701
<b>Fortress World Fixed Income Fund</b>				
Mutual funds	–	4,521,594	–	4,521,594

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, listed close-ended mutual funds and traded government debt securities. The Funds do not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investment-grade corporate bonds, untraded government securities and unlisted mutual funds. As level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.



# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management ...continued

### Fair value estimation ...continued

Investments classified within level 3 have significant unobservable inputs, as they trade infrequently, are unquoted or are determined by a third party. Level 3 instruments include unlisted hedge funds, mutual funds and securities.

### Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table analyses within the fair value hierarchy the Funds' assets and liabilities (by class) not measured at fair value at September 30, 2023, but for which fair value is disclosed.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2023</b>				
<b>Fortress World Growth Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	53,823	–	–	<b>53,823</b>
<b>Total</b>	<b>53,823</b>	–	–	<b>53,823</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	4,725	–	<b>4,725</b>
<b>Total</b>	–	<b>4,725</b>	–	<b>4,725</b>
<b>Fortress World Fixed Income</b>				
<b>Assets</b>				
Cash and cash equivalents	10,187	–	–	<b>10,187</b>
<b>Total</b>	<b>10,187</b>	–	–	<b>10,187</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	4,725	–	<b>4,725</b>
<b>Total</b>	–	<b>4,725</b>	–	<b>4,725</b>

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 4 Financial risk management ...continued

Fair value estimation ...continued

Assets and liabilities not carried at fair value but for which fair value is disclosed...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2022</b>				
<b>Fortress World Growth Fund</b>				
<b>Assets</b>				
Cash and cash equivalents	102,860	—	—	<b>102,860</b>
<b>Total</b>	<b>102,860</b>	—	—	<b>102,860</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	—	15,763	—	<b>15,763</b>
<b>Total</b>	—	<b>15,763</b>	—	<b>15,763</b>
<b>Fortress World Fixed Income</b>				
<b>Assets</b>				
Cash and cash equivalents	99,410	—	—	<b>99,410</b>
<b>Total</b>	<b>99,410</b>	—	—	<b>99,410</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	—	6,626	—	<b>6,626</b>
<b>Total</b>	—	<b>6,626</b>	—	<b>6,626</b>

The remaining assets and liabilities included in the above table are carried at amortised cost; their carrying values are a reasonable approximation of fair value. Margin accounts, cash and cash equivalents include cash in hand, deposits held with banks and other short-term investments in an active market.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 5 Financial assets

The classification of the Funds financial assets is detailed below:

	<b>Fortress World Growth Fund \$</b>	<b>Fortress World Fixed Income Fund \$</b>
<b>September 30, 2023</b>		
<b>Designated at fair value through profit or loss at inception:</b>		
- mutual funds	7,569,730	5,205,452
<b>Total financial assets designated at fair value through profit or loss</b>	<b>7,569,730</b>	<b>5,205,452</b>
<b>Net gains/ (losses) recognised in relation to investments:</b>		
- realised losses	–	(21,651)
- change in unrealised gains	943,029	115,509
	<b>943,029</b>	<b>93,858</b>
<b>September 30, 2022</b>		
<b>Designated at fair value through profit or loss at inception:</b>		
- mutual funds	6,196,701	4,521,594
<b>Total financial assets designated at fair value through profit or loss</b>	<b>6,196,701</b>	<b>4,521,594</b>
<b>Net losses recognised in relation to investments:</b>		
- change in unrealised losses	(1,433,128)	(589,831)
	<b>(1,433,128)</b>	<b>(589,831)</b>

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

(expressed in United States dollars)

## 5 Financial assets...continued

The detailed portfolio of investments is as follows:

	2023		2022	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
<b>Security</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Fortress World Growth Fund</b>				
Fortress US Equity Fund SP	3,205,000	3,508,343	3,025,000	2,928,852
Fortress International Equity Fund SP	3,079,934	3,048,859	2,829,934	2,354,538
Fortress Emerging Markets Fund SP	1,308,000	1,012,528	1,308,000	913,311
	<b>7,592,934</b>	<b>7,569,730</b>	<b>7,162,934</b>	<b>6,196,701</b>
<b>Fortress World Fixed Income Fund</b>				
Fortress Fixed Income Fund SP	5,718,349	5,205,452	5,150,000	4,521,594
	<b>5,718,349</b>	<b>5,205,452</b>	<b>5,150,000</b>	<b>4,521,594</b>

## 6 Cash and cash equivalents

Cash and cash equivalents are placed with leading commercial banks. There are no cash equivalents at the end of the financial year. The effective yield on cash is nil.

## 7 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Fortress Fund Managers Limited serves as manager and administrator of the Funds. As a result of providing management and administrator services, Fortress Fund Managers Limited receives a weekly management and administration fee based on the actual net asset value of the Funds, calculated weekly and payable in arrears. The gross management fee being 0.60% - 1.25% amounted to \$125,114 (2022- \$113,521) for the year. The administrator fees amounted to \$9,600 (2022- \$8,728) for the year.

Management fees of \$91,697 (2022- \$82,694) were refunded by Fortress Fund Managers Limited being 0.35% - 1.00% of the net asset values of Fortress International Equity Fund Limited SP, Fortress Emerging Markets Fund SP, Fortress US Equity Fund SP and Fortress Fixed Income Fund SP shares held by the Funds during the year. This is to avoid double charging of management fees on assets invested in related funds which have the same Manager.

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 7 Related party transactions...continued

Directors' interest (including beneficial interests) in the redeemable mutual fund shares are as follows:

	Number of shares at start of year	Number of shares acquired in the year	Number of shares redeemed in the year	Number of shares at year end
<b>September 30, 2023</b>				
<b>Fortress World Growth Fund Shareholder</b>				
Directors	193,330	509,029	(286,218)	<b>416,141</b>
<b>September 30, 2022</b>				
<b>Fortress World Growth Fund Shareholder</b>				
Directors	102,299	91,031	—	<b>193,330</b>

Related party interests in redeemable cell shares are as follows:

	Number of shares	
	2023	2022
<b>Fortress World Growth Fund</b> Fortress Mutual Fund Limited	<b>5,001,000</b>	5,001,000
<b>Fortress World Fixed Income Fund</b> Fortress Caribbean High Interest Fund Limited	<b>5,016,723</b>	5,016,723

# Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2023

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(expressed in United States dollars)

## 8 Capital management

The authorized share capital of the Company is divided into 1,000 voting, non-redeemable management shares and unlimited redeemable Cell shares without nominal or par value which may be issued in classes. Each class of shares participates in a Segregated Portfolio.

Management shares carry one vote each. No other shares have a right to receive notice, attend or vote at the general meetings of the Company. Management shares do not have a right to dividends. On a winding up of the Company, management shares rank only for a return of the nominal amount paid up thereon provided the Funds has sufficient assets after settlement of all obligations to creditors and the holders of participating shares. The management shares are held by the investment manager, Fortress Fund Managers Limited.

### **Redeemable segregated Cell Shares (cell shares)**

Redeemable participating shares were sold during the initial offering at a price of \$1, and thereafter, any subsequent issuance and redemptions are valued at the applicable net asset value per participating redeemable share on the valuation date. Holders of redeemable participating shares have the right to redeem or require the funds to repurchase their shares. A redemption notice or repurchase request must be submitted to the Administrator at least 1 business day prior to the valuation date.

Holders of redeemable participating shares are entitled to an equal share in the distribution of net income and net capital gains of the Fund and participates equally in all other respects. Fund shareholders shall not be entitled to vote at meetings of shareholders of the Fund save and except as permitted under the Companies Act, CAP 308, for the following:

- i) Disposal of substantially all of the Assets of the Fund, other than the course of ordinary business.
- ii) Any change or abrogation of the rights of the shares or any variation affecting the rights of the shares.
- iii) Any proposed amalgamation of the Fund or any amalgamation of the Fund.









FORTRESS FUND MANAGERS LIMITED  
RADLEY COURT, UPPER COLLYMORE ROCK, ST. MICHAEL, BB14004, BARBADOS  
TEL: (246) 431-2198 FAX: (246) 431-0514 • [invest@fortressfund.com](mailto:invest@fortressfund.com) • [www.fortressfund.com](http://www.fortressfund.com)