

# ANNUAL REPORT 2016

FORTRESS CARIBBEAN  
PENSION 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  
First Floor, Carlisle House  
Hincks Street  
Bridgetown  
Barbados  
BB11144  
TEL (246) 431 2198  
FAX (246) 431 0514  
[invest@fortressfund.com](mailto:invest@fortressfund.com)  
[www.fortressfund.com](http://www.fortressfund.com)



# Fortress Caribbean Pension Fund

# Investment Objectives & Fund Details

---

The Fortress Caribbean Pension Fund offers three classes of share to the public, Redeemable Aggressive Accumulator (AA), Redeemable Conservative Consolidator (CC) and the Redeemable Capital Secure (CS), each with its own investment objective. The objective of the AA class of share is to achieve growth and capital appreciation of the assets over the long term. The investment objective of the CC class of share is to achieve growth and capital appreciation over the medium term, while that of the CS class of share is to achieve capital security in the short term.

<b>FUND NAME:</b>	Fortress Caribbean Pension Fund Limited		
<b>LAUNCH DATE:</b>	October 9, 2002		
<b>LAUNCH PRICE:</b>	\$10.00 per share		
	<b>AA</b>	<b>CC</b>	<b>CS</b>
<b>NET ASSET VALUE PER SHARE</b> 9/30/2016	\$22.0494	\$22.0193	\$16.8697
<b>NET ASSETS</b> 9/30/2016	\$130,987,671	\$109,567,227	\$11,331,601
<b>MANAGEMENT EXPENSES:</b> <i>Management fees:</i>	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.		
<i>Administration fees:</i>	0.03% per annum on the net asset value of the Fund		
<i>Custodian fees:</i>	\$2,000 per annum on the first \$5M - \$15M in assets \$7,500 per annum on assets > \$50M		
<b>INITIAL CHARGES:</b>	Nil		
<b>REDEMPTION CHARGES:</b>	Nil		
<b>INVESTMENT MANAGER &amp; ADMINISTRATOR:</b>	Fortress Fund Managers Limited		
<b>CUSTODIAN:</b>	CIBC FirstCaribbean International Bank (Barbados) Limited		
<b>FUND VALUATIONS:</b>	Monthly		
<b>NAV QUOTATIONS:</b>	Internet: <a href="http://www.fortressfund.com">www.fortressfund.com</a>		

# Directors & Administrators

---

## **DIRECTORS**

Sir Geoffrey Cave, K.A., C.B.E., B.C.H., L.L.D. (Hon) - Chairman  
C. David Bynoe  
Kenneth Emery  
Sir Fred Gollop K.A., Q.C.  
Desmond Kinch  
René Delmas  
John Williams  
Roger Cave - Investment Director

## **COMPANY SECRETARY**

Hanna M. Chrysostom  
Broad Street  
Bridgetown  
St. Michael  
Barbados

## **AUDIT COMMITTEE**

David Simpson  
C. David Bynoe  
John Howard

## **CORPORATE GOVERNANCE AND NOMINATION COMMITTEE**

C. David Bynoe  
Sir Fred Gollop K.A., Q.C.  
Kenneth Emery

## **REGISTERED OFFICE**

First Floor, Carlisle House  
Hincks Street  
Bridgetown  
St. Michael  
Barbados

## **ATTORNEY AT LAW**

Sir Henry Forde K.A., Q.C.  
Juris Chambers  
Fidelity House  
Wilkey Business Park  
St. Michael  
Barbados

## **INDEPENDENT AUDITORS**

Ernst & Young  
One Welches  
Welches  
St. Thomas  
Barbados

## **CUSTODIAN**

CIBC FirstCaribbean International Bank (Barbados) Limited  
Wealth Management Division  
3rd Floor  
Broad Street  
Bridgetown  
Barbados

## **INVESTMENT MANAGER & ADMINISTRATOR**

Fortress Fund Managers Limited  
First Floor, Carlisle House  
Hincks Street  
Bridgetown  
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 Pension Fund Limited ("the Fund") is an open-ended mutual fund company and was incorporated on October 9, 2002 under the provisions of the Mutual Funds Act of Barbados. The Fund maintains its registered office at First Floor, Carlisle House, Hincks Street, Bridgetown, Barbados.

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).

# Background

---

Fortress Caribbean Pension Fund Limited ("Pension Fund") is a mutual fund investment company incorporated in Barbados and licensed under the Mutual Funds Act 2002-22.

Fortress Fund Managers Limited ("Fortress") has been manager of the Fund since its inception.

The Pension Fund was established in 2002 in response to the growing trend of companies favouring Defined Contribution (DC) pension plans over Defined Benefit (DB) pension plans. In DC plans, contribution rates are fixed by employer and employee, and members bear 100% of the investment and longevity risks as there are no guarantees to the level of pension that can be provided at retirement with the member's funds.

Recognising that members at different ages have different investment risks and objectives, the Pension Fund has been structured to allow members to direct their own funds as they see fit into one of three investment shares – Aggressive Accumulator (AA) Share,

Conservative Consolidator (CC) Share and Capital Secure (CS) Share. Each share has a different asset allocation make-up, from being "aggressive" to "conservative," thus catering to members who have changing risk/reward objectives as they progress towards retirement.

Where the Pension Fund invests in other funds managed by Fortress, there is a rebate system in place for the Pension Fund to avoid double charging of management fees.

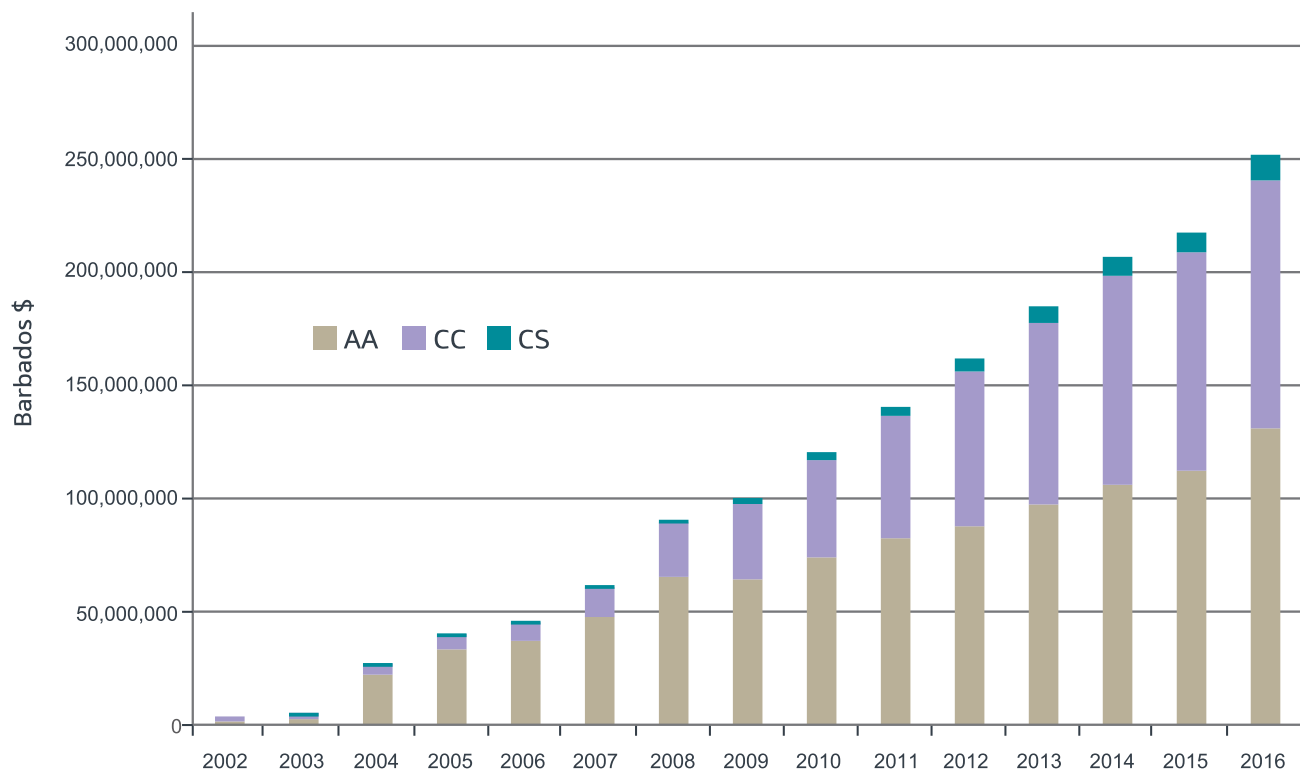
Fortress provides both record keeping and investment services to DC plans that invest in the Pension Fund, and investment only services to DB pension plans.

Members of DC plans can access their accounts through our website and are also able to use our pension projection tool on the website.

As of September 30, 2016 approximately 80 companies are investing in the Pension Fund and record keeping services are being provided for over 4,100 employees.

# Asset Growth & Investment Performance

## Pension Fund - Asset Growth



## Asset Growth & Investment Performance

### Historical 1-Year Investment Returns (net of all fees and expenses)

<i>Year Ending</i>	<i>AA Share Return</i>	<i>CC Share Return</i>	<i>CS Share Return</i>
9/30/2003	10.5%	9.5%	
9/30/2004	24.0%	17.7%	5.4%
9/30/2005	14.9%	12.1%	6.4%
9/30/2006	3.7%	4.2%	5.3%
9/30/2007	14.8%	11.8%	6.1%
9/30/2008	6.4%	8.1%	8.4%
9/30/2009	-9.0%	-3.1%	0.6%
9/30/2010	2.9%	4.2%	6.3%
9/30/2011	1.2%	1.7%	1.4%
9/30/2012	2.5%	3.2%	2.3%
9/30/2013	1.6%	2.3%	2.7%
9/30/2014	4.0%	3.8%	3.3%
9/30/2015	-2.1%	-1.4%	0.3%
9/30/2016	8.7%	7.5%	4.0%

### Performance Summary as of September 30, 2016\*

	1 year	3 year	5 year	Inception
<b>AA Share</b>	8.7%	3.5%	2.9%	<b>5.7%</b>
<b>CC Share</b>	7.5%	3.3%	3.0%	<b>5.7%</b>
<b>CS Share</b>	4.0%	2.5%	2.5%	<b>4.0%</b>

\*periods longer than one year are annual compound returns



# Portfolio Positioning

The three classes of shares of the Pension Fund invest in combinations of equities, fixed income and real estate consistent with the time horizons, risk tolerance and objectives for each class of share.

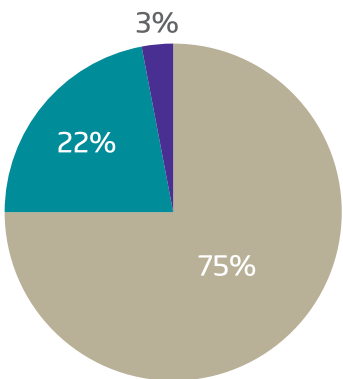
The Fund's largest holding of equities is in the Fortress Caribbean Growth Fund, while for fixed income it is in

the Fortress Caribbean High Interest Fund. Where the Fund invests in other funds managed by Fortress, a rebate system is in place to avoid double charging of management fees.

The asset allocation of the three shares as at September 30, 2016 is as follows:

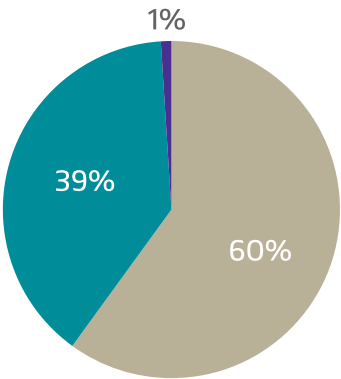
## Asset Allocation of Funds

AGGRESSIVE ACCUMULATOR



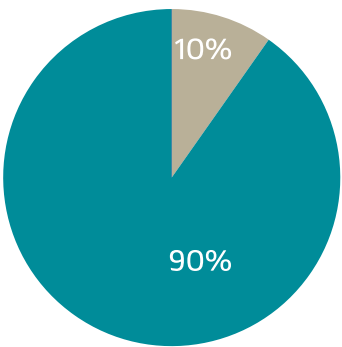
EQUITIES	75%
FIXED INCOME	22%
REAL ESTATE/OTHER	3%

CONSERVATIVE CONSOLIDATOR



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

CAPITAL SECURE



EQUITIES	10%
FIXED INCOME	90%
REAL ESTATE/OTHER	0%



## Directors' Report

---

## Directors' Report



*Investment Director Roger Cave*

---

The Fortress Caribbean Pension Fund saw strong performance for the year ended September 30, 2016. The AA shares gained 8.7%, the CC shares added 7.5%, and the CS shares returned 4.0%. Since inception in 2002, the AA and CC shares have both achieved compound annual returns of 5.7% per year, while the CS shares have compounded at 4.0% per year. Total assets under management increased to \$251.9 million during the year, reflecting positive investment performance and investor contributions.

The equity allocations of the three shares of the Pension Fund are primarily made up of investments in the Fortress Caribbean Growth Fund, the fixed income allocations are primarily made up of investments in the Fortress Caribbean High Interest Fund, and the small allocations to real estate are typically made through the Fortress Caribbean Property Fund Limited SCC. The returns of the three shares are therefore primarily a "blend" of the performance returns of these three underlying Fortress funds.

The Fortress Caribbean Growth Fund had a relatively strong year, up 9.8%. Caribbean share indices mostly posted gains led by a few stocks with large weights, and on very thin volumes. Jamaica had a very strong year and the Fund benefited from its holdings there. The Fund also benefited from its holdings in international and emerging markets which posted double digit gains

for the year. Our disciplined, value-based approach means we are drawn to good companies whose shares are trading at attractive prices, wherever they might be. We continue to see far better value in international and emerging markets shares than those in the U.S. and the Fund's portfolio reflects this. In the Caribbean, choice is limited but there are a few well valued shares and we own them. The Fund continues to keep cash on hand to respond to market weakness when it next occurs.

The Fortress Caribbean High Interest Fund returned 3.8% for the year, a solid performance given the ongoing Caribbean government debt crisis, and historically low prevailing interest rates globally. The Fund continues to be as diversified as possible by issuer, geography and currency, though currency controls in Barbados limit the extent of diversification possible. The portfolio is tilted towards high quality corporate bonds with short and intermediate maturities, and there is only minimal exposure to Caribbean government bonds. Because of the limited options available in the local and regional capital markets, and the Fund's commitment to capital preservation, cash held on deposit with the custodian has been a significant drag on performance. When the government debt situation eventually gets resolved or improves, we stand ready to "flip the switch" in this Fund and quickly resume earning healthy coupons for a reasonable level of risk in government bonds. For now, though, ongoing credit downgrades suggest that the



*Pension Director René Delmas speaking at the 7th Annual Fortress Investment Forum.*

risk is still too high to take. Interest rate risk remains low with an average term to maturity of 2.8 years. The average yield to maturity of the Fund's holdings is 3.6%.

We have maintained near maximum allocations to equities in each of the three classes of the Fund this year. This is in line with our current assessment that the equity component represents the best diversification and embedded return potential. The Fortress Caribbean Growth Fund's portfolio is well diversified and the valuations of the holdings are consistent with attractive long term returns. The low prevailing interest rates globally and the significant credit risks in the Caribbean will likely limit the returns coming from the Fortress Caribbean High Interest Fund in the medium term. Looking forward we expect the Pension Fund's returns over the next several years to be in the mid-single digits for the AA and CC shares, and in the low-mid single digits for the CS share, reflecting the differing asset allocations of the shares.

If you would like to learn more about the performance and positioning of the main underlying funds in which the Pension Fund invests, please see the annual and quarterly reports for the Fortress Caribbean Growth Fund and Fortress Caribbean High Interest Fund, available for download at [www.fortressfund.com](http://www.fortressfund.com).

Thank you to all our pension plan participants and sponsors for investing with us. We take very seriously the trust you have placed in us, and will continue working hard to preserve and grow your retirement savings.

*Roger Cave*

Roger Cave, CA, CFA  
Investment Director

*René Delmas*

René Delmas  
Pension Director



## Financial Statements



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

Tel: 246 430 3900  
Fax: 246 426 9551  
246 426 0472  
246 435 2079  
246 430 3879

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

[www.ey.com](http://www.ey.com)

## AUDITORS' REPORT

To the Shareholders of **Fortress Caribbean Pension Fund Limited**

We have audited the accompanying financial statements of **Fortress Caribbean Pension Fund Limited**, which comprise the statement of financial position as at 30 September 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the statement of financial position of **Fortress Caribbean Pension Fund Limited** as at 30 September 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### 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, 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.

  
CHARTERED ACCOUNTANTS  
Barbados  
25 January 2017

# Fortress Caribbean Pension Fund Limited

Statement of Financial Position

As at September 30, 2016

(expressed in Barbados dollars)

	Aggressive Accumulator \$	2016 Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	2015 Conservative Consolidator \$	Capital Secure \$
<b>Assets</b>						
Financial assets (note 5)	128,447,241	107,005,899	10,833,560	109,475,789	93,857,629	8,598,430
Accounts receivable	800,500	867,287	—	610,334	677,121	—
Cash and cash equivalents	2,407,372	2,081,362	643,718	2,705,681	2,322,872	142,960
<b>Total assets</b>	<b>131,655,113</b>	<b>109,954,548</b>	<b>11,477,278</b>	<b>112,791,804</b>	<b>96,857,622</b>	<b>8,741,390</b>
<b>Liabilities</b>						
Redemptions payable	397,867	194,826	126,192	203,420	73,382	11,717
Accounts payable and accrued expenses	268,796	192,298	19,461	326,525	257,455	21,441
<b>Total liabilities (excluding net assets attributable to holder of redeemable mutual fund shares)</b>	<b>666,663</b>	<b>387,124</b>	<b>145,653</b>	<b>529,945</b>	<b>330,837</b>	<b>33,158</b>
<b>Net assets attributable to holders of redeemable mutual fund shares (note 7)</b>	<b>130,987,671</b>	<b>109,567,227</b>	<b>11,331,601</b>	<b>112,261,080</b>	<b>96,526,588</b>	<b>8,708,208</b>
<b>Share capital (note 8)</b>	<b>779</b>	<b>197</b>	<b>24</b>	<b>779</b>	<b>197</b>	<b>24</b>
<b>Liabilities and shareholder funds</b>	<b>131,655,113</b>	<b>109,954,548</b>	<b>11,477,278</b>	<b>112,791,804</b>	<b>96,857,622</b>	<b>8,741,390</b>
<b>Net asset value per share</b>	<b>22.0494</b>	<b>22.0193</b>	<b>16.8697</b>	<b>20.2785</b>	<b>20.4744</b>	<b>16.2212</b>

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

Approved by the Board of Directors on January 24, 2017

Aene Delmont Director

Reagan Carr Director

# Fortress Caribbean Pension Fund Limited

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Mutual Fund Shares

For the year ended September 30, 2016

(expressed in Barbados dollars)

	Number of shares			Net assets attributable to holders of redeemable mutual fund shares		
	Aggressive Accumulator	Conservative Consolidator	Capital Secure	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
<b>Balance as at September 30, 2014</b>	<b>5,120,111</b>	<b>4,448,486</b>	<b>517,833</b>	<b>106,035,566</b>	<b>92,359,820</b>	<b>8,378,638</b>
Issue of shares	605,029	481,952	75,704	12,721,150	10,110,902	1,237,865
Redemption of shares	(189,183)	(215,940)	(56,697)	(3,951,547)	(4,523,635)	(923,738)
Total comprehensive (loss)/income for the year	—	—	—	(2,544,089)	(1,420,499)	15,443
<b>Balance as at September 30, 2015</b>	<b>5,535,957</b>	<b>4,714,498</b>	<b>536,840</b>	<b>112,261,080</b>	<b>96,526,588</b>	<b>8,708,208</b>
Issue of shares	646,438	559,355	184,531	13,721,566	11,879,705	3,047,205
Redemption of shares	(241,748)	(297,899)	(49,656)	(5,129,208)	(6,325,088)	(822,762)
Total comprehensive income for the year	—	—	—	10,134,233	7,486,022	398,950
<b>Balance as at September 30, 2016</b>	<b>5,940,647</b>	<b>4,975,954</b>	<b>671,715</b>	<b>130,987,671</b>	<b>109,567,227</b>	<b>11,331,601</b>



# Fortress Caribbean Pension Fund Limited

Statement of Comprehensive Income/(Loss)

For the year ended September 30, 2016

(expressed in Barbados dollars)

	2016			2015		
	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
<b>Revenue</b>						
Net gain/(loss) on financial assets at fair value through profit or loss (note 5)	9,389,679	6,824,497	385,880	(3,195,556)	(2,026,709)	(404)
Other income	638,523	410,590	4,101	592,464	381,774	4,186
Interest income	10,476	261,281	13,830	7,883	269,804	15,330
Dividend income	167,600	52,574	399	121,280	19,006	815
<b>Total investment income/(loss)</b>	<b>10,206,278</b>	<b>7,548,942</b>	<b>404,210</b>	<b>(2,473,929)</b>	<b>(1,356,125)</b>	<b>19,927</b>
<b>Expenditure</b>						
Administrator and custodian fees	35,998	30,417	2,910	33,147	28,711	2,601
Professional fees	9,457	7,992	763	9,669	8,189	700
Directors fees	8,216	7,127	657	8,216	7,127	657
Office and administrative expenses	18,374	17,384	930	19,128	20,347	526
<b>Operating expenditure</b>	<b>72,045</b>	<b>62,920</b>	<b>5,260</b>	<b>70,160</b>	<b>64,374</b>	<b>4,484</b>
<b>Comprehensive income/(loss) for the year</b>	<b>10,134,233</b>	<b>7,486,022</b>	<b>398,950</b>	<b>(2,544,089)</b>	<b>(1,420,499)</b>	<b>15,443</b>

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

# Fortress Caribbean Pension Fund Limited

## Statement of Cash Flows

For the year ended September 30, 2016

(expressed in Barbados dollars)

	Aggressive Accumulator \$	2016 Conservative Consolidator \$	Capital Secure \$	Aggressive Accumulator \$	2015 Conservative Consolidator \$	Capital Secure \$
<b>Cash flows from operating activities</b>						
Total comprehensive income/(loss) for the year	<b>10,134,233</b>	<b>7,486,022</b>	<b>398,950</b>	<b>(2,544,089)</b>	<b>(1,420,499)</b>	<b>15,443</b>
Adjustment for:						
Interest income	(10,476)	(261,281)	(13,830)	(7,883)	(269,804)	(15,330)
Dividend income	(167,600)	(52,574)	(399)	(121,280)	(19,006)	(815)
Net gain on financial assets at fair value through profit or loss	(9,389,679)	(6,824,497)	(385,880)	3,195,556	2,026,709	404
<b>Operating income/(loss) before working capital changes</b>	<b>566,478</b>	<b>347,670</b>	<b>(1,159)</b>	<b>522,304</b>	<b>317,400</b>	<b>(298)</b>
(Decrease)/increase in accounts receivable	(190,166)	(190,166)	–	402,183	945,350	206,509
Decrease/(increase) in accounts payable	(57,729)	(65,157)	(1,980)	(382,416)	(233,790)	(31,470)
Increase/(decrease) in redemption payable	194,447	121,444	114,475	(397,582)	(278,777)	(19,149)
Purchase of financial assets at fair value through profit or loss	(9,783,699)	(7,528,700)	(1,850,000)	(9,452,167)	(8,427,860)	(1,208,043)
Proceeds on sale of financial assets at fair value through profit or loss	201,926	1,201,927	–	1,201,438	2,799,063	390,000
Cash used in operations	(9,068,743)	(6,112,982)	(1,738,664)	(8,106,240)	(4,878,614)	(662,451)
Interest received	10,476	264,281	14,580	7,883	302,929	15,330
Dividend received	167,600	52,574	399	121,280	19,006	815
<b>Net cash used in operating activities</b>	<b>(8,890,667)</b>	<b>(5,796,127)</b>	<b>(1,723,685)</b>	<b>(7,977,077)</b>	<b>(4,556,679)</b>	<b>(646,306)</b>
<b>Cash flows from financing activities</b>						
Issue of redeemable mutual fund shares	13,721,566	11,879,705	3,047,205	12,721,150	10,110,902	1,237,865
Redemption of redeemable mutual fund shares	(5,129,208)	(6,325,088)	(822,762)	(3,951,547)	(4,523,635)	(923,738)
<b>Net cash from financing activities</b>	<b>8,592,358</b>	<b>5,554,617</b>	<b>2,224,443</b>	<b>8,769,603</b>	<b>5,587,267</b>	<b>314,127</b>

# Fortress Caribbean Pension Fund Limited

Statement of Cash Flows ...*continued*

For the year ended September 30, 2016

---

(expressed in Barbados dollars)

	<b>Aggressive Accumulator \$</b>	<b>2016 Conservative Consolidator \$</b>	<b>Capital Secure \$</b>	<b>Aggressive Accumulator \$</b>	<b>2015 Conservative Consolidator \$</b>	<b>Capital Secure \$</b>
Net (decrease)/increase in cash and cash equivalents	(298,309)	(241,510)	500,758	792,526	1,030,588	(332,179)
Cash and cash equivalents - beginning of year	2,705,681	2,322,872	142,960	1,913,155	1,292,284	475,139
Cash and cash equivalents - end of year	2,407,372	2,081,362	643,718	2,705,681	2,322,872	142,960

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

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

### 1 Incorporation and principal activity

The Fund was incorporated in Barbados on October 9th, 2002 under the Companies Act of Barbados and is licensed under the Mutual Funds Act 2002-22 of Barbados as an authorised mutual fund. The Fund maintains its registered office at 1<sup>st</sup> Floor, Carlisle House, Hincks Street, Bridgetown, Barbados.

The primary objective of each class of share is stated below:

The investment objective of the Aggressive Accumulator (AA) class of shares is to achieve growth and capital appreciation of the assets over the long term.

The investment objective of the Conservative Consolidator (CC) class of shares is to achieve growth and capital appreciation of the assets over the medium term.

The investment objective of the Capital Secure (CS) class of shares is to achieve the highest possible return compatible with the preservation of capital in the short term.

The Fund's investment and administration activities are managed by Fortress Fund Managers Limited ("the Investment Manager").

These financial statements were authorised for issue by the Board of Directors on January 24, 2017.

### 2 Summary of significant accounting policies

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

#### a) Basis of presentation

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 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.

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

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

### a) Basis of presentation ...continued

#### *New and amended standards adopted by the Fund*

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning October 1, 2015 that would be expected to have a material impact on the Fund.

#### *Standards, amendments and interpretations that are issued but not yet effective which may be relevant for the Fund's operations*

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after January 1, 2015, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Fund except the following set out below:

- IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010 and is applicable from January 1, 2018. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Fund is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after January 1, 2018.

### b) Foreign currency translation

#### *Functional and presentation currency*

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

#### *Transactions and balances*

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

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

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

### b) Foreign currency translation...continued

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

### c) Financial assets

The Fund classifies its financial assets into the following categories:

- Financial assets at fair value through profit or loss
- Loans and receivables

Management determines the appropriate classification of these assets at initial recognition.

#### *Financial assets at fair value through profit or loss*

##### i) Classification

The Fund's investments have been classified as financial assets at fair value through profit or loss in accordance with International Accounting Standards 39 (IAS 39), Financial Instruments: Recognition and Measurement.

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.

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

Regular-way 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 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.

All financial assets at fair value through profit or loss are initially recognised at fair value and are subsequently carried at fair value based on quoted bid prices. In the absence of quoted bid prices, the last close price and other information including the quoted offer price, is considered by the Manager to determine the appropriate fair value price to be used. In the event that a security held by the Fund is unquoted, if unusual market conditions exist, or in the event that a particular security's value has become impaired, as evidenced by no bids being quoted and offers below the previous trade price, the Manager, in consultation with the Custodian, and on advice of an independent broker, will make a reasonable estimate of the fair value price by using valuation techniques.

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

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

### c) Financial assets...continued

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

These can include the use of recent arm's length transactions, reference to other instruments that are substantially the same or discounted cash flow analysis which make maximum use of market inputs and rely as little as possible on entity-specific inputs.

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.

Gains or losses arising from changes in the fair value of securities classified as financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as they arise. Fair value at date of disposal is used to compute realised and unrealised gains on investments.

#### 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 bid price; the quoted market price for financial liabilities is the current asking 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.

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.

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

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

#### c) Financial assets...continued

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value and subsequently carried at amortised cost using the effective interest method less provision for impairment. A loan or receivable is considered impaired when management determines that it is probable that all amounts due according to the original contract terms will not be collected. This determination is made after considering the payment history of the borrower, the discounted value of collateral and guarantees and the financial condition and viability of the borrower.

#### 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.

#### e) Investment income

##### **Interest income**

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

##### **Dividend income**

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

#### f) Expenses

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

#### g) Redeemable mutual fund shares/net asset value

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

#### h) 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 net asset value of the shares.



# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

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

#### **i) Taxation**

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

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

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

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

The Fund exercises 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'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.

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 Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

### 4 Financial risk management...continued

#### Market risk

##### i) Price risk

The Fund is exposed to market price risk arising from the changes in equity prices. To manage this risk the Fund holds a diversified portfolio of investments in accordance with its investment policy. A summary of the overall balance sheet market exposures at September 30, 2016 is disclosed in note 5.

At September 30, 2016, 97% (2015 - 97%) for AA, 96% (2015 - 96%) for CC and 99% (2015 - 99%) 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.

The Fund's holding in a third party investee fund, as a percentage of the investee fund's total net asset value, will vary from time to time dependent on the volume of subscriptions and redemptions at the investee fund level. It is possible that the Fund may, at any point in time, hold a majority of an investee fund's total units in issue.

#### Sensitivity

The effects of an across the board 6%-10% change in prices of the Fund's financial assets at fair value through profit or loss are set out below:

	Carrying value \$	Effective change at September 2016	Impact on income \$
<b>2016</b>			
<b>Aggressive Accumulator</b>			
Listed on Caribbean stock exchange and markets	3,867,936	6%	232,076
Mutual funds	124,202,582	10%	12,420,258
Hedge funds	376,723	10%	37,672
	<b>128,447,241</b>		<b>12,690,006</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Market risk ...continued

#### i) Price risk ...continued

	Carrying value \$	Effective change at September 2016	Impact on income \$
<b>2016</b>			
<b>Conservative Consolidator</b>			
Listed on Caribbean stock exchange and markets	1,118,825	6%	67,130
Mutual funds	101,653,842	10%	10,165,384
Hedge funds	376,723	10%	37,672
Government backed securities	2,843,009	10%	284,301
	<b>105,992,399</b>		<b>10,554,487</b>
<b>Capital Secure</b>			
Listed on Caribbean stock exchange and markets	9,963	6%	598
Mutual funds	10,570,222	10%	1,057,022
	<b>10,580,185</b>		<b>1,057,620</b>
	Carrying value \$	Effective change at September 2015	Impact on income \$
<b>2015</b>			
<b>Aggressive Accumulator</b>			
Listed on Caribbean stock exchange and markets	3,062,602	6%	183,756
Mutual funds	105,870,043	10%	10,587,004
Hedge funds	543,144	10%	54,314
	<b>109,475,789</b>		<b>10,825,074</b>
<b>Conservative Consolidator</b>			
Listed on Caribbean stock exchange and markets	831,663	6%	49,899
Mutual funds	88,664,448	10%	8,866,445
Hedge funds	543,144	10%	54,314
Government backed securities	2,801,874	10%	280,187
	<b>92,841,129</b>		<b>9,250,845</b>
<b>Capital Secure</b>			
Listed on Caribbean stock exchange and markets	8,104	6%	486
Mutual funds	8,336,201	10%	833,620
	<b>8,344,305</b>		<b>834,106</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Market risk ...continued

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

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

The majority of the Fund's financial assets and liabilities of the Fund are non-interest bearing. The Fund would be impacted by movement in the market interest rates on the maturity of short term fixed rate instruments which would have to be reinvested at different rates of return.

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

	2016 Effect on net income \$	2015 Effect on net income \$
<b>Conservative Consolidator</b>		
<b>Change in interest rate:</b>		
-2%	149,017	180,529
2%	(139,176)	(190,843)

The Fund has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Fund invests and impact on the valuation of certain over-the-counter derivative products that use interest rates as an input in their valuation model. Therefore, the above sensitivity analysis may not fully indicate the total effect on the Fund's net assets attributable to holders of redeemable shares of future movements in interest rates.

#### iii) Foreign currency risk

The Fund holds financial assets denominated in currencies other than Barbados dollars, 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 any hedging transactions to mitigate currency risk. The Fund has no significant exposure to currency risk at year end as the foreign currencies within the Fund do not fluctuate noticeably against the Barbados dollar.

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

### 4 Financial risk management ...continued

#### Credit risk

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment entered into with the Fund.

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

	<b>Aggressive Accumulator</b>	<b>Conservative Consolidator</b>	<b>Capital Secure</b>
	\$	\$	\$
<b>September 30, 2016</b>			
Government backed securities	–	2,843,009	–
Loans and receivables	–	1,013,500	253,375
Accounts receivable	800,500	867,287	–
Cash and cash equivalents	2,407,372	2,081,362	643,718
	<b>3,207,872</b>	<b>6,805,158</b>	<b>897,093</b>
<b>September 30, 2015</b>			
Government backed securities	–	2,801,874	–
Loans and receivables	–	1,016,500	254,125
Accounts receivable	610,334	677,121	–
Cash and cash equivalents	2,705,681	2,322,872	142,960
	<b>3,316,015</b>	<b>6,818,367</b>	<b>397,085</b>

The Fund holds government bonds issued by the Government of Barbados which maintains a B- (2015 – B) rating by Standard and Poor's.

None of the Fund's accounts receivables are impaired or past due but not impaired as at September 30, 2016 (2015- nil).

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

	<b>Aggressive Accumulator</b>	<b>Conservative Consolidator</b>	<b>Capital Secure</b>
	\$	\$	\$
<b>Cash and cash equivalents</b>			
<b>September 30, 2016</b>			
CIBC FirstCaribbean International Bank (not rated)	<b>2,407,372</b>	<b>2,081,362</b>	<b>643,718</b>
<b>September 30, 2015</b>			
CIBC FirstCaribbean International Bank (not rated)	<b>2,705,681</b>	<b>2,322,872</b>	<b>142,960</b>

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

### 4 Financial risk management...continued

#### Liquidity risk

The Fund is exposed to monthly cash redemptions of redeemable mutual fund shares (note 2g). It therefore invests the majority of its assets in investments that are easily liquidated. 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 balances, as the impact of discounting is not significant.

	Less than 1 month \$	1 - 3 months \$
<b>At September 30, 2016</b>		
<b>Aggressive Accumulator</b>		
Redemptions payable	397,867	—
Accounts payable and accrued expenses	—	268,795
Net assets attributable to holders of redeemable fund shares	—	130,987,671
<b>Total financial liabilities</b>	<b>397,867</b>	<b>131,256,466</b>
<b>Conservative Consolidator</b>		
Redemptions payable	194,826	—
Accounts payable and accrued expenses	—	192,298
Net assets attributable to holders of redeemable fund shares	—	109,567,227
<b>Total financial liabilities</b>	<b>194,826</b>	<b>109,759,525</b>
<b>Capital Secure</b>		
Redemptions payable	126,192	—
Accounts payable and accrued expenses	—	19,461
Net assets attributable to holders of redeemable fund shares	—	11,331,601
<b>Total financial liabilities</b>	<b>126,192</b>	<b>11,351,062</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

	Less than 1 month \$	1 - 3 months \$
<b>At September 30, 2015</b>		
<b>Aggressive Accumulator</b>		
Redemptions payable	203,420	—
Accounts payable and accrued expenses	—	326,525
Net assets attributable to holders of redeemable fund shares	—	112,261,080
<b>Total financial liabilities</b>	<b>203,420</b>	<b>112,587,605</b>
<b>Conservative Consolidator</b>		
Redemptions payable	73,382	—
Accounts payable and accrued expenses	—	257,455
Net assets attributable to holders of redeemable fund shares	—	96,526,588
<b>Total financial liabilities</b>	<b>73,382</b>	<b>96,784,043</b>
<b>Capital Secure</b>		
Redemptions payable	11,717	—
Accounts payable and accrued expenses	—	21,441
Net assets attributable to holders of redeemable fund shares	—	8,708,208
<b>Total financial liabilities</b>	<b>11,717</b>	<b>8,729,649</b>

In the event of unusual circumstances and redemption requests representing more than 20% of the Fund's assets are 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. In any event, redemptions may be paid in cash or by an appropriate transfer in specie.

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

### 4 Financial risk management...continued

#### Liquidity risk...continued

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

	Less than 1 month \$	1 - 3 months \$	Over 3 months \$
<b>Total assets</b>			
<b>September 30, 2016</b>			
Aggressive Accumulator	7,075,808	124,579,305	—
Conservative Consolidator	4,067,474	102,030,565	3,856,509
Capital Secure	653,681	10,570,222	253,375
<b>September 30, 2015</b>			
Aggressive Accumulator	6,378,617	106,413,187	—
Conservative Consolidator	3,831,656	89,207,592	3,818,374
Capital Secure	151,064	8,336,201	254,125

#### Capital risk management

The capital of the Fund is represented by the net assets attributable to holders of redeemable shares. The amount of net assets attributable to holders of redeemable shares can change significantly on a monthly basis as the Fund is subject to monthly 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 bid price; the quoted market price for financial liabilities is the current asking price. If a significant movement in fair value occurs subsequent to the close of trading on the year end date, valuation techniques will be applied to determine the fair value.

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



# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

### 4 Financial risk management ...continued

#### Fair value estimation...continued

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

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

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

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

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

The following tables analyse within the fair value hierarchy the Fund’s financial assets and liabilities (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2016</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Aggressive Accumulator</b>				
Mutual funds	—	124,202,582	—	<b>124,202,582</b>
Listed equities and mutual funds	3,365,024	502,912	—	<b>3,867,936</b>
Hedge funds	—	—	376,723	<b>376,723</b>
	<b>3,365,024</b>	<b>124,705,494</b>	<b>376,723</b>	<b>128,447,241</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Fair value estimation...continued

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2016</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Conservative Consolidator</b>				
Mutual funds	—	101,653,842	—	101,653,842
Government backed securities	—	2,843,009	—	2,843,009
Listed equities and mutual funds	1,118,825	—	—	1,118,825
Hedge funds	—	—	376,723	376,723
	<b>1,118,825</b>	<b>104,496,851</b>	<b>376,723</b>	<b>105,992,399</b>
<b>Capital Secure</b>				
Mutual funds	—	10,570,222	—	10,570,222
Listed equities and mutual funds	9,963	—	—	9,963
	<b>9,963</b>	<b>10,570,222</b>	<b>—</b>	<b>10,580,185</b>
<b>September 30, 2015</b>				
<b>Financial assets at fair value through profit or loss</b>				
<b>Aggressive Accumulator</b>				
Mutual funds	—	105,870,043	—	105,870,043
Listed equities and mutual funds	2,475,872	586,730	—	3,062,602
Hedge funds	—	—	543,144	543,144
	<b>2,475,872</b>	<b>106,456,773</b>	<b>543,144</b>	<b>109,475,789</b>
<b>Conservative Consolidator</b>				
Mutual funds	—	88,664,448	—	88,664,448
Government backed securities	—	2,801,874	—	2,801,874
Listed equities and mutual funds	831,663	—	—	831,663
Hedge funds	—	—	543,144	543,144
	<b>831,663</b>	<b>91,466,322</b>	<b>543,144</b>	<b>92,841,129</b>
<b>Capital Secure</b>				
Mutual funds	—	8,336,201	—	8,336,201
Listed equities and mutual funds	8,104	—	—	8,104
	<b>8,104</b>	<b>8,336,201</b>	<b>—</b>	<b>8,344,305</b>

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

### 4 Financial risk management ...continued

#### Fair value estimation...continued

Investments whose value are based on quoted market prices in active markets, and therefore classified within level 1, include active listed close-ended mutual funds. 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 are unlisted mutual funds and listed equity securities. 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. Level 3 instruments include government issued debt. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair value.

There were no transfers between levels for the year ended September 30, 2016 (2015- nil).

The following tables present the movement in level 3 instruments by class of financial instrument:

	<b>Hedge funds</b>	<b>Total</b>
	<b>\$</b>	<b>balance</b>
		<b>\$</b>
<b>September 30, 2016</b>		
<b>Aggressive Accumulator</b>		
Opening balance	543,144	543,144
Sales	(191,919)	(191,919)
Gains recognised in the statement of comprehensive income	25,498	25,498
	<hr/>	<hr/>
<b>Closing balance</b>	<b>376,723</b>	<b>376,723</b>
	<hr/>	<hr/>
Change in unrealised gains 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	25,498	25,498
	<hr/>	<hr/>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Fair value estimation...continued

	Hedge funds \$	Total balance \$
<b>September 30, 2016</b>		
<b>Conservative Consolidator</b>		
Opening balance	543,144	543,144
Sales	(191,919)	(191,919)
Gains recognised in the statement of comprehensive income	25,498	25,498
<b>Closing balance</b>	<b>376,723</b>	<b>376,723</b>
Change in unrealised gains 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	25,498	25,498
	Hedge funds \$	Total balance \$
<b>September 30, 2015</b>		
<b>Aggressive Accumulator</b>		
Opening balance	714,125	714,125
Sales	(206,452)	(206,452)
Losses recognised in the statement of comprehensive income	35,471	35,471
<b>Closing balance</b>	<b>543,144</b>	<b>543,144</b>
Change in unrealised gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	35,471	35,471

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

### 4 Financial risk management ...continued

#### Fair value estimation...continued

	Hedge funds \$	Total balance \$
<b>September 30, 2015</b>		
<b>Conservative Consolidator</b>		
Opening balance	714,125	<b>714,125</b>
Sales	(206,452)	<b>(206,452)</b>
(Losses)/gains recognised in the statement of comprehensive income	35,471	<b>35,471</b>
<b>Closing balance</b>	<b>543,144</b>	<b>543,144</b>
Change in unrealised gains or losses for level 3 assets held at year end and included in other net changes in fair value on financial assets at fair value through profit or loss	35,471	<b>35,471</b>

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

Description	Fair value at September 30, 2016 \$	Fair value at September 30, 2015 \$	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
<b>Aggressive Accumulator</b>					
Hedge funds	<b>376,723</b>	543,144	Third party administrator valuation of net asset value per share	Net asset value per share	The higher the net asset value per share the higher the fair value
<b>Conservative Consolidator</b>					
Hedge funds	<b>376,723</b>	\$543,144	Third party administrator valuation of net asset value per share	Net asset value per share	The higher the net asset value per share the higher the fair value

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(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

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, 2016 but for which fair value is disclosed.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2016</b>				
<b>Aggressive Accumulator</b>				
<b>Assets</b>				
Accounts receivable	—	800,500	—	<b>800,500</b>
Cash and cash equivalents	2,407,372	—	—	<b>2,407,372</b>
<b>Total</b>	<b>2,407,372</b>	<b>800,500</b>	<b>—</b>	<b>3,207,872</b>
<b>Liabilities</b>				
Redemptions payable	—	397,867	—	<b>397,867</b>
Accounts payable and accrued expenses	—	268,796	—	<b>268,796</b>
Net assets attributable to holders of redeemable mutual fund shares	—	130,987,671	—	<b>130,987,671</b>
<b>Total</b>	<b>—</b>	<b>131,654,334</b>	<b>—</b>	<b>131,654,334</b>
<b>Conservative Consolidator</b>				
<b>Assets</b>				
Loans and receivables	—	—	1,013,500	<b>1,013,500</b>
Accounts receivable	—	867,287	—	<b>867,287</b>
Cash and cash equivalents	2,081,362	—	—	<b>2,081,362</b>
<b>Total</b>	<b>2,081,362</b>	<b>867,287</b>	<b>1,013,500</b>	<b>3,962,149</b>
<b>Liabilities</b>				
Redemptions payable	—	194,826	—	<b>194,826</b>
Accounts payable and accrued expenses	—	192,298	—	<b>192,298</b>
Net assets attributable to holders of redeemable mutual fund shares	—	109,567,227	—	<b>109,567,227</b>
<b>Total</b>	<b>—</b>	<b>109,954,351</b>	<b>—</b>	<b>109,954,351</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Fair value estimation...continued

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2016</b>				
<b>Capital Secure</b>				
<b>Assets</b>				
Loans and receivables	—	—	253,375	253,375
Cash and cash equivalents	643,718	—	—	643,718
<b>Total</b>	<b>643,718</b>	<b>—</b>	<b>253,375</b>	<b>897,093</b>
<b>Liabilities</b>				
Redemptions payable	—	126,192	—	126,192
Accounts payable and accrued expenses	—	19,461	—	19,461
Net assets attributable to holders of redeemable mutual fund shares	—	11,331,601	—	11,331,601
<b>Total</b>	<b>—</b>	<b>11,477,254</b>	<b>—</b>	<b>11,477,254</b>
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2015</b>				
<b>Aggressive Accumulator</b>				
<b>Assets</b>				
Accounts receivable	—	610,334	—	610,334
Cash and cash equivalents	2,705,681	—	—	2,705,681
<b>Total</b>	<b>2,705,681</b>	<b>610,334</b>	<b>—</b>	<b>3,316,015</b>
<b>Liabilities</b>				
Redemptions payable	—	203,420	—	203,420
Accounts payable and accrued expenses	—	326,525	—	326,525
Net assets attributable to holders of redeemable mutual fund shares	—	112,261,080	—	112,261,080
<b>Total</b>	<b>—</b>	<b>112,791,025</b>	<b>—</b>	<b>112,791,025</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Fair value estimation...continued

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<b>September 30, 2015</b>				
<b>Conservative Consolidator</b>				
<b>Assets</b>				
Loans and receivables	—	—	1,016,500	<b>1,016,500</b>
Accounts receivable	—	677,121	—	<b>677,121</b>
Cash and cash equivalents	2,322,872	—	—	<b>2,322,872</b>
<b>Total</b>	<b>2,322,872</b>	<b>677,121</b>	<b>1,016,500</b>	<b>4,016,493</b>
<b>Liabilities</b>				
Redemptions payable	—	73,382	—	<b>73,382</b>
Accounts payable and accrued expenses	—	257,455	—	<b>257,455</b>
Net assets attributable to holders of redeemable mutual fund shares	—	96,526,588	—	<b>96,526,588</b>
<b>Total</b>	<b>—</b>	<b>96,857,425</b>	<b>—</b>	<b>96,857,425</b>
<b>Capital Secure</b>				
<b>Assets</b>				
Loans and receivables	—	—	254,125	<b>254,125</b>
Cash and cash equivalents	142,960	—	—	<b>142,960</b>
<b>Total</b>	<b>142,960</b>	<b>—</b>	<b>254,125</b>	<b>397,085</b>
<b>Liabilities</b>				
Redemptions payable	—	11,717	—	<b>11,717</b>
Accounts payable and accrued expenses	—	21,441	—	<b>21,441</b>
Net assets attributable to holders of redeemable mutual fund shares	—	8,708,208	—	<b>8,708,208</b>
<b>Total</b>	<b>—</b>	<b>8,741,366</b>	<b>—</b>	<b>8,741,366</b>

The assets and liabilities, except for 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.



# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 4 Financial risk management ...continued

### Fair value estimation...continued

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

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 2g). 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.

## 5 Financial assets

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

	<b>Aggressive Accumulator</b> \$	<b>Conservative Consolidator</b> \$	<b>Capital Secure</b> \$
<b>September 30, 2016</b>			
<b>Financial assets designated at fair value through profit or loss:</b>			
- Mutual funds	124,202,582	101,653,842	10,570,222
- Listed equities and mutual funds	3,867,936	1,118,825	9,963
- Hedge funds	376,723	376,723	—
- Government backed securities	—	2,843,009	—
<b>Total financial assets designated at fair value through profit or loss</b>	<b>128,447,241</b>	<b>105,992,399</b>	<b>10,580,185</b>
<b>Loans and receivables</b>	<b>—</b>	<b>1,013,500</b>	<b>253,375</b>
<b>Total investments</b>	<b>128,447,241</b>	<b>107,005,899</b>	<b>10,833,560</b>
<b>Net gains recognised in relation to investments:</b>			
- realised gains	51,588	166,947	—
- change in unrealised gain	9,338,091	6,657,550	385,880
	<b>9,389,679</b>	<b>6,824,497</b>	<b>385,880</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 6 Financial assets...continued

	Aggressive Accumulator \$	Conservative Consolidator \$	Capital Secure \$
<b>September 30, 2015</b>			
<b>Financial assets designated at fair value through profit or loss:</b>			
- Mutual funds	105,870,043	88,664,448	8,336,201
- Listed equities and mutual funds	3,062,602	831,663	8,104
- Hedge funds	543,144	543,144	—
- Government backed securities	—	2,801,874	—
<b>Total financial assets designated at fair value through profit or loss</b>	<b>109,475,789</b>	<b>92,841,129</b>	<b>8,344,305</b>
<b>Loans and receivables</b>	<b>—</b>	<b>1,016,500</b>	<b>254,125</b>
<b>Total investments</b>	<b>109,475,789</b>	<b>93,857,629</b>	<b>8,598,430</b>
<b>Net (losses)/gains recognised in relation to investments:</b>			
- realised gains/(losses)	230,767	308,413	41,048
- change in unrealised gain	(3,426,323)	(2,335,122)	(41,452)
	<b>(3,195,556)</b>	<b>(2,026,709)</b>	<b>(404)</b>

The detailed portfolio of investments is as follows:

	2016		2015	
	Cost \$	Market value \$	Cost \$	Market value \$
<b>Aggressive Accumulator</b>				
<b>Financial assets at fair value through profit or loss</b>				
Fortress Mutual Fund Limited	76,065,939	94,692,591	67,065,939	78,245,198
Fortress Caribbean High Interest Fund	22,213,119	27,624,684	21,438,119	25,882,401
Fortress Caribbean Property Fund Limited				
SCC- Value Fund	3,687,659	3,134,292	3,678,959	2,193,503
Fortress OAM Overseas Fund Limited	1,373,278	1,360,268	1,373,278	1,257,431
OAM Debt Recovery Fund	275,129	376,723	425,467	543,144
Fortress Caribbean Property Fund Limited				
SCC- Development Fund	1,644,892	502,912	1,644,892	586,730
Fortress Emerging Markets Fund	253,375	271,919	253,375	244,535
Fortress Global Opportunity Wealth Fund	253,460	253,120	253,460	240,478
Praetorian Property Mutual Fund Limited	320,215	152,082	320,215	185,719
Massy Holdings Ltd	95,100	78,650	95,100	96,650
	<b>106,182,166</b>	<b>128,447,241</b>	<b>96,548,804</b>	<b>109,475,789</b>

# Fortress Caribbean Pension Fund Limited

Notes to Financial Statements

September 30, 2016

(expressed in Barbados dollars)

## 5 Financial assets...continued

	2016		2015	
	Cost	Market	Cost	Market
	\$	value	\$	value
		\$		\$
<b>Conservative Consolidator</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Fortress Mutual Fund Limited	55,607,516	62,881,960	52,152,516	54,318,663
Fortress Caribbean High Interest Fund	32,447,867	37,340,009	29,267,508	33,022,495
Government of Barbados	2,590,000	2,843,009	2,590,000	2,801,874
Fortress OAM Overseas Fund Limited	915,508	906,833	915,508	838,277
OAM Debt Recovery Fund	275,129	376,723	425,467	543,144
Fortress Emerging Markets Fund	253,375	271,920	253,375	244,535
Fortress Global Opportunity Wealth Fund	253,460	253,120	253,460	240,478
Fortress Caribbean Property Fund Limited				
SCC- Value Fund	1,111,435	1,007,448	1,102,735	700,981
Fortress Caribbean Property Fund Limited				
SCC- Development Fund	313,755	97,747	313,755	114,038
Praetorian Property Mutual Fund Limited	28,854	13,630	28,854	16,644
	<b>93,796,899</b>	<b>105,992,399</b>	<b>87,303,178</b>	<b>92,841,129</b>
<b>Loans and receivables</b>				
Simpson Finance Bond	1,000,000	1,013,500	1,000,000	1,016,500
	<b>94,796,899</b>	<b>107,005,899</b>	<b>88,303,178</b>	<b>93,857,629</b>
<b>Capital Secure</b>				
<b>Financial assets at fair value through profit or loss</b>				
Fortress Caribbean High Interest Fund	8,501,475	9,527,108	6,701,475	7,428,173
Fortress Mutual Fund Limited	953,278	1,043,114	903,278	908,028
Fortress Caribbean Property Fund Limited				
SCC- Value Fund	10,434	7,572	10,434	5,314
Fortress Caribbean Property Fund Limited				
SCC- Development Fund	7,896	2,391	7,896	2,790
	<b>9,473,083</b>	<b>10,580,185</b>	<b>7,623,083</b>	<b>8,344,305</b>
<b>Loans and receivables</b>				
Simpson Finance Bond	250,000	253,375	250,000	254,125
	<b>9,723,083</b>	<b>10,833,560</b>	<b>7,873,083</b>	<b>8,598,430</b>

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

### 5 Financial assets...continued

The Fortress Mutual Fund Limited aims to achieve long term capital appreciation from Caribbean securities. The fund's assets are invested mainly in shares of companies listed on the Caribbean stock exchanges.

The Fortress Caribbean Property Fund Limited SCC aims to achieve income and capital appreciation over the long term. The fund is authorised to invest in real estate, Caribbean Listed shares or open ended funds, unlisted shares of Caribbean companies and government securities. The fund's current holdings are primarily in real estate. The fund has two classes of shares the Fortress Caribbean Property Fund- Value Fund (the Value Fund) and Fortress Caribbean Property Fund -Development Fund (the Development Fund).

The Fortress Caribbean High Interest Fund Limited aims to achieve the highest level of income compatible with the preservation of capital by investing in medium to high grade debt and equity securities issued by corporate and government entities with a short to medium term maturity profile principally in the Caribbean Region.

The Fortress OAM Overseas Fund Limited aims through its investments in OAM Asian Recovery Fund and OAM European Value Fund, to offer investors long-term capital appreciation through the application of a bottom-up value-based investment approach.

The objective of Fortress Emerging Markets Fund SP is long term growth with limited risk in emerging markets equities.

The objective of Fortress Global Opportunity Wealth Fund SP is long term appreciation. The fund combines investments in Fortress US Equity Fund SP, Fortress International Equity Fund SP, Fortress Income Builder US Fund SP, Fortress Income Builder International Fund SP, Fortress Emerging Markets Fund SP, direct holding in global government fixed income securities and allocations to select specialist managers in fixed income, equity and alternatives assets classes.

### 6 Related parties

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

Fortress Fund Managers Limited serves as manager, registrar and administrator of the Fund. As a result of providing investment advisory, management, registrar and administrator services, Fortress Fund Managers Limited receives a monthly management fee based on the actual net asset value of the Fund, calculated monthly and payable in arrears, at the rate of 0.50% per annum. The Fund invests in mutual funds managed by the same manager. The management fee amounted to \$1,155,418 (2015 - \$1,074,307) for the year. The administrator fees amounted to \$69,325 (2015- \$56,959) for the year.

Management fees of \$2,198,782 (2015 - \$2,041,712) were refunded by Fortress Fund Managers Limited being 0.50% - 1.25% of the net asset values of Fortress Mutual Fund Limited, Fortress Caribbean Property Fund SCC Limited, Fortress OAM Overseas Management Fund Limited and Fortress Caribbean High Interest 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.

Management fees of \$9,850 (2015- \$11,019) were refunded by Fortress Fund Advisory Limited (a subsidiary of Fortress Fund Managers Limited) being 1% of the net asset values of Fortress Emerging Markets Fund and

# Fortress Caribbean Pension Fund Limited

## Notes to Financial Statements

September 30, 2016

---

(expressed in Barbados dollars)

### 6 Related parties...continued

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.

Custodian fees of \$7,500 (2015- \$7,500) were paid to CIBC FirstCaribbean International Bank (Barbados) Limited for which there is shared directorship.

The Fund holds 31,083,219 (2015- 28,551,358) shares valued at \$158,617,665 (2015- \$133,471,889) in the Fortress Mutual Fund Limited.

The Fund holds 38,919,436 (2015- 35,948,986) shares valued at \$74,491,801 (2015- \$66,333,069) in the Fortress Caribbean High Interest Fund Limited.

The Fund holds 7,279,495 (2015- 7,249,495) shares valued at \$4,419,312 (2015- \$2,899,798) in the Fortress Caribbean Property Fund Limited SCC- Value Fund.

The Fund holds 3,350,277 (2015- 3,350,277) shares valued at \$603,050 (2015- \$703,558) in the Fortress Caribbean Property Fund Limited SCC- Development Fund.

The Fund holds 1,112,087 (2015- 1,112,087) shares valued at \$2,267,101 (2015- \$2,095,708) in the Fortress OAM Overseas Fund Limited.

The Fund holds 2,856 (2015- 2,856) shares valued at \$543,839 (2015- \$489,070) in the Fortress Emerging Markets Fund Limited.

The Fund holds 2,421 (2015- 2,421) shares valued at \$506,240 (2015- \$480,956) in the Fortress Global Opportunity Wealth Fund Limited.

Directors fees of \$16,000 (2015- \$16,000) were paid during the year.

### 7 Redeemable mutual fund shares

Each class of Fund shares is entitled to share in the net income and net capital gains of the Fund. Fund shareholders shall not be entitled to vote at meetings of shareholders of the Fund save and except as permitted under the Companies Act CAP 308 and of the following:

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

### 8 Share capital

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



FORTRESS FUND MANAGERS LIMITED  
FIRST FLOOR, CARLISLE HOUSE, HINCKS STREET, BRIDGETOWN, BB11144, BARBADOS  
TEL: (246) 431-2198 FAX: (246) 431-0514 • [invest@fortressfund.com](mailto:invest@fortressfund.com) • [www.fortressfund.com](http://www.fortressfund.com)