



Dear fellow investors,

The fourth quarter of 2022 was a period of strength in an otherwise difficult year for financial markets. The Fortress funds all posted solid gains for the quarter, but still finished the year in negative territory. Fortunately, our consistent focus on high-quality, well-valued investments helped the funds during the rough patches of the year and served us well in the fourth quarter as well. The late-year strength in markets has (so far) continued into January. While anything is possible, we feel the news is likely to continue improving, or more to the point, keep getting “less bad”, and this could support asset prices. A year like 2022, with a tragic and disruptive war in Ukraine, ongoing pandemic and supply chain problems, high inflation, and the U.S. Federal Reserve hiking interest rates from zero to 4.25%, should make almost anything look good by comparison. But we will see.

As we noted last quarter, the investment world was very pessimistic in late September and early October. We said we liked that because it brought lower prices at which to make investments. We took several steps during that time to add to and upgrade the Fund’s holdings. The acute pessimism has now faded, and prices are higher. But we are still pleased with how the funds are positioned and remain constructive on long-term return prospects from here.

It’s been far too long, and we are pleased to report that we’re planning a return to an in-person **Fortress Investment Forum** on April 25th at the Frank Collymore Hall. As always, at the Forum we will offer updates on the investment world and on the funds’ performance, as well as answer as many of your questions as possible. Please stay tuned for details of this event. We very much hope you can plan to join us.

Thank you for investing with us.

Sincerely,  
Fortress Fund Managers

## OF INTEREST THIS QUARTER:

### THE CARIBBEAN GROWTH FUND

gained 7.2% in the fourth quarter and is down 5.7% over the past year. Global equities gained as inflation eased and fears of recession waned.

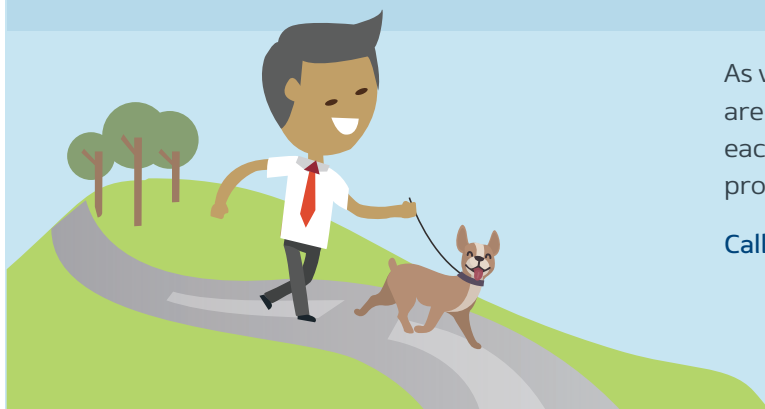
### THE CARIBBEAN HIGH INTEREST FUND

gained 1.8% in the fourth quarter and is down 2.6% over the past year. Corporate bonds rallied on hopes aggressive central bank tightening is near an end.

### THE CARIBBEAN PENSION FUND

shares gained between 2.2% and 6.3% in the fourth quarter and are down between 2.9% and 4.8% over the past year.

## Is your savings programme back on track?



As we start a new year, it’s a good idea to make sure our savings are on track too. Hundreds of our clients automatically invest each month in the fund of their choice with a regular savings programme. Are you one of them?

Call or come see us today to start or update **your** programme.



# Caribbean Growth Fund

## HIGHLIGHTS:

- *The Fund gained 7.2% in the fourth quarter and is down 5.7% over the past year.*
- *Global equity markets posted solid gains in the fourth quarter, as inflation eased and fears of recession waned.*

The Fund gained 7.2% in the fourth quarter and is down 5.7% over the past year. The net asset value (NAV) per share as of December 30 was \$7.0523. Net assets of the Fund were \$605 million, down from \$629 million this time last year. The Fund's annual compound rate of return since inception in 1996 is 7.8% per year. Its portfolio remains well diversified by security, geography, and currency.

Global equities recovered in the fourth quarter, rallying as inflation finally showed signs of moderating and fears of deep economic damage receded. As the U.S. Federal Reserve (Fed) continued raising its target rate, bringing it to a range of 4.25-4.5% by the end of the quarter, governors softened their language about the pace of future hikes. This suggested the Fed may be nearing the end of this rate hike cycle, pausing soon after spending most of 2022 raising interest rates aggressively. This was a significant relief to financial markets that had spent most of 2022 selling off in the face of the higher rates. Just as importantly for equity investors, the much-feared drop in corporate earnings did not occur (yet), and this raised hopes that the post-pandemic economy may see a "soft-landing". China's long-awaited lifting of pandemic restrictions was taken as further positive news, likely to bring more normalcy back to the movement of goods around the world. Global equities rallied to end the year, and major currencies gained against the U.S. dollar. This meant international equities saw the strongest gains, and the Fund benefited from its broad global diversification. It also benefited from its focus on high-quality, well-valued shares as the more speculative parts of the market continued to correct lower. The Fund's core allocations to the Fortress Global Funds contributed gains of between 10% and 14% during the quarter.

In the Caribbean, performance was more mixed. In Barbados, Goddard Enterprises gained 4% while most other holdings were flat for the quarter. In Trinidad, Guardian Holdings and Agostini saw noteworthy gains of 8% and 11% respectively, while Massy Holdings traded 5% lower. The Fund's holdings in Jamaica mostly traded lower during the quarter, and Sagicor Financial, listed in Canada, was down 10%. Guyana shares, which provided outsized gains earlier in the year, were mostly unchanged on thin trading volumes. During the quarter, we took opportunities to add small amounts to the Fund's positions in Guardian Holdings and FirstCaribbean International Bank.

2022 was a difficult time for equity investors as some meaningful challenges led to high volatility and lower prices. It is worth noting, though, that many of these challenges are being overcome. Supply chains are largely back to normal, and expectations for inflation, interest rates and recession have improved. It is also worth noting that much of the volatility in share prices last year was in the overpriced, speculative shares that are not where the Fund invests. We continue to see very good prospects for high-quality, well-valued shares in the Caribbean and around the world.

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

## FUND OBJECTIVE

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

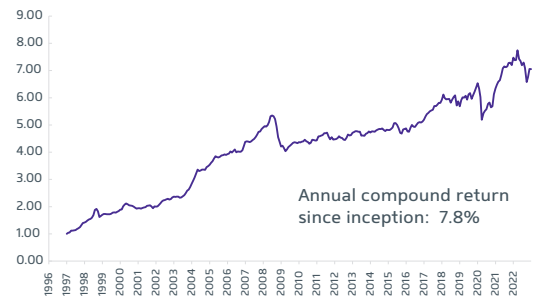
Net Asset Value per share	\$7.0523
Fund Net Assets	\$604,900,833
Fund Inception	Dec 9, 1996

## INVESTMENT RETURNS

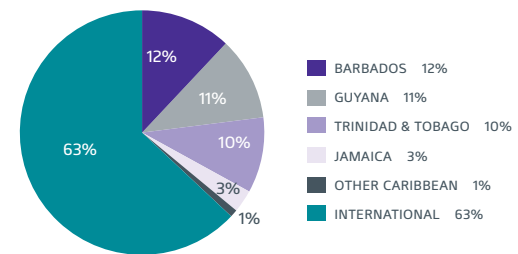
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept
<b>Fortress</b>	<b>7.2%</b>	<b>-5.7%</b>	<b>2.6%</b>	<b>3.6%</b>	<b>7.8%</b>
Jamaica	-0.6%	-9.0%	-15.3%	0.2%	6.5%
Trinidad	-0.5%	-11.0%	-3.3%	0.9%	7.9%
Barbados	0.4%	6.6%	-7.2%	-4.0%	2.7%
MSCI World	8.9%	-17.7%	5.4%	6.7%	6.9%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO DECEMBER 31ST, 2022



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country/Region
1 Fortress International Equity Fund	International
2 Fortress US Equity Fund	US
3 Fortress Emerging Markets Fund	International
4 Banks DIH	Guyana
5 Goddard Enterprises	Barbados

## EXPENSES

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

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

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

## DEALING

Weekly on Fridays

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

# Caribbean High Interest Fund



## HIGHLIGHTS:

- *The Fund gained 1.8% in the fourth quarter and is down 2.6% over the past year.*
- *Inflation readings eased and corporate bonds rallied as hopes grew that aggressive central bank tightening is near an end.*

The Fund gained 1.8% in the fourth quarter and is down 2.6% over the past year. The net asset value (NAV) of the Fund's Accumulation share as of December 30 was \$2.0752, while the Distribution share finished at \$0.9907. Net assets of the Fund were \$144 million, up from \$143 million this time last year. The Fund's annual compound rate of return since inception in 2002 is 3.6% per year. Its portfolio remains as diversified as possible across various issuers, industries, geographies, and terms to maturity.

Global bonds edged higher over the quarter, contributing positive returns from the portion of the portfolio that is invested overseas. The U.S. Federal Reserve (Fed) hiked its target rate another 1.25% in total over November and December, bringing the rate to a range of 4.25-4.5%. The Fed softened its language about the need for future increases, though, as inflation readings finally showed signs of improvement. This suggested a long awaited "pause" in hikes may be coming as the Fed acknowledged it now has rates at a somewhat restrictive level. Investors in corporate bonds were particularly cheered by this shift in tone, as there had been growing fears the Fed would need to cause severe economic damage to get inflation down. U.S. 10-year Treasury note yields were little changed during the quarter, moving from 3.83% to 3.88%, but corporate bonds saw their spreads tighten substantially and prices rise accordingly. Emerging markets bonds also saw a sizeable recovery. Corporate and US\$ emerging market bonds rallied 4% or more, even as Treasuries were little changed.

The Fund's US\$ bond investments, primarily via the Fortress Fixed Income Fund, gained 2.2% over the quarter as more than half of that portfolio is allocated to high-quality corporate bonds. This performance was ahead of the benchmark gain of 1.9%. The Fund's Emerging Market bond positions gained 6-7% and contributed nicely to overall returns. Some of our corporate bond positions were called by the issuers and, at the same time, new issuance slowed as higher rates and economic uncertainty sapped demand for new credit. An economic slowdown remains likely in 2023, with a recession possible too. While the Fed may now be near the end of this tightening cycle, that does not necessarily mean it is ready to cut rates. Unfortunately, the bond market has already begun to price in such cuts as soon as the second half of 2023. We think this is too optimistic and are becoming more cautious with portfolio duration as a result. Short and medium-term bonds still offer appealing return potential from here, in our view.

The bond market in Barbados was quiet over the quarter with no new issues of note. The Fund's existing positions continued to perform well, but higher than desired cash remains a drag on overall portfolio performance. The average gross yield of the portfolio is 3.8%, healthier than it has been in some time, and a good estimate of the Fund's medium-term return potential.

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

## FUND OBJECTIVE

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

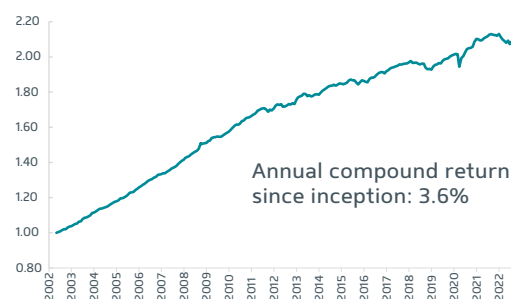
<i>Net Asset Value per share</i>	\$2.0752/ \$0.9907
<i>Fund Net Assets</i>	\$144,498,802
<i>Fund Inception</i>	May 17, 2002

## INVESTMENT RETURNS

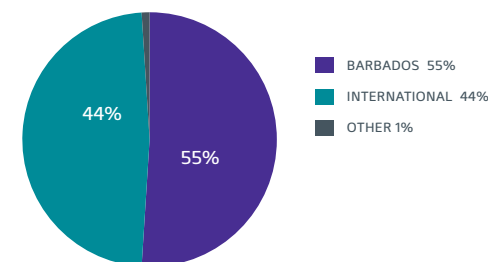
3 Months	1 Year	3 Years	5 Years	Inception
<b>1.8%</b>	<b>-2.6%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>3.6%</b>

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO DECEMBER 31ST, 2022



## GEOGRAPHICAL DISTRIBUTION OF PORTFOLIO



## TOP 5 HOLDINGS

Holding	Country
1 Deposits - CIBC FirstCaribbean Intl Bank	Barbados
2 Fortress Fixed Income Fund	International
3 Fortress World Fixed Income Fund	International
4 Barbados Series B Sep 30, 2033	Barbados
5 GEL Note Nov 30 2023	Barbados

## EXPENSES

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

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd.

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## DIRECTORS

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

## DEALING

Weekly on Fridays

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



# Caribbean Pension Fund

## HIGHLIGHTS:

- The three classes of shares of the Pension Fund returned between 2.2% and 6.3% in the fourth quarter and are down between 2.9% and 4.8% over the past year. Stocks and corporate bonds recovered as inflation eased and hopes grew that aggressive central bank rate hikes are nearly done.
- Returns by class of share are shown in the table to the right.

Many investors these days are wondering, "How does inflation affect my pension investments?"

Inflation, which refers to the rise in cost of buying everyday things, has been in the news a lot recently. We've seen its effects in our own lives, as the prices of goods and services at home and abroad have increased, some by a lot. The pandemic is partly to blame for this because lockdowns and labour problems gummed up the gears of global production and trade, reducing supply. Governments in many countries pumped up demand (intentionally, during the pandemic) via huge fiscal and monetary support. Higher inflation resulted when the reduced supply of goods and services met this wall of demand.

Thankfully, many of these short-term, inflation-causing imbalances have been resolved in recent months. Fiscal stimulus is over, and global supply chains appear to be largely back to normal. Pent-up demand for travel and services may also be in the process of getting spent. At the same time, global central banks have increased interest rates a lot to fight inflation now and keep a lid on expectations for the future. All of this means that while inflation may be a little higher in the coming decade than it was in the last, it is very unlikely to stay anywhere near what it was in the last year or two. The good news for long-term savers is that higher interest rates in 2022 led to a drop in stock and bond prices around the world. These lower asset prices today translate directly into higher yields and return prospects for the years to come. And investing steadily in long-term assets like stocks and bonds is the best way to outrun more normal levels of inflation, and to build long-term financial security with your pension investments.

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

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

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

### Fortress Multi-Employer Pension Plan

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

### Personal Pension (RRSP)

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

### INNOVA Lifestage Income Plan

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

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

## EXPENSES

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

## MANAGER & ADMINISTRATOR

Fortress Fund Managers Ltd

## CUSTODIAN

SigniaGlobe Financial Group

## AUDITORS

EY Barbados

## ATTORNEY-AT-LAW

Clarke Gittens Farmer

## FUND OBJECTIVE

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

### Net Asset Value

Per Share: \$29.71 / \$28.20 / \$18.86 (AA/CC/CS)

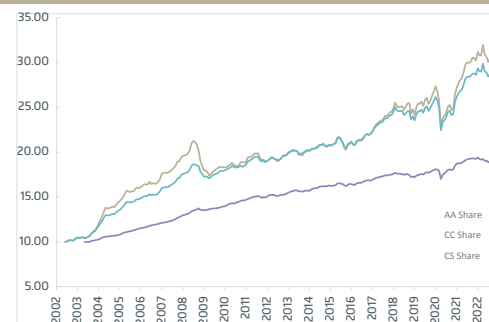
Fund Net Assets: \$395,444,887

## INVESTMENT RETURNS

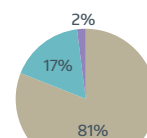
	3 Mo	1 Yr	3 Yrs	5 Yrs	Incept.
<b>AA Share</b>	6.3%	-4.8%	2.8%	3.6%	5.4%
<b>CC Share</b>	5.4%	-3.9%	2.5%	2.9%	5.2%
<b>CS Share</b>	2.2%	-2.9%	1.4%	1.4%	3.3%

\*periods longer than 1 year are annual compound returns

## NAV SINCE INCEPTION TO DECEMBER 31ST, 2022

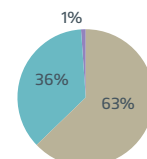


## ASSET ALLOCATION



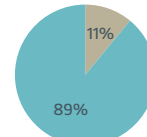
### AGGRESSIVE ACCUMULATOR (AA)

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



### CONSERVATIVE CONSOLIDATOR (CC)

- EQUITIES 63%
- FIXED INCOME 36%
- REAL ESTATE/OTHER 1%



### CAPITAL SECURE (CS)

- EQUITIES 11%
- FIXED INCOME 89%
- REAL ESTATE/OTHER 0%