



# 2024 annual report

---

Fortress Mutual Fund Limited  
**CARIBBEAN GROWTH FUND**

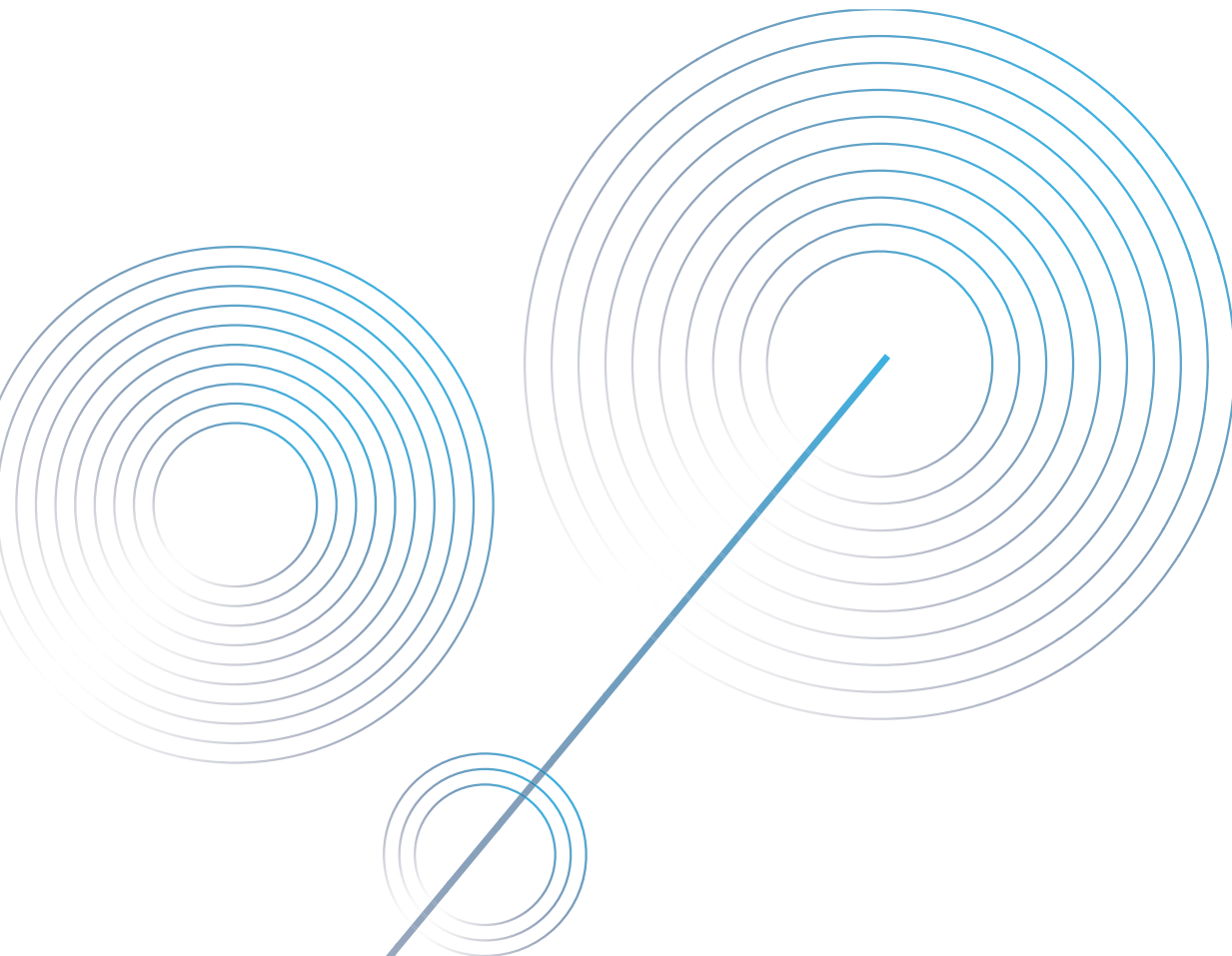


Fortress Fund Managers is a Barbados-based investment manager. We have been providing top-ranked returns, open communication and accessible service to our clients since 1996.

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](mailto:invest@fortressfund.com)  
[www.fortressfund.com](http://www.fortressfund.com)



Fortress Mutual Fund Limited  
**CARIBBEAN GROWTH FUND**

# Investment Objectives & Fund Details

---

The Fund's primary objective is capital growth over the long-term. The Manager uses a value-oriented approach to invest primarily in Caribbean and global equities.

All income, including interest, dividends and capital gains earned by the Fund, is automatically re-invested and this income is reflected in the quoted net asset value (NAV) of the shares. The Fund does not pay dividends.

<b>FUND NAME:</b>	Fortress Mutual Fund Limited (Fortress Caribbean Growth Fund)
<b>NAV CURRENCY:</b>	BBD
<b>LAUNCH DATE:</b>	December 9, 1996
<b>LAUNCH PRICE:</b>	\$1.00 per share
<b>MINIMUM INVESTMENT:</b>	\$1,000 initial / \$500 if monthly savings plan \$100 for subsequent investments
<b>FUND STATUS:</b>	Open
<b>NET ASSET VALUE PER SHARE</b> 9/30/2024	\$7.8973
<b>NET ASSETS</b> 9/30/2024	\$688,866,473
<b>MANAGEMENT EXPENSES:</b> <i>Investment Manager:</i>	1.75% per annum on the first \$500 million of net assets 1.50% per annum on remaining balance of net assets
<i>Administrator:</i>	0.10% per annum on the first \$30 million of net assets 0.0875% per annum on the remaining balance of net assets
<i>Custodian:</i>	0.0875% per annum on the first \$30 million of the net assets 0.075% per annum of the remaining balance of net assets
<b>REDEMPTION CHARGES:</b>	None
<b>INVESTMENT MANAGER &amp; ADMINISTRATOR:</b>	Fortress Fund Managers Limited
<b>CUSTODIAN:</b>	SigniaGlobe Financial Group Inc.
<b>FUND VALUATIONS:</b>	Weekly on Fridays
<b>NAV QUOTATIONS:</b>	www.fortressfund.com Local Barbados newspapers Bloomberg: FORCAGF 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

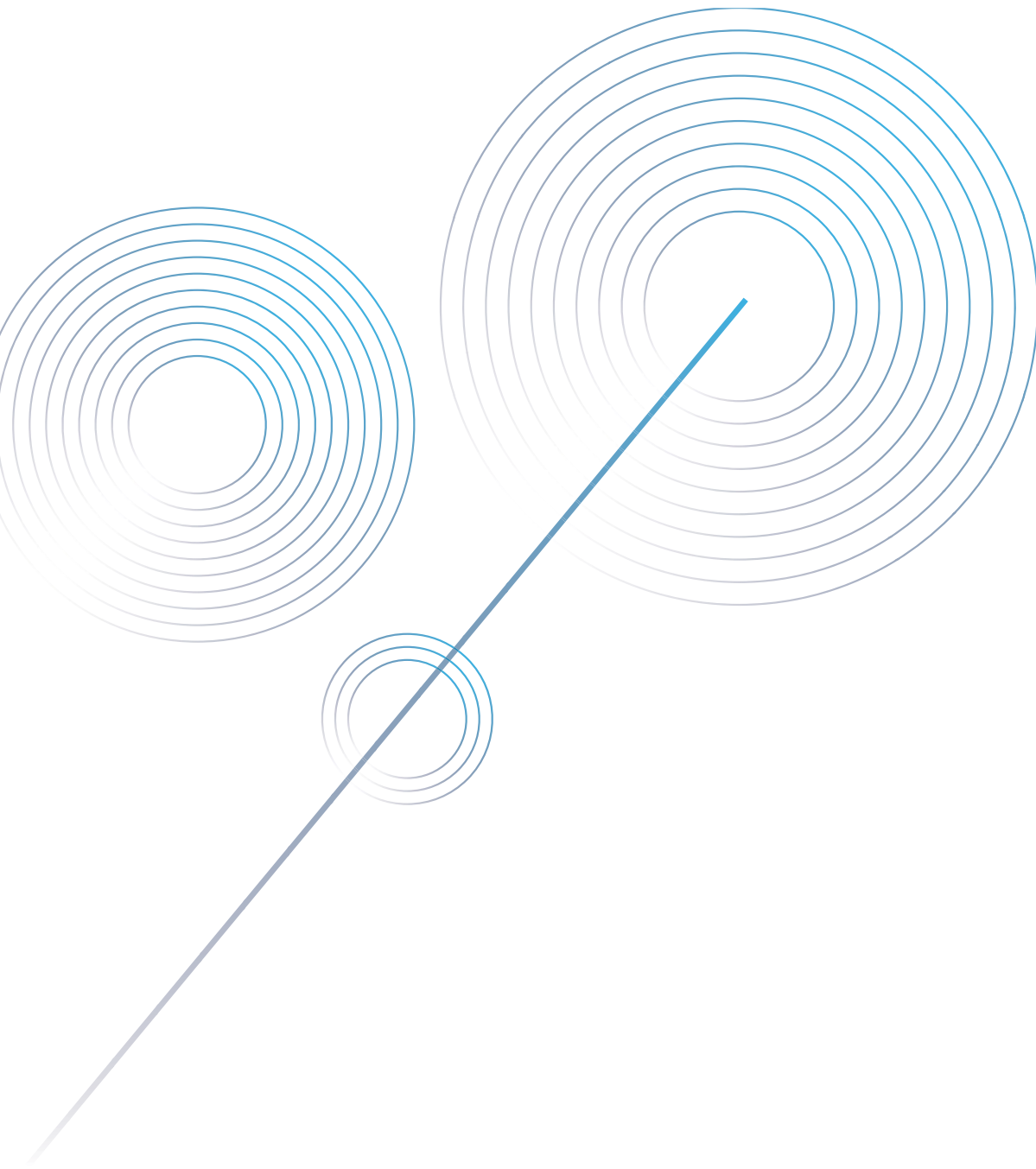
## **INVESTMENT MANAGER & ADMINISTRATOR**

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](http://www.fortressfund.com)  
Email: [invest@fortressfund.com](mailto:invest@fortressfund.com)

Fortress Caribbean Growth Fund ("the Fund", legally named Fortress Mutual Fund Limited) is an open-ended mutual fund company and was incorporated on December 4, 1996 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 markets with the aim of achieving long-term capital appreciation.

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](http://www.fortressfund.com).



## Directors' Report

# Directors' Report

"Global equities posted strong gains this year and led the Fund to a new all-time high at year end."

The Fortress Caribbean Growth Fund gained 12.4% for the financial year ended September 30, 2024. The net asset value (NAV) of the Fund increased to \$7.8973 from \$7.0238 and net assets were \$689 million compared to \$605 million a year ago. The Fund's annual compound rate of return since inception in 1996 is 7.7%.

Global equities posted strong gains this year and led the Fund to a new all-time high at year end. Caribbean investments faced another tough year, though, especially among financials. Interest rates in some parts of the world finally began to fall, after two years of tight monetary policy. This along with strong earnings and developments in artificial intelligence buoyed stocks. The Fund's primary allocations to U.S., international and emerging markets equities via the Fortress Global Funds contributed gains of between 21% and 27% for the year.

## Investment Performance

The Fund had a strong year, gaining 12.4%. Throughout the year, global stocks posted steady, modest gains, and a rally in September added meaningfully to the year's performance. U.S., developed international and emerging market stocks saw double digit returns while Caribbean stocks slumped. The global index, tracking securities all over the world, was up 33% while in the Caribbean, the Trinidad and Jamaica indices fell 13% and 5% respectively. The Barbados index posted a 9% gain, largely due to movement in shares of CIBC Caribbean on thin trading volumes.

Monetary policy was a focus for investors all year. Shares of companies globally experienced bouts of volatility caused by changes in expectations for monetary policy.

In December, the U.S. Federal Reserve (Fed) began hinting at the possibility of lower rates and bond yields fell to reflect an outlook for steep cuts. Both bond and equity prices rose in response, but this proved short-lived. The Fed soon shifted to a "wait and see" approach, which depended on how data depicted the health of the U.S. economy and yields rose to reflect the Fed's less friendly leaning. The wait and see stance kept rates unchanged for most of the year but in the background the data gradually showed signs of a softer economy. Importantly, the U.S. Consumer Price Index (CPI) on an annual basis, moved down from 3.7% at the end of September 2023 to 2.4% at the end of September 2024, much closer to the Fed's 2% target. This measure had peaked at 9.1% in June 2022. Signs of cooling also appeared in the labour market as the unemployment rate rose. The U.S. economy remained generally healthy, but as the months passed it became clearer that keeping rates high could be problematic for the economy. The question on investors' minds shifted from "when will the Fed cut rates?" to "by how much?", and "how quickly?"

In other parts of the world, inflation subsided too, but this came with weaker economies. Economic slowdowns in much of Europe and in Canada prompted their central banks to cut rates ahead of the Fed. The Fed only joined other central banks in easing monetary policy in September, lowering its target rate by 0.5%. This move pushed equity and bond prices higher.

Against this backdrop, corporate earnings remained strong and developments in artificial intelligence supported investor optimism. This dynamic caused large cap growth stocks to outperform value by a wide

margin, but value gained momentum late in the year on the Fed's rate cut. Japanese equities gained again this year but experienced a steep, temporary dip in June, following a surprise rate hike by the Bank of Japan. Japanese stocks gained almost 27% over the year in U.S. dollar terms. In emerging markets, Chinese equities rose by just over 20% in September, from very depressed levels, after the government announced a series of economic stimulus measures.

The Fund's core allocations to the Fortress US Equity, Fortress International Equity and Fortress Emerging Market funds performed well, returning 27%, 23% and 21% respectively over the year. Individual global investments also posted strong gains, including Berkshire Hathaway (+31%), U.S. biotechnology sector ETF (+19%) and Johnson & Johnson (+7%). Allocations to specialist managers also performed well. The OAM Europe and Asia funds were up 25% and 18% respectively, and the Templeton Asian Smaller Companies Fund added 28%.

Overall, the Fund's diversified, value-oriented global investments had strong performance this year.

Unfortunately, this global strength did not extend to the Caribbean region. In the Caribbean, share prices were markedly lower this year, except for a few securities. The Fund's holdings in Trinidad came under significant pressure, including Massy Holdings (-25%), Guardian Holdings (-20%), and Agostini's (-4%). These three holdings together account for approximately 7% of the Fund. In Barbados, Goddard Enterprises declined by 4%, while in Jamaica, NCB Financial Group weakened by 21%. Shares in Guyana, which were a source of weakness in the prior year following huge gains in 2020-2022, were mostly unchanged this year.

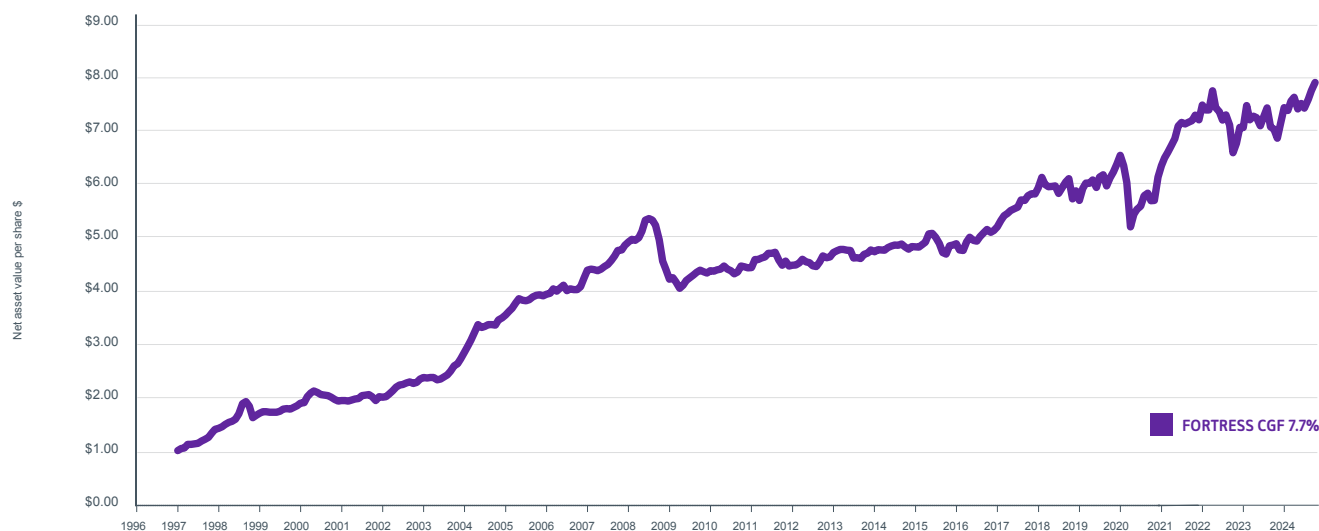
The Fund's recent performance and performance since inception in 1996 are summarized in the table and graph below.

#### Performance Summary as of 9/30/24\*

	1 year	3 year	5 year	Inception
<b>Fortress</b>	<b>12.4%</b>	<b>3.2%</b>	<b>5.3%</b>	<b>7.7%</b>
Jamaica	-4.7%	-10.3%	-12.0%	5.5%
Trinidad	-13.0%	-9.6%	-5.6%	6.5%
Barbados	9.0%	5.9%	-2.4%	3.1%
Global Benchmark	33.0%	9.6%	13.6%	8.0%

\*periods longer than one year are annual compound returns

#### Caribbean Growth Fund Net Asset Value Since Inception





### Portfolio Positioning

The Fund's portfolio continues to be diversified within the Caribbean region and globally, across a range of industries, countries, and individual holdings. The focus as always is on owning shares in good, profitable companies at reasonable prices. Approximately a third of the portfolio is invested in the Caribbean region and two thirds is invested in U.S., international and emerging markets, offering Barbados-based investors access to exceptional global diversification. It is worth noting, however, that our ability to invest additional assets in local, regional and global equities continues to be constrained by exchange controls in Barbados and by relatively small, illiquid stock markets in the region.

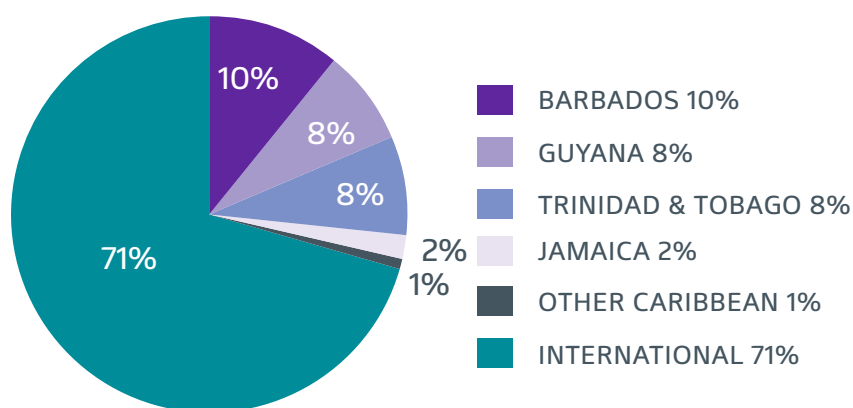
The largest component in the Fund's portfolio is U.S. and international investments which make up approximately 71% of the total portfolio. The holdings in this segment are accomplished largely via allocations to our own U.S. dollar funds, and by holdings in specialist third party managers such as Franklin Templeton and Overseas Asset Management. Of these investments, the largest investments are in our own Fortress Global

Funds, which are domiciled in the Cayman Islands. (Management fees related to the Fund's investments in these funds are rebated by Fortress to the Fund to avoid double charging.) Allocating to these funds allows us to gain efficient and consistent access to portfolios of high-quality shares at attractive valuations, and to adjust the Fund's exposures across the main areas of U.S., international and emerging markets as needed.

The average valuations of the Fund's global holdings continued to be excellent, and we think consistent with meaningful future returns. Cash and equivalents ended the year at 2.5% of the portfolio, which leaves approximately \$18 million of flexibility for investment or other liquidity needs.

The following graph summarises the Fund's geographic distribution as of September 30, 2024, based where possible on the country of primary risk. For a complete list of the Fund's holdings as of year-end please see the notes to the accompanying financial statements.

### Geographic Distribution of Portfolio



### Top 5 Holdings

<i>Holding</i>	<i>Country/Region</i>	<i>Sector</i>	<i>Weight</i>
Fortress International Equity Fund SP	International	Various	21%
Fortress US Equity Fund SP	US	Various	16%
Fortress Emerging Markets Fund SP	International	Various	12%
Berkshire Hathaway Inc Class B	US	Various	5%
Templeton Asian Smaller Co.'s Fund	International	Various	5%

## Outlook

This year was another strong one for global equities and for the Fund due to its global diversification. The much-anticipated monetary easing began this year and while we and other investors welcome the shift to easier monetary policy, economic moderation sometimes develops into recession, and investors should be aware of this possibility. For now, though, there appears to be a real chance of a soft-landing scenario playing out where inflation can keep coming down against a generally healthy backdrop for the economy and corporate profits.

During the year, U.S. stock indices such as the S&P 500 reached all-time highs. While we see opportunities among certain U.S. stocks, we believe that the more expensive segments of the U.S. market are vulnerable to price corrections. Furthermore, the U.S. stock market's relative outperformance compared to the rest of the world continued this year, and we consider this trend to be unsustainable.

Attractive valuations can be found in other parts of the world, among emerging markets and developed international stocks. However, it is a balancing act. Chinese equities, despite their appealing valuations, carry significant risks. The economic moderation in Europe has buoyed shares' prices as investors welcome cuts from the central banks but a softer economy can quickly transition into recession, which can be bad for stocks. The crosswinds argue more than ever for wide diversification and to look for tomorrow's returns where valuations are most compelling, and not necessarily where yesterday's returns were strongest.

In the Caribbean, after recent weakness, we believe some select securities in Trinidad and Jamaica may now be priced for better long-term returns. In all, we remain constructive on the Fund's high-quality, value-oriented global and Caribbean holdings.

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 MUTUAL FUND LIMITED**

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

##### **Opinion**

We have audited the financial statements of Fortress Mutual Fund Limited ("the Fund"), which comprise the statement of financial position as at 30 September 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 30 September 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 MUTUAL 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.
- 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 MUTUAL FUND LIMITED**

#### **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.

*Ernst & Young Ltd*

BARBADOS

December 16, 2024

# Fortress Mutual Fund Limited

## Statement of Financial Position

As at September 30, 2024

(expressed in Barbados dollars)

	2024 \$	2023 \$
<b>Assets</b>		
Financial assets (note 5)	669,530,479	580,713,565
Accounts receivable	1,759,726	1,155,681
Cash and cash equivalents (note 6)	17,685,899	23,006,825
<b>Total assets</b>	<b>688,976,104</b>	<b>604,876,071</b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	69,631	101,741
<b>Total liabilities (excluding net assets attributable to holders of redeemable mutual fund shares)</b>	<b>69,631</b>	<b>101,741</b>
<b>Net assets attributable to holders of redeemable mutual fund shares (note 9)</b>	<b>688,866,473</b>	<b>604,734,330</b>
<b>Total liabilities</b>	<b>688,936,104</b>	<b>604,836,071</b>
<b>Share capital (note 10)</b>	<b>40,000</b>	<b>40,000</b>
<b>Liabilities and shareholder funds</b>	<b>688,976,104</b>	<b>604,876,071</b>
<b>Net asset value per redeemable mutual fund share</b>	<b>7.8973</b>	<b>7.0238</b>

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

Approved by the Board of Directors on December 13, 2024

Roger Cane Director

Maia Nickolls Director

# Fortress Mutual 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 \$
<b>Balance at September 30, 2022</b>	<b>85,916,726</b>	<b>565,354,999</b>
Issue of shares	5,314,335	38,156,487
Redemption of shares	(5,133,067)	(36,717,146)
Total comprehensive gains for the year	—	37,939,990
<b>Balance at September 30, 2023</b>	<b>86,097,994</b>	<b>604,734,330</b>
Issue of shares	5,545,414	41,575,631
Redemption of shares	(4,415,544)	(32,997,516)
Total comprehensive gains for the year	—	75,554,028
<b>Balance at September 30, 2024</b>	<b>87,227,864</b>	<b>688,866,473</b>

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



# Fortress Mutual Fund Limited

## Statement of Comprehensive Income

For the year ended September 30, 2024

---

(expressed in Barbados dollars)

	2024 \$	2023 \$
<b>Revenue</b>		
Net fair value gains on financial assets at fair value through profit and loss (note 5)	77,430,294	41,120,142
Dividend income	7,456,117	5,782,128
Interest income (note 7)	55,173	25,511
Net exchange gains on cash and cash equivalents	63,593	63,436
<b>Total investment income</b>	<b>85,005,177</b>	46,991,217
<b>Expenses</b>		
Management fees (note 8)	7,722,060	7,575,108
Administrator and custodian fees (note 8)	1,053,196	921,135
Brokerage and investment fees	377,575	294,104
Operating expenses	108,888	117,253
Professional and audit fees	95,892	92,070
Withholding taxes	93,538	51,557
<b>Operating expenditure</b>	<b>9,451,149</b>	9,051,227
<b>Net income and total comprehensive income</b>	<b>75,554,028</b>	37,939,990

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

# Fortress Mutual Fund Limited

## Statement of Cash Flows

For the year ended September 30, 2024

(expressed in Barbados dollars)

	2024 \$	2023 \$
<b>Cash flows from operating activities</b>		
Total comprehensive income	75,554,028	37,939,990
Adjustments for:		
Net fair value gains on financial assets at fair value through profit and loss	(77,430,294)	(41,120,142)
Dividend income	(7,456,117)	(5,782,128)
Interest income	(55,173)	(25,511)
<b>Operating loss before working capital changes</b>	<b>(9,387,556)</b>	<b>(8,987,791)</b>
Increase in accounts receivable	(7,979)	—
Decrease in accounts payable and accrued expenses	(32,110)	(103,366)
Purchase of financial assets at fair value through profit and loss	(30,616,004)	(28,094,410)
Proceeds on sale of financial assets at fair value through profit and loss	19,223,459	21,276,261
<b>Cash used in operations</b>	<b>(20,820,190)</b>	<b>(15,909,306)</b>
Interest received	61,098	24,732
Dividends received	6,860,051	4,906,417
<b>Cash used in operating activities</b>	<b>(13,899,041)</b>	<b>(10,978,157)</b>
<b>Cash flows from financing activities</b>		
Issue of mutual fund shares	41,575,631	38,156,487
Redemption of mutual fund shares	(32,997,516)	(36,717,146)
<b>Cash generated from financing activities</b>	<b>8,578,115</b>	<b>1,439,341</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,320,926)</b>	<b>(9,538,816)</b>
<b>Cash and cash equivalents – beginning of year</b>	<b>23,006,825</b>	<b>32,545,641</b>
<b>Cash and cash equivalents – end of year</b>	<b>17,685,899</b>	<b>23,006,825</b>

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

# Fortress Mutual Fund Limited

## Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

### 1 Incorporation and principal activity

Fortress Mutual Fund Limited (“the Fund”) was incorporated in Barbados on December 4, 1996, is registered under the Companies Act of Barbados and is licensed under the Mutual Funds Act 2002-22 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 capital growth over the long term.

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 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*

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 Mutual 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 financial statements of the Fund are measured using the currency of the primary economic environment in which the entity 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 assets and financial liabilities at fair value through profit or loss

#### *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. 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.

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 2 Accounting policies...continued

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

#### i) Classification...continued

##### *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.

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, which is the date the Fund 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 Fund has transferred substantially all risks and rewards of ownership.

When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions or the full amount of the premium, if the option expires worthless, is recognised as a gain or loss and is 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.

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 2 Accounting policies...continued

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

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

The Fund's interests in jointly controlled entities are initially recognised at fair value and are subsequently carried at fair value based on the Fund's proportionate share of the underlying fair value of the entity's net assets.

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. 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.

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. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

#### 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 Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 2 Accounting policies...continued

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

#### Interest income

Interest is recognised on a time-proportionate basis using the effective interest method. Interest income includes interest from cash and cash equivalents. Interest from financial assets at fair value through profit or loss includes interest from debt securities.

#### Dividend income

Dividend income is recognised in the statement of comprehensive income 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 Mutual 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 mutual fund shares/ Net asset value

The Fund issues redeemable mutual fund shares which are redeemable at the holder's option and are classified as financial liabilities. Redeemable mutual fund 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 mutual fund shares are carried at the redemption amount that is payable at the statement of financial position date if the holders were to exercise the right to put the shares back to the Fund.

Redeemable mutual fund 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 mutual fund 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 does not pay dividends or distributions to the holders of redeemable mutual fund shares. All income, including interest, dividends and capital gains earned by the Fund, is automatically reinvested and this income is reflected in the quoted net asset value of the shares.

#### j) Taxation

The Fund 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 the Fund is attributable to the Fund's Class "A" 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 Mutual 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 foreign currency risk), credit risk and liquidity risk.

The Fund is 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 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 Fund's policy allows it 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 Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 4 Financial risk management...continued

### Market risk

#### (i) Price risk

The Fund is 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 Fund's investments in equity securities and units in managed equity 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.

#### 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 on the assumptions that the MSCI All Country World Index increased by 15% (2023- 15%), 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.

	2024	2023
	\$	\$
<b>Effect on net assets attributable to redeemable shares of an increase in the indices</b>		
MSCI All Country World Index	58,415,119	42,732,947

The Investment Manager uses the MSCI All Country World 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 MSCI All Country World 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 majority of the Fund's financial assets and liabilities are non-interest bearing. The Fund's debt securities are fixed rate securities. 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.

# Fortress Mutual 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

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.

The table below summarises the Fund's exposure to direct currency risk in Barbados dollars:

	TTD \$	JMD \$	GYD \$
<b>September 30, 2024</b>			
<b>Financial assets</b>			
Investments	51,767,690	7,608,450	55,153,919
Account receivable	190,349	32,242	20,673
Cash and cash equivalents	1,238,309	28,905	—
<b>Total financial assets</b>	<b>53,196,348</b>	<b>7,669,597</b>	<b>55,174,592</b>
<b>Total financial liabilities</b>	—	—	—
<b>Net position</b>	<b>53,196,348</b>	<b>7,669,597</b>	<b>55,174,592</b>

# Fortress Mutual 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

	TTD \$	JMD \$	GYD \$
<b>September 30, 2023</b>			
<b>Financial assets</b>			
Investments	59,158,577	8,032,062	59,477,129
Account receivable	182,387	4,585	372,936
Cash and cash equivalents	2,260,088	1,784,962	181,038
<b>Total financial assets</b>	<b>61,601,052</b>	<b>9,821,609</b>	<b>60,031,103</b>
<b>Total financial liabilities</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Net position</b>	<b>61,601,052</b>	<b>9,821,609</b>	<b>60,031,103</b>

### Sensitivity

The Fund is most exposed to currency risk in its operating currencies whose values have noticeably fluctuated against the Barbados dollar. These currencies include the Trinidad and Tobago dollar (TTD), the Jamaica dollar (JMD) and the Guyanese dollar (GYD).

The theoretical decrease in net assets had these currencies depreciated by 5% against the Barbados dollar with all other variables held constant is considered below:

	Effect of a 5% depreciation as of September 30, 2024 \$	Effect of a 5% depreciation as of September 30, 2023 \$
Balances denominated in TTD	2,659,817	3,080,053
Balances denominated in JMD	383,480	491,080
Balances denominated in GYD	2,758,730	3,001,555

A 5% appreciation in the currencies will have an equal and opposite effect to that disclosed above.

# Fortress Mutual Fund Limited

## Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

### 4 Financial risk management...continued

#### 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. It is the Fund's policy to enter into financial instruments with reputable counterparties.

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.

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.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal since delivery of securities sold is only made once the broker has delivered payment. On a purchase, payment is made once the securities have been received by the broker. The trade will fail if either party fails to meet their obligation.

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

	2024	2023
	\$	\$
Debt securities	1,131,000	875,925
Accounts receivable	1,759,726	1,155,681
Cash and cash equivalents	17,685,899	23,006,825
	<u>20,576,625</u>	<u>25,038,431</u>

The Fund measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management consider both historical analysis and forward looking information in determining any expected credit loss. At September 30, 2024 and September 30, 2023, all other receivables, amounts due from brokers, 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 consider 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 Fund.

# Fortress Mutual 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). It therefore invests the majority of its assets in investments that are traded in an active market and can be readily disposed of. The table below analyses the Fund’s financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position 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.

	Less than 1 month \$	1 - 3 months \$
<b>September 30, 2024</b>		
Accounts payable and accrued expenses	64,531	5,100
Net assets attributable to holders of redeemable mutual fund shares	688,866,473	—
<b>Total financial liabilities</b>	<b>688,931,004</b>	<b>5,100</b>
<b>September 30, 2023</b>		
Accounts payable and accrued expenses	88,754	12,987
Net assets attributable to holders of redeemable mutual fund shares	604,734,330	—
<b>Total financial liabilities</b>	<b>604,823,084</b>	<b>12,987</b>

Redeemable shares are redeemed on demand at the holder’s option (note 9). In the event of unusual circumstances and redemption requests representing more than 20% of the Fund’s assets being 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, 62% (2023- 58%) 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 other funds.

The rights 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.

# Fortress Mutual Fund Limited

## Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

### 4 Financial risk management...continued

#### Liquidity risk...continued

The Fund manages 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 \$	1 - 3 months \$	Over 3 months \$
<b>September 30, 2024</b>				
Total assets	<b>135,210,747</b>	<b>535,034,190</b>	<b>1,274,849</b>	<b>17,456,318</b>
<b>September 30, 2023</b>				
Total assets	104,697,922	481,859,862	1,179,404	17,138,883

#### Capital risk management

The capital of the 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 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.

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).

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 4 Financial risk management...continued

### Fair value estimation...continued

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 and liabilities (by class) measured at fair value:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2024</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Mutual funds	2,582,525	411,615,426	–	<b>414,197,951</b>
Listed equity securities	231,348,155	5,253,206	–	<b>236,601,361</b>
Joint arrangements	–	–	16,014,822	<b>16,014,822</b>
Hedge funds	–	1,274,849	–	<b>1,274,849</b>
Debt securities	–	1,131,000	–	<b>1,131,000</b>
Unlisted securities	–	–	310,496	<b>310,496</b>
	<b>233,930,680</b>	<b>419,274,481</b>	<b>16,325,318</b>	<b>669,530,479</b>



# Fortress Mutual 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				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Mutual funds	3,121,967	332,039,941	–	<b>335,161,908</b>
Listed equity securities	222,650,319	4,583,051	–	<b>227,233,370</b>
Joint arrangements	–	–	15,940,929	<b>15,940,929</b>
Hedge funds	–	1,179,404	–	<b>1,179,404</b>
Debt securities	–	875,925	–	<b>875,925</b>
Unlisted securities	–	–	322,029	<b>322,029</b>
	<b>225,772,286</b>	<b>338,678,321</b>	<b>16,262,958</b>	<b>580,713,565</b>

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 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. 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.

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.

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.

The level 3 unlisted securities amounts to \$310,496 (2023 - \$322,029) and consists of unlisted mutual funds and equities. The Fund values these instruments using prices from prior transactions or third party pricing information.

There were no transfers between levels in the current year.

# Fortress Mutual 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 tables present the movement in level 3 instruments by class of financial instrument:

	Joint arrangements \$	Unlisted securities \$	Total \$
<b>September 30, 2024</b>			
Opening balance	15,940,929	322,029	16,262,958
Sales/distributions	–	(7,259)	(7,259)
Gains/(losses) recognised in the statement of comprehensive income	73,893	(4,274)	69,619
<b>Closing balance</b>	<b>16,014,822</b>	<b>310,496</b>	<b>16,325,318</b>
Change in unrealised gains/(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	<b>73,893</b>	<b>(4,274)</b>	<b>69,619</b>
<b>September 30, 2023</b>			
Opening balance	16,689,711	431,678	17,121,389
Sales/distributions	(1,430,886)	–	(1,430,886)
Gains/(losses) recognised in the statement of comprehensive income	682,104	(109,649)	572,455
<b>Closing balance</b>	<b>15,940,929</b>	<b>322,029</b>	<b>16,262,958</b>
Change in unrealised gains/(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	<b>682,104</b>	<b>(109,649)</b>	<b>572,455</b>

# Fortress Mutual 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 Input	Relationship of unobservable inputs to fair value
Joint arrangements	16,014,822	15,940,929	Proportionate share of the net assets of the joint arrangements	Fair value of underlying assets	The higher the fair value of the underlying assets of the joint arrangement the higher the fair value
Unlisted securities	310,496	322,029	Net tangible assets	Net book value of underlying assets	The higher the net asset value per share the higher 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 \$
<b>September 30, 2024</b>				
<b>Assets</b>				
Accounts receivable	—	1,759,726	—	1,759,726
Cash and cash equivalents	17,685,899	—	—	17,685,899
<b>Total</b>	<b>17,685,899</b>	<b>1,759,726</b>	<b>—</b>	<b>19,445,625</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	—	69,631	—	69,631
Net assets attributable to holders of redeemable mutual fund shares	—	688,866,473	—	688,866,473
<b>Total</b>	<b>—</b>	<b>688,936,104</b>	<b>—</b>	<b>688,936,104</b>

# Fortress Mutual 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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2023</b>				
<b>Assets</b>				
Accounts receivable	–	1,155,681	–	<b>1,155,681</b>
Cash and cash equivalents	23,006,825	–	–	<b>23,006,825</b>
<b>Total</b>	<b>23,006,825</b>	<b>1,155,681</b>	<b>–</b>	<b>24,162,506</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	101,741	–	<b>101,741</b>
Net assets attributable to holders of redeemable mutual fund shares	–	604,734,330	–	<b>604,734,330</b>
<b>Total</b>	<b>–</b>	<b>604,836,071</b>	<b>–</b>	<b>604,836,071</b>

The remaining 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 Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

## 5 Financial assets

The classification of the Fund's financial assets is detailed below:

	2024 \$	2023 \$
<b>Designated at fair value through profit or loss at inception:</b>		
- mutual funds	414,197,951	335,161,908
- listed equity securities	236,601,361	227,233,370
- joint arrangements	16,014,822	15,940,929
- hedge funds	1,274,849	1,179,404
- debt securities	1,131,000	875,925
- other	310,496	322,029
<b>Total financial assets designated at fair value through profit or loss</b>	<b>669,530,479</b>	<b>580,713,565</b>
<b>Net gains/ (losses) recognised in relation to investments</b>		
- realised (losses)/gains	(819,641)	2,999,755
- change in unrealised gains	78,249,935	38,120,387
	<b>77,430,294</b>	<b>41,120,142</b>

The detailed portfolio of investments is as follows:

	2024		2023	
	Cost \$	Market value \$	Cost \$	Market value \$
<b>Security</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Barbados</b>				
Goddard Enterprises Limited	12,554,798	27,354,303	12,284,523	28,922,941
CIBC Caribbean Bank Ltd	6,877,802	5,628,519	6,783,871	4,998,539
Eppley Caribbean Property Fund -Value Fund	2,460,359	2,125,508	1,989,197	1,654,346
Insurance Corporation of Barbados Ltd	2,055,469	1,223,814	2,055,469	1,158,718
Barbados Dairy Industries Ltd	877,117	520,000	877,117	520,000
Eppley Caribbean Property Fund- Dev Fund	1,162,478	457,017	1,162,478	517,952
	<b>25,988,023</b>	<b>37,309,161</b>	<b>25,152,655</b>	<b>37,772,496</b>

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

## 5 Financial assets....continued

	2024		2023	
	Cost	Market value	Cost	Market value
	\$	\$	\$	\$
<b>Security</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Jamaica</b>				
Pan Jam Investments Limited	1,164,850	3,897,807	1,164,850	3,916,069
GraceKennedy Limited	421,112	1,005,904	421,112	1,017,345
Stanley Motta Limited	801,810	858,060	801,810	785,196
Sagicor Group Jamaica Ltd	882,037	761,253	882,037	937,330
National Commercial Bank of Jamaica	366,965	636,854	366,965	832,943
JMMB Group Limited	213,460	448,572	213,460	543,179
	<b>3,850,234</b>	<b>7,608,450</b>	<b>3,850,234</b>	<b>8,032,062</b>
<b>Trinidad</b>				
Agostini's Ltd	8,865,743	18,611,524	5,938,611	16,902,950
Massy Holdings Ltd	14,149,229	17,833,461	11,865,009	21,988,747
Guardian Holdings Limited	20,630,539	14,446,504	20,625,549	19,002,441
Republic Bank Limited	1,077,292	876,201	1,077,292	949,669
	<b>44,722,803</b>	<b>51,767,690</b>	<b>39,506,461</b>	<b>58,843,807</b>
<b>East Caribbean</b>				
St Lucia Electricity Services	534,208	1,996,694	534,208	1,736,256
East Caribbean Financial Holdings Ltd	2,932,344	1,638,875	2,932,344	1,229,156
Trading & Development Co Ltd	551,202	763,016	551,202	763,016
	<b>4,017,754</b>	<b>4,398,585</b>	<b>4,017,754</b>	<b>3,728,428</b>
<b>Guyana</b>				
Banks DIH Ltd	2,162,555	27,343,588	2,162,555	26,584,044
Demerara Bank Limited	913,727	21,215,080	913,727	23,973,698
Demerara Distilleries Ltd	233,674	4,485,764	233,674	6,543,938
Guyana Bank for Trade and Industry Ltd	520,268	1,779,209	520,268	2,086,030
Demerara Tobacco Co Ltd	113,465	330,278	113,465	289,419
	<b>3,943,689</b>	<b>55,153,919</b>	<b>3,943,689</b>	<b>59,477,129</b>

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

## 5 Financial assets....continued

	2024		2023	
	Cost	Market	Cost	Market
	\$	Value	\$	Value
Security		\$		\$
<b>Financial assets at fair value through profit or loss</b>				
<b>International</b>				
Fortress International Equity Fund	105,334,746	143,092,065	105,334,746	116,218,967
Fortress US Equity Fund	77,474,293	107,785,497	77,474,293	84,809,406
Fortress Emerging Markets Fund	66,154,138	81,094,879	66,154,138	66,614,458
Berkshire Hathaway Inc	22,340,962	37,465,164	14,752,974	21,368,300
Templeton Asian Smaller Companies	20,799,948	34,913,388	20,799,948	27,272,411
Ishares TR Nasdaq Biotechnology	12,406,480	15,462,720	12,429,844	13,011,656
SPDR S&P Midcap ETF	13,236,124	13,899,704	—	—
OAM Asian Recovery Fund	13,025,442	13,322,911	13,025,442	11,432,992
Fortress World Growth Fund	10,002,000	12,507,501	10,002,000	10,073,014
OAM European Value Fund	8,400,160	9,665,290	8,613,352	7,897,318
Fortress Global Opportunity Wealth Fund	5,999,920	9,233,895	5,999,920	7,721,375
Sagicor Financial Company Ltd	15,334,346	8,620,820	15,334,346	7,748,106
Johnson & Johnson	6,907,313	7,163,052	4,301,832	4,361,000
ChapelGate Credit Opportunity Fund Ltd	444,040	1,274,849	444,040	1,179,404
Paypal Holdings Inc	—	—	7,139,042	3,799,900
SPDR S&P Regional Banking EFT	—	—	6,228,241	6,474,350
SPDR S&P Biotech ETF	—	—	5,345,824	5,403,480
	<b>377,859,912</b>	<b>495,501,735</b>	<b>373,379,982</b>	<b>395,386,137</b>
<b>Other</b>				
CS&C Joint Venture	8,961,228	8,303,445	8,961,228	8,737,372
Emerald City Trust	3,051,745	3,624,517	3,051,745	3,633,965
Sunset Joint Venture	936,000	4,086,860	936,000	3,569,592
	<b>12,948,973</b>	<b>16,014,822</b>	<b>12,948,973</b>	<b>15,940,929</b>
<b>Holdings less than 0.05%</b>	<b>6,234,374</b>	<b>1,776,117</b>	<b>5,979,779</b>	<b>1,532,577</b>
<b>Total financial assets at fair value through profit and loss</b>	<b>479,565,762</b>	<b>669,530,479</b>	<b>468,779,527</b>	<b>580,713,565</b>

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

# Fortress Mutual Fund Limited

## Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

### 6 Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank	17,003,791	23,006,825
Money market funds	682,108	—
	<u>17,685,899</u>	<u>23,006,825</u>

The effective yield on cash and cash equivalents and money market funds is nil (2023- nil).

### 7 Interest income

	2024 \$	2023 \$
Debt securities at fair value through profit or loss	32,504	25,116
Cash and cash equivalents	22,669	395
	<u>55,173</u>	<u>25,511</u>

### 8 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, registrar and administrator 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 fee being 1.50% - 1.75% amounted to \$10,905,817 (2023-\$10,442,413) for the year. The administrator fees amounted to \$566,816 (2023- \$593,974) for the year.

Management fees of \$3,183,757 (2023 - \$2,867,305) were refunded by Fortress Fund Managers Limited being 0.60% - 1.00% of the net asset values of Fortress World Funds- Growth Fund, Fortress International Equity Fund Limited, Fortress Emerging Markets Fund, Fortress US Equity Fund and Fortress Global Opportunity Wealth Fund 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 Fund holds 405,488 (2023 - 405,488) shares valued at \$143,092,065 (2023 - \$116,218,967) in the Fortress International Equity Fund SP.

The Fund holds 288,901 (2023 - 288,901) shares valued at \$81,094,879 (2023 - \$66,614,458) in the Fortress Emerging Markets Fund SP.



# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

(expressed in Barbados dollars)

## 8 Related party transactions...continued

The Fund holds 227,243 (2023 - 227,243) shares valued at \$107,785,497 (2023 - \$84,809,406) in the Fortress US Equity Fund SP.

The Fund holds 29,999 (2023 - 29,999) shares valued at \$9,233,895 (2023 - \$7,721,375) in the Fortress Global Opportunity Wealth Fund SP.

The Fund holds 5,001,000 (2023 - 5,001,000) shares valued at \$12,507,501 (2023 - \$10,073,014) in the Fortress World Funds Limited SCC- Growth Fund.

Director fees of \$70,000 (2023 - \$70,000) 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 acquired in the year	Number of shares redeemed in the year	Number of shares at year end
<b>September 30, 2024</b>				
<b>Shareholder</b>				
Directors	548,780	36,024	(40,765)	<b>544,039</b>
<b>September 30, 2023</b>				
<b>Shareholder</b>				
Directors	436,088	112,692	—	<b>548,780</b>

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

	Number of shares	
	2024	2023
Fortress Caribbean Pension Fund Limited	<b>39,270,840</b>	40,077,088
Fortress Insurance Company Limited	<b>85,422</b>	85,422

## 9 Redeemable mutual fund shares

Class 'A' Redeemable Mutual Fund Shares (Fund shares)

Each Fund share is 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:

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

# Fortress Mutual Fund Limited

Notes to the Financial Statements

September 30, 2024

---

(expressed in Barbados dollars)

## 10 Share capital

	2024		2023	
	Number of shares	\$	Number of shares	\$
<b>Common shares</b>				
An unlimited number of common shares				
<b>Issued</b>	<b>1,000</b>	<b>40,000</b>	1,000	40,000

### Common shares

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, the shares would be repaid at issued value.





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)