



2024 annual report

Fortress Caribbean
HIGH INTEREST FUND

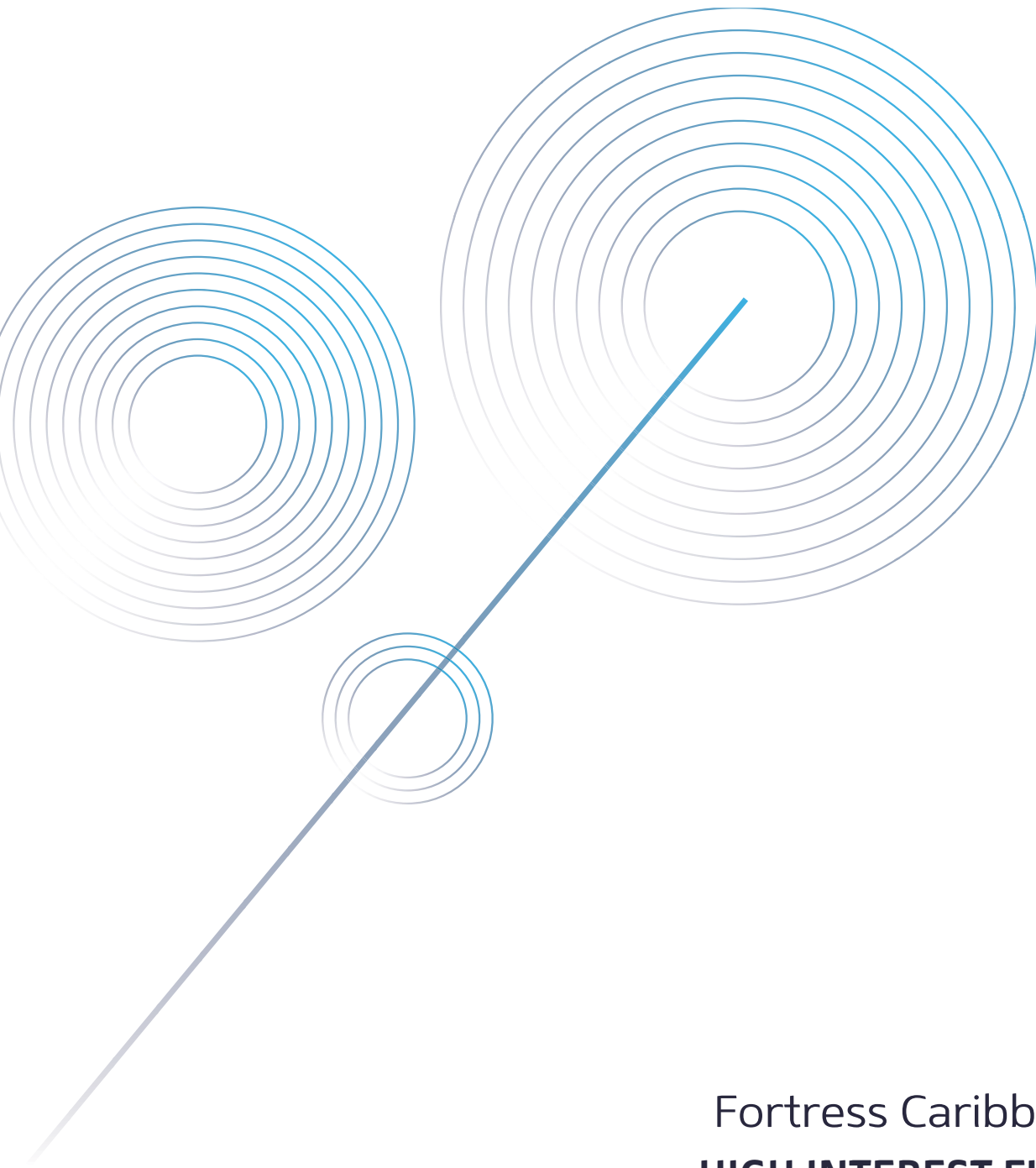


Fortress Fund Managers is a Barbados-based investment manager. We have been providing top-ranked returns, open communication and accessible service to our clients since 1996.

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
www.fortressfund.com



Fortress Caribbean
HIGH INTEREST FUND

Investment Objectives & Fund Details

The Fund's primary objective is income and capital preservation over the medium term. The Fund actively invests in a diversified portfolio of primarily Caribbean and international debt securities.

The Fund issues two classes of shares - "Accumulation" and "Distribution". Holders of the Distribution shares receive dividends every six months. Holders of the Accumulation shares are not paid dividends, but receive their entire return via the Fund's increase in Net Asset Value. Pre-tax returns to holders of the two share classes are identical.

FUND NAME:	Fortress Caribbean High Interest Fund	
NAV CURRENCY:	BBD	
LAUNCH DATE:	May 17, 2002	
LAUNCH PRICE:	\$1.00 per share	
MINIMUM INVESTMENT:	\$1,000 initial / \$500 if monthly savings plan \$100 for subsequent investments	
FUND STATUS:	Closed to lump sum subscriptions Open for pension and monthly savings programme only	
NET ASSET VALUE PER SHARE 9/30/2024	ACCUMULATION	DISTRIBUTION
	\$2.2443	\$1.0729
NET ASSETS 9/30/2024	\$142,303,010	\$1,662,515
MANAGEMENT EXPENSES: <i>Management fees:</i>	0.75% per annum on the net assets	
<i>Custodian & Administrator:</i>	0.20% per annum on the first \$30 million of net assets 0.175% per annum on the next \$50 million of the net assets and 0.15% per annum on amounts over \$80 million in net assets	
INITIAL CHARGES:	Nil	
REDEMPTION CHARGES:	Up to 2% on amounts placed less than 6 months Up to 1% on amounts placed less than 2 years Nil on amounts placed greater than 2 years	
INVESTMENT MANAGER & ADMINISTRATOR:	Fortress Fund Managers Limited	
CUSTODIAN:	SigniaGlobe Financial Group Inc.	
FUND VALUATIONS:	Weekly on Fridays	
NAV QUOTATIONS:	Internet: www.fortressfund.com Local Barbados newspapers Bloomberg: FORCAHI BA	

Directors & Administrators

DIRECTORS

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

COMPANY SECRETARY

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

FORTRESS FUND MANAGERS AUDIT COMMITTEE

John Howard
Gregory McConnie
Maria Nicholls

FORTRESS FUND MANAGERS GOVERNANCE COMMITTEE

Ruth Henry
Tracey Shuffler
John Williams

REGISTERED OFFICE

Radley Court
Upper Collymore Rock
St. Michael, BB14004
Barbados

ATTORNEY AT LAW

Clarke Gittens Farmer
Parker House
Wildey Business Park
Wildey Road
St. Michael
Barbados

INDEPENDENT AUDITORS

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

CUSTODIAN

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

INVESTMENT MANAGER & ADMINISTRATOR

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

Tel: (246) 431 2198

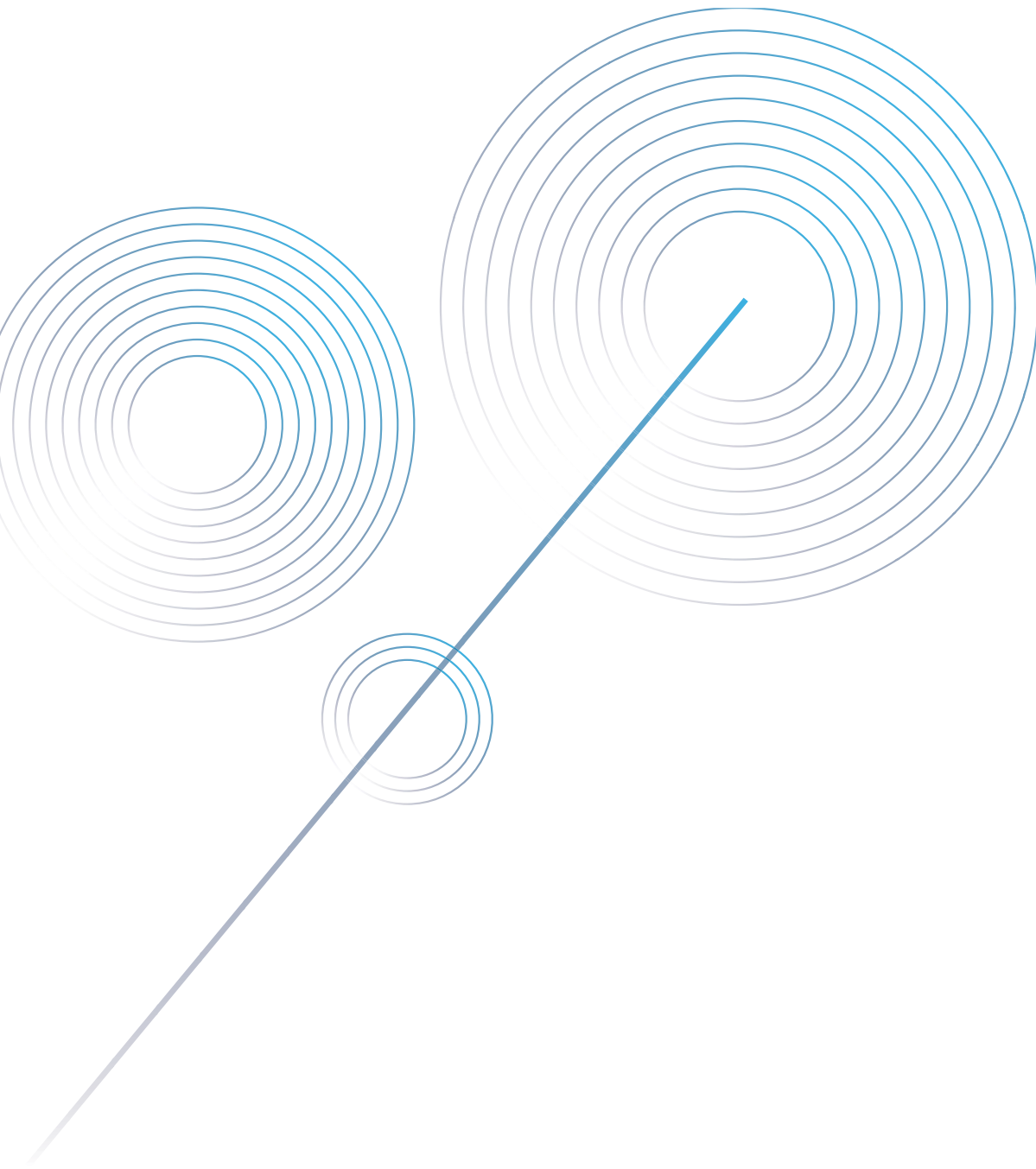
Fax: (246) 431 0514

Internet: www.fortressfund.com

Email: invest@fortressfund.com

Fortress Caribbean High Interest Fund Limited ("the Fund") is an open-ended mutual fund company and was incorporated on May 9, 2002 under the provisions of the Mutual Funds Act of Barbados. The Fund maintains its registered office at Radley Court, Upper Collymore Rock, St. Michael, BB14004, Barbados. The principal activity of the Fund is investment in domestic, regional and international fixed income markets with the aim of achieving the highest level of return consistent with capital preservation.

Important information about this Fund is contained in its prospectus, which we encourage you to read before making an investment. The indicated returns in this document are net of all fees and expenses. Returns are historical and are 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. A copy of the prospectus may be obtained from the offices of Fortress Fund Managers, or downloaded at www.fortressfund.com.



Directors' Report

Directors' Report

"The Fortress Caribbean High Interest Fund returned 6.7% for the year ended September 30, 2024."

The Fortress Caribbean High Interest Fund returned 6.7% for the year ended September 30, 2024. The net asset value (NAV) of the Accumulation shares increased to \$2.2443 as of September 30, 2024, up from \$2.1026 last year. The Distribution shares rose to \$1.0729 from \$1.0040. Total assets were \$144 million compared to \$140 million last year. The Fund's compound annual return since inception of 2002 is now 3.7% per year, net of all fees and expenses. Its investment objective continues to be the highest level of income consistent with the preservation of capital.

The Fund is still closed to new lump-sum subscriptions but remains open for subscriptions from monthly savings programmes, RRSPs and pension plans. As has been the case for several years, this limitation reflects ongoing challenges in finding suitable Barbados dollar investments consistent with our requirements.

The Fund's portfolio continues to be as diversified as possible given the constraints and controls in place in Barbados and the limited capital markets in the region. Its holdings are a mix of Barbados corporate bonds, a moderate allocation to government securities, a wide range of high-quality global bonds accomplished via the US\$ Fortress Fixed Income Fund and directly, investments in specialised funds, and Barbados dollar cash on deposit with CIBC Caribbean, the Fund's banker. The gross yield of the Fund's portfolio remained around 4.0% during the year.

2024 Investment Performance

The Fund returned 6.7% for the year due to a combination of higher bond prices and healthy levels of coupon income locked in at higher rates. Globally, central banks eased monetary policy and bond yields fell during the year. Corporate spreads also narrowed to reflect the perception of lower recession risk. The main index of U.S. high-quality bonds, which includes both corporates and governments, was up 12% for the year. The Fund's core allocation to U.S. bonds via the US\$ Fortress Fixed Income Fund gained 10%, and our allocation to emerging market bonds returned 19%. The Fund's domestic Barbados holdings performed as expected, with returns in the 3-6% range in line with their coupons.

Major central banks around the world lowered their target rates in the latter part of the year, but rates spent much of the year unchanged. The Bank of Canada cut rates by 0.25% in June and the European Central Bank followed with a cut of the same size. The U.S. Federal Reserve (Fed) finally started easing in September and lowered its target rate range from a range of 5.25-5.5%, to 4.75-5%. In the U.S., even prior to the rate cut, bond yields declined and prices rose as investors predicted the Fed's decision, after seeing weaker economic data on the job market and lower inflation. The U.S. Consumer Price Index, a measure of inflation, fell from 3.7% to 2.4% during the year, closer to the Fed's 2% target. The unemployment rate ticked up from 3.7% to 4.2% over the year and other measures of labour market tightness also moderated. This softer

data helped push bond yields lower. The U.S. 5-year treasury yield fell from 4.6% to 3.6% during the year, while the 10-year yield fell from 4.6% to 3.8%. Bigger movements were seen in the middle of the curve as investors priced in their expectations for steep rate cuts. Corporate bond spreads were tighter this year owing to higher conviction that inflation will come down without the economy and corporate creditworthiness deteriorating.

In Barbados, routine issuance of Government of Barbados (GOB) treasury bills and bonds resumed.

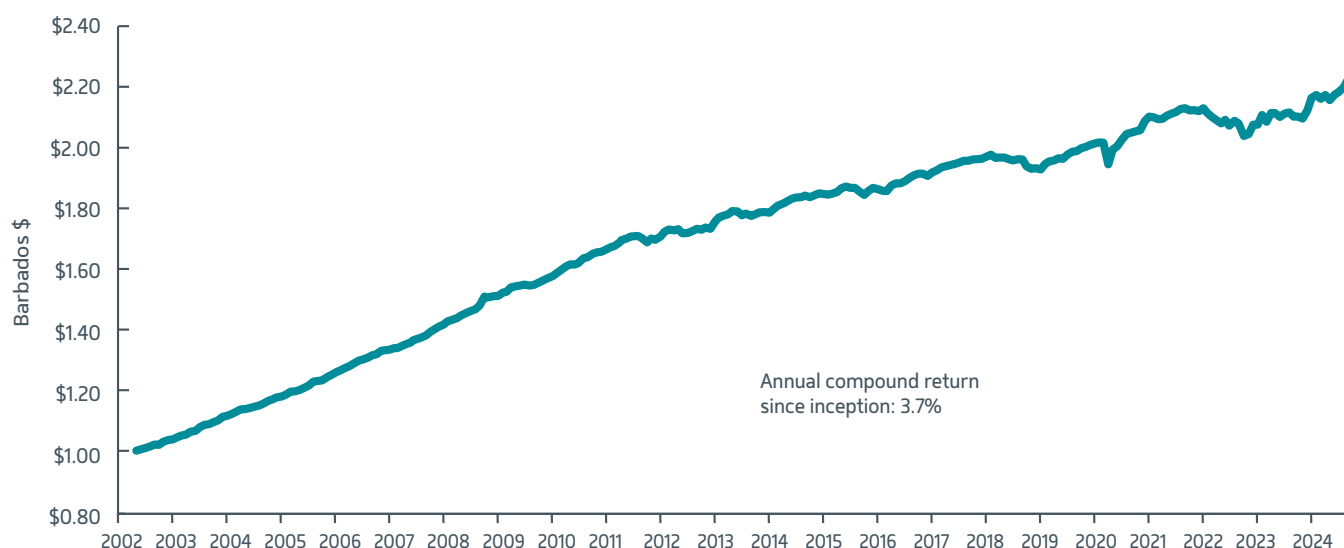
The Fund participated in a few of the issues and added incrementally to medium-term GOB notes, to replace maturing GOB Series B strips and keep overall GOB exposure steady throughout the year at 13% of total assets. Some of the Fund's GOB holdings also saw better pricing during the year as final maturities naturally drew closer. Otherwise, domestic Barbados holdings performed as expected. A few new corporate issues were in progress this year but did not materialise and the opportunities for bond investment remained limited.

Investment Performance as of 9/30/24*

	1 year	3 year	5 year	Inception
Caribbean High Interest Fund (Accumulation Shares)	6.7%	1.9%	2.4%	3.7%

**periods longer than one year are annual compound returns*

Caribbean High Interest Fund Net Asset Value Since Inception - Accumulation Share



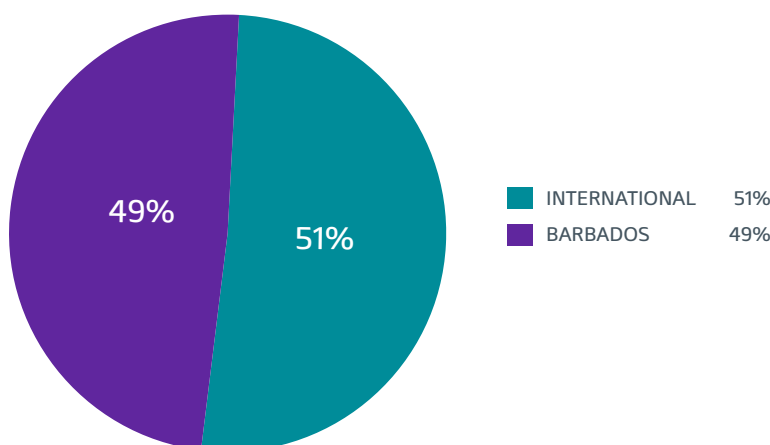
Portfolio Positioning

The Fund's investment portfolio continues to be as diversified as possible across regional and international holdings. These include Barbados dollar bank deposits, corporate and government bonds, U.S. dollar government and corporate bonds, and specialised funds investing globally in income-producing assets. The portfolio is constructed to maximise return from diversified sources, while limiting overall risk and maintaining an acceptable level of liquidity.

The portfolio is allocated primarily across U.S. dollar denominated global bond investments and holdings in local Barbados dollar bonds. Cash (largely Barbados

dollars) is still a significant weight at 11% of the portfolio, while the holding in the US\$ Fortress Fixed Income Fund remained the largest at 27% of the portfolio. This fund, also managed directly by Fortress, invests in high-quality corporate and government bonds primarily in the U.S., and is an efficient way to access this type of conservative investment with an actively managed, well-diversified portfolio. (Management fees related to the Fund's investments in other Fortress funds are rebated by Fortress to the Fund to avoid double charging.) This structure offers us the ability to gain efficient diversification for the Fund and to easily adjust allocations as necessary.

Geographic Distribution of Portfolio as of 9/30/24



Top 5 Holdings

<i>Holding</i>	<i>Country/Region</i>	<i>Sector</i>	<i>Weight</i>
Fortress Fixed Income Fund SP	International	Various	27%
Deposits – CIBC Caribbean Bank	Barbados	Bank	9%
Fortress World Fixed Income Fund	International	Various	7%
Government of Barbados- Series B	Barbados	Government	6%
Goddard Enterprises Ltd Note	Barbados	Corporate	6%

During the year, we gradually extended the average term to maturity of the portfolio's US\$ investments and maintained substantial holdings in floating-rate notes. This worked well for the Fund as longer-term yields declined while short-term rates remained high through much of the year. As credit spreads narrowed, we maintained shorter maturities on corporate bonds and longer maturities on treasuries, while keeping the credit quality of corporate issuers very high. In all, the portfolio remains focused on high-quality, investment grade fixed income securities where we should see little credit impact from economic weakness, if it develops. The inclusion of inflation-linked bonds also contributes to the portfolio's resilience in scenarios where inflation does not decline as quickly or as much as expected.

Cash and cash equivalents in the portfolio finished the year at \$16 million, or about 11% of the total portfolio. This cash is almost entirely in Barbados dollars, where it remains a challenge to deploy appropriately. Even with higher than desired cash levels, however, the gross yield of the Fund's portfolio ended the year at 4.0%.

As of September 30, 2024, the average term to maturity of the Fund's diversified holdings was just above six years. Approximately 51% of the portfolio is invested outside the Caribbean region.

Outlook

The Fund produced an above average return last year, resulting from healthy coupon income and pricing gains as bond yields fell, and prices rose. Globally, inflation has subsided from the worrying levels of a few years ago and the bond market has adjusted to the likely expectation of further Fed rate cuts to bring interest rates down. Today's yields are lower than they were last year, and with good reason.

Even with the recent declines in yields, though, global bonds are still priced to generate healthy returns from here. The Fund's portfolio has an average gross yield of just over 4%, a good estimate of its medium-term return potential. This return could be higher if we are able to deploy more Barbados dollar cash in appropriately priced and structured bonds in the local market. It could also be higher, and look a lot like last year's result, if economic weakness develops in the global economy and bond yields decline further, pushing prices up again.

In terms of risks, there are a few. We think it is unlikely central banks will begin tightening policy again. Rates are still quite high, and the risk is more probably a pause that keeps rates at current levels longer than the bond market currently expects. To counter this risk the Fund's portfolio still has positions in floating rate notes whose rates will only come down as short-term rates do. There is also the risk that a global economic slowdown develops and deepens, affecting creditworthiness of corporate bonds and pushing their prices lower. The Fund's corporate bond holdings are very conservative in quality and term, insulating the portfolio from this type of outcome to a degree that we consider appropriate. At home in Barbados, the risks remain the same and well-known. A small market with trapped capital and dominated by the "B-" rated GOB as an issuer, does not have many opportunities for the combination of security and income that the Fund requires. We hope that continued economic recovery and growth in Barbados will lead to greater demand for private credit and to further improvements in the GOB credit rating, which are both much needed.

Overall, we are satisfied with the Fund's positioning and strategy amidst these challenges and opportunities for fixed income investors in Barbados and globally.

The Fund remains positioned to earn what should be a meaningful rate of return in the coming years, while maintaining its flexibility to respond to opportunities and resilience to a range of future outcomes.

Governance and complying with regulatory oversight are key aspects of the Fund's operations. The Fund's 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 Fund's custodian, as well as EY the external auditor and Ravi Whitehead the internal auditor, 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.

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



Roger Cave, CA, CFA
Chairman



Peter Arender, CFA
CEO & Chief Investment
Officer



Financial Statements

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN HIGH INTEREST FUND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortress Caribbean High Interest Fund Limited (“the Fund”), which comprise the statement of financial position as at September 30, 2024, 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 year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at September 30, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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 2024 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 CARIBBEAN HIGH INTEREST FUND LIMITED

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.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN HIGH INTEREST FUND LIMITED

Report on the Audit of the Financial Statements (Continued)

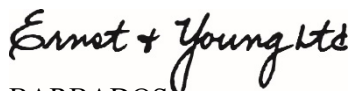
Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 16, 2024

Fortress Caribbean High Interest Fund Limited

Statement of Financial Position

As at September 30, 2024

(expressed in Barbados dollars)

	2024 \$	2023 \$
Assets		
Financial assets (note 5)	128,251,667	122,721,579
Cash and cash equivalents (note 6)	15,757,949	17,544,583
Total assets	144,009,616	140,266,162
Liabilities		
Accounts payable and accrued expenses	43,091	84,524
Liabilities (excluding net assets attributable to holders of redeemable mutual fund shares)	43,091	84,524
Net assets attributable to holders of redeemable mutual fund shares:		
Accumulation shares (note 9)	142,303,010	138,241,172
Distribution shares (note 9)	1,662,515	1,939,466
	143,965,525	140,180,638
Total liabilities	144,008,616	140,265,162
Share capital (note 10)	1,000	1,000
Liabilities and shareholder funds	144,009,616	140,266,162
Net asset value per accumulation share	2.2443	2.1026
Net asset value per distribution share	1.0729	1.0040

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

Approved by the Board of Directors on December 13, 2024

 Director

 Director

Fortress Caribbean High Interest Fund Limited

Statement of Changes in Net Assets Attributable to Holders of Redeemable Mutual Fund Shares For the year ended September 30, 2024

(expressed in Barbados dollars)

	Number of shares		Net assets attributable to holders of redeemable mutual fund shares		
	Accumulation	Distribution	Accumulation \$	Distribution \$	Total \$
Balance - September 30, 2022	69,173,277	2,186,424	140,993,204	2,127,491	143,120,695
Issue of shares	2,311,818	—	4,841,973	—	4,841,973
Redemption of shares	(5,736,105)	(254,676)	(12,023,656)	(254,852)	(12,278,508)
Total comprehensive gain for the year	—	—	4,429,651	66,827	4,496,478
Balance - September 30, 2023	65,748,990	1,931,748	138,241,172	1,939,466	140,180,638
Issue of shares	2,466,210	—	5,390,117	—	5,390,117
Redemption of shares	(4,808,950)	(382,152)	(10,396,838)	(394,228)	(10,791,066)
Total comprehensive gain for the year	—	—	9,068,559	117,277	9,185,836
Balance - September 30, 2024	63,406,250	1,549,596	142,303,010	1,662,515	143,965,525

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

Fortress Caribbean High Interest Fund Limited

Statement of Comprehensive Income

For the year ended September 30, 2024

(expressed in Barbados dollars)

	2024 \$	2023 \$
Revenue		
Interest income (note 7)	2,453,165	2,138,245
Net fair value gains on investments (note 5)	7,587,888	3,368,369
Dividend income	349,596	298,625
Total investment income/(loss)	10,390,649	5,805,239
Expenditure		
Management fees (note 8)	858,034	898,986
Administrator and custodian fees (note 8)	239,469	231,489
Other operating expenses	68,601	138,449
Professional and audit fees	38,697	36,855
Brokerage and investment fees	12	2,982
Operating expenditure	1,204,813	1,308,761
Total comprehensive income	9,185,836	4,496,478
Total comprehensive income on ordinary activities allocated to:		
Holders of redeemable mutual fund distribution shares	117,277	66,827
Holders of redeemable mutual fund accumulation shares	9,068,559	4,429,651
Total comprehensive income	9,185,836	4,496,478

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

Fortress Caribbean High Interest Fund Limited

Statement of Cash Flows

For the year ended September 30, 2024

(expressed in Barbados dollars)

	2024 \$	2023 \$
Cash flows from operating activities		
Total comprehensive income	9,185,836	4,496,478
Adjustments for:		
Net fair value gains on investments	(7,587,888)	(3,368,369)
Interest income	(2,453,165)	(2,138,245)
Dividend income	(349,596)	(298,625)
Operating loss before working capital changes	(1,204,813)	(1,308,761)
Decrease in accounts payable and accrued expenses	(41,433)	(13,528)
Purchase of financial assets at fair value through profit and loss	(55,091,215)	(62,860,047)
Proceeds on sale of financial assets at fair value through profit and loss	57,237,230	52,500,950
Cash generated from/(used in) operations	899,769	(11,681,386)
Interest received	2,364,950	2,123,245
Dividends received	349,596	298,625
Cash generated from/(used in) operating activities	3,614,315	(9,259,516)
Cash flows from financing activities		
Issue of mutual fund shares	5,390,117	4,841,973
Redemption of mutual fund shares	(10,791,066)	(12,278,508)
Cash used in financing activities	(5,400,949)	(7,436,535)
Net decrease in cash and cash equivalents	(1,786,634)	(16,696,051)
Cash and cash equivalents - beginning of year	17,544,583	34,240,634
Cash and cash equivalents - end of year	15,757,949	17,544,583

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

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

1 Incorporation and principal activity

Fortress Caribbean High Interest Fund Limited (“the Fund”) was incorporated in Barbados on May 9, 2002, under the Companies Act of Barbados and is licensed under the Mutual Funds Act 2002-22 of Barbados as an authorised mutual fund. The Fund maintains its registered office at Radley Court, Upper Collymore Rock, St. Michael, Barbados.

The Fund’s primary objective is income and capital preservation over the medium term. The Fund actively invests in a diversified portfolio of primarily Caribbean and international debt securities.

The Fund’s investment and administration activities are managed by Fortress Fund Managers Limited (“the Investment Manager”).

The Fund is an open-ended fund and offers its shares to a broad group of investors.

2 Accounting policies

The material accounting policies applied in the preparation of the 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 companies 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

The Fund has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2023.

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates - Amendments to IAS 8

The amendments listed above did not have any impact on the amounts recognised in prior periods and the current period. These amendments are not expected to significantly affect the future periods.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

2 Accounting policies...continued

b) Foreign currency translation

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which it operates ("the functional currency"). The financial statements are presented in Barbados dollars which is the Fund's 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.

c) Financial instruments

(i) *Classification*

Assets

The Fund classifies its investments based on both the Fund's 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 Fund is primarily focused on fair value information and uses 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. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

Liabilities

The Fund makes 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.

As such, the Fund classifies all of its investment portfolio as financial assets or liabilities at fair value through profit or loss.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

2 Accounting policies...continued

c) Financial instruments...continued

(i) Classification...continued

Liabilities...continued

The Fund's policy requires 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 – the date on which the Fund commits to purchase or sell the investment. 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.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

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.

Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established.

(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 Fund 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 Fund's 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.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

2 Accounting policies...continued

c) Financial instruments...continued

(iii) Fair value estimation...continued

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 Fund uses 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.

d) Cash and cash equivalents

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.

e) Investment income

Interest income

Interest income is recognised in the statement of comprehensive income for all interest-bearing instruments on an accrual basis using the effective interest method. Interest income relates to interest earned on fixed income investments and short-term deposits.

Dividend income

Dividend income is recognised when the Fund's right to receive payment is established.

f) 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 Fund is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

2 Accounting policies...continued

g) 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.

h) Redeemable shares/net asset value

The Fund issues redeemable shares which are redeemable at the holder's option and are classified as financial liabilities. Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's net asset value. The redeemable shares are carried at 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 the Fund.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Fund's net asset value per share at the time of issue or redemption. The Fund's 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 the Fund's 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.

i) Distributions payable to holders of redeemable mutual fund shares

The Fund issues two classes of redeemable mutual fund shares - accumulation and distribution. Holders of distribution have typically received all income earned in the Fund with respect to these shares in the form of a dividend every six months. These dividends are presented as a finance cost in the statement of comprehensive income. Holders of accumulation shares are not paid dividends and all income earned in the Fund with respect of these shares, including interest, dividends and capital gains is automatically reinvested and this income is reflected in the quoted net asset value of these shares.

j) Taxation

The Fund is licensed as an authorised mutual fund under the Mutual Funds Act, 2002-22 of Barbados. The Directors have resolved that all of the net income of the Fund is attributable to the Fund's redeemable mutual fund shareholders. In calculating the assessable income of the Fund 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 Fund shareholders.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

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 Fund using reputable pricing sources (such as pricing agencies) or indicative prices.

The Fund 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 Fund. The Fund considers 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 Fund's activities expose it to a variety of financial risks: market risk (which includes price risk, interest rate risk and currency risk), credit risk and liquidity risk.

The Fund's overall risk management programme seeks to maximise the returns derived for the level of risk to which the Fund is exposed and seeks to minimise the potential adverse effect on the Fund's financial performance.

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 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.

Market risk

i) *Price risk*

Price risk is the risk of unfavourable changes in the fair values of equity instruments or equity-linked instruments as the result of changes in the levels of equity indices and the value of individual shares. The majority of the Fund's financial assets are debt securities and units in managed bond funds. To manage this risk the Fund holds a diversified portfolio of investments in accordance with its investment policy. A summary of the overall statement of financial position market exposures at September 30, 2024 is disclosed in note 5.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Market risk...continued

i) Price risk...continued

Sensitivity

Management's best estimate of the effect on profit or loss for a year due to a reasonably possible change in indices, with all other variables held constant is indicated in the table below. The analysis is based on the assumptions that the Bloomberg Barclays US Aggregate Bond Index increased by 5% (2023- 4%), 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.

	Effect on profit or loss for the year	
	2024	2023
	\$	\$
Effect on net assets attributable to redeemable shares of an increase in the indices		
Bloomberg Barclays US Aggregate Bond Index	<u>2,474,940</u>	2,109,438

The Investment Manager uses 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 Fund's investment strategy to track the Bloomberg Barclays US Aggregate Bond Index or any other index or external benchmark.

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 Fund holds fixed interest securities that expose the Fund to fair value interest rate risk. The Fund's significant interest-bearing financial assets earn interest at fixed rates and therefore the cash flows of the Fund are not affected by fluctuations in the prevailing levels of market interest rates. The Fund therefore has no significant interest rate risk on its cash flows.

The effective interest rates on investments and cash and cash equivalents are disclosed in note 5 and note 6 respectively. All of the other financial assets and liabilities of the Fund are non-interest bearing. The Fund would be impacted by movement in the market interest rates on the maturity of short-term fixed rate instruments which would have to be reinvested at different rates of return.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Market risk...continued

ii) Cash flows and fair value interest rate risk...continued

Sensitivity

The following table indicates the sensitivity to the fair value of the Fund's long term fixed rate financial assets at fair value through profit or loss, to a reasonable possible change in interest rates with all other variables being constant.

	Effect on net assets 2024 \$	Effect on net assets 2023 \$
Change in interest rate:		
-2%	4,120,699	4,318,362
2%	(3,515,888)	(3,613,474)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest-bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain over-the-counter derivative products that use interest rates as an input in their valuation model.

Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to holders of redeemable shares of future movements in interest rates.

iii) Foreign currency risk

The Fund holds financial assets denominated in currencies other than the Barbados dollar, the functional currency of the Fund. Consequently, except where assets and liabilities are denominated in currencies fixed to the Barbados dollar, the Fund is exposed to currency risk. The Fund's policy is not to enter into hedging transactions to mitigate currency risk.

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

While the Fund has direct exposure to foreign exchange rate changes on the price of non-Barbados dollar-denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which the Fund invests, even if those companies' securities are denominated in Barbados dollars. For that reason, the below sensitivity analysis may not necessarily indicate the total effect on the Fund's net assets attributable to holders of redeemable shares of future movements in foreign exchange rates.

Foreign currency risk arises as 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.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Market risk...continued

iii) Foreign currency risk...continued

The Fund is most exposed to currency risk in its operating currencies whose values have noticeably fluctuated against the Barbados dollar. The Fund has no significant exposure to currency risk at year end as the foreign currencies within the Fund do not fluctuate noticeably against the Barbados dollar.

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 Fund.

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

The maximum direct exposure to the Fund to credit risk is set out in the following table.

	2024 \$	2023 \$
Corporate debt securities	37,824,899	41,432,732
Government backed securities	22,495,806	22,160,746
Cash and cash equivalents	15,757,949	17,544,583
Total	76,078,654	81,138,061

Credit risk from financial instruments is managed through holding a diversified portfolio of investments and purchasing securities after careful assessment of the borrower and placing deposits with financial institutions with a strong capital base and other corporations. The Fund seeks to manage credit risk by holding investments with strong credit ratings and low risk of default.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Credit risk...continued

The credit ratings of the Fund's rated debt securities are set out below:

	% of debt securities	
	2024	2023
AAA	—	4%
BBB+	1%	1%
BBB	1%	1%
BBB-	—	9%
BB-	—	3%
B	—	30%
B-	31%	—
Unrated*	67%	52%
Total	100%	100%

*In order to monitor the credit quality of the “Unrated” underlying debt securities, the Investment Manager, on the basis of internal research, reviews the key financial metrics of the issue and structural features of the instruments in order to calculate the implied ratings for each of these investments. The majority of unrated securities have been assessed by the Investment Manager to have credit quality consistent with BBB-/Baa3 rated securities. A BBB-/Baa3 rating is the lowest rating a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default.

The Fund's exposure to individual counterparty credit risk on its cash and cash equivalents exceeding 2.5% of the Fund's net assets are set out below:

	2024	2023
	\$	\$
Cash and cash equivalents		
CIBC Caribbean	12,399,098	13,355,845
	12,399,098	13,355,845

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk

Liquidity risk is the risk that the Fund 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 Fund is exposed to weekly cash redemptions of Class “A” Redeemable Mutual Fund Shares (note 9). The table below analyses the Fund’s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. 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.

The Fund is exposed to liquidity risk due to the relatively undeveloped nature of the secondary market for fixed income securities in the Caribbean. The maturity profile of the Fund’s significant financial assets is disclosed in note 5.

	Less than 1 month \$	1 - 3 months \$
At September 30, 2024		
Accounts payable and accrued expenses	—	43,091
Net assets attributable to holders of redeemable mutual fund shares	143,965,525	—
Total financial liabilities	143,965,525	43,091
At September 30, 2023		
Accounts payable and accrued expenses	—	84,524
Net assets attributable to holders of redeemable mutual fund shares	140,180,638	—
Total financial liabilities	140,180,638	84,524

Redeemable shares are redeemed at the holder’s option (note 9). In the event of unusual circumstances, should redemption requests representing more than 20% of the Fund’s assets be received within 30 consecutive days, the directors of the Fund reserve the right to suspend redemptions and to hold a special meeting of the Fund shareholders to determine the future of the Fund, including the liquidation of the Fund’s assets.

At September 30, 2024, 47% (2023 - 43%) of financial assets at fair value through profit or loss, 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 Fund on the redemption dates and subject to the required notice periods specified in the offering documents of each of the

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management...continued

Liquidity risk...continued

other funds. The right of the Fund 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 Fund may be materially affected by the actions of other investors who have invested in funds in which the Fund has invested.

The Fund manages its liquidity risk by investing in securities that it expects to be able to easily liquidate. The following table illustrates the expected liquidity of assets held.

	Less than 1 week \$	1 week- 1 month \$	1 - 3 months \$	Over 3 months \$
September 30, 2024				
Total assets	<u>27,174,965</u>	<u>—</u>	<u>96,724,489</u>	<u>20,110,162</u>
September 30, 2023				
Total assets	<u>27,920,983</u>	<u>2,212,895</u>	<u>87,407,120</u>	<u>22,725,164</u>

Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a weekly basis as the Fund is subject to weekly subscriptions and redemptions at the discretion of shareholders. The Fund's objective when managing capital is to safeguard the Fund's 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 Fund.

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 Fund 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.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

The Fund is 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 the Fund. The 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.

The following tables analyse within the fair value hierarchy the Fund’s financial assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
September 30, 2024				
Financial assets at fair value through profit or loss				
Mutual funds	691,845	58,963,697	–	59,655,542
Corporate debt securities	1,879,406	–	35,945,493	37,824,899
Government backed securities	3,046,223	–	19,449,583	22,495,806
Listed equity securities	6,491,387	–	–	6,491,387
Hedge funds	–	1,784,033	–	1,784,033
	12,108,861	60,747,730	55,395,076	128,251,667

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2023				
Financial assets at fair value through profit or loss				
Mutual funds	691,845	50,985,062	–	51,676,907
Corporate debt securities	1,820,966	–	39,611,766	41,432,732
Government backed securities	2,754,707	–	19,406,039	22,160,746
Listed equity securities	5,800,727	–	–	5,800,727
Hedge funds	–	1,650,467	–	1,650,467
	11,068,245	52,635,529	59,017,805	122,721,579

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities, corporate securities and traded government debt securities. The Fund does 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. 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.

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 government issued debt and corporate issued debt securities. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed on a weekly basis by the Fund's investment committee who report to the Board of Directors. The committee considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

The following table presents the movement in level 3 instruments by class of financial instrument:

	Government backed securities \$	Corporate debt securities \$	Total \$
September 30, 2024			
Opening balance	19,406,039	39,611,766	59,017,805
Purchases	2,741,010	22,537,808	25,278,818
Sales	(3,160,164)	(26,239,908)	(29,400,072)
Gains recognised in statement of comprehensive income	462,698	35,827	498,525
Closing balance	19,449,583	35,945,493	55,395,076
Change in unrealised gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	462,698	35,827	498,525
September 30, 2023			
Opening balance	14,890,179	32,264,117	47,154,296
Purchases	11,190,085	30,354,908	41,544,993
Sales	(7,743,917)	(23,131,680)	(30,875,597)
Gains recognised in statement of comprehensive income	1,069,692	124,421	1,194,113
Closing balance	19,406,039	39,611,766	59,017,805
Change in unrealised gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	1,069,692	124,421	1,194,113

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

4 Financial risk management ...continued

Fair value estimation...continued

The below table provides information about fair value measurements using significant unobservable inputs (level 3).

Description	Fair value at September 30, 2024 \$	Fair value at September 30, 2023 \$	Valuation technique	Unobservable Inputs	Relationship of unobservable inputs to fair value
Government backed securities	19,449,583	19,406,039	DCF method	Discount rate	The higher the discount rate, the lower the fair value
Corporate debt securities	35,945,493	39,611,766	DCF method	Discount rate	The higher the discount rate, the lower the fair value

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 Fund's assets and liabilities (by class) not measured at fair value at September 30, 2024 but for which fair value is disclosed.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2024				
Assets				
Cash and cash equivalents	15,757,949	—	—	15,757,949
Total	15,757,949	—	—	15,757,949
Liabilities				
Accounts payable and accrued expenses	—	43,091	—	43,091
Net assets attributable to holders of redeemable mutual fund shares	—	143,965,525	—	143,965,525
Total	—	144,008,616	—	144,008,616

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados 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 \$
September 30, 2023				
Assets				
Cash and cash equivalents	17,544,583	—	—	17,544,583
Total	17,544,583	—	—	17,544,583
Liabilities				
Accounts payable and accrued expenses	—	84,524	—	84,524
Net assets attributable to holders of redeemable mutual fund shares	—	140,180,638	—	140,180,638
Total	—	140,265,162	—	140,265,162

The assets and liabilities, except for the redeemable mutual fund shares, 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.

Amounts due from brokers and other receivables include the contractual amounts for settlement of trades and other obligations due to the Fund. Amounts due to brokers and accruals represent the contractual amounts and obligations due by the Fund for settlement of trades and expenses.

The puttable value of redeemable shares is calculated based on the net difference between total assets and all other liabilities of the Fund in accordance with the Fund's offering memorandum. These shares are not traded on an active market. A demand feature is attached to these shares, as they are redeemable at the holders' option and can be put back to the Fund at any dealing date for cash equal to a proportionate share of the Fund's net asset value attributable to the share class (note 2h). The fair value is based on the amount payable on demand, discounted from the first date that the amount could be required to be paid. The impact of discounting in this instance is not material. As such, level 2 is deemed to be the most appropriate categorisation for net assets attributable to holders of redeemable shares.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

5 Financial assets

The classification of the Fund's investments is detailed below:

	2024 \$	2023 \$
Financial assets at fair value through profit or loss		
- mutual funds	59,655,542	51,676,907
- corporate debt securities	37,824,899	41,432,732
- government backed securities	22,495,806	22,160,746
- listed equity securities	6,491,387	5,800,727
- hedge funds	1,784,033	1,650,467
Total financial assets designated as fair value through profit or loss	128,251,667	122,721,579
Gains recognised in relation to financial assets at fair value through profit or loss:		
- unrealised gains	6,170,139	3,045,854
- realised gains	1,417,749	322,515
Net gains in fair value through profit or loss	7,587,888	3,368,369

The maturity profile of the Fund's investments is disclosed below:

	Carrying value 2024 \$	Carrying value 2023 \$
Due within one year	17,189,046	28,884,071
Due after one year but within five years	29,253,683	20,237,501
Due after 5 years	13,877,976	14,471,906
No stated maturity	67,930,962	59,128,101
	128,251,667	122,721,579

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

5 Financial assets ...continued

The detailed portfolio of investments is as follows:

Security	Rate	Maturity	2024		2023	
			Cost \$	Market value \$	Cost \$	Market value \$
Financial assets at fair value through profit or loss:						
Barbados						
Goddard Enterprises Ltd	3.00%	2024-11-30	8,000,000	8,083,659	—	—
Government of Barbados- Series B	3.75%	2033-09-30	6,325,525	8,789,257	6,663,453	8,804,284
Stallion Property Holdings	5.00%	2026-12-31	5,000,000	5,000,000	5,000,000	5,000,000
First Citizens Investor Services	3.00%	2024-12-30	5,000,000	5,031,708	—	—
Government of Barbados	4.25%	2026-11-30	4,500,000	4,515,938	5,000,000	4,947,708
Cave Shepherd Card	4.25%	2026-11-30	4,000,000	4,083,395	—	—
ANSA Mcal Merchant	2.75%	2025-04-29	3,037,808	3,073,284	—	—
Eppley Caribbean Property Fund-Value Fund	4.00%	2028-07-31	3,000,000	2,995,077	3,000,000	3,050,517
Government of Barbados	4.50%	2029-08-31	2,500,000	2,486,600	—	—
Eppley Caribbean Property Fund-Value Fund	3.75%	2026-07-31	2,400,000	2,414,900	2,400,000	2,438,636
Williams Industries Inc	4.25%	2026-06-30	2,000,000	2,031,878	2,000,000	2,016,398
Government of Barbados	4.50%	2028-06-30	2,000,000	2,037,500	2,000,000	2,000,000
Government of Barbados- Series D	4.00%	2053-08-31	1,502,770	1,124,285	1,502,770	1,154,943
Cave Shepherd & Co. Ltd	3.25%	2026-03-31	1,000,000	1,000,881	—	—
First Citizens Investor Services	3.25%	2025-03-25	1,000,000	1,000,395	—	—
Eppley Caribbean Property Fund-Value Fund	—	—	758,341	691,845	758,341	691,845
Cave Shepherd Card	3.75%	2025-11-30	500,000	507,282	—	—
Williams Industries Inc	5.00%	2030-06-30	415,000	422,208	415,000	417,677
Eppley Caribbean Property Fund-Value Fund	3.95%	2027-07-31	300,000	300,826	300,000	303,571
First Citizens Investor Services	3.00%	2024-01-02	—	—	6,000,000	6,036,704
ANSA Mcal MERCHANT	1.25%	2024-04-29	—	—	3,000,000	3,016,130
SigniaGlobe Financial Group	1.00%	2024-02-08	—	—	2,000,000	2,002,959
Government of Barbados	—	2023-12-13	—	—	1,986,400	1,986,400
Cave Shepherd & Co. Ltd	3.50%	2024-03-31	—	—	1,000,000	1,010,408
Goddards Enterprises Ltd	3.00%	2023-11-30	—	—	8,000,000	8,078,299
			53,239,444	55,590,918	51,025,964	52,956,479
OECS						
Government of Grenada	7.00%	2030-05-12	568,963	496,003	663,790	512,704

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

5 Financial assets ...continued

Security	Rate	Maturity	2024		2023	
			Cost \$	Market value \$	Cost \$	Market value \$
Financial assets at fair value through profit or loss:						
Jamaica						
NCB Capital Markets Ltd	2.25%	2023-11-27	—	—	3,036,386	3,042,750
NCB Capital Markets Ltd	2.25%	2023-10-23	—	—	2,203,522	2,212,895
NCB Financial Group	5.00%	2024-03-01	—	—	1,000,000	984,822
			—	—	6,239,908	6,240,467
International						
Fortress Fixed Income Fund SP	—	—	34,925,940	38,366,404	27,186,710	27,416,975
Fortress World Fixed Income Fund	—	—	10,082,000	9,730,296	10,032,000	8,853,513
LEGG Mason WA Asian Opportunity	—	—	5,000,000	6,376,979	5,000,000	5,639,150
Ishares JP Morgan EM Bond	—	—	5,746,099	4,815,580	5,746,099	4,300,950
Fortress Global Opportunity Wealth Fund SP	—	—	4,000,000	4,490,018	4,000,000	3,754,549
United States Treasury	0.63%	2032-07-15	2,823,485	3,046,223	2,823,485	2,754,707
ChapelGate Credit Opportunity Fund Ltd	—	—	522,545	1,784,033	522,545	1,650,467
MFS Meridian Funds	—	—	1,580,000	1,675,807	1,580,000	1,499,777
Toronto Dominion Bank	7.00%	2026-10-20	800,000	810,273	—	—
Wells Fargo & Co	4.00%	2029-07-25	600,000	562,790	600,000	546,343
Sagicor Finance Ltd	5.30%	2028-05-13	512,500	506,343	512,500	480,671
PIMCO GLB Inv	—	—	—	—	4,398,440	5,320,875
United States Steel Corp	6.88%	2029-03-01	—	—	797,800	793,952
			66,592,569	72,164,746	63,199,579	63,011,929
Total financial assets at fair value through profit or loss			120,400,976	128,251,667	121,129,241	122,721,579

Financial assets at fair value at profit and loss are grouped based on their primary market in which the issuer operates.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

6 Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank	15,431,503	16,416,572
Money market funds	326,446	1,128,011
	<u>15,757,949</u>	<u>17,544,583</u>

The effective yield on interest bearing cash and cash equivalents is nil% (2023 – nil%).

7 Interest income

	2024	2023
	\$	\$
Debt securities at fair value through profit or loss	2,440,648	2,135,333
Cash and cash equivalents	12,517	2,912
	<u>2,453,165</u>	<u>2,138,245</u>

8 Related parties

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 registrar of the Fund. As a result of providing investment advisory, management, registrar and administrator services, Fortress Fund Managers Limited receives a weekly management and administration fee based on the actual net asset value of the Fund, calculated weekly and payable in arrears. The gross management fees being 0.75% amounted to \$1,059,471 (2023 - \$1,075,214) for the year.

Management fees of \$201,437 (2023- \$176,228) were refunded by Fortress Fund Managers Limited being 0.35%- 1.0% of the net asset values of Fortress World Funds Limited SCC- Fixed Income, Fortress Fixed Income Fund SP and Fortress Global Opportunity Fund SP shares held by the Fund during the year. This is to avoid double charging of management fees on assets invested in related Funds which have the same Manager. The administrator fees amounted to \$119,735 (2023- \$115,745) for the year.

The Fund holds 164,425 (2023 -128,933) shares valued at \$38,366,404 (2023- \$27,416,975) in Fortress Fixed Income Fund SP.

The Fund holds 14,587 (2023- 14,587) shares valued at \$4,490,018 (2023- \$3,754,549) in Fortress Global Opportunity Wealth Fund SP.

The Fund holds 5,043,694 (2023 - 5,016,723) shares valued at \$9,730,296 (2023- \$8,853,513) in Fortress World Fixed Income Fund.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

8 Related parties...continued

Director fees of \$35,000 (2023 - \$35,000) were paid during the year. Directors' interest (including beneficial interests) in class "A" redeemable mutual fund shares are as follows:

	Number of shares at start of year	Number of shares purchased in the year	Number of shares redeemed in the year	Number of shares at year end
September 30, 2024				
Shareholder				
Directors	22,458	–	–	22,458
September 30, 2023				
Shareholder				
Directors	22,124	334	–	22,458

Related party interests in participating redeemable mutual fund shares are as follows:

	Number of shares 2024	2023
Fortress Caribbean Pension Fund Limited	46,724,925	48,815,331

9 Redeemable mutual fund shares

Each class of Fund shares is entitled to share in the net income and net capital gains of the Fund. 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 and of the following:

- Disposal of substantially all of the Assets of the Fund, other than the course of ordinary business.
- Any change or abrogation of the rights attached to the shares or any variation affecting the rights attached to the Fund shares.
- Any proposed amalgamation of the Fund with another company or any amalgamation of the Fund with another Mutual Fund.
- Any proposed liquidation or dissolution of the Fund.

Redeemable Distribution Shares

This class of shares will distribute substantially all of its income accruing to the investors in the form of dividends, which are paid semi-annually. There were no dividends declared and paid during the current or previous financial year. These dividends are presented as finance cost.

Redeemable Accumulation Shares

This class of shares will not pay dividends but will retain all of its income accruing to the benefit of the net asset value of the shareholders of this class.

Fortress Caribbean High Interest Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

10 Share capital

The 1,000 common shares held by the Fund Manager, carry full voting rights, but do not share in the profits of the Fund. On winding up of the Fund, these shares would be repaid at par.



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