



2021 ANNUAL REPORT

Fortress
World Funds Limited SCC





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

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

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

Fortress Fund Managers Limited
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Upper Collymore Rock
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TEL (246) 431 2198
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Fortress World Funds Limited SCC

Investment Objectives & Fund Details

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

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

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

FUND NAME:	Fortress World Funds Limited SCC	
SUB-FUNDS:	Fortress World Growth Fund Fortress World Fixed Income Fund	FUND INCEPTION: January 29, 2021 January 29, 2021
NAV CURRENCY:	USD	
LAUNCH PRICE:	\$1.00 per share	
DEALING/NAV DATES:	Weekly on Fridays	
MINIMUM INVESTMENT:	\$1,000 initial \$100 subsequent	
INVESTMENT MANAGER & ADMINISTRATOR:	Fortress Fund Managers Limited	
CUSTODIAN:	SigniaGlobe Financial Group Inc.	
NAV QUOTATIONS:	Internet: www.fortressfund.com Bloomberg: FOWFSFW BA FOWFSFA BA	

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

Directors & Administrators

DIRECTORS

Sir Geoffrey Cave, K.A., C.B.E., B.C.H., L.L.D. (Hon) - Chairman
John Howard
Maria Nicholls
Tracey Shuffler
John Williams
Roger Cave - Investment Director

FORTRESS FUND MANAGERS AUDIT COMMITTEE

John Howard
Maria Nicholls

COMPANY SECRETARY

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

REGISTERED OFFICE

Radley Court
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St. Michael, BB14004
Barbados

INVESTMENT MANAGER & ADMINISTRATOR

Fortress Fund Managers Limited
Radley Court
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CUSTODIAN

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

INDEPENDENT AUDITORS

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

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

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

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

Fund Net Asset Values

As of September 30, 2021:

Fund	Net Asset Value per Share (NAV)	Fund Net Assets	Bloomberg Ticker
Fortress World Growth Fund	\$1.0938	\$6,173,631	FOWFSFW BA
Fortress World Fixed Income Fund	\$0.9889	\$5,120,817	FOWFSFA BA

Investment Performance

Net Asset Value and Return Summary to September 30, 2021:

Fund	Sep. 30, 2021 NAV	Sep. 30, 2020 NAV	One Year Return	Return Since Inception*	Fund Inception
Fortress World Growth Fund	\$1.0938	n/a	n/a	+9.4%	Jan. 29, 2021
Fortress World Fixed Income Fund	\$0.9889	n/a	n/a	-1.1%	Jan. 29, 2021

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

Quarterly reports for the funds, including current positioning and long term performance since inception, are available at www.fortressfund.com.



Directors' Report

Directors' Report

Roger Cave, Investment Director

“Most of our equity gains came early in the year as COVID-19 vaccines led to expectations of a quicker return to more normal economic activity...”

Fortress World Funds Limited SCC began operations on January 29, 2021 and stepped into a relatively strong period for global equities and one of moderate weakness for bonds as interest rates were rising. As has been the case in recent years, the strongest equity returns came in the U.S. market, where the rally was broad-based and included the kinds of high-quality well-valued shares where our strategies focus. Fixed income markets, on the other hand, were modestly weaker during 2021 because bond yields rose in anticipation of tighter monetary policy as economic recovery continues.

Most of our equity gains came early in the year as COVID-19 vaccines led to expectations of a quicker return to more normal economic activity, and as fiscal and monetary stimulus provided strong tailwinds to share prices. More recently, markets have become choppier as the factors at play have shifted. Investors have been grappling with a resurgence of inflation, supply chain disruptions and labour shortages, as well as moves by major central banks around the world to begin unwinding their pandemic-related stimulus. This expected unwind has also put pressure on bond prices as yields moved up towards pre-pandemic levels.

The Fund is divided into two sub funds; Fortress World Growth Fund and Fortress World Fixed Income Fund. Each of the sub funds pursues its own, independent mandate and investment objective. In each sub fund, we select investments systematically based on clear, disciplined

value criteria and focus on achieving long-term returns while limiting risk.

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

INVESTMENT PERFORMANCE AND POSITIONING

Short summaries by Fund are below.

Fortress World Growth Fund

The Fortress World Growth Fund was up 9.4% from initiation on January 29, 2021, to September 30, 2021, as global equities continued to benefit from hugely supportive central bank policies and the world economy revived after the pandemic shock of 2020. As has been the case for the last several years, the U.S. saw the largest gains, but the rally was inclusive: value shares kept pace with growth for the first time in five years, and our holdings in high-quality, well-valued shares did particularly well. Still, much of the investor enthusiasm in recent years has centred on the largest and most highly valued U.S. technology shares, leaving them vulnerable to correction, in our view, if expectations are not met. Shares in Europe and Japan had solidly positive performance especially as economic prospects improved. Emerging markets, though, felt pressure through much of 2021 as the Chinese government

acted against some of the largest companies in China, looking to stem their influence at home and their linkages abroad. This led to declines in share prices from their highs of early 2021, even as underlying company fundamentals like earnings were generally stable or improving. As a result, we are again finding some of the best value in the world within emerging markets.

The Fund's portfolio consists of allocations to the Fortress US Equity Fund (41% of the portfolio), Fortress International Equity (39%) and Fortress Emerging Markets Fund (19%), all of which had positive performance during the year. The portfolios are as always focused in areas of high-quality and reasonable valuations where we see substantial potential for future returns. A summary of valuations for each allocation is shown below.

US EQUITY

	PE Ratio	PB Ratio	Div Yield	ROE
Fund	13.9	3.9	2.1%	28.1%
Index	20.3	4.6	1.8%	22.7%
+/-	-6.4	-0.7	0.3%	5.4%

INTERNATIONAL EQUITY

	PE Ratio	PB Ratio	Div Yield	ROE
Fund	11.1	1.8	3.0%	16.2%
Index	14.2	1.8	2.7%	12.7%
+/-	-3.1	-	0.3%	3.5%

EMERGING MARKETS

	PE Ratio	PB Ratio	Div Yield	ROE
Fund	8.0	1.2	3.1%	15.0%
Index	12.6	1.8	2.7%	14.3%
+/-	-4.6	-0.6	0.4%	0.7%

The valuation discounts at which shares in the UK, Europe, Japan and especially emerging markets like China and Brazil now trade relative to the U.S. makes us particularly interested in this part of the investment world. U.S. stocks have outperformed international by an unusually wide margin since 2009 – at some point this should reverse, leading to a period of outperformance for international. Relative valuations would support this happening at any time. On a look-through basis the Fund's globally diversified portfolio has an average price/earnings (PE) ratio of 11x and a dividend yield of 2.7%, levels we see as consistent with meaningful future returns.

Fortress World Fixed Income Fund

The Fortress World Fixed Income Fund declined 1.1% from initiation on January 29, 2021, to September 30, 2021. Government bond yields rose and prices fell as economic activity continued to normalise, growth resumed, and investors began to anticipate the tapering of the extraordinary monetary policy support the U.S. Federal Reserve (Fed) has had in place since early 2020. Our corporate bond holdings performed well as credit spreads tightened across the board. Inflation-linked bonds also performed well. Their outperformance was so strong that we took profits on the Fund's positions as long-term inflation breakeven rates moved towards 2.5%. At these levels, in contrast to those prevailing over much of the last year, we now prefer the risk/reward prospects of conventional bonds. Credit spreads are again at cyclically tight levels, reducing the additional income that can be earned from owning corporate bonds. The average term to maturity of the portfolio is still relatively short at 6.4 years. The Fund's portfolio of high-quality government and corporate bonds is structured to generate an acceptable yield while remaining robust to a range of risks including those from rates, inflation, and credit. The average gross yield to maturity of the portfolio is currently 1.6%.

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

OUTLOOK

After a strong rally from last year's lows, which itself followed years of strength in equities especially in the U.S., there are relatively few parts of the equity world today that would be considered on sale. There are pockets in most markets, but areas of widespread undervaluation are rare. One such area right now is emerging markets, where many quality stocks are down 30% or more and trade on mid-single-digit PE ratios. There are risks here, of course, as there always are. But in the context of a globally diversified portfolio, we think emerging could play a very useful role to contribute returns given today's low starting valuations and our expectation for relatively healthy earnings growth.

The Fortress World Growth Fund is positioned accordingly. More broadly, we see good opportunities also in the U.S. and developed international markets specifically in the kinds of high-quality, well-valued shares that make up our portfolio. The broader indexes may be another story, as they contain more and more expensive stocks that have already rallied, and which have great expectations already embodied in their (high) prices.

Due to today's low yields, bonds likely offer the inevitable prospect of low single digit returns in coming years. We hope and expect that as Fed policies normalise, at least somewhat, that yields will rise, and/or credit spreads will widen, offering the prospects of better returns to bond investors. But that has not yet happened. Until it does, we will continue to keep the average term of bond investments in the **Fortress World Fixed Income Fund** moderate and to focus holdings on U.S. Treasuries and the strongest corporate issuers.

The investment landscape today has some meaningful areas of opportunity, in our view, but they are not necessarily where returns have been highest in recent years. We favour well-valued equities over bonds. We favour broad global diversification that includes international and emerging markets shares, which both look priced to be important sources of return for investors in the coming years. And most importantly, we believe that a disciplined focus on value amidst the growing signs of speculation, especially in the U.S., will be essential to generating returns and limiting risk in the future.

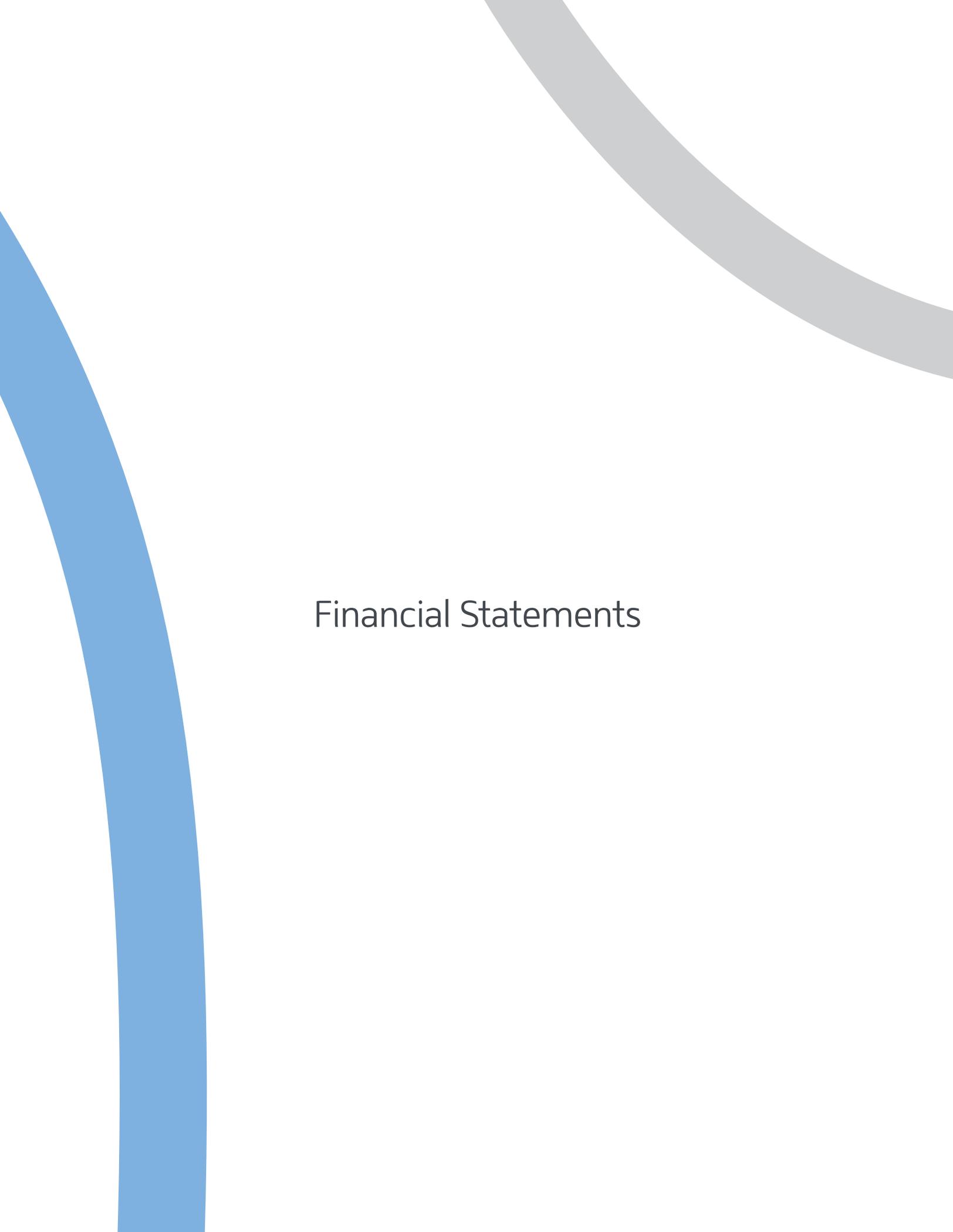
Thank you very much for investing with us.



Roger Cave CA, CFA
Investment Director



Peter Arender, CFA
Chief Investment Officer



Financial Statements



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortress World Funds Limited SCC (“the Fund”), which comprise the statement of financial position as at 30 September 2021, and the statement of net assets attributable to holders of redeemable mutual fund shares, statement of comprehensive income and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2021 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

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

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

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

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

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



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortress Caribbean Pension Fund Limited (“the Fund”), which comprise the statement of financial position as at 30 September 2021, and the statement of net assets attributable to holders of redeemable mutual fund shares, statement of comprehensive income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at 30 September 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”).

Basis for Opinion

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Fund to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS CARIBBEAN PENSION FUND LIMITED

Report on the Audit of the Financial Statements (Continued)

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

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

Other Matter

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

Ernst & Young Ltd

BARBADOS

17 December 2021

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF FORTRESS WORLD FUNDS LIMITED SCC

Report on the Audit of the Financial Statements (Continued)

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

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

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Ernst & Young Ltd

BARBADOS

17 December 2021

Fortress World Funds Limited SCC

Statement of Financial Position

As at September 30, 2021

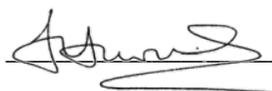
(expressed in United States dollars)

	September 30, 2021	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
Assets		
Financial assets (note 5)	6,229,828	5,111,425
Cash and cash equivalents (note 6)	58,134	15,285
Total assets	6,287,962	5,126,710
Liabilities		
Accounts payable and accrued expenses	114,331	5,893
Total liabilities	114,331	5,893
Equity		
Net assets attributable to holders of redeemable mutual fund shares (note 8)	6,173,631	5,120,817
Liabilities and equity	6,287,962	5,126,710
Net asset value per redeemable mutual fund share	1.0938	0.9889

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

Approved by the Board of Directors on December 13, 2021

 _____ Director

 _____ Director

Fortress World Funds Limited SCC

Statement of Changes in Equity

For the year ended September 30, 2021

(expressed in United States dollars)

	Number of shares		Net assets attributable to holders of redeemable mutual fund shares	
	Fortress World Growth Fund	Fortress World Fixed Income Fund	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
Issue of shares	5,648,557	5,248,569	5,732,700	5,246,932
Redemption of shares	(4,351)	(70,172)	(5,000)	(70,073)
Total comprehensive gain/(loss) for the year	–	–	445,931	(56,042)
Balance at September 30, 2021	5,644,206	5,178,397	6,173,631	5,120,817

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

Fortress World Funds Limited SCC

Statement of Comprehensive Income For the year ended September 30, 2021

(expressed in United States dollars)

	2021	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
Revenue		
Net fair value gains/(losses) on financial assets at fair value through profit and loss (note 5)	466,828	(38,575)
Total investment income/(loss)	<u>466,828</u>	<u>(38,575)</u>
Expenses		
Management fees (note 7)	12,181	9,333
Administrator and custodian fees (note 7)	4,683	4,189
Operating expenses	283	195
Professional fees	3,750	3,750
Operating expenditure	<u>20,897</u>	<u>17,467</u>
Net income/(loss) and total comprehensive income/(loss)	<u>445,931</u>	<u>(56,042)</u>

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

Fortress World Funds Limited SCC

Statement of Cash Flows

For the year ended September 30, 2021

(expressed in United States dollars)

	2021	
	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
Cash flows from operating activities		
Total comprehensive income/(loss)	445,931	(56,042)
Adjustments for:		
Net fair value (gains)/losses on financial assets at fair value through profit and loss	(466,828)	38,575
Operating loss before working capital changes	(20,897)	(17,467)
Increase in accounts payable and accrued expenses	114,331	5,893
Purchase of financial assets at fair value through profit and loss	(5,763,000)	(5,150,000)
Net cash used in operations	(5,669,566)	(5,161,574)
Cash flows from financing activities		
Issue of mutual fund shares	5,732,700	5,246,932
Redemption of mutual fund shares	(5,000)	(70,073)
Cash generated from financing activities	5,727,700	5,176,859
Net increase in cash and cash equivalents	58,134	15,285
Cash and cash equivalents – beginning of year	–	–
Cash and cash equivalents – end of year	58,134	15,285

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

1 Incorporation and principal activity

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

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

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

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

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

These financial statements have been authorised for issue by the Board of Directors on December 13, 2021.

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

2 Summary of significant accounting policies

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

a) Basis of preparation

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

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

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

New and amended standards and interpretations

There are no standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2020, that have a material effect on the financial statements of the Funds.

b) Foreign currency translation

Functional and presentation currency

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

Transactions and balances

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

2 Summary of significant accounting policies...continued

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

i) Classification

Assets

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

Liabilities

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

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

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

ii) Recognition, derecognition and measurement

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

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

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

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

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

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

iii) *Fair value estimation*

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

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

2 Summary of significant accounting policies...continued

d) Cash and cash equivalents

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

e) Expenses

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

f) Due from and due to brokers

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

g) Equity

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

Redeemable shares are classified as equity instruments when:

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

2 Summary of significant accounting policies...continued

g) Equity...continued

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

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

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

h) Distributions payable to holders of redeemable cell shares

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

i) Taxation

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

3 Critical accounting estimates and assumptions

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

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

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

4 Financial risk management

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

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

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

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management...continued

Market risk

(i) Price risk

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

The equity price risk exposure arises from the Funds' investments in equity securities and units in managed equity funds. To manage this risk the Funds hold a diversified portfolio of investments in accordance with its investment policy. A summary of the overall statement of financial position market exposures at September 30, 2021 is disclosed in note 5.

Sensitivity

Management's best estimate of the effect on profit or loss for a year due to a reasonably possible change in equity indices, with all other variables held constant is indicated in the table below. The analysis is based using the MSCI All Country World Index for the Fortress World Growth Fund and the Bloomberg Barclays US Aggregate Bond Index for the Fortress World Fixed Income Fund. The analysis is based on the assumptions that the MSCI All Country World Index increased by 13% and the Bloomberg Barclays US Aggregate Bond Index increased by 3%, with all other variables held constant. In practice, the actual trading results may differ from the sensitivity analysis below and the difference could be material.

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

	2021 \$
Effect on net assets attributable to redeemable shares of an increase in the indices	
Fortress World Growth Fund	894,114
Fortress World Fixed Income Fund	170,832

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

(ii) Cash flows and fair value interest rate risk

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management...continued

Market risk

(iii) Foreign currency risk

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

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

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

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

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

Credit risk

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management...continued

Credit risk...continued

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

	Fortress World Growth Fund	Fortress World Fixed Income Fund
	\$	\$
September 30, 2021		
Cash and cash equivalents	58,134	15,285
	<u>58,134</u>	<u>15,285</u>

The Funds measure credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At September 30, 2021, all cash and short-term deposits are held with counterparties with a credit rating of BBB+ or equivalent and are due to be settled within 1 week. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Funds.

Liquidity risk

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

The Funds are exposed to weekly cash redemptions of Redeemable Cell Shares (note 8). The table below analyses the Funds' financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount, as the impact of discounting is not significant.

	Less than 1 month	1 - 3 months
	\$	\$
September 30, 2021		
Fortress World Growth Fund		
Accounts payable and accrued expenses	110,581	3,750
Net assets attributable to holders of redeemable mutual fund shares	6,173,631	-
	<u>6,284,162</u>	<u>3,750</u>

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management...continued

Liquidity risk...continued

	Less than 1 month \$	1 - 3 months \$
September 30, 2021		
Fortress Fixed Income Fund		
Accounts payable and accrued expenses	2,143	3,750
Net assets attributable to holders of redeemable mutual fund shares	5,120,817	—
	<hr/>	<hr/>
Total financial liabilities	5,122,960	3,750

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

At September 30, 2021, 100% of financial assets at fair value through profit or loss for the Funds, comprise of investments in other funds that have been fair valued in accordance with the policies set out in note 2c. Since the shares of the other funds are not publicly traded, redemption can only be made by the Funds on the redemption dates and subject to the required notice periods specified in the offering documents of each of the other funds. The rights of the Funds to request redemption of its investments in other funds may vary in frequency from daily to monthly redemptions. As a result, the carrying values of the other funds may not be indicative of the prevailing values ultimately realised on redemption. In addition, the Funds may be materially affected by the actions of other investors who have invested in funds in which the Funds has invested.

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

	Less than 1 week \$	1 week- 1 month \$
September 30, 2021		
Fortress World Growth Fund		
Total assets	58,134	6,229,828
	<hr/>	<hr/>
Fortress Fixed Income Fund		
Total assets	15,285	5,111,425
	<hr/>	<hr/>

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management ...continued

Capital risk management

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

Fair value estimation

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

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

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

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

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management ...continued

Fair value estimation ...continued

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2021				
Fortress World Growth Fund				
Financial assets at fair value through profit or loss:				
Mutual funds	–	6,229,828	–	6,229,828
<hr/>				
Fortress World Fixed Income Fund				
Financial assets at fair value through profit or loss:				
Mutual funds	–	5,111,425	–	5,111,425
<hr/>				

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

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

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

4 Financial risk management ...continued

Fair value estimation ...continued

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

The following table analyses within the fair value hierarchy the Funds' assets and liabilities (by class) not measured at fair value at September 30, 2021 but for which fair value is disclosed.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
September 30, 2021				
Fortress World Growth Fund				
Assets				
Cash and cash equivalents	58,134	–	–	58,134
Total	58,134	–	–	58,134
Liabilities				
Accounts payable and accrued expenses	–	114,331	–	114,331
Total	–	114,331	–	114,331
Fortress World Fixed Income				
Assets				
Cash and cash equivalents	15,285	–	–	15,285
Total	15,285	–	–	15,285
Liabilities				
Accounts payable and accrued expenses	–	5,893	–	5,893
Total	–	5,893	–	5,893

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

5 Financial assets

The classification of the Funds financial assets is detailed below:

	Fortress World Growth Fund \$	Fortress World Fixed Income Fund \$
September 30, 2021		
Designated at fair value through profit or loss at inception:		
- mutual funds	6,229,828	5,111,425
Total financial assets designated at fair value through profit or loss	6,229,828	5,111,425
Net gains/ (losses) recognised in relation to investments:		
- change in unrealised gains/(losses)	466,828	(38,575)
	466,828	(38,575)

The detailed portfolio of investments is as follows:

	2021	
	Cost \$	Market value \$
Security		
Financial assets at fair value through profit or loss		
Fortress World Growth Fund		
Fortress US Equity Fund SP	2,180,000	2,550,343
Fortress International Equity Fund SP	2,375,000	2,477,716
Fortress Emerging Markets Fund SP	1,208,000	1,201,769
	5,763,000	6,229,828
Fortress World Fixed Income Fund		
Fortress Fixed Income Fund SP	5,150,000	5,111,425
	5,150,000	5,111,425

6 Cash and cash equivalents

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

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

7 Related party transactions

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

Fortress Fund Managers Limited serves as manager and administrator of the Funds. As a result of providing management and administrator services, Fortress Fund Managers Limited receives a weekly management and administration fee based on the actual net asset value of the Funds, calculated weekly and payable in arrears. The gross management fee amounted to \$68,377 for the year. The administrator fees amounted to \$5,323 for the year.

Management fees of \$46,863 were refunded by Fortress Fund Managers Limited being 0.35% - 1.00% of the net asset values of Fortress International Equity Fund Limited SP, Fortress Emerging Markets Fund SP, Fortress US Equity Fund SP and Fortress Fixed Income Fund SP shares held by the Funds during the year. This is to avoid double charging of management fees on assets invested in related funds which have the same Manager.

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

	Number of shares at start of year	Number of shares acquired in the year	Number of shares redeemed in the year	Number of shares at year end
September 30, 2021				

Fortress World Growth Fund

Shareholder

Directors	–	106,651	(4,352)	102,299
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Related party interests in redeemable cell shares are as follows:

	Number of shares 2021
Fortress World Growth Fund	
Fortress Mutual Fund Limited	5,001,000
Fortress World Fixed Income Fund	
Fortress Caribbean High Interest Fund Limited	5,001,000

Fortress World Funds Limited SCC

Notes to the Financial Statements

September 30, 2021

(expressed in United States dollars)

8 Capital management

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

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

Redeemable segregated Cell Shares (cell shares)

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

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

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

9 Covid-19

In December 2019, a novel strain of coronavirus, (“COVID-19”), surfaced in Wuhan, China. This virus continues to spread around the world, resulting in business and social disruption. COVID-19 was declared a global pandemic by the World Health Organization on March 11, 2020. The operations and business results of the Fund could be materially adversely affected. As the COVID-19 pandemic is ongoing and the near term worldwide economic outlook remains uncertain, we cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial statements.

As at the reporting date any impact on the balances as of September 30, 2021, due to the ongoing COVID-19 pandemic have been appropriately accounted for in accordance with the reporting framework.

Management does not believe there is any risk to the Fund’s ability to continue as a going concern for the foreseeable future from the reporting date linked to the COVID-19 pandemic.

We have evaluated all significant activities through to December 13, 2021, the date these financial statements were available to be issued and concluded that no additional subsequent events occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



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