



Your Future. Our Business.

Dear fellow investors,

Not surprisingly, after a very strong year in 2021 the new year has started with volatility in financial markets. Higher inflation, rising interest rates and the effects of war in Ukraine all weighed on markets in the first quarter. Global stocks and bonds fell, and we naturally felt these headwinds. Thankfully, though, the weakness in stock markets has been centred in the kinds of technology shares we've largely avoided due to their high valuations. Prices of the steadily profitable, growing, reasonably valued shares where we invest held their ground well during the quarter, and some posted solid gains amidst the general market weakness. The Fortress Caribbean Growth Fund generated a small gain during the quarter, benefiting also from strength in its Guyanese holdings. The Fortress Caribbean High Interest Fund registered a small decline as bond prices fell, and shares of the Fortress Caribbean Pension Fund, which invest across stocks and bonds in different proportions, mostly rose in the quarter.

As those who joined us for the recent virtual Fortress Investment Forum (still available to watch online!) will know, there is always something to worry about in the investment world. Today the worries are inflation, interest rates and geopolitical conflict. Yesterday the worry was the pandemic. Before that it was U.S. politics, and before that it was Brexit. Tomorrow it will no doubt be something else. No one can know how the future will unfold, nor thankfully do we need to. As investors, the most important questions to ask are these: Can we invest today in reasonably priced securities, diversify appropriately, and expect a fair return from today's starting prices? For the Fortress portfolios, we think the answers to these questions today are all still firmly, yes.

Thank you very much for investing with us.

Sincerely,  
Fortress Fund Managers

**OF INTEREST  
THIS QUARTER:**

**THE CARIBBEAN  
GROWTH FUND**

gained 3.6% in the first quarter and is up 16.5% over the past year. Stocks around the world weakened but the Fund's global and Caribbean holdings outperformed.

**THE CARIBBEAN  
HIGH INTEREST FUND**

declined 1.8% in the first quarter and is down 0.2% over the past year. Bond prices dropped as inflation rose and central banks hiked interest rates.

**THE CARIBBEAN  
PENSION FUND**

shares returned between -0.9% and +2.5% in the first quarter and are up between 2.3% and 13.1% over the past year.

**The future needs you.**

Small things can grow into big things if they are healthy and looked after. It's the same with investing. The companies where our funds invest today can earn and keep growing over many, many years. In the same way, your steady saving today can grow into something much bigger in the future, with a little time and patience.





# Caribbean Growth Fund

## HIGHLIGHTS:

- *The Fund gained 3.6% in the first quarter and is up 16.5% over the past year.*
- *Despite general weakness in global stock markets, the Fund's investments held in well and holdings in Guyana contributed strong returns.*

The Fund gained 3.6% in the first quarter and was up 16.5% over the past year. The net asset value (NAV) per share as of March 25 was \$7.7438. Net assets of the Fund were \$652 million, up from \$549 million this time last year. The Fund's annual compound rate of return since inception in 1996 is 8.5% per year. Its portfolio remains well diversified by security, geography, and currency.

Global equities fell in the first quarter of 2022 as high inflation readings, less supportive central banks, and increased geopolitical risks weighed on sentiment after a strong year in 2021. Inflation headwinds intensified in January and initially sparked a decline in global equities. Russia's invasion of Ukraine in late February prompted markets to lose further ground, with the greatest pressure in European and emerging markets. Commodity prices, on the other hand, strengthened and pushed inflation even higher. In March, the U.S. Federal Reserve (Fed) started a tightening cycle, raising its target rate by 0.25% and indicating more hikes to come. Global equities recovered some of their losses in late March but were still generally weaker in the quarter. The S&P 500 lost 5% and the Nasdaq dropped 8%. Our global funds were on average down approximately 4%, with more pressure felt in emerging markets. On the positive side, the Fund's positions in Berkshire Hathaway and U.S. utilities shares posted gains in the quarter.

In the Caribbean, equity performance was generally flat except for a few select holdings. The Barbados and Jamaica indexes were little changed while the Trinidad index fell 4%. Over the quarter, Massy Holdings cross-listed in Jamaica and approved a 20:1 stock split. The stock gained 14% in the quarter and reported positive underlying earnings growth. Also in Trinidad, Agostini advanced 40% on thin volumes. In Barbados, Goddard Enterprises added 4% and earnings showed welcome signs of recovering post-pandemic. The Fund also continued to see outsized gains from holdings in Guyana, where the energy buildout has been boosting economic growth. Our substantial positions in Banks DIH and Demerara Bank posted the largest gains.

Over the quarter, we added on weakness to some of the Fund's core holdings and initiated some new positions in equities from previously pricy sectors that had seen drops of 60% or more in recent months. As we enter the second quarter, higher than normal volatility should be expected to continue, as the path of central bank policy, inflation and de-globalization play out against the backdrop of the conflict in Ukraine. Longer-term we continue to see excellent potential for future returns from the kinds of high-quality, reasonably valued shares in which the Fund invests in the Caribbean and around the world.

*The Fund continues to be open to all new subscriptions.*

## FUND OBJECTIVE

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

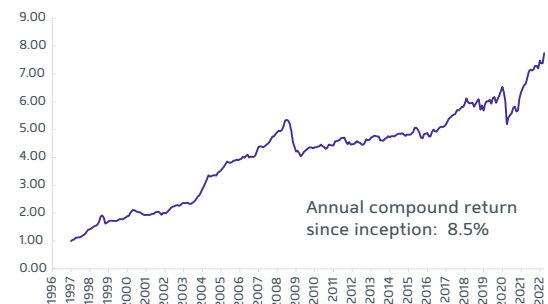
Net Asset Value per share	\$7.7438
Fund Net Assets	\$652,365,035
Fund Inception	Dec 9, 1996

## INVESTMENT RETURNS

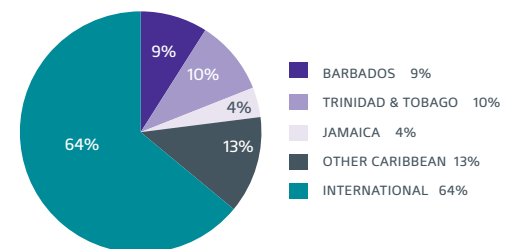
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept
<b>Fortress</b>	<b>3.6%</b>	<b>16.5%</b>	<b>8.8%</b>	<b>7.3%</b>	<b>8.5%</b>
Jamaica	-2.0%	-4.2%	-6.5%	7.6%	7.0%
Trinidad	-3.6%	7.2%	2.6%	3.0%	8.5%
Barbados	0.4%	-3.1%	-10.1%	-3.8%	2.5%
MSCI World	-5.3%	10.4%	15.5%	13.0%	7.7%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO MARCH 31ST, 2022



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country/Region
1 Fortress International Equity Fund	International
2 Fortress US Equity Fund	US
3 Fortress Emerging Markets Fund	International
4 Banks DIH	Guyana
5 Massy Holdings	Trinidad

## EXPENSES

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

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

John Williams, Chairman  
 Ruth Henry  
 John Howard  
 Greg McConnie  
 Maria Nicholls  
 Tracey Shuffler  
 Roger Cave, Investment Manager

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

# Caribbean High Interest Fund



## HIGHLIGHTS:

- *The Fund declined 1.8% in the first quarter and is down 0.2% over the past year.*
- *Bond prices dropped around the world as central banks moved from supporting economic recovery to addressing higher inflation. The portfolio's gross yield is now up to 4%.*

The Fund declined 1.8% in the first quarter and is down 0.2% over the past year. The net asset value (NAV) of the Fund's Accumulation share as of March 25 was \$2.0913, while the Distribution share finished at \$0.9985. Net assets of the Fund were \$144 million, up from \$136 million this time last year. The Fund's annual compound rate of return since inception in 2002 is 3.8% per year. Its portfolio remains as diversified as possible across various issuers, industries, geographies, and terms to maturity.

Global bonds fell this quarter as yields rose all around the world. This occurred as central banks shifted their focus from supporting economic recovery via ultra-low rates to containing inflation, which has been well above normal in recent months. The annual U.S. Consumer Price Index came in at 5% and 7% in December and January respectively. The U.S. Federal Reserve's (Fed's) first rate hike since 2018 followed in March, an increase of 0.25%. This target rate is still very low by historic standards, at a range of only 0.25% to 0.50%, but market expectations are for several more hikes this year and next. The Fed also continued to gradually unwind its pandemic bond buying programmes. As bond prices fall, yields rise correspondingly, and the yield increases during the quarter were substantial. The U.S. 10-year Treasury yield increased from 1.51% to 2.35% and the 2-year yield rose from 0.73% to 2.33%. Corporate bonds also declined and their spreads relative to government bonds widened on concerns the Fed will tighten too far and risk a recession.

Our US\$ Fortress Fixed Income Fund, one of the Fund's core allocations, was down 4.5% over the quarter, outperforming the market indexes but still not a positive return. As yields rose during the quarter, we added to high-quality corporate holdings in the 3-5-year maturities where yields are now well over 3%. Our small positions in bond alternatives continued to perform well and we took profits on some of them. The Fed is now expected to hike its target rate aggressively from nearly zero to over 2% within the next year. If that happens on schedule, bonds are priced appropriately. If the pace winds up being slower, which we think is increasingly likely, current bond prices are too low and have room to rise.

In Barbados, activity in the corporate bond market continued to be limited. Our positions performed as expected, but their prices were marked lower along with global bonds of similar quality and terms. We continued to add to holdings in Government of Barbados (GOB) Series B bonds as the final payments on Series F bonds draw nearer. GOB holdings are still approximately 12% of the portfolio. The average term to maturity of the Fund's holdings is moderate at 6 years, with about half invested in Barbados and half internationally. Because of recent yield increases, the portfolio's gross yield is now nearly 4%, a good estimate of its medium-term return potential.

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

## FUND OBJECTIVE

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

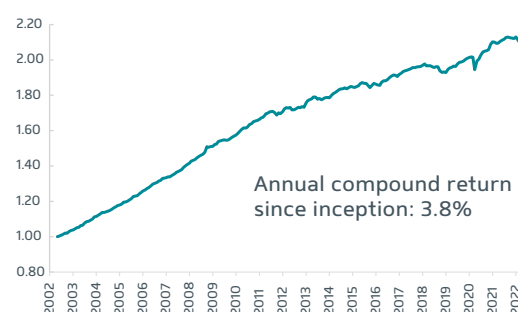
<i>Net Asset Value per share</i>	\$2.0913 / \$0.9985
<i>Fund Net Assets</i>	\$144,321,266
<i>Fund Inception</i>	May 17, 2002

## INVESTMENT RETURNS

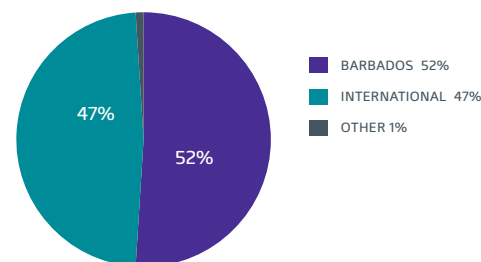
3 Months	1 Year	3 Years	5 Years	Inception
-1.8%	-0.2%	2.2%	1.5%	3.8%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO MARCH 31ST, 2022



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country
1 Fortress Fixed Income Fund	International
2 Deposits - CIBC FirstCaribbean Intl Bank	Barbados
3 Fortress World Fixed Income Fund	International
4 First Citizens Repo July 4, 2022	Barbados
5 GEL Note Nov 30 2022	Barbados

## EXPENSES

*Manager:* 0.75% per annum  
*Custodian & Administrator:*  
 0.20% on first \$30M in net assets  
 0.175% on next \$50M in net assets  
 0.15% on amounts over \$80M in net assets  
*Redemption Charge:*  
 2% for funds held less than 6 months  
 Up to 1% for funds held less than 6 months - 2 years  
 Nil after 2 years  
*Initial Charges:* none

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

John Williams, Chairman  
 Ruth Henry  
 John Howard  
 Greg McConnie  
 Maria Nicholls  
 Tracey Shuffler  
 Roger Cave, Investment Manager

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



# Caribbean Pension Fund

## HIGHLIGHTS:

- The three classes of shares of the Pension Fund returned between -0.9% and +2.5% in the first quarter and are up between 2.3% and 13.1% over the past year. Financial markets grappled with high inflation, rising interest rates and geopolitical conflict during the quarter.
- Returns by class of share are shown in the table to the right.

For the last two quarters we've featured the "Top 10 Pension Pitfalls to Avoid" from our own Pensions Director, René Delmas. René has been in the investing business for more than 30 years, so he's seen hundreds of pension participants save for and then enjoy retirement. This quarter we finish up the list with his final three points. (You can see the full list under Resources at [www.fortressfund.com](http://www.fortressfund.com)).

### René's Top 10 Pension Pitfalls to Avoid (#8-#10):

- 8 If it sounds too good to be true, it probably is. When it comes to long-term investments, things tend to make sense. Taking risk sensibly means understanding where returns are coming from, what makes them possible, and what the risks might be. High guaranteed returns can be a reason to feel fearful, not excited. Remember that it's OK to ask questions when your hard-earned money is being put at risk.
- 9 Investments and life insurance are not the same thing. They can both contribute to your financial security, but it's often best to think of them separately. Insurance protects you against specific risks, usually for a specific time. Investments, on the other hand, involve taking (sensible) risks over the long-term to earn a return.
- 10 Don't forget to enjoy life while saving for retirement. Achieving financial security during your working life and afterwards in retirement are important parts of life. The security can make so many other things in life possible, for you and your family. But the project is a marathon, not a sprint, and the journey should be as much fun as the destination. With some deliberate action and a little planning, we can all arrange to spend less than we earn, invest the surplus sensibly over many years, work towards financial security – and have a great time along the way.

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

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

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

#### Fortress Multi-Employer Pension Plan

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

#### Personal Pension (RRSP)

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

#### INNOVA Lifestage Income Plan

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

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

#### EXPENSES

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

#### MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

#### CUSTODIAN

SigniaGlobe Financial Group

#### AUDITORS

EY Barbados

#### ATTORNEY-AT-LAW

Clarke Gittens Farmer

#### FUND OBJECTIVE

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

#### Net Asset Value

Per Share: \$31.96 / \$29.87 / \$19.25 (AA/CC/CS)

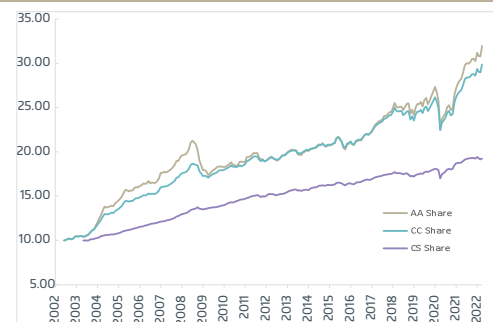
Fund Net Assets: \$417,842,382

#### INVESTMENT RETURNS

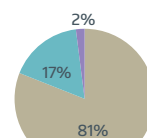
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
<b>AA Share</b>	2.5%	13.1%	8.0%	6.6%	6.0%
<b>CC Share</b>	1.7%	10.6%	6.8%	5.3%	5.7%
<b>CS Share</b>	-0.9%	2.3%	3.2%	2.3%	3.5%

\*periods longer than 1 year are annual compound returns

#### NAV SINCE INCEPTION TO MARCH 31ST, 2022

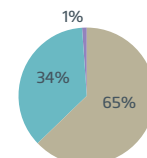


#### ASSET ALLOCATION



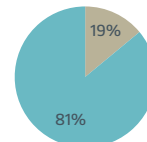
#### AGGRESSIVE ACCUMULATOR (AA)

- EQUITIES 81%
- FIXED INCOME 17%
- REAL ESTATE/OTHER 2%



#### CONSERVATIVE CONSOLIDATOR (CC)

- EQUITIES 65%
- FIXED INCOME 34%
- REAL ESTATE/OTHER 1%



#### CAPITAL SECURE (CS)

- EQUITIES 19%
- FIXED INCOME 81%
- REAL ESTATE/OTHER 0%

#### DIRECTORS

John Williams, Chairman  
René Delmas  
Ruth Henry  
John Howard  
Desmond Kinch  
Greg McConnie  
Maria Nicholls  
Tracey Shuffler  
Roger Cave, Investment Manager

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