



Your Future. Our Business.

Dear fellow investors,

The past few months have been extraordinary for all of us. Many parts of everyday life were shut down, we took unfamiliar steps to protect ourselves and those around us, and financial markets had one of their most volatile periods ever. At Fortress, we moved (temporarily) to completely remote work and continued investing, calculating net asset values, updating our website, and responding to the needs of our thousands of individual and institutional clients. While it was a “noisy” period, we tried to keep you updated quietly on our thoughts via emails, our website, social media channels and reports in the press.

Above all this is a time for steady behaviour. We added to the funds’ investments in stocks and bonds during the weakness in March, but the portfolios are not substantially different today from what they were three months ago. They remain positioned as always in well-valued, high-quality securities where the return potential from real underlying profitability outweighs the likely risks. And they are broadly diversified.

In times like these we believe our job is to ensure our clients benefit appropriately when the recovery inevitably comes. Our eyes are wide open to the risks and the potential for future returns. From today’s prices, those future returns are looking better than they have in some time, and if performance in early April is any guide we may be on our way.

Thank you very much for investing with us.

Sincerely,
Fortress Fund Managers

OF INTEREST THIS QUARTER:

THE CARIBBEAN GROWTH FUND

declined 20.5% in the first quarter and is down 13.6% over the past year. Share prices globally came under severe pressure and lower prices now suggest higher future returns.

THE CARIBBEAN HIGH INTEREST FUND

declined 3.4% in the first quarter and is down 0.7% over the past year. Market turmoil also pressured most bond prices but the healing has begun and yields are higher.

THE CARIBBEAN PENSION FUND

shares declined between 6.0% and 16.6% in the first quarter and are down between 2.8% and 10.2% over the past year. Steady savers will likely benefit from today’s lower asset prices.



Tired of the COVID-19? So are we.

There are many things that need to change in daily life. Thankfully, investing steadily isn’t one of them. Our funds continue to position in well-valued assets in the Caribbean and around the world and will benefit as investing life inevitably returns to “normal”.

We are here and ready to help, in and out of lockdown.
Just email invest@fortressfund.com.



Caribbean Growth Fund

HIGHLIGHTS:

- *The Fund dropped 20.5% in the first quarter and is down 13.6% over the past year.*
- *Caribbean and global investments saw sharp declines as economic shutdowns spread around the world. Lower share prices now suggest higher than average returns in future.*

The Fund dropped 20.5% in the first quarter and is down 13.6% over the past year. The net asset value (NAV) per share finished March 27 at \$5.1915. Net assets of the Fund were \$427 million, down from \$471 million this time last year. The Fund's annual compound rate of return since inception in 1996 is 7.3% per year. Its portfolio remains well diversified by security, geography and currency.

After a strong year in 2019 global equities sold off sharply in late February and March in one of the quickest, most severe market declines ever. With COVID-19 cases mushrooming in Asia, Europe and then in North America, policymakers shut down large parts of their economies to slow transmission. In those early days, the possibility of new, catastrophic scenarios made companies all plan for the worst. Liquidity dried up in markets ranging from corporate bonds to US Treasury bonds to stocks, as institutions all scrambled to raise cash to last through whatever calamity lay ahead. The price of nearly every asset in the world fell substantially, and only stabilised as enormous government spending and central bank programmes were introduced in the largest economies.

By the end of March, the main index of U.S. stocks had fallen 20% from the start of the year, international equities were off 23% and emerging markets had dropped 24%. These moves impacted the approximately two thirds of the Fund's portfolio invested in global markets. Caribbean stocks fared little better, with economies exposed to tourism and energy, two of the hardest hit industries. Jamaica fell 31% and Trinidad lost 10%. The Fund's holdings in NCB, GraceKennedy and PanJam Investment were each down 25-30%, Massy and Guardian declined more than 25% and Sagicor Financial dropped 35%. As prices went on "sale" in March, we added steadily to the Fund's high-quality global investments. We also reduced holdings in Jamaica in January and added to positions in Trinidad as prices there eventually fell.

The natural question after such a jarring move is: "What's next?" In the short-term no one knows. But in the long-term, where historical trends matter more than daily headlines, we can know that the investment world will one day resume its typical upward path. And historically, when global stocks suffer declines like they just have, returns in subsequent years are excellent. This may be helped coming out of the current crisis because of the huge monetary policy support from the US Federal Reserve and others. Recovery may take time, of course – especially in the less resilient Caribbean – but we must remember that global financial markets will heal and recover well before the "real" world does. With about two-thirds of its assets invested outside the Caribbean the Fund is especially well-positioned to benefit as that inevitably happens.

The Fund is once again open to all new subscriptions.

FUND OBJECTIVE

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

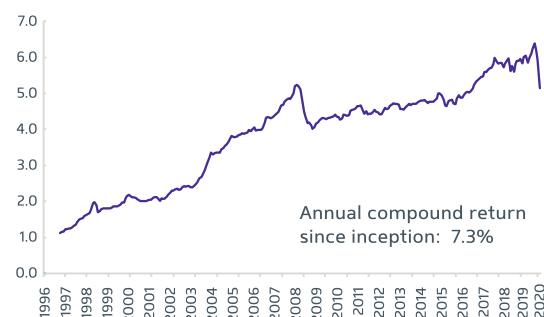
| | |
|---------------------------|---------------|
| Minimum Investment | \$100 |
| Net Asset Value per share | \$5.1915 |
| Fund Net Assets | \$426,964,988 |
| Fund Inception | Dec 9, 1996 |

INVESTMENT RETURNS

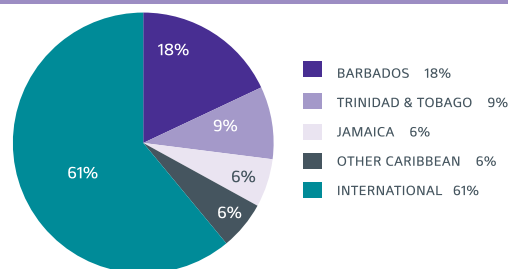
| | 3 Mo | 1 Yr | 3 Yrs | 5 Yrs | Incept |
|-----------------|---------------|---------------|--------------|-------------|-------------|
| Fortress | -20.5% | -13.6% | -1.6% | 1.1% | 7.3% |
| Jamaica | -30.9% | -13.5% | 15.1% | 29.5% | 7.9% |
| Trinidad | -9.5% | 0.0% | 2.4% | 1.7% | 8.9% |
| Barbados | 0.5% | -3.2% | 3.3% | 7.6% | 4.0% |
| MSCI World | -22.1% | -11.2% | 2.0% | 3.5% | 5.9% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 27TH, 2020



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

| Holding | Country/Region |
|--------------------------------------|----------------|
| 1 Fortress Emerging Markets Fund | International |
| 2 Fortress International Equity Fund | International |
| 3 Goddard Enterprises Limited | Barbados |
| 4 Fortress Income Builder Intl Fund | International |
| 5 Fortress OAM Overseas Fund | Europe/Asia |

EXPENSES

Manager: 1.75% per annum of net assets
Custodian:
 0.0875% on first \$30M in net assets
 0.075% on amounts over \$30M in net assets
Administrator:
 0.10% on the first \$30M in net assets
 0.0875% on amounts over \$30M in net assets
Redemption Charge: none
Initial Charges: 2%

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC FirstCaribbean International Bank
 Wealth Management Division

AUDITORS

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

DIRECTORS

Sir Geoffrey Cave, Chairman
 John Howard
 Maria Nicholls
 Tracey Shuffler
 David Simpson
 John Williams
 Roger Cave, Investment Manager

Please see our [Fund Prospectus](#) for further important information.

Caribbean High Interest Fund



HIGHLIGHTS:

- *The Fund declined 3.4% in the first quarter and is down 0.7% over the past year.*
- *Market turmoil pressured bond prices but the healing seems to have begun. The Fund's gross yield is now over 4%.*

The Fund declined 3.4% in the first quarter and is down 0.7% over the past year. The net asset value (NAV) of the Fund's Accumulation share finished at \$1.9447, while the Distribution share finished at \$0.9739. Net assets of the Fund were \$128 million, down from \$136 million this time last year. The Fund's annual compound rate of return since inception in 2002 is 3.8% per year. Its portfolio remains as diversified as possible across various issuers, industries, geographies and terms to maturity.

The first quarter in the bond market, as in all markets globally, was dominated by COVID-19 and the economic disruption fighting it has caused. As the cases and fear spread around the world in March, the US Federal Reserve (Fed) dropped its target rate to a range of 0-0.25% from 1.5-1.75% in two unscheduled actions. US Treasury 10-year yields dropped from 1.9% to 0.7% during the quarter as investors flocked to only the safest assets. Uncertainty led corporate spreads – the extra amount companies pay to borrow above the government rate – to shoot higher. Spreads on "BB"-rated bonds, for example, moved from 1.8% at the end of last year to as high as 8.6% in mid-March before ending the quarter at 6.5%. This translated into substantial declines in bond prices. Eventually the Fed announced enormous asset purchase programmes to support corporate bonds and this helped the market stabilise and resume functioning.

As most bond prices in the portfolio declined, the Fund experienced a rare period of negative return. The portfolio is a mix of Barbados dollar bonds and global issues held both directly and via the Fortress Fixed Income Fund and specialist managers. As global markets came under pressure, Barbados was also affected. With the Government of Barbados (GOB) currently rated "B-" the system here is far from risk-free. We therefore expect that the value of all bonds in Barbados declined at least somewhat during the turmoil of the quarter, even if market prices were not always observable. The Fund's holdings of high-quality Barbados corporate bonds have been valued conservatively on this basis, and our global holdings have all been marked to clear, observable market prices. As the healing in markets continues, we expect the Fund to earn higher yields with additional gains from price improvements and this process appears to have already begun in early April.

During the quarter we added to positions in Government of Barbados Series B and Series F bonds at discounts that correspond to yields in the 7-8% range. We also added to global investment grade and select high yield bonds during the quarter as prices fell. These actions and higher bond yields have increased the Fund's return potential for the months and, we hope, years to come. The Fund's gross yield is currently just over 4%, a good estimate of its medium-term return potential.

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

FUND OBJECTIVE

Income and capital preservation over the medium term. The Fund actively invests in a diversified portfolio of primarily Caribbean and international debt securities.

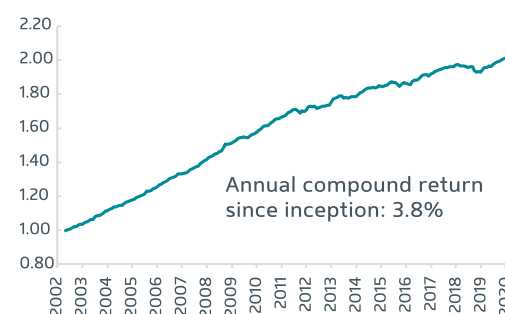
| | |
|----------------------------------|---------------------|
| <i>Minimum Investment</i> | \$500 |
| <i>Net Asset Value per share</i> | \$1.9447 / \$0.9739 |
| <i>Fund Net Assets</i> | \$128,299,819 |
| <i>Fund Inception</i> | May 17, 2002 |

INVESTMENT RETURNS

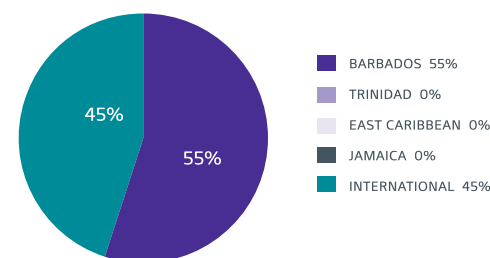
| 3 Months | 1 Year | 3 Years | 5 Years | Inception |
|--------------|--------------|-------------|-------------|-------------|
| -3.4% | -0.7% | 0.1% | 1.0% | 3.8% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 27, 2020



GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



TOP 5 HOLDINGS

| Holding | Country |
|--|---------------|
| 1 Fortress Fixed Income Fund | International |
| 2 Deposits - CIBC FirstCaribbean Intl Bank | Barbados |
| 3 Government of Barbados Series F Bond | Barbados |
| 4 First Citizens Repo July 6, 2020 | Barbados |
| 5 GEL Note 11/30/2021 | International |

EXPENSES

Manager: 0.75% per annum

Custodian & Administrator:

0.20% on first \$30M in net assets

0.175% on next \$50M in net assets

0.15% on amounts over \$80M in net assets

Redemption Charge:

2% for funds held less than 6 months

Up to 1% for funds held less than 6 months - 2 years

Nil after 2 years

Initial Charges: none

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

CUSTODIAN

CIBC FirstCaribbean International Bank
Wealth Management Division

AUDITORS

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

DIRECTORS

Sir Geoffrey Cave, Chairman

John Howard

Maria Nicholls

Tracey Shuffler

David Simpson

John Williams

Roger Cave, Investment Manager



Caribbean Pension Fund

HIGHLIGHTS:

- The three classes of shares of the Pension Fund declined between 6.0% and 16.6% in the first quarter and were down between 2.8% and 10.2% over the past year. The drop in financial markets from the coronavirus led to weakness in both stocks and bonds.
- Returns by class of share are shown in the table to the right.

Periods of negative returns are never pleasant, but they are a part of the long-term project of saving and investing for the future. Over the course of your working life there will likely be more than a few such times. Wealth still accumulates over the years and decades, though, by owning long-term assets: shares of businesses whose profits and dividends are on balance growing and improving each year, and creditworthy bonds that pay steady interest. This year has started with a sharp drop in the prices of almost all long-term assets due to the COVID-19 pandemic. This is natural – all that’s changing is current prices. We don’t know when this episode will pass, and long-term investments will resume their “normal life” of positive returns. But we do know that it will happen, and that the long-term returns coming out of such times in the past have typically been excellent. Other points to remember at times like these:

- The Fortress Caribbean Pension Fund shares’ main underlying assets are the Fortress Caribbean Growth Fund and Fortress Caribbean High Interest Fund. These funds are widely diversified by issuer, industry and geography which means that long-term risk is reduced.
- Lower asset prices today mean your monthly savings are going farther. As your pension contributions are put to work at lower prices you get more for your money. Steady savers benefit from times like these that occur during their working lives.

As always, please let us know if you have any questions about your investments with us.

Investors in the Pension Fund typically select from three different classes of shares, based on personal circumstances and risk tolerance. These classes differ in how their assets are spread across the major asset classes of equities, bonds, and real estate and other assets. The graphs below show how each of the classes (AA, CC, CS) is allocated currently. The reports on the Caribbean Growth Fund and Caribbean High Interest Fund on pages two and three of this quarterly report give you a direct look into the performance, positioning and outlook for the major underlying investments in the Pension Fund.

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

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

Fortress Multi-Employer Pension Plan

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

Personal Pension (RRSP)

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

INNOVA Lifestage Income Plan

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

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

EXPENSES

Manager: 0.50% per annum of net assets at the Fund level.
Fees from the underlying Fortress funds in which the Fund invests are capped at between 0.25% and 0.50% per annum of net assets, depending on the fund.
Custodian: \$7,500 per year paid by the Fund as a whole.
Administrator: 0.03% per annum.
Sales Charge: None
Redemption Charge: none

MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

CUSTODIAN

CIBC FirstCaribbean International Bank
Wealth Management Division

AUDITORS

EY Barbados

ATTORNEY-AT-LAW

Clarke Gittens Farmer

FUND OBJECTIVE

Capital growth, income and security over the long term, as appropriate to each class of share. The Fund invests in equities, fixed income, and real estate assets primarily via the other Fortress funds.

Net Asset Value

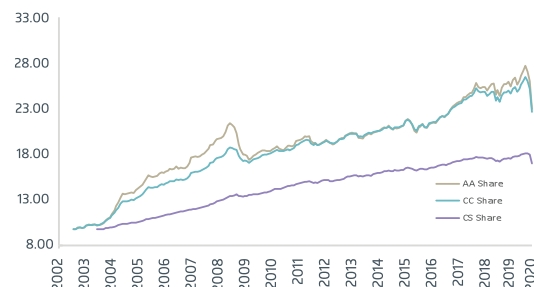
Per Share: \$22.80 / \$22.46 / \$17.01 (AA/CC/CS)
Fund Net Assets: \$284,860,076

INVESTMENT RETURNS

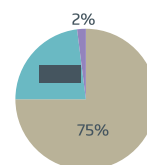
| | 3 Mo | 1 Yr | 3 Yrs | 5 Yrs | Incept. |
|-----------------|--------|--------|-------|-------|---------|
| AA Share | -16.6% | -10.2% | -0.6% | 1.7% | 4.7% |
| CC Share | -14.2% | -8.5% | -0.9% | 1.4% | 4.6% |
| CS Share | -6.0% | -2.8% | -0.3% | 0.8% | 3.2% |

*periods longer than 1 year are annual compound returns

NAV SINCE INCEPTION TO MARCH 31ST, 2020

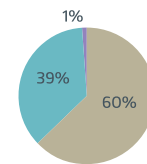


ASSET ALLOCATION



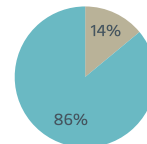
AGGRESSIVE ACCUMULATOR (AA)

EQUITIES 75%
FIXED INCOME 23%
REAL ESTATE/OTHER 2%



CONSERVATIVE CONSOLIDATOR (CC)

EQUITIES 60%
FIXED INCOME 39%
REAL ESTATE/OTHER 1%



CAPITAL SECURE (CS)

EQUITIES 14%
FIXED INCOME 86%
REAL ESTATE/OTHER <1%

DIRECTORS

Sir Geoffrey Cave, Chairman
René Delmas
John Howard
Desmond Kinch
Maria Nicholls
Tracey Shuffler
David Simpson
John Williams
Roger Cave, Investment Manager

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