

# 2022 ANNUAL REPORT

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Fortress  
**GLOBAL FUNDS SPC**

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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.

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Radley Court  
Upper Collymore Rock  
St. Michael, BB14004  
Barbados  
BB11144  
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FAX (246) 431 0514  
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[www.fortressfund.com](http://www.fortressfund.com)

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**GLOBAL FUNDS SPC**

# Investment Objectives & Fund Details

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The overall investment objective of the Fund is long term capital appreciation. Each of the sub-funds pursues a discrete investment policy and strategy consistent with its particular objectives. These include funds investing for growth in a specific area of the global equity markets (i.e. U.S., international or emerging markets), a conservative fixed income fund, and a “whole portfolio” fund with a mix of growth and income/security assets.

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.

<b>FUND NAME:</b>	Fortress Global Funds SPC Inc.	
<b>SUB-FUNDS:</b>	Fortress Fixed Income Fund SP Fortress Global Opportunity Wealth Fund SP Fortress US Equity Fund SP Fortress International Equity Fund SP Fortress Emerging Markets Fund SP	<b>FUND INCEPTION:</b> Oct. 2, 2017 May 31, 2013 Feb. 28, 2013 Feb. 28, 2013 Feb. 28, 2013
<b>NAV CURRENCY:</b>	USD	
<b>LAUNCH PRICE:</b>	\$100 per share	
<b>DEALING/NAV DATES:</b>	15th and end of each month	
<b>MINIMUM INVESTMENT:</b>	\$100,000.00 \$10,000.00 for subsequent investments	
<b>NAV QUOTATIONS:</b>	Internet: <a href="http://www.fortressfund.com">www.fortressfund.com</a> Bloomberg: FORFIFA KY FORTGOW KY FORUEFA KY FORIEFA KY FORTEMA KY	
<b>FUND STATUS:</b>	Open	
<b>INITIAL CHARGES:</b>	Nil	
<b>MANAGEMENT EXPENSES:</b>		
<i>Management fees:</i>	0.35%-1.00% per annum on the net assets	
<i>Administrator fees:</i>	0.075%- 0.10% per annum on the net assets .	
<b>INVESTMENT MANAGER &amp; ADMINISTRATOR:</b>	Fortress Fund Managers Limited	

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

# Directors & Administrators

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## FORTRESS FUND MANAGERS DIRECTORS

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

## FUND DIRECTORS

Roger Cave  
John Howard  
Maria Nicholls

## REGISTERED OFFICE

c/o Estera Trust (Cayman) Ltd.  
Clifton House, 75 Fort Street  
George Town, Grand Cayman  
Cayman Islands, KY1-1108

## INVESTMENT MANAGER

Fortress Fund Managers Limited  
Radley Court  
Upper Collymore Rock  
St Michael  
BB14004  
Barbados.

## ADMINISTRATOR

Fortress Fund Managers Limited  
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Upper Collymore Rock  
St. Michael, BB14004  
Barbados

Tel: (246) 431 2198  
Fax: (246) 431 0514  
Email: invest@fortressfund.com

## PRIMARY CUSTODIAN

Morgan Stanley Smith Barney LLC  
1585 Broadway Avenue  
New York, NY 10036  
USA

## INDEPENDENT AUDITORS

Ernst & Young Ltd.  
62 Forum Lane  
Camana Bay  
P.O. Box 510, Grand Cayman

## LEGAL ADVISORS

Appleby (Cayman) Ltd.  
Clifton House, 75 Fort Street  
PO Box 190, Grand Cayman  
Cayman Islands, KY1-1104

Fortress Global Funds SPC Inc. is an exempted segregated portfolio company incorporated with limited liability under the Companies Law of the Cayman Islands. It is an umbrella fund offering a range of sub-funds ("segregated portfolios"), each one 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 segregated portfolio, all of which are available at [www.fortressfund.com](http://www.fortressfund.com). We encourage you to read the relevant documents before making an investment. Each of the funds referenced here is offered only to qualified investors. 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, 2022:

Fund	Net Asset Value per Share (NAV)	Fund Net Assets	Bloomberg Ticker
Fortress Fixed Income Fund SP	\$104.0702	\$31,099,703	FORFIFA KY
Fortress Global Opportunity Wealth Fund SP	\$116.2437	\$16,862,893	FORTGOW KY
Fortress US Equity Fund SP	\$164.2861	\$45,125,117	FORUEFA KY
Fortress International Equity Fund SP	\$119.7676	\$57,417,397	FORIEFA KY
Fortress Emerging Markets Fund SP	\$103.9923	\$36,298,627	FORTEMA KY

# Investment Performance

Net Asset Value and Return Summary to September 30, 2022:

Fund	Sep. 30, 2022 NAV	Sep. 30, 2021 NAV	One Year Return	Return Since Inception*	Fund Inception
Fortress Fixed Income Fund SP	\$104.0702	\$117.6562	-11.5%	0.8%	Oct. 2, 2017
Fortress Global Opportunity Wealth Fund SP	\$116.2437	\$139.7834	-16.8%	1.6%	May 31, 2013
Fortress US Equity Fund SP	\$164.2861	\$191.1242	-14.0%	8.6%	Feb. 28, 2013
Fortress International Equity Fund SP	\$119.7676	\$150.3209	-20.3%	3.2%	Feb. 28, 2013
Fortress Emerging Markets Fund SP	\$103.9923	\$149.1973	-30.3%	0.5%	Feb. 28, 2013

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

Quarterly reports for the funds, including current positioning and long term performance since inception of the underlying strategies, are available at [www.fortressfund.com](http://www.fortressfund.com).



# Directors' Report

# Directors' Report

Roger Cave, Investment Director

"Our equity funds' consistent focus on profitable, proven companies trading at reasonable valuations helped sidestep some of the worst damage during the year's market weakness."

After an exceptionally strong year in 2021, the year ended September 30, 2022 saw sharp declines across nearly all global asset classes. The main global stock index declined 21% and high-quality U.S. bonds dropped 14%. The funds all registered substantial declines, ranging from -11.5% for the Fixed Income Fund to -30.3% for the Emerging Markets Fund. Performance in absolute terms was disappointing but four of the five funds outperformed their benchmarks, some by significant margins. The equity funds benefited from substantial outperformance of value shares over growth during the year, after several years of the opposite dynamic prevailing. This was one encouraging feature of the year, as some of the most speculative areas of the equity markets dropped 50% to 70% or more. Our equity funds' consistent focus on profitable, proven companies trading at reasonable valuations helped them sidestep some of the worst damage during the year's market weakness.

This year's broad weakness in stocks and bonds was largely a reversal of some of the outsized gains seen in 2021. The main issue was inflation and the much higher interest rates brought on by central banks to fight it. The very strong economic rebound from pandemic lockdowns led to global supply constraints which, combined with the lasting effects of huge monetary and fiscal stimulus, caused a spike in inflation rates and commodity prices. Initially, these conditions were expected to be temporary but over the course of the year they proved far more

stubborn than hoped. They were exacerbated by tight labour markets and high levels of surplus savings which were built up during the pandemic. The double-digit inflation rates were further compounded by the onset of war in Ukraine in February. Global central banks including the U.S. Federal Reserve (Fed) eventually concluded they could wait no longer and began increasing interest rates rapidly in March and continued for the rest of the year. Aggressive hikes from the Fed caused most currencies to weaken against the U.S. dollar, reducing returns in dollar terms on international and emerging markets investments.

As all financial assets' prices are driven fundamentally by the level of interest rates, stock and bond markets adjusted quickly downwards to this tighter central bank policy during the year. The volatility in equity markets, while unpleasant, was not particularly unusual. Equities have historically moved up or down by 20% or more in a year with some regularity (in 2021 the main global index was up 27%). This year's movement in bonds, though, was truly extraordinary. Yields on U.S. Treasury 10-year notes rose from less than 1.5% to nearly 4% and prices of long-term bonds fell by double-digit percentages. This was unusually painful for investors in what is conventionally one of the "safest" asset classes. The risk came about because starting yields were so low. The good news today is that with bond yields much higher the future return prospects are the highest they have been in many years, and risks are lower.

Each of the Fortress Global Funds pursues its own, independent mandate and investment objective. The goal in all cases is to provide investors with easy access to effective and durable investment processes at reasonable cost. The range of funds allows investors to choose an investment that suits their specific needs – whether it is a focus on a particular area of the global equity markets (i.e., U.S., international or emerging markets), a conservative fixed income fund, or one with a balanced portfolio of global equities and fixed income. 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 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 the quarterly investor letters and reports available at [www.fortressfund.com](http://www.fortressfund.com).

#### INVESTMENT PERFORMANCE AND POSITIONING

Short summaries by Fund are below.

##### Fortress Fixed Income Fund

The Fortress Fixed Income Fund declined 11.5% for the year, outperforming the benchmark decline of 14.6% due to a relatively short maturity profile and conservative positioning. Bond returns were unusually negative for the year as inflation data remained high and central banks tightened policy after the pandemic era's huge stimulus. The Fed hiked its target rate from 0% at the beginning of the year to a range of 3-3.25% and signaled further tightening to come to combat inflation. U.S. Treasury 10-year yields rose from 1.5% to 3.8% during the year. Credit spreads also widened as the Fed tapered or ended its various bond buying programmes, and recession fears grew. As yields rose, we gradually increased the term to maturity of the Fund's holdings, locking in the higher rates for longer. This included adding back a position in long U.S. Treasury inflation-linked bonds that we had sold into strength last year. The average term to maturity of the portfolio is now 7.0 years, the longest it has been in some time. 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 4.9%, a good estimate of its medium-term return potential.

##### Fortress Global Opportunity Wealth Fund

The Fortress Global Opportunity Wealth Fund declined 16.8% for the year as its balanced portfolio saw high volatility in both global equities and bonds at the same time. This return is slightly ahead of the blended benchmark decline of 17.9%. The Fund had outperformance in fixed income and across most of its equity allocations. International and emerging markets equities saw larger declines than the U.S. as currencies weakened. This was a headwind for the Fund which has a globally diversified equity portfolio. In addition to rapid central bank tightening during the year, geopolitical tensions and lockdowns in China kept pressure on emerging markets, while Europe struggled with energy disruptions. Share prices and currencies are now both meaningfully lower than this time last year, as are bond prices. This translates into higher expected returns across the board for the Fund's balanced portfolio.

##### Fortress US Equity Fund

The Fortress US Equity Fund was down 14.0% during the year, ahead of its benchmark return of 15.9% as well-valued shares largely outperformed the higher priced, more speculative parts of the market. Higher interest rates combined with weaker operating results at some major companies to push share prices lower and raised fears of recession. Some noteworthy companies announced hiring freezes or layoffs but most continued to deliver results broadly in line with expectations. Supply chain problems and labour shortages were challenges despite easing substantially by the end of the year. Pressure remained on some of the more aggressively valued parts of the market such as information technology, a large component in the index and one where investors paid high multiples on unusually high profits. We still see far better return potential from the kinds of well-priced, high-quality shares that make up the portfolio. With an average price/earnings (PE) ratio of 13x and dividend yield of 2.4% there

is significant upside to the portfolio's holdings, in both relative and absolute terms.

FUND PORTFOLIO SUMMARY				
	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	13.1	3.4	2.4%	26.0%
<b>Index</b>	15.6	3.7	2.2%	23.7%
<b>+/-</b>	-2.5	-0.3	0.2%	2.2%

### Fortress International Equity Fund

The Fortress International Equity Fund declined 20.3% compared to a benchmark decline of 25.2% for the year. Share prices fell sharply as post-pandemic inflation stayed high, central banks raised interest rates, geopolitical tensions persisted, and the reliability of supply chains remained a challenge to varying degrees for companies around the world. Europe grappled with political uncertainty and the direct effects of the war in Ukraine. Major currencies fell 10% or more against the U.S. dollar and were a significant factor weighing on international equity returns this year. The average PE of the Fund's portfolio is now only 10x with a dividend yield of 3.6%. Currencies offer a growing source of potential return for the portfolio if recent weakness against the U.S. dollar even partially reverses.

FUND PORTFOLIO SUMMARY				
	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	10.3	1.6	3.6%	15.5%
<b>Index</b>	10.5	1.4	3.7%	13.3%
<b>+/-</b>	-0.2	0.2	-0.1%	2.2%

### Fortress Emerging Markets Fund

The Fortress Emerging Markets Fund was down 30.3% for the year, compared to the benchmark decline of 28.1%. Emerging markets were at the centre of some of the major events affecting global stocks this year. The war in Ukraine hit Russian shares directly and added indirectly to existing pressure on Chinese shares. During the year

the Fund incurred losses on long-standing holdings in depository receipts of three Russian companies: Tatneft, Sberbank and Lukoil, which together represented 8% of the portfolio. Holdings in China dropped significantly on continuing COVID-19 lockdowns and concerns about geopolitical risk. China has some of the cheapest shares in the world now with mid-single-digit PEs not uncommon. On the positive side, holdings in Brazil were some of the strongest anywhere in the world, gaining from depressed levels as elections reduced political uncertainty. The Fund's average PE of 7.3x and dividend yield of 4.7% imply deep investor pessimism and are consistent with outsized future returns.

FUND PORTFOLIO SUMMARY				
	PE Ratio	PB Ratio	Div Yield	ROE
<b>Fund</b>	7.3	1.0	4.7%	13.7%
<b>Index</b>	9.6	1.4	3.9%	14.6%
<b>+/-</b>	-2.3	-0.4	0.80%	-0.88%

### OUTLOOK

Financial markets have absorbed a lot of bad news in recent months, from inflation, to energy, to rising interest rates, to war and geopolitics. Some of this bad news has enabled us to position the funds' portfolios even better for the future. The news may get worse in the short-term, but it may also get better. There is a lot of pessimism in the investment world right now, and while we are only human, we also like pessimistic times like these. This is when prices are best and future return prospects are highest. Today's worries will eventually fade and be replaced by whatever comes next. There are excellent investments to own today. We hope and expect they will be the source of outsized returns in the years to come.

Looking to the year ahead, no one knows what will happen – but we do have some ideas. Our guess is that the markets' singular focus on interest rates will fade soon as the Fed slows its tightening cycle, or even pauses in the months ahead. This does not mean rates will fall right away. It does

mean, though, that the violent tightening is likely done. There is more work to do on pushing inflation lower. The currently high level of unfilled jobs in the U.S. gives the Fed cover to keep rates elevated until a significant move lower in real estate prices has occurred, without worrying about rising unemployment. We would be very surprised to see a swift recovery in broad equity markets from here. This is not 2020. Stock markets have not dropped to overall cheap levels, and central banks do not yet want to push them higher. In this environment we believe above all it makes sense to own shares in resilient companies that are steadily generating earnings, day in and day out. It seems likely we will see continued pressure on the most speculative areas of the market, and more outperformance for the kinds of relatively boring, profitable, well-valued companies in which the Fund invests. We think the prospects are particularly interesting among shares outside the U.S., where shares are cheaper, and gains could be higher if recent currency weakness is even partially reversed.

With this year's historic selloff in the normally quiet world of bonds, U.S. bond yields – and therefore future return prospects for bonds – are now the highest they've been in 15 years. That's not to say prospective returns from here will be huge. But with yields now around 5% for entirely acceptable credit and term risks, U.S. bonds are for the first time in more than a decade offering very interesting return prospects. And there are some future scenarios, especially ones that may be unfriendly for equities, in which bond returns from here could wind up being very good indeed.

The key governance, regulatory and oversight aspects of the funds' operations were unchanged during the year.

The funds' board and that of the Manager were active and engaged, and we would like to thank all members of our boards for their efforts on behalf of investors. EY the external auditor, and BDO the internal auditor, as usual worked diligently with us over the course of the year. We would like to thank them, and the other excellent counterparties and service providers who make operating funds like this possible and secure in today's environment.

At Fortress Fund Managers we recently celebrated our 25th anniversary. We marked the occasion in a few ways, one of which was to plant 100 trees alongside the Barbados Trailway. The idea of taking steps *today* to help something grow *over many years* into the future naturally appeals to long-term investors like us, and we hope we can do more of this type of activity in the future.

Sincere thanks to you, our valued shareholders, for your trust and support over the years. We wouldn't have started, let alone grown into what we are today, without you.

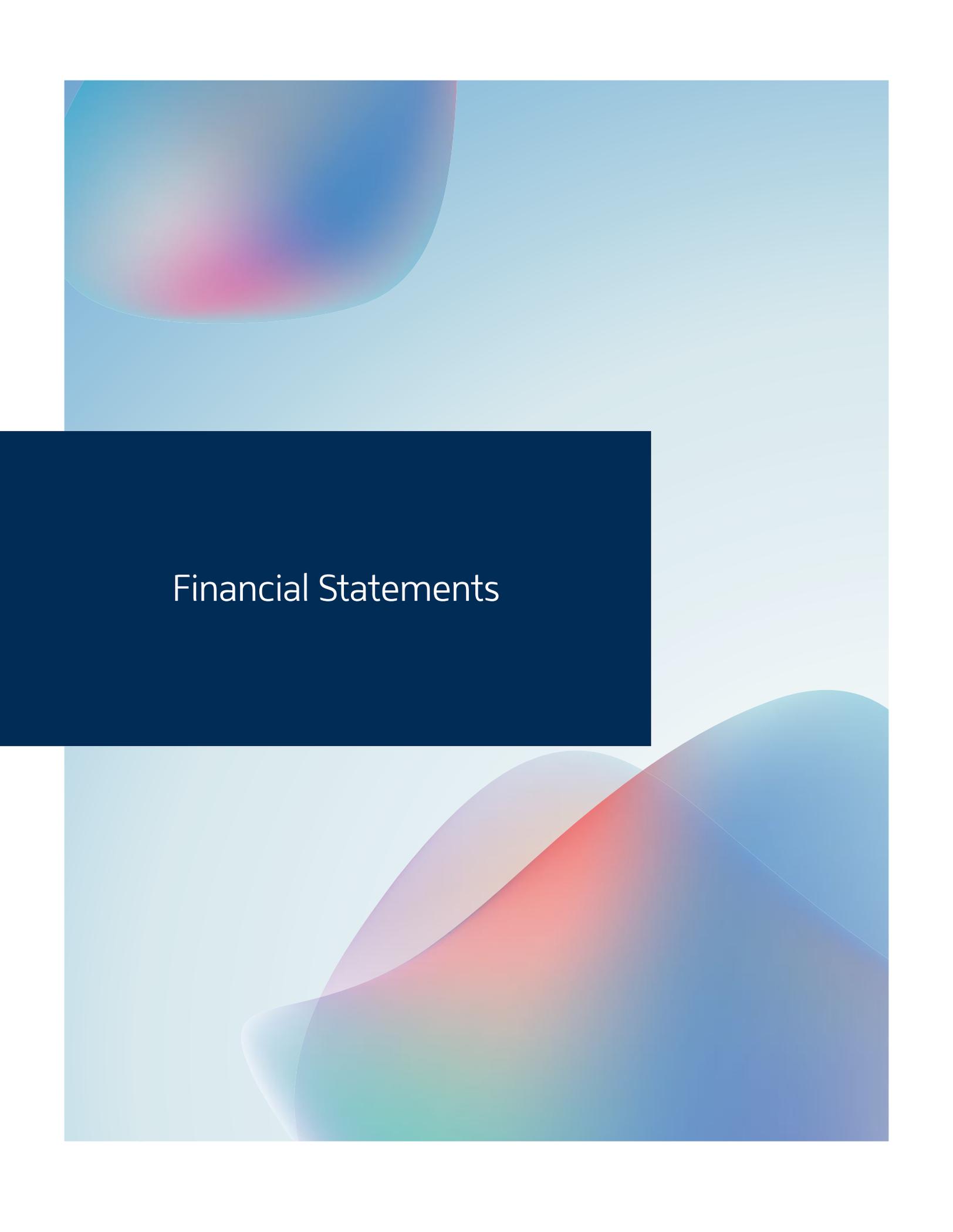
Thank you very much for investing with us.



Roger Cave CA, CFA  
Investment Director



Peter Arender, CFA  
Chief Investment Officer



# Financial Statements



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CAYMAN ISLANDS

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## Independent Auditor's Report

The Board of Directors  
Fortress Global Funds SPC Inc.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Fortress Global Funds SPC Inc., comprising of segregated portfolios namely Fortress US Equity Fund SP, Fortress International Equity Fund SP, Fortress Emerging Markets Fund SP, Fortress Global Opportunity Wealth Fund SP and Fortress Fixed Income Fund SP (each segregated portfolio referred to as the "Fund"), which comprise the statement of financial position as at September 30, 2022, and the statement of comprehensive income, statement of changes in equity 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 acFunding financial statements present fairly, in all material respects, the financial position of the Fund as at September 30, 2022, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information Included in the Fund's September 30, 2022 Annual Report

Other information consists of the information included in the Fund's Investment Objectives & Fund Details, Directors & Administrators, Fund Net Asset Values, Investment Performance and Directors' Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Board of Directors are responsible for overseeing the Fund's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

We communicate with the Board of Directors 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.

*Ernst + Young Ltd.*

Grand Cayman, Cayman Islands  
December 15, 2022

# Fortress Global Funds SPC Inc.

Statement of Financial Position

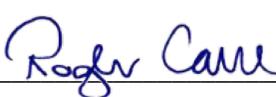
As at September 30, 2022

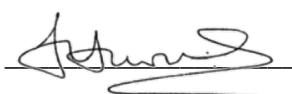
(expressed in United States dollars)

	September 30, 2022				
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>Assets</b>					
Cash and cash equivalents (note 6)	876,835	1,367,838	765,759	439,921	1,039,435
Accounts receivable	37,161	44,912	166,496	–	–
Financial assets at fair value through profit or loss (note 5)	44,217,115	56,012,325	35,371,282	16,425,181	30,064,227
<b>Total assets</b>	<b>45,131,111</b>	<b>57,425,075</b>	<b>36,303,537</b>	<b>16,865,102</b>	<b>31,103,662</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	5,994	7,678	4,910	2,209	3,959
<b>Total liabilities</b>	<b>5,994</b>	<b>7,678</b>	<b>4,910</b>	<b>2,209</b>	<b>3,959</b>
<b>Equity</b>					
Net assets attributable to holders of redeemable mutual fund shares (note 8)	45,125,117	57,417,397	36,298,627	16,862,893	31,099,703
<b>Total liabilities and equity</b>	<b>45,131,111</b>	<b>57,425,075</b>	<b>36,303,537</b>	<b>16,865,102</b>	<b>31,103,662</b>
<b>Net asset value per share</b>	<b>164.2861</b>	<b>119.7676</b>	<b>103.9923</b>	<b>116.2437</b>	<b>104.0702</b>

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

Approved by the Board of Directors on December 15, 2022

 Director

 Director

# Fortress Global Funds SPC Inc.

Statement of Financial Position...*continued*

As at September 30, 2022

(expressed in United States dollars)

	September 30, 2021				
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>Assets</b>					
Cash and cash equivalents (note 6)	803,202	598,390	795,334	303,355	2,889,265
Accounts receivable	31,049	126,221	235,763	2	2,923
Financial assets at fair value through profit or loss (note 5)	39,129,228	66,178,291	48,168,875	17,105,143	31,089,917
<b>Total assets</b>	<b>39,963,479</b>	<b>66,902,902</b>	<b>49,199,972</b>	<b>17,408,500</b>	<b>33,982,105</b>
<b>Liabilities</b>					
Accounts payable and accrued expenses	3,606	6,188	6,483	2,815	2,987
<b>Total liabilities</b>	<b>3,606</b>	<b>6,188</b>	<b>6,483</b>	<b>2,815</b>	<b>2,987</b>
<b>Equity</b>					
<b>Net assets attributable to holders of redeemable mutual fund shares (note 8)</b>	39,959,873	66,896,714	49,193,489	17,405,685	33,979,118
<b>Total liabilities and equity</b>	<b>39,963,479</b>	<b>66,902,902</b>	<b>49,199,972</b>	<b>17,408,500</b>	<b>33,982,105</b>
<b>Net asset value per share</b>	<b>191.1242</b>	<b>150.3209</b>	<b>149.1973</b>	<b>139.7834</b>	<b>117.6562</b>

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

# Fortress Global Funds SPC Inc.

## Statement of Changes in Equity For the year ended September 30, 2022

(expressed in United States dollars)

	Net assets attributable to holders of redeemable mutual fund shares						
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$	Fortress Income Builder US Fund SP* \$	Fortress Income Builder International Fund SP* \$
<b>Balance as at September 30, 2020</b>	<b>14,314,815</b>	<b>35,635,600</b>	<b>37,503,731</b>	<b>6,529,100</b>	<b>29,814,881</b>	<b>12,308,443</b>	<b>15,711,844</b>
Issue of shares	22,311,299	24,759,450	2,225,299	9,671,615	11,699,726	–	–
Redemption of shares	(1,850,000)	(2,050,000)	(1,800,000)	(8,720)	(7,808,728)	(15,540,780)	(20,900,420)
Total comprehensive income for the year/period	5,183,759	8,551,664	11,264,459	1,213,690	273,239	3,232,337	5,188,576
<b>Balance as at September 30, 2021</b>	<b>39,959,873</b>	<b>66,896,714</b>	<b>49,193,489</b>	<b>17,405,685</b>	<b>33,979,118</b>	–	–
Issue of shares	15,854,989	13,055,699	9,858,749	3,011,345	3,827,000	–	–
Redemption of shares	(2,886,988)	(7,723,358)	(6,829,645)	(253,489)	(2,642,466)	–	–
Total comprehensive loss for the year	(7,802,757)	(14,811,658)	(15,923,966)	(3,300,648)	(4,063,949)	–	–
<b>Balance as at September 30, 2022</b>	<b>45,125,117</b>	<b>57,417,397</b>	<b>36,298,627</b>	<b>16,862,893</b>	<b>31,099,703</b>	–	–

\* For the period October 1, 2020, to June 30, 2021

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

# Fortress Global Funds SPC Inc.

Statement of Comprehensive Income  
For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2022				
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>Investment income</b>					
Net fair value loss on financial assets/liabilities through profit or loss (note 5)	(7,814,090)	(15,680,793)	(16,951,680)	(3,290,962)	(4,878,846)
Dividend income	849,111	2,016,469	1,802,106	5,178	43,017
Interest and other income	15	15	24	22	931,878
<b>Total investment loss</b>	<b>(6,964,964)</b>	<b>(13,664,309)</b>	<b>(15,149,550)</b>	<b>(3,285,762)</b>	<b>(3,903,951)</b>
<b>Expenditure</b>					
Management fees (note 7)	491,816	678,972	449,764	(11,840)	119,123
Withholding taxes	219,276	341,275	195,540	1,294	231
Brokerage and investment fees	61,584	36,560	68,396	–	3,050
Administrator fees (note 7)	49,182	67,897	44,976	18,043	25,526
Professional and audit fees	13,491	19,684	13,780	5,455	10,189
Other operating expenses	991	1,099	770	1,399	919
Director fees (note 7)	1,453	1,862	1,190	535	960
<b>Operating expenses</b>	<b>837,793</b>	<b>1,147,349</b>	<b>774,416</b>	<b>14,886</b>	<b>159,998</b>
<b>Total comprehensive loss for the year</b>	<b>(7,802,757)</b>	<b>(14,811,658)</b>	<b>(15,923,966)</b>	<b>(3,300,648)</b>	<b>(4,063,949)</b>

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

# Fortress Global Funds SPC Inc.

Statement of Comprehensive Income...continued

For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2021				For the period October 1, 2020 to June 30, 2021		
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$	Fortress Income Builder US Fund SP* \$	Fortress Income Builder International Fund SP* \$
<b>Investment income</b>							
Net fair value gain/(loss) on financial assets/liabilities through profit or loss (note 5)	5,135,946	7,922,228	10,452,340	1,223,000	(292,132)	3,252,006	5,085,328
Dividend income	475,496	1,460,853	1,520,324	2,459	25,747	169,898	332,247
Interest and other income	4	7	8	11	686,131	3	2
<b>Total investment income</b>	<b>5,611,446</b>	<b>9,383,088</b>	<b>11,972,672</b>	<b>1,225,470</b>	<b>419,746</b>	<b>3,421,907</b>	<b>5,417,577</b>
<b>Expenditure</b>							
Management fees (note 7)	233,152	521,964	479,798	(4,405)	111,665	95,743	131,140
Withholding taxes	114,566	152,231	103,904	727	247	53,405	40,257
Brokerage and investment fees	49,691	88,965	64,873	442	2,002	27,818	39,109
Administrator fees (note 7)	23,315	52,196	47,980	10,390	23,928	9,574	13,114
Professional and audit fees	5,530	10,974	9,361	2,393	6,996	2,239	2,882
Other operating expenses	986	4,051	1,288	2,019	1,009	530	2,133
Director fees (note 7)	447	1,043	1,009	214	660	261	366
<b>Operating expenses</b>	<b>427,687</b>	<b>831,424</b>	<b>708,213</b>	<b>11,780</b>	<b>146,507</b>	<b>189,570</b>	<b>229,001</b>
<b>Total comprehensive income for the year/ period</b>	<b>5,183,759</b>	<b>8,551,664</b>	<b>11,264,459</b>	<b>1,213,690</b>	<b>273,239</b>	<b>3,232,337</b>	<b>5,188,576</b>

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

# Fortress Global Funds SPC Inc.

Statement of Cash Flows

For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2022				
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>Cash flows from operating activities</b>					
<b>Comprehensive loss for the year</b>	<b>(7,802,757)</b>	<b>(14,811,658)</b>	<b>(15,923,966)</b>	<b>(3,300,648)</b>	<b>(4,063,949)</b>
Adjustments for:					
Net fair value loss on financial assets/liabilities at fair value	7,814,090	15,680,793	16,951,680	3,290,962	4,878,846
Dividend income	(849,111)	(2,016,469)	(1,802,106)	(5,178)	(43,017)
Interest income	(15)	(15)	(5)	(22)	(931,707)
<b>Operating loss before working capital changes</b>	<b>(837,793)</b>	<b>(1,147,349)</b>	<b>(774,397)</b>	<b>(14,886)</b>	<b>(159,827)</b>
Increase/(decrease) in accounts payable	2,388	1,490	(1,573)	(606)	972
Purchase of financial assets/liabilities at fair value through profit or loss	(26,372,227)	(11,646,970)	(14,986,345)	(2,611,000)	(10,657,401)
Proceeds on sale of financial assets/liabilities at fair value through profit or loss	13,470,250	6,132,143	10,832,258	–	6,812,229
<b>Cash used in operations</b>	<b>(13,737,382)</b>	<b>(6,660,686)</b>	<b>(4,930,057)</b>	<b>(2,626,492)</b>	<b>(4,004,027)</b>
Interest received	15	15	5	22	923,723
Dividend received	842,999	2,097,778	1,871,373	5,180	45,940
<b>Net cash used in operating activities</b>	<b>(12,894,368)</b>	<b>(4,562,893)</b>	<b>(3,058,679)</b>	<b>(2,621,290)</b>	<b>(3,034,364)</b>

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

# Fortress Global Funds SPC Inc.

Statement of Cash Flows ...continued  
For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2022				
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>Cash flows from financing activities</b>					
Issue of redeemable mutual fund shares	15,854,989	13,055,699	9,858,749	3,011,345	3,827,000
Redemption of redeemable mutual fund shares	(2,886,988)	(7,723,358)	(6,829,645)	(253,489)	(2,642,466)
<b>Net cash generated from financing activities</b>	<b>12,968,001</b>	<b>5,332,341</b>	<b>3,029,104</b>	<b>2,757,856</b>	<b>1,184,534</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>73,633</b>	<b>769,448</b>	<b>(29,575)</b>	<b>136,566</b>	<b>(1,849,830)</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>803,202</b>	<b>598,390</b>	<b>795,334</b>	<b>303,355</b>	<b>2,889,265</b>
<b>Cash and cash equivalents - end of year</b>	<b>876,835</b>	<b>1,367,838</b>	<b>765,759</b>	<b>439,921</b>	<b>1,039,435</b>

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

# Fortress Global Funds SPC Inc.

Statement of Cash Flows ...continued

For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2021				For the period October 1, 2020 to June 30, 2021		
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$	Fortress Income Builder US Fund SP \$	Fortress Income Builder International Fund SP \$
<b>Cash flows from operating activities</b>							
<b>Comprehensive income for the year/ period</b>	<b>5,183,759</b>	<b>8,551,664</b>	<b>11,264,459</b>	<b>1,213,690</b>	<b>273,239</b>	<b>3,232,337</b>	<b>5,188,576</b>
Adjustments for:							
Net fair value (gain)/loss on financial assets/liabilities at fair value	(5,135,946)	(7,922,228)	(10,452,340)	(1,223,000)	292,132	(3,252,006)	(5,085,328)
Dividend income	(475,496)	(1,460,853)	(1,520,324)	(2,459)	(25,747)	(169,898)	(332,247)
Interest income	(4)	(7)	(8)	(11)	(686,131)	(3)	(2)
<b>Operating loss before working capital changes</b>	<b>(427,687)</b>	<b>(831,424)</b>	<b>(708,213)</b>	<b>(11,780)</b>	<b>(146,507)</b>	<b>(189,570)</b>	<b>(229,001)</b>
Increase/(decrease) in accounts payable	2,209	2,650	2,745	2,177	61	(1,192)	(1,557)
Purchase of financial assets/liabilities at fair value through profit or loss	(26,551,929)	(38,506,499)	(14,482,432)	(9,689,090)	(15,251,390)	(1,768,900)	(2,202,765)
Proceeds on sale of financial assets/liabilities at fair value through profit or loss	6,573,449	14,795,088	13,418,775	159,421	11,652,286	17,068,731	22,735,356
<b>Cash generated from/(used in) operations</b>	<b>(20,403,958)</b>	<b>(24,540,185)</b>	<b>(1,769,125)</b>	<b>(9,539,272)</b>	<b>(3,745,550)</b>	<b>15,109,069</b>	<b>20,302,033</b>
Interest received	4	7	8	11	658,677	3	2
Dividend received	454,548	1,397,549	1,339,852	2,457	22,824	188,400	343,526
<b>Net cash generated from/ (used in) operating activities</b>	<b>(19,949,406)</b>	<b>(23,142,629)</b>	<b>(429,265)</b>	<b>(9,536,804)</b>	<b>(3,064,049)</b>	<b>15,297,472</b>	<b>20,645,561</b>

# Fortress Global Funds SPC Inc.

Statement of Cash Flows ...continued  
For the year ended September 30, 2022

(expressed in United States dollars)

	For the year ended September 30, 2021				For the period October 1, 2020 to June 30, 2021		
	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$	Fortress Income Builder US Fund SP \$	Fortress Income Builder International Fund SP \$
<b>Cash flows from financing activities</b>							
Issue of redeemable mutual fund shares	22,311,299	24,759,450	2,225,299	9,671,615	11,699,726	–	–
Redemption of redeemable mutual fund shares	(1,850,000)	(2,050,000)	(1,800,000)	(8,720)	(7,808,728)	(15,540,780)	(20,900,420)
<b>Net cash generated from/(used in) financing activities</b>	<b>20,461,299</b>	<b>22,709,450</b>	<b>425,299</b>	<b>9,662,895</b>	<b>3,890,998</b>	<b>(15,540,780)</b>	<b>(20,900,420)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>511,893</b>	<b>(433,179)</b>	<b>(3,966)</b>	<b>126,091</b>	<b>826,949</b>	<b>(243,308)</b>	<b>(254,859)</b>
<b>Cash and cash equivalents - beginning of period</b>	<b>291,309</b>	<b>1,031,569</b>	<b>799,300</b>	<b>177,264</b>	<b>2,062,316</b>	<b>243,308</b>	<b>254,859</b>
<b>Cash and cash equivalents - end of period</b>	<b>803,202</b>	<b>598,390</b>	<b>795,334</b>	<b>303,355</b>	<b>2,889,265</b>	<b>–</b>	<b>–</b>

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

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 1 Incorporation and principal activity

Fortress Global Funds SPC Inc. (the "Company") was incorporated in the Cayman Islands on October 15, 2012, as an exempted segregated portfolio company with limited liability under the Companies Act CAP 22. The Company was registered under the Mutual Funds Act of the Cayman Islands on February 19, 2013 and is regulated by the Cayman Islands Monetary Authority. The Company maintains its registered office at c/o Estera Trust (Cayman) Ltd, Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, Cayman Islands.

The Company may offer separate classes of shares each representing interest in a separate segregated portfolio (a "Segregated Portfolio"). Each Segregated Portfolio will have a separate and distinct portfolio of investments and a separate class of shares will be issued in respect of any such Segregated Portfolio. Separate books and records have been maintained for each Segregated Portfolio.

At September 30, 2022, there were five (5) Segregated Portfolios, (each "a fund" and together "the funds") in existence: Fortress US Equity Fund SP, Fortress International Equity Fund SP, Fortress Emerging Markets Fund SP, Fortress Global Opportunity Wealth Fund SP and Fortress Fixed Income Fund SP.

During the previous financial year two (2) Segregated Portfolios were closed effective June 30, 2021. These portfolios were Fortress Income Builder US Fund SP and Fortress Income Builder International Fund SP. The financial statements of these funds disclose the operations of the funds for the nine-month period from October 1, 2020, to June 30, 2021. All redeemable mutual fund shares of these funds were redeemed at the net asset value calculated as of June 30, 2021, and the proceeds remitted to the shareholders. As such, all balances related to these two funds for the previous year are shown as at and for the period ended June 30, 2021.

These are the financial statements of each of the funds.

The primary objectives of each fund are stated below:

- Fortress US Equity Fund SP's objective is long term growth with limited risk in US large cap equities. The fund invests for long term growth using a systematic, value-based process in US large cap equities. The disciplined approach consistently positions in a portfolio of approximately 30 stocks that offer the best value in the US market.
- Fortress International Equity Fund SP's objective is long term growth with limited risk in non-US large cap equities. The fund invests for long term growth using a systematic, value-based process in non-US large cap equities. The disciplined approach consistently positions in a portfolio of approximately 30 stocks that offer the best value in the international market.
- Fortress Emerging Markets Fund SP's objective is long term growth with limited risk in emerging markets equities. The fund invests for long term growth using a systematic, value-based process in large-cap emerging markets equities. The disciplined approach consistently positions in a portfolio of approximately 30 stocks that offer the best value in the emerging markets.
- Fortress Global Opportunity Wealth Fund SP's objective is long term appreciation. The fund combines investments in Fortress US Equity Fund SP, Fortress International Equity Fund SP, Fortress Emerging Markets Fund SP and Fortress Fixed Income Fund SP and allocations to select specialist managers in fixed income, equity and alternatives assets classes.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 1 Incorporation and principal activity...continued

- Fortress Fixed Income Fund SP's objective is to generate consistent returns and protect principal over the medium-term. The fund seeks to achieve this 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.
- Fortress Income Builder US Fund SP targeted a fixed return of 8% per year with low volatility. The fund was an alternative to low-yielding US fixed income investments. It invested in a portfolio of select high quality US equities at attractive valuations, with options around the core portfolio to limit risk and generate income.
- Fortress Income Builder International Fund SP targeted a fixed return of 8% per year with low volatility. The fund was an alternative to low-yielding international fixed income investments. It invested in a portfolio of select high quality non-US equities at attractive valuations, with options around the core portfolio to limit risk and generate income.

The Company's investment management and advisory activities were managed by Fortress Fund Advisors Limited until June 30, 2021. Subsequently, the Company's investment management and advisory activities were managed by Fortress Fund Managers Limited ("the Manager"). The Company's administration activities are performed by Fortress Fund Managers Limited.

In accordance with the Companies Act of the Cayman Islands, the Company is a separate legal entity, while each Segregated Portfolio is not a separate legal entity. The assets and liabilities of the Company held within each Segregated Portfolio are segregated from the assets and liabilities of other Segregated Portfolios and from the general assets and liabilities of the Company. The assets of each Segregated Portfolio are only available to meet the liabilities attributable to that particular Segregated Portfolio. This segregation has not been judicially tested and may not be enforced in some jurisdictions. The directors of the Company consider that the cross liability risk between segregated portfolios is minimal.

These financial statements have been authorised for issue by the Board of Directors on December 15, 2022.

## 2 Summary of significant accounting policies

The principal accounting policies adopted 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

Except for the Fortress Income Builder US Fund SP and Fortress Income Builder International Fund SP, 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 companies reporting under IFRS. The financial statements have been prepared in accordance with the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

### a) Basis of preparation...*continued*

The financial statements of the Fortress Income Builder US Fund FP and the Fortress Income Builder International Fund SP were prepared on a liquidating basis which represents the amounts which were realised on the winding up of normal business operations of the Funds and disposition of the assets and settlement of its obligations. They are not intended to present the financial condition or operational results of the Company on a going concern basis in accordance with International Financial Reporting Standards (“IFRS”).

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 Funds’ accounting policies. Although these estimates are based on management’s best knowledge of current events and conditions, actual results could differ from these estimates. These 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.

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

There are no new standards, amendments to standards or interpretations that are effective for annual periods beginning on January 1, 2021, that have a material effect on the financial statements of the Company.

### b) Foreign currency translation

#### *Functional and presentation currency*

Items included in the fund’s financial statements are measured using the currency of the primary economic environment in which it operates (“the functional currency”). The financial statements are presented in United States dollars which is each of 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 such as equities 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 Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

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

#### i) *Classification*

##### *Assets*

The Fund classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Fund has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Fund's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Fund's business model's objective.

Consequently, all investments are measured at fair value through profit or loss. Financial assets in the category at fair value through profit or loss have been so designated by management at inception since the assets form part of the managed portfolio whose performance is evaluated on a fair value basis in accordance with a documented investment strategy.

##### *Liabilities*

The Fund makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are held for trading and are consequently classified as financial liabilities at fair value through profit or loss. Derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. As such, the Fund classifies all of its investment portfolio as financial assets or liabilities as fair value through profit or loss.

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

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

Regular-way purchases and sales of financial assets at fair value through profit or loss are recognised on the trade date, which is the date a fund commits to purchase or sell the investments. Transaction costs are costs incurred to acquire financial assets or liabilities at fair value through profit or loss. They include the bid-ask spread, fees and commissions paid to agents, advisers, brokers and dealers.

Transaction costs, when incurred, are immediately recognised in the statement of comprehensive income as an expense. Financial assets at fair value through profit or loss are derecognised when the rights to receive cash flows from the investments have expired or a fund has transferred substantially all risks and rewards of ownership.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

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

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

When a fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When a fund writes an option, an amount equal to fair value which is based on the premium received by the funds is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions is recognised as a gain or loss and is presented in the statement of comprehensive income within net fair value gains or losses on financial assets at fair value through profit or loss. If the option expires worthless, the full amount of the premium is recognised as a gain or loss and is presented in the statement of comprehensive income within net fair value gains or losses on financial assets and liabilities at fair value through profit or loss.

Financial assets at fair value through profit or loss in other investment funds are valued at fair value on the basis of the net asset value per share as determined by the administrators of those investment vehicles in accordance with industry practice.

All other financial assets at fair value through profit or loss are initially recognised at fair value and are subsequently carried at fair value based on quoted exit prices.

In the absence of quoted exit prices, the last close price and other information including the quoted offer price is considered by the Manager to determine the appropriate fair value price to be used. In the event that a security held by a fund is unquoted, if unusual market conditions exist, or in the event that a particular security's value has become impaired, the Manager, and on advice of an independent broker, will make a reasonable estimate of the fair value price by using valuation techniques. These can include the use of recent arm's length transactions, reference to other instruments that are substantially the same or discounted cash flow analysis which make maximum use of market inputs and rely as little as possible on entity-specific inputs.

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

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities at fair value through profit or loss is recognised in the statement of comprehensive income.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

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

#### 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 and 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.

### d) Cash and cash equivalents

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 value.

### e) 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.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

### f) 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.

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.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

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

### g) Income

#### Interest income

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

#### Dividend income

Dividend income is recognised when each funds' right to receive payment has been established.

### h) 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, each fund is responsible for the payment of all direct expenses relating to its operations such as audit, legal and professional fees.

### i) Distributions payable to holders of redeemable mutual fund shares

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

### j) Taxation

The Company was incorporated in the Cayman Islands on October 15, 2012, as an exempted segregated portfolio company with limited liability under the Companies Law CAP 22. The Directors have resolved that all of the net income of each fund is attributable to each funds' redeemable mutual fund shareholders. The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Company.

Dividend and interest income received by each fund may be subject to withholding tax imposed in the country of origin. Investment income is recorded gross of such taxes.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

### 3 Critical accounting estimates and assumptions

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

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

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 on the financial instruments held.

The funds' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the funds' financial performance. The risk management policies employed by the funds to manage these risks are discussed below. The management of these risks is carried out by the Manager under policies approved by the Board of Directors. 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.

#### Market risk

##### *i) Price risk*

The funds are exposed to equity securities price risk and derivative 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. This arises from investments held by the funds for which prices in the future are uncertain. Where non-monetary financial instruments - for example, equity securities - are denominated in currencies other than the United States dollar, the price initially expressed in foreign currency and then converted into United States dollars will also fluctuate because of changes in foreign exchange rates. The below 'Foreign currency risk' note, sets out how this component of price risk is managed and measured.

To manage this risk each fund holds a diversified portfolio of investments in accordance with its investment policy. A summary of the overall statement of financial position market exposures at September 30, 2022 is disclosed in note 5.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Market risk...continued

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

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 all funds except for Fortress Fixed Income SP. The majority of the financial assets held in Fortress Fixed Income SP are debt securities. The analysis for this fund was based using the Bloomberg Barclays US Aggregate Bond Index. The analysis is based on the historically-based assumptions that the MSCI All Country World Index increased by 21% (2021 - 13%) and the Bloomberg Barclays US Aggregate Bond Index increased by 9% (2021- 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.

#### Sensitivity

	2022	2021
	\$	\$
<b>Effect on net assets attributable to redeemable shares of an increase in the indices</b>		
Fortress US Equity Fund SP	<b>8,302,661</b>	6,684,468
Fortress International Equity Fund SP	<b>9,813,207</b>	9,107,493
Fortress Emerging Markets Fund SP	<b>5,437,897</b>	6,447,381
Fortress Global Opportunity Wealth Fund SP	<b>2,029,786</b>	1,348,181
Fortress Fixed Income Fund SP	<b>2,149,145</b>	1,133,554

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 Fund's 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 each funds' financial assets and liabilities are non-interest bearing. The majority of the funds' debt securities are fixed rate securities. As a result, the funds are not subject to significant amounts of 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 on cash and cash equivalents is disclosed in note 6.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Market risk...continued

#### iii) Foreign currency risk

Selected fund holds financial assets denominated in currencies other than United States dollars, the functional currency of each fund. Consequently, except where assets and liabilities are denominated in currencies fixed to the United States dollar, these funds are exposed to currency risk.

When the Manager formulates a view on the future direction of foreign exchange rates and the potential impact on the funds, the 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 dollar-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 invest, even if those companies' securities are denominated in United States dollars. For that reason, the below sensitivity analysis may not necessarily indicate the total effect on the funds' net assets attributable to holders of redeemable shares of future movements in foreign exchange rates.

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.

Fortress US Equity Fund SP, Fortress Global Opportunity Wealth Fund SP and Fortress Fixed Income Fund SP hold financial assets denominated in United States dollars only, the functional currency of the Fund. For all other funds, the table below summarises each funds' exposure to currency risk:

	GBP \$	JPY \$	EUR \$
<b>Fortress International Equity Fund SP</b>			
<b>At September 30, 2022</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss	1,574,558	5,640,353	3,498,799
<b>Total financial assets</b>	<b>1,574,558</b>	<b>5,640,353</b>	<b>3,498,799</b>
<b>Total financial liabilities</b>	—	—	—
<b>Net position</b>	<b>1,574,558</b>	<b>5,640,353</b>	<b>3,498,799</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

Market risk...continued

iii) Foreign currency risk...continued

	GBP \$	JPY \$	EUR \$
<b>Fortress International Equity Fund SP</b>			
<b>At September 30, 2021</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss	3,659,113	7,211,472	4,446,908
<b>Total financial assets</b>	<b>3,659,113</b>	<b>7,211,472</b>	<b>4,446,908</b>
<b>Total financial liabilities</b>	—	—	—
<b>Net position</b>	<b>3,659,113</b>	<b>7,211,472</b>	<b>4,446,908</b>
	<b>ZAR \$</b>		
<b>Fortress Emerging Markets Fund SP</b>			
<b>At September 30, 2022</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss	975,989		
<b>Total financial assets</b>	<b>975,989</b>		
<b>Total financial liabilities</b>	—		
<b>Net position</b>	<b>975,989</b>		
<b>At September 30, 2021</b>			
<b>Financial assets</b>			
Financial assets at fair value through profit or loss	2,050,987		
<b>Total financial assets</b>	<b>2,050,987</b>		
<b>Total financial liabilities</b>	—		
<b>Net position</b>	<b>2,050,987</b>		

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements  
September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Market risk...continued

#### iii) Foreign currency risk...continued

##### Sensitivity

Each of the above funds is most exposed to currency risk in its operating currencies whose values have noticeably fluctuated against the United States dollar. These currencies include the Great Britain Pound (GBP), Japanese Yen (JPY), Euro (EUR) and the South African Rand (ZAR). The theoretical decrease in net assets if these currencies had depreciated by 5% against the United States dollar with all other variables held constant is considered below.

	<b>Effect of a 5% depreciation as of September 30, 2022</b>	Effect of a 5% depreciation as of September 30, 2021
	\$	\$
<b>Fortress International Equity Fund SP</b>		
Balances denominated in GBP	<b>78,728</b>	182,956
Balances denominated in JPY	<b>282,018</b>	360,574
Balances denominated in EUR	<b>174,940</b>	222,345
<b>Fortress Emerging Markets Fund SP</b>		
Balances denominated in ZAR	<b>48,799</b>	102,549

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

While each fund has direct exposure to foreign exchange rate changes on the price of non-United States-denominated securities, it may also be indirectly affected by the impact of foreign exchange rate changes on the earnings of certain companies in which each fund invests, even if those companies' securities are denominated in United States dollars. For that reason, the above sensitivity analysis may not necessarily indicate the total effect on each funds' net assets attributable to holders of redeemable shares of future movements in foreign exchange rates.

# Fortress Global Funds SPC Inc.

## Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

### 4 Financial risk management...continued

#### Credit risk

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

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

	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>September 30, 2022</b>					
Cash and cash equivalents	876,835	1,367,838	765,759	439,921	1,039,435
Accounts receivable	37,161	44,912	166,496	–	–
Debt securities	–	–	–	–	29,403,231
	<b>913,996</b>	<b>1,412,750</b>	<b>932,255</b>	<b>439,921</b>	<b>30,442,666</b>
<b>September 30, 2021</b>					
Cash and cash equivalents	803,202	598,390	795,334	303,355	2,889,265
Accounts receivable	31,049	126,221	235,763	2	2,923
Debt securities	–	–	–	–	30,170,285
	<b>834,251</b>	<b>724,611</b>	<b>1,031,097</b>	<b>303,357</b>	<b>33,062,473</b>

Credit risk 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.

As of September 30, 2022, none (2021- nil) of the funds' accounts receivables are impaired or past due but not impaired.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 4 Financial risk management...continued

### Credit risk...continued

The analysis below summarises the credit quality of the funds' debt portfolio by rating agency category:

	2022	2021
	% of debt securities	
<b>Fortress Fixed Income Fund SP</b>		
AAA/Aaa	31%	34%
AA+	2%	2%
AA	5%	4%
A+	3%	2%
A	4%	2%
A-	9%	7%
BBB+	20%	15%
BBB/Baa2	17%	21%
BBB-	1%	1%
BB+/Ba1	2%	3%
BB-	2%	—
BB	3%	4%
B+	—	2%
B	—	2%
CCC+	1%	1%
<b>100%</b>	<b>100%</b>	<b>100%</b>

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

Each funds' significant exposure to individual counterparty credit risk on its cash and cash equivalents is set out below:

	Fortress US Equity Fund SP	Fortress International Equity Fund SP	Fortress Emerging Markets Fund SP	Fortress Global Opportunity Wealth Fund SP	Fortress Fixed Income Fund SP
	\$	\$	\$	\$	\$
<b>September 30, 2022</b>					
Morgan Stanley (A- by Standard & Poor's)	<b>851,573</b>	<b>1,339,240</b>	<b>744,453</b>	<b>410,133</b>	<b>1,026,503</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 4 Financial risk management...continued

### Credit risk ...continued

	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>September 30, 2021</b>					
Morgan Stanley (BBB+ by Standard & Poor's)	<b>786,787</b>	<b>576,253</b>	<b>781,026</b>	<b>233,414</b>	<b>2,874,563</b>

The clearing and depository operations for each fund's security transactions were mainly concentrated with one prime broker Morgan Stanley Smith Barney LLC., a member of a major securities exchange, and at September 30, 2022 had a credit rating of A- (2021- BBB+) by Standard & Poor's. At September 30, 2022, substantially all cash and cash equivalents and investments are placed in custody with Morgan Stanley Smith Barney LLC.

There is a risk involved in dealing with custodians or brokers who settle trades with regard to the segregation of assets. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of each fund; each fund should not therefore be exposed to a credit risk with respect to such parties. However, it may not always be possible to achieve this segregation, so the portfolios of the funds may experience increased exposure to credit risk associated with the applicable custodians or brokers.

### Liquidity risk

Each fund is exposed to bi-monthly cash redemptions of Redeemable Mutual Fund Shares (note 2f). They therefore invest the majority of their assets in investments that are traded in an active market and can be readily disposed of. The table below analyses each funds' non- derivative financial liabilities and equity into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the tables below are the contractual undiscounted cash flows.

	Less than 1 month \$	1 -3 months \$
<b>2022</b>		
<b>Fortress US Equity Fund SP</b>		
Accounts payable and accrued expenses	–	5,994
Net assets attributable to holders of redeemable mutual fund shares	45,125,117	–
<b>Total financial liabilities and equity</b>	<b>45,125,117</b>	<b>5,994</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

	Less than 1 month \$	1 -3 months \$
<b>2022</b>		
<b>Fortress International Equity Fund SP</b>		
Accounts payable and accrued expenses	–	7,678
Net assets attributable to holders of redeemable mutual fund shares	57,417,397	–
	<hr/>	<hr/>
<b>Total financial liabilities and equity</b>	<b>57,417,397</b>	<b>7,678</b>
	<hr/>	<hr/>
<b>Fortress Emerging Markets Fund SP</b>		
Accounts payable and accrued expenses	–	4,910
Net assets attributable to holders of redeemable mutual fund shares	36,298,627	–
	<hr/>	<hr/>
<b>Total financial liabilities and equity</b>	<b>36,298,627</b>	<b>4,910</b>
	<hr/>	<hr/>
<b>Fortress Global Opportunity Wealth Fund SP</b>		
Accounts payable and accrued expenses	–	2,209
Net assets attributable to holders of redeemable mutual fund shares	16,862,893	–
	<hr/>	<hr/>
<b>Total financial liabilities and equity</b>	<b>16,862,893</b>	<b>2,209</b>
	<hr/>	<hr/>
<b>Fortress Fixed Income Fund SP</b>		
Accounts payable and accrued expenses	–	3,959
Net assets attributable to holders of redeemable mutual fund shares	31,099,703	–
	<hr/>	<hr/>
<b>Total financial liabilities and equity</b>	<b>31,099,703</b>	<b>3,959</b>
	<hr/>	<hr/>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

	Less than 1 month \$	1 -3 months \$
<b>2021</b>		
<b>Fortress US Equity Fund SP</b>		
Accounts payable and accrued expenses	–	3,606
Net assets attributable to holders of redeemable mutual fund shares	39,959,873	–
<b>Total financial liabilities and equity</b>	<b>39,959,873</b>	<b>3,606</b>
<b>Fortress International Equity Fund SP</b>		
Accounts payable and accrued expenses	–	6,188
Net assets attributable to holders of redeemable mutual fund shares	66,896,714	–
<b>Total financial liabilities and equity</b>	<b>66,896,714</b>	<b>6,188</b>
<b>Fortress Emerging Markets Fund SP</b>		
Accounts payable and accrued expenses	–	6,483
Net assets attributable to holders of redeemable mutual fund shares	49,193,489	–
<b>Total financial liabilities and equity</b>	<b>49,193,489</b>	<b>6,483</b>
<b>Fortress Global Opportunity Wealth Fund SP</b>		
Accounts payable and accrued expenses	–	2,815
Net assets attributable to holders of redeemable mutual fund shares	17,405,685	–
<b>Total financial liabilities and equity</b>	<b>17,405,685</b>	<b>2,815</b>
<b>Fortress Fixed Income Fund SP</b>		
Accounts payable and accrued expenses	–	2,987
Net assets attributable to holders of redeemable mutual fund shares	33,979,118	–
<b>Total financial liabilities and equity</b>	<b>33,979,118</b>	<b>2,987</b>

Redeemable shares are redeemed bi-monthly on demand at the holder's option (note 8). In the event that a fund receives any request for redemption in respect of any one Redemption Day, either singly or when aggregated with other redemption requests, representing more than 20% of the number of Redeemable Shares of any Class outstanding and the Directors determine that the redemption of such volume of Redeemable Shares of that Class

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

would materially prejudice the interests of the other Shareholders of that Class or otherwise materially and adversely affect that fund, the Directors may scale down, on a pro-rata basis, each request for redemption with respect to such Redemption Day so that not more than 20% of the issued and outstanding Redeemable Shares of the relevant Class shall be redeemed on such relevant Redemption Day. Each such redemption request shall be treated with respect to the unsatisfied balance as if a further request has been made by the redeeming Shareholder in respect of the next Redemption Day until the request for redemption is satisfied in full. In the event of unusual circumstances, the directors of the Company reserve the right to suspend the determination of the net asset value, the sale, allotment, issue or redemption of a fund's shares.

At September 30, 2022, 95% (2021- 94%) of financial assets at fair value through profit or loss for Fortress Global Opportunity Wealth Fund SP (FGOW), comprise of investments in the other SP funds that have been fair valued in accordance with the policies set out in note 2c. Since the shares in the other funds are not publicly traded, redemption can only be made by FGOW 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 FGOW to request redemption of its investments in the 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, FGOW may be materially affected by the actions of other investors who have invested in the other funds in which FGOW has invested.

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

	Less than 1 month \$	1 - 3 months \$	Over 3 months \$
<b>September 30, 2022</b>			
<b>Fortress US Equity Fund SP</b>			
Total assets	45,131,111	-	-
<b>Fortress International Equity Fund SP</b>			
Total assets	57,425,075	-	-
<b>Fortress Emerging Markets Fund SP</b>			
Total assets	36,303,537	-	-
<b>Fortress Global Opportunity Wealth Fund SP</b>			
Total assets	16,865,102	-	-
<b>Fortress Fixed Income Fund SP</b>			
Total assets	31,103,662	-	-

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Liquidity risk...continued

	Less than 1 month \$	1 - 3 months \$	Over 3 months \$
<b>September 30, 2021</b>			
<b>Fortress US Equity Fund SP</b>			
Total assets	<u>39,963,479</u>	–	–
<b>Fortress International Equity Fund SP</b>			
Total assets	<u>66,902,902</u>	–	–
<b>Fortress Emerging Markets Fund SP</b>			
Total assets	<u>49,155,202</u>	<u>44,770</u>	–
<b>Fortress Global Opportunity Wealth Fund SP</b>			
Total assets	<u>17,408,500</u>	–	–
<b>Fortress Fixed Income Fund SP</b>			
Total assets	<u>33,982,105</u>	–	–

### 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 monthly basis as the funds are subject to bi-monthly 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.

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### 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 exit price; the quoted market price for financial liabilities is the 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 Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Fair value estimation ...continued

The following table analyses within the fair value hierarchy each funds' financial assets and liabilities (by class) measured at fair value:

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2022</b>				
<b>Fortress US Equity Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	44,217,115	—	—	<b>44,217,115</b>
<b>Fortress International Equity Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	56,012,325	—	—	<b>56,012,325</b>
<b>Fortress Emerging Markets Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	35,371,282	—	—	<b>35,371,282</b>
<b>Fortress Global Opportunity Wealth Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	166,595	—	—	<b>166,595</b>
Mutual funds	—	16,258,586	—	<b>16,258,586</b>
	<b>166,595</b>	<b>16,258,586</b>	—	<b>16,425,181</b>
<b>Fortress Fixed Income Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	660,996	—	—	<b>660,996</b>
Debt securities	29,403,231	—	—	<b>29,403,231</b>
	<b>30,064,227</b>	—	—	<b>30,064,227</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Fair value estimation ...continued

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2021</b>				
<b>Fortress US Equity Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	39,129,228	—	—	<b>39,129,228</b>
<b>Fortress International Equity Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	66,178,291	—	—	<b>66,178,291</b>
<b>Fortress Emerging Markets Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	48,168,875	—	—	<b>48,168,875</b>
<b>Fortress Global Opportunity Wealth Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	215,065	—	—	<b>215,065</b>
Mutual funds	—	16,890,078	—	<b>16,890,078</b>
	<b>215,065</b>	<b>16,890,078</b>	—	<b>17,105,143</b>
<b>Fortress Fixed Income Fund SP</b>				
<b>Financial assets at fair value through profit or loss:</b>				
Listed equity securities	919,632	—	—	<b>919,632</b>
Debt securities	30,170,285	—	—	<b>30,170,285</b>
	<b>31,089,917</b>	—	—	<b>31,089,917</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements  
September 30, 2022

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(expressed in United States dollars)

## 4 Financial risk management...continued

### Fair value estimation ...continued

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. 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 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. There were no transfers between levels for the current financial year.

### 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, 2022 but for which fair value is disclosed.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2022</b>				
<b>Fortress US Equity Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	37,161	–	<b>37,161</b>
Cash and cash equivalents	876,835	–	–	<b>876,835</b>
<b>Total</b>	<b>876,835</b>	<b>37,161</b>	–	<b>913,996</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	5,994	–	<b>5,994</b>
<b>Total</b>	–	<b>5,994</b>	–	<b>5,994</b>
<b>Fortress International Equity Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	44,912	–	<b>44,912</b>
Cash and cash equivalents	1,367,838	–	–	<b>1,367,838</b>
<b>Total</b>	<b>1,367,838</b>	<b>44,912</b>	–	<b>1,412,750</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	7,678	–	<b>7,678</b>
<b>Total</b>	–	<b>7,678</b>	–	<b>7,678</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(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...continued

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2022</b>				
<b>Fortress Emerging Markets Fund SP</b>				
<b>Assets</b>				
Accounts receivable		166,496	–	<b>166,496</b>
Cash and cash equivalents	765,759	–	–	<b>765,759</b>
<b>Total</b>	<b>765,759</b>	<b>166,496</b>	–	<b>932,255</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	4,910	–	<b>4,910</b>
<b>Total</b>	–	<b>4,910</b>	–	<b>4,910</b>
<b>Fortress Global Opportunity Wealth Fund SP</b>				
<b>Assets</b>				
Cash and cash equivalents	439,921	–	–	<b>439,921</b>
<b>Total</b>	<b>439,921</b>	–	–	<b>439,921</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	2,209	–	<b>2,209</b>
<b>Total</b>	–	<b>2,209</b>	–	<b>2,209</b>
<b>Fortress Fixed Income Fund SP</b>				
<b>Assets</b>				
Cash and cash equivalents	1,039,435	–	–	<b>1,039,435</b>
<b>Total</b>	<b>1,039,435</b>	–	–	<b>1,039,435</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	3,959	–	<b>3,959</b>
<b>Total</b>	–	<b>3,959</b>	–	<b>3,959</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(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...continued

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2021</b>				
<b>Fortress US Equity Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	31,049	–	<b>31,049</b>
Cash and cash equivalents	803,202	–	–	<b>803,202</b>
<b>Total</b>	<b>803,202</b>	<b>31,049</b>	–	<b>834,251</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	3,606	–	<b>3,606</b>
<b>Total</b>	–	<b>3,606</b>	–	<b>3,606</b>
<b>Fortress International Equity Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	126,221	–	<b>126,221</b>
Cash and cash equivalents	598,390	–	–	<b>598,390</b>
<b>Total</b>	<b>598,390</b>	<b>126,221</b>	–	<b>724,611</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	6,188	–	<b>6,188</b>
<b>Total</b>	–	<b>6,188</b>	–	<b>6,188</b>
<b>Fortress Emerging Markets Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	235,763	–	<b>235,763</b>
Cash and cash equivalents	795,334	–	–	<b>795,334</b>
<b>Total</b>	<b>795,334</b>	<b>235,763</b>	–	<b>1,031,097</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	6,483	–	<b>6,483</b>
<b>Total</b>	–	<b>6,483</b>	–	<b>6,483</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(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...continued

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>September 30, 2021</b>				
<b>Fortress Global Opportunity Wealth Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	2	–	2
Cash and cash equivalents	303,355	–	–	303,355
<b>Total</b>	<b>303,355</b>	<b>2</b>	<b>–</b>	<b>303,357</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	2,815	–	2,815
<b>Total</b>	<b>–</b>	<b>2,815</b>	<b>–</b>	<b>2,815</b>
<b>Fortress Fixed Income Fund SP</b>				
<b>Assets</b>				
Accounts receivable	–	2,923	–	2,923
Cash and cash equivalents	2,889,265	–	–	2,889,265
<b>Total</b>	<b>2,889,265</b>	<b>2,923</b>	<b>–</b>	<b>2,892,188</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	–	2,987	–	2,987
<b>Total</b>	<b>–</b>	<b>2,987</b>	<b>–</b>	<b>2,987</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss

	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>September 30, 2022</b>					
<b>Financial assets designated at fair value through profit or loss:</b>					
Listed equity investments	44,217,115	56,012,325	35,371,282	166,595	660,996
Debt securities	–	–	–	–	29,403,231
Mutual funds	–	–	–	16,258,586	–
<b>Total financial assets designated at fair value through profit or loss</b>	<b>44,217,115</b>	<b>56,012,325</b>	<b>35,371,282</b>	<b>16,425,181</b>	<b>30,064,227</b>
<b>Total gain/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:</b>					
Realised gains/(losses)	1,654,619	210,293	(454,528)	–	(471,419)
Change in unrealized losses	(9,468,709)	(15,891,086)	(16,497,152)	(3,290,962)	(4,407,427)
	<b>(7,814,090)</b>	<b>(15,680,793)</b>	<b>(16,951,680)</b>	<b>(3,290,962)</b>	<b>(4,878,846)</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

	Fortress US Equity Fund SP \$	Fortress International Equity Fund SP \$	Fortress Emerging Markets Fund SP \$	Fortress Global Opportunity Wealth Fund SP \$	Fortress Fixed Income Fund SP \$
<b>September 30, 2021</b>					
<b>Financial assets designated at fair value through profit or loss:</b>					
Listed equity investments	39,129,228	66,178,291	48,168,875	215,065	919,632
Debt securities	—	—	—	—	30,170,285
Mutual funds	—	—	—	16,890,078	—
<b>Total financial assets designated at fair value through profit or loss</b>	<b>39,129,228</b>	<b>66,178,291</b>	<b>48,168,875</b>	<b>17,105,143</b>	<b>31,089,917</b>
<b>Total gain/(losses) recognised in relation to financial assets and liabilities at fair value through profit or loss:</b>					
Realised gains	2,149,125	3,234,826	4,894,943	24,434	904,158
Change in unrealized gains /(losses)	2,986,821	4,687,402	5,557,397	1,198,566	(1,196,290)
	<b>5,135,946</b>	<b>7,922,228</b>	<b>10,452,340</b>	<b>1,223,000</b>	<b>(292,132)</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

The detailed portfolios of financial assets at fair value through profit or loss are as follows:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
<b>Financial assets at fair value through profit and loss:</b>				
<b>Fortress US Equity Fund SP</b>				
Vertex Pharmaceuticals Inc	1,603,544	2,026,780	—	—
Unitedhealth Group Inc	1,049,742	1,969,656	792,574	1,289,442
O'reilly Automotive Inc	1,478,246	1,899,045	1,225,564	1,405,438
General Dynamics Corp Com	1,706,031	1,888,313	1,455,879	1,509,431
Regeneron Pharmaceuticals Inc	1,452,664	1,791,062	781,654	907,770
Northrop Grumman Corp	1,381,088	1,787,216	1,143,948	1,152,480
Elevance Health Inc	1,111,816	1,771,536	876,264	1,230,240
Tractor Supply Co	1,282,471	1,691,508	1,025,695	1,580,358
Johnson & Johnson	1,688,223	1,682,608	1,430,437	1,405,050
Paypal Holdings Inc	2,002,080	1,678,365	—	—
Check Point Software Tech	1,744,024	1,613,088	1,488,710	1,390,392
Merck & Co Inc.	1,639,342	1,593,220	—	—
FMC Corp	1,655,513	1,553,790	1,237,790	961,380
Starbucks Corp	1,762,577	1,533,532	—	—
Snap-On Inc	1,491,320	1,510,125	1,227,276	1,316,385
Discover Financial Services	1,567,861	1,436,536	919,222	1,228,500
Tyson Foods Inc	1,601,151	1,424,088	1,345,679	1,452,496
Global Payments Inc	1,779,337	1,361,430	—	—
A O Smith Corp	1,865,625	1,360,240	1,249,020	1,099,260
T Rowe Price Group Inc	1,547,104	1,344,128	—	—
Fortune Brands Home & Security	1,978,717	1,186,549	1,243,485	1,198,228
Comcast Corp	1,999,993	1,181,999	989,033	1,068,263
Church & Dwight Co Inc	1,625,606	1,178,760	1,396,989	1,345,891
Garmin Ltd	1,724,060	1,124,340	1,233,722	1,616,784
Best Buy Co Inc	1,583,651	1,114,784	913,323	1,152,239
Ebay Inc	1,897,148	1,001,232	1,284,339	1,240,126
Meta Platforms Inc	2,058,971	990,464	1,410,268	1,527,255
Intel Corp	1,942,071	932,874	1,207,983	1,092,240
Target Corp	1,000,764	890,340	754,026	1,143,850
Celanese Corp	1,468,917	858,230	—	—
Moderna Inc	732,383	591,250	—	—
SPDR S&P 500	189,878	250,027	189,878	300,398
Ameriprise Financial Inc	—	—	968,052	1,399,836
Interpublic Group of Cos Inc	—	—	1,002,198	1,389,793
Kroger Co	—	—	1,164,476	1,354,405
Philip Morris International	—	—	1,251,277	1,317,581
Principal Financial Group Inc	—	—	1,174,790	1,262,240
Synchrony Financial	—	—	1,002,913	1,168,232
Lyondellbasell Ind	—	—	985,034	966,655
Gilead Sciences Inc	—	—	683,824	656,590
<b>Balance</b>	<b>49,611,918</b>	<b>44,217,115</b>	<b>35,055,322</b>	<b>39,129,228</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

	2022		2021	
	Cost \$	Fair Value \$	Cost \$	Fair Value \$
<b>Financial assets at fair value through profit and loss:</b>				
<b>Fortress International Equity Fund SP</b>				
Roche Holding Ag	2,865,912	2,621,682	2,865,912	2,936,138
Wolters Kluwer	2,257,608	2,517,099	1,757,024	2,195,227
Toronto Dominion Bank	2,213,676	2,318,274	2,213,676	2,500,470
KDDI Corp	2,232,432	2,230,841	2,232,432	2,523,902
British American Tobacco Plc	2,240,183	2,111,944	2,240,183	2,056,057
Willis Towers Watson Plc	2,618,153	2,109,870	2,618,153	2,440,830
Koninklijke Ahold Nv	1,921,157	2,073,457	1,609,989	2,293,954
Nintendo Co Ltd	2,401,747	2,062,690	—	—
Manulife Financial Corp	2,292,171	2,029,265	2,292,171	2,491,580
Itochu Corp	1,561,720	2,019,703	1,561,720	2,458,698
Agnico Eagle Mines Ltd	2,528,468	1,987,091	—	—
Bunzl Plc	2,110,669	1,976,152	2,110,669	2,120,345
Nippon Telegraph & Telephone Corp	1,545,861	1,945,780	1,545,861	1,993,168
Air Liquide Sa	2,462,503	1,926,684	1,971,595	1,957,802
Daito Trust Construction Co Ltd	2,277,672	1,856,335	2,277,672	2,319,994
Heineken Holding Nv	2,356,170	1,838,169	2,356,170	2,317,911
Sekisui House Ltd	1,977,804	1,837,980	1,977,804	2,341,138
Legrand Sa	2,283,676	1,829,523	—	—
Orix Corporation	1,981,728	1,782,670	1,981,728	2,411,636
Canadian Tire Corp	2,059,897	1,733,252	2,059,897	2,278,401
Sap Se	2,513,506	1,689,567	1,946,071	2,016,670
Kering	2,577,165	1,618,095	2,220,974	1,909,600
Legal & General Group Plc	2,263,814	1,574,558	2,263,814	2,466,068
China Merchants Bank	1,880,358	1,529,320	1,880,358	2,621,045
Logitech International - Reg	1,929,315	1,426,000	1,311,711	1,789,445
Michelin	2,008,581	1,425,342	1,809,866	2,152,954
Alibaba Group Holdings	3,287,173	1,423,822	2,261,027	1,450,890
Ping An Insurance Group	2,879,885	1,382,783	2,515,561	1,592,780
Magna International Inc	1,805,400	1,365,696	1,805,400	2,166,912
Tokyo Electron Ltd	1,069,694	1,208,581	1,244,338	2,543,975
Ishare MSCI EAFE ETF	612,216	560,100	612,216	779,950
Kirkland Lake Gold Ltd	—	—	2,528,496	2,466,287
China Overseas Land & Invt Ltd	—	—	1,773,311	1,391,419
WPP Plc	—	—	1,445,399	1,193,045
	<b>67,016,314</b>	<b>56,012,325</b>	<b>61,291,198</b>	<b>66,178,291</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
<b>Financial assets at fair value through profit and loss:</b>				
<b>Fortress Emerging Markets Fund SP</b>				
CSPC Pharmaceutical Group	1,580,448	1,766,537	1,580,448	2,137,989
Haier Smart Home Co Ltd	691,887	1,638,153	821,289	2,237,501
Naspers Ltd	2,197,732	1,609,520	1,808,646	1,726,194
Itau Unibanco Holdings	2,049,716	1,591,843	2,049,716	1,622,633
Banco Bradesco SA	1,822,564	1,556,268	1,878,762	1,468,280
VALE SA-SP ADR	1,361,754	1,465,200	–	–
Companhia De Sanamento Basico	1,258,571	1,457,600	1,573,214	1,416,000
Taiwan Semiconductor	2,439,367	1,391,768	1,950,617	1,819,895
Alibaba Group Holdings	3,028,941	1,295,838	2,148,061	1,362,060
Netease Inc	1,110,456	1,285,200	1,110,456	1,451,800
China Merchants Bank	672,534	1,253,586	672,534	2,148,476
Agricultural Bank of China	1,840,913	1,249,636	1,604,093	1,230,102
Ping An Insurance GP	2,368,323	1,233,469	2,003,999	1,388,297
Nedbank Group Ltd	1,362,014	1,209,340	2,357,093	2,201,573
Industrial & Commercial Bank of China	1,730,236	1,176,036	1,310,935	1,005,772
China Longyuan Power GRP	669,848	1,154,416	961,086	3,261,720
China Overseas Land & Invt Ltd	1,218,067	1,149,154	1,867,004	1,540,426
Mondi Ltd	1,526,601	1,107,098	1,261,603	1,382,904
America Movil-	1,337,915	1,070,550	–	–
Hengan Intl Group Co Ltd	1,673,089	1,028,445	1,673,089	1,231,788
Vipshop Holdings Ltd	1,887,658	1,018,451	1,193,854	580,394
Barloworld Ltd	1,273,514	975,989	1,672,943	2,050,987
Samsung Electronics Ltd	1,487,294	922,000	–	–
Ishare MSCI South Korea Index Fund	1,147,436	828,800	–	–
Guangzhou Automobile Group Co	1,184,193	786,209	1,184,193	973,780
Great Wall Motor Co Ltd	1,285,061	786,196	680,935	2,448,215
Nine Dragons Paper Holdings	1,604,986	769,478	1,604,986	1,524,475
Grupo Mexico SAB DE	1,016,733	700,618	–	–
Beijing Enterprises Holdings	1,248,029	652,531	1,248,029	929,339
XP INC	708,053	648,393	–	–
Ishare MSCI Emerging Markets	663,118	592,960	1,053,187	1,360,260
Lukoil PJSC	1,202,357	–	831,431	1,408,554
Tatneft Pao	1,500,199	–	1,132,840	1,205,050
Sberbank Russia Sponsored	–	–	1,428,097	1,878,236
Rosneft Oil Co PJSC	–	–	1,101,405	1,783,795
Shimao Property Holdings Ltd	–	–	1,128,811	912,048
Hello Group Inc	–	–	1,556,693	480,332
	<b>48,149,607</b>	<b>35,371,282</b>	<b>44,450,049</b>	<b>48,168,875</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

	2022		2021	
	Cost \$	Fair Value \$	Cost \$	Fair Value \$
<b>Financial assets at fair value through profit and loss:</b>				
<b>Fortress Global Opportunity Wealth Fund SP</b>				
Fortress Fixed Income Fund	6,374,440	5,922,219	5,547,440	5,825,007
Fortress International Equity Fund	4,326,618	3,815,797	3,968,618	4,437,253
Fortress US Equity Fund	4,530,200	4,474,889	3,432,200	4,122,285
Fortress Emerging Markets Fund	1,816,400	1,441,739	1,488,400	1,708,408
Frank Templeton Inv	659,952	603,942	659,952	797,125
Vanguard TTL World STK Index	184,645	166,595	184,645	215,065
	<b>17,892,255</b>	<b>16,425,181</b>	<b>15,281,255</b>	<b>17,105,143</b>

	Rate	Maturity	2022		2021	
			Cost \$	Fair Value \$	Cost \$	Fair Value \$
<b>Financial assets at fair value through profit and loss:</b>						
<b>Fortress Fixed Income Fund SP</b>						
US Treasury	2.88%	2028-08-15	4,533,034	3,956,038	4,533,034	4,656,749
US Treasury TIPS	0.13%	2052-02-15	1,731,865	1,689,619	–	–
US Treasury	2.25%	2049-08-15	1,991,502	1,468,907	1,991,502	2,080,001
US Treasury	2.25%	2027-02-15	1,553,484	1,391,251	2,597,051	2,663,476
US Treasury	0.63%	2030-05-15	1,201,125	948,562	1,201,125	1,123,406
Government of Bermuda	3.72%	2027-01-25	855,891	803,107	506,153	550,639
Abbvie Inc	2.95%	2026-11-21	873,151	787,253	873,151	919,998
Stryker Corp	3.50%	2026-03-15	843,040	765,467	–	–
Gilead Sciences Inc	3.65%	2026-03-01	846,368	763,824	–	–
Royal Bank of Canada	3.63%	2027-05-04	797,744	758,268	–	–
Oracle Corp	2.50%	2025-04-01	782,200	756,520	–	–
Enbridge Inc	2.50%	2025-02-15	801,840	754,864	–	–
Berkshire Hathaway	2.30%	2027-03-15	786,896	729,207	–	–
Morgan Stanley	3.19%	2027-05-04	800,000	705,626	800,000	808,683
Amazon.Com Inc	1.65%	2028-05-12	799,528	685,524	799,528	811,776
Ishares JPM	–	–	929,794	660,996	929,794	919,632
Verizon Communications	4.40%	2025-05-15	602,051	605,633	602,051	617,672
AT&T Inc	4.72%	2024-06-12	596,684	602,617	596,684	615,268
American Express Co	2.60%	2023-02-27	599,656	601,781	599,656	604,700
Juniper Networks Inc	2.00%	2030-12-10	736,800	593,821	736,800	771,789
Apple Inc	1.20%	2028-02-08	698,313	587,554	698,313	687,343
Orix Corp	5.00%	2027-09-13	599,844	585,764	–	–
Southwest Airlines Co	5.25%	2025-05-04	498,708	510,481	498,708	576,749
<b>Balance c/fwd</b>			<b>24,459,518</b>	<b>21,712,684</b>	<b>17,963,550</b>	<b>18,407,881</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 5 Financial assets and liabilities at fair value through profit or loss...continued

	Rate	Maturity	2022		2021	
			Cost \$	Fair Value \$	Cost \$	Fair Value \$
<b>Financial assets at fair value through profit and loss:</b>						
<b>Fortress Fixed Income Fund SP</b>						
<b>Balance b/fwd</b>			<b>24,459,518</b>	<b>21,712,684</b>	<b>17,963,550</b>	<b>18,407,881</b>
JP Morgan Chase & Co	4.92%	2023-10-24	509,430	503,845	509,430	507,173
Bayer US Finance FLR	4.04%	2023-12-15	496,078	500,171	496,078	506,485
Altria Group Inc	2.45%	2032-02-04	676,745	498,964	676,745	676,730
AT&T	3.88%	2026-01-15	509,113	487,894	509,113	555,598
Amkor Technology Inc	6.63%	2027-09-15	545,625	486,335	545,625	537,587
Celanese Us Holdings Llc	6.17%	2027-07-15	498,950	479,075	–	–
ING Group Nv	3.87%	2026-03-28	500,000	474,399	–	–
PNC Financial Serv	2.60%	2026-07-23	499,113	460,167	499,113	534,140
US Steel Corp	6.88%	2029-03-01	498,000	458,479	498,000	536,469
BAT Intl Finance Plc	4.45%	2028-03-16	502,005	447,295	–	–
MSCI Inc	3.88%	2031-02-15	518,125	427,661	518,125	531,404
Goldman Sachs Group Inc VR	6.40%	2023-11-29	400,283	403,796	400,283	412,096
Northrop Grumman Corp	3.25%	2023-01-08	400,136	398,285	400,136	422,659
KB Home	4.80%	2029-11-15	403,333	330,732	403,333	444,044
Scotiabank Peru SA	4.50%	2027-12-13	310,333	301,816	310,333	310,979
Anthem Inc	3.35%	2024-12-01	301,567	292,240	301,567	325,463
Sagikor Financial Co	5.30%	2028-05-13	307,500	287,091	307,500	321,671
General Electric Co Float Rate	1.52%	2026-05-05	275,706	270,333	292,268	297,320
Lennar Corp	4.88%	2023-12-15	259,507	252,841	259,507	273,656
LYB Intl Finance BV	4.00%	2023-07-15	231,906	228,052	231,906	243,792
Anthem Inc	4.10%	2028-03-01	200,000	189,624	200,000	227,043
Transocean Inc	11.50%	2027-01-30	112,674	172,448	112,674	191,138
Citrix Systems Inc	4.50%	2027-12-01	–	–	911,936	896,384
Becton Dickinson & Co	4.12%	2022-06-06	–	–	599,425	601,045
MGM Resorts Intl	6.75%	2025-05-01	–	–	495,625	543,828
Amgen Inc	2.25%	2023-08-19	–	–	492,499	517,321
Mosaic Co	4.25%	2023-11-15	–	–	460,699	487,250
Analog Devices Inc	3.90%	2025-12-15	–	–	405,860	448,768
SYSCO Corp	3.55%	2025-03-15	–	–	399,058	433,266
Amazon.com Inc	5.20%	2025-12-03	–	–	332,451	353,686
Helmerich & Payne Inc	4.65%	2025-03-15	–	–	260,075	278,911
Xerox Corporation	3.80%	2024-05-15	–	–	248,980	266,130
			<b>33,415,647</b>	<b>30,064,227</b>	<b>30,041,894</b>	<b>31,089,917</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 6 Cash and cash equivalents

Cash and cash equivalents are placed with leading commercial banks. The effective yield on cash and cash equivalents is nil (2021 - nil).

## 7 Related parties

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

Fortress Fund Advisors Limited and Fortress Fund Managers Limited (collectively “the Manager”) both served as investment advisor and manager of the funds. As a result of providing management services, the Manager receives a monthly management fee (0.35% -1%) based on the actual net asset value of each Fund, calculated monthly and payable in arrears. The gross management fee amounted to \$1,856,952 (2021 - \$1,640,997) for the year.

Management fees of \$129,117 (2021 - \$71,940) were refunded by the Manager being 0.35%- 1% of the net asset values of Fortress US Equity Fund SP, Fortress International Equity Fund Limited SP, Fortress Fixed Income Fund SP and the Fortress Emerging Markets Fund SP shares held by the Fortress Global Opportunity Wealth Fund SP during the year. This is to avoid double charging of management fees on assets invested in related funds which have the same manager.

Fortress Fund Managers Limited serves as administrator of the funds. As a result of providing administrator services, Fortress Fund Managers Limited receives a monthly administration fee based on the actual net asset value of each fund, calculated monthly and payable in arrears. The administrator fees amounted to \$205,624 (2021- \$180,497) for the year.

Directors’ fees of \$6,000 (2021- \$4,000) were accrued during the year. Directors’ interest (including beneficial interests) in participating redeemable mutual fund shares are as follows:

	<b>Number of shares at start of year</b>	<b>Number of shares acquired in the year</b>	<b>Number of shares redeemed in the year</b>	<b>Number of shares at year end</b>
<b>September 30, 2022</b>				
<b>Shareholder</b>				
Director	7,765	2,833	(1,037)	<b>9,561</b>
	<b>Number of shares at start of year</b>	<b>Number of shares acquired in the year</b>	<b>Number of shares redeemed in the year</b>	<b>Number of shares at year end</b>
<b>September 30, 2021</b>				
<b>Shareholder</b>				
Director	7,631	4,448	(4,314)	<b>7,765</b>

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## 7 Related parties

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

	Number of shares	
	2022	2021
<b>Fortress Mutual Fund Limited</b>		
Fortress US Equity Fund SP	227,243	170,763
Fortress International Equity Fund SP	405,488	378,546
Fortress Emerging Markets Fund SP	288,901	272,685
Fortress Global Opportunity Wealth Fund SP	29,999	29,999
<b>Fortress Caribbean High Interest Fund Limited</b>		
Fortress Fixed Income Fund SP	128,933	102,268
Fortress Global Opportunity Wealth Fund SP	14,587	14,587
<b>Fortress Caribbean Pension Fund Limited</b>		
Fortress Emerging Markets Fund SP	2,856	2,856
Fortress Global Opportunity Wealth Fund SP	25,189	25,189
<b>Fortress Global Opportunity Wealth Fund SP</b>		
Fortress US Equity Fund SP	27,238	21,569
Fortress International Equity Fund SP	31,860	29,519
Fortress Emerging Markets Fund SP	13,864	11,450
Fortress Fixed Income Fund SP	56,906	49,508
<b>Fortress Fund Managers Limited</b>		
Fortress Fixed Income Fund SP	6,455	6,455
<b>Fortress World Funds SCC</b>		
Fortress US Equity Fund SP	17,828	13,344
Fortress International Equity Fund SP	19,659	16,492
Fortress Emerging Markets Fund SP	8,783	8,055
Fortress Fixed Income Fund SP	43,447	43,447

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

(expressed in United States dollars)

## 8 Capital management

The authorized share capital of the Company is \$50,000 divided into 100 voting, non-redeemable management shares and 4,999,900 redeemable participating shares at par value \$0.01 each, 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 Company 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 participating shares were sold during the initial offering at a price of \$100, 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 do not have the right to vote, but are entitled to receive upon winding up of the Company, a return of the nominal value paid in respect to such shares, and the right to share in surplus assets available for distribution after return of the nominal value paid up on all shares.

During the year ended September 30, 2022, the number of redeemable participating shares issued, redeemed and outstanding were as follows:

	Number of shares						
	Fortress US Equity Fund SP	Fortress International Equity Fund SP	Fortress Emerging Markets Fund SP	Fortress Global Opportunity Wealth Fund SP	Fortress Fixed Income Fund SP	Fortress Income Builder US Fund SP*	Fortress Income Builder International Fund SP*
<b>Balance as at September 30, 2020</b>	<b>102,490</b>	<b>295,700</b>	<b>326,721</b>	<b>56,173</b>	<b>255,411</b>	<b>120,318</b>	<b>181,936</b>
Issue of shares	118,242	163,726	14,643	68,406	99,365	–	–
Redemption of shares	(11,654)	(14,400)	(11,643)	(60)	(65,976)	(120,318)	(181,936)
<b>Balance as at September 30, 2021</b>	<b>209,078</b>	<b>445,026</b>	<b>329,721</b>	<b>124,519</b>	<b>288,800</b>	–	–
Issue of shares	80,504	85,703	67,915	22,321	34,062	–	–
Redemption of shares	(14,908)	(51,322)	(48,585)	(1,775)	(24,028)	–	–
<b>Balance as at September 30, 2022</b>	<b>274,674</b>	<b>479,407</b>	<b>349,051</b>	<b>145,065</b>	<b>298,834</b>	–	–

\* Balance for the fund is as of June 30, 2021

# Fortress Global Funds SPC Inc.

Notes to the Financial Statements

September 30, 2022

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(expressed in United States dollars)

## **8 Capital management**...*continued*

During the prior financial year, the funds Fortress Income Builder US Fund SP and Fortress Income Builder International Fund SP were closed effective June 30, 2021. The redeemable participating shares on these portfolios were redeemed at the calculated net asset value as at June 30, 2021, and the proceeds remitted to the shareholders.

## **9 Covid-19**

As at the reporting date any impact on the balances as of September 30, 2022, 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 15, 2022, 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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