

FRIEDBERG
MULTI-SECTOR
FUNDS

Friedberg Currency Fund Ltd.
Friedberg Currency Fund II Ltd.
Friedberg Equity Hedge Fund Ltd.
Friedberg Global Opportunities
Fund Ltd.
Friedberg Total Return
Fixed Income Fund Ltd.

(Known as the "Friedberg Multi-Sector Funds")

Financial Statements and
Independent Auditors' Report

December 31, 2000 and 1999

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Independent Auditors' Report

To the Shareholders of
Friedberg Currency Fund Ltd.,
Friedberg Currency Fund II Ltd.,
Friedberg Equity Hedge Fund Ltd.,
Friedberg Global Opportunities Fund Ltd. and
Friedberg Total Return Fixed Income Fund Ltd.
(the "Friedberg Multi-Sector Funds" or "Funds")

We have audited the accompanying statements of assets and liabilities and the condensed schedules of portfolio investments of the Funds as of December 31, 2000, and the related statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Funds as of December 31, 1999, were audited by other auditors whose report dated March 31, 2000, expressed an unqualified opinion on those statements. Those statements, as described in Note 2, were prepared on the basis of accounting principles generally accepted in Canada.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 2000 financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of December 31, 2000, and the results of their operations and changes in their net assets for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
April 30, 2001

FINANCIAL STATEMENTS

(expressed in United States Dollars)

December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2000	1999	2000	1999
Statements of Assets and Liabilities				
Assets				
Investments, at market	\$ —	\$ —	\$ —	\$ —
Cash	—	—	—	—
Due from brokers	2,927,901	4,651,387	3,637,756	6,514,867
Contracts awaiting settlement	—	1,452	—	756
Unrealized gains on open derivative contracts	231,079	317,790	256,359	415,052
Interest receivable	10,864	18,436	—	—
Total assets	<u>\$3,169,844</u>	<u>\$4,989,065</u>	<u>\$3,894,115</u>	<u>\$6,930,675</u>
Liabilities				
Securities sold short, at market	\$ —	\$ —	\$ —	\$ —
Payable for shares redeemed	—	—	—	34,983
Accounts payable and accrued expenses	13,895	34,462	22,233	21,302
Due to brokers and contracts awaiting settlement	26,802	311,380	39,108	493,362
Unrealized losses on open derivative contracts	—	46,564	—	76,292
Total liabilities	<u>40,697</u>	<u>392,406</u>	<u>61,341</u>	<u>625,939</u>
Net Assets and Shareholders' Equity	<u>\$3,129,147</u>	<u>\$4,596,659</u>	<u>\$3,832,774</u>	<u>\$6,304,736</u>
Number of shares outstanding				
Class A	2,568.98	4,619.19	3,740.31	6,302.91
Class B	<u>275.85</u>	<u>—</u>	<u>143.08</u>	<u>—</u>
Net asset value per share				
Class A	\$ 1,099.94	\$ 995.12	\$ 986.97	\$ 1,000.29
Class B	<u>1,099.94</u>	<u>—</u>	<u>986.97</u>	<u>—</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunitie Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2000	1999	2000	1999	2000	1999
\$11,429,253	\$ 3,367,240	\$ 663,000	\$ 830,500	\$20,138,312	\$25,309,279
1,537,425	9,052	2,824	215,952	569,573	3,430
11,438,887	8,661,327	520,654	344,643	1,258,414	—
—	—	—	—	325,479	—
44,858	417,996	168,417	—	1,262,027	—
1,639	—	—	—	156,987	243,023
<u>\$24,452,062</u>	<u>\$12,455,615</u>	<u>\$1,354,895</u>	<u>\$1,391,095</u>	<u>\$23,710,792</u>	<u>\$25,555,732</u>
\$11,704,608	\$ 6,604,661	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	368,289
332,879	54,204	12,319	12,340	33,717	29,734
—	—	42,294	—	—	128,409
—	—	—	6,452	—	65,438
<u>12,037,487</u>	<u>6,658,865</u>	<u>54,613</u>	<u>18,792</u>	<u>33,717</u>	<u>591,870</u>
<u>\$12,414,575</u>	<u>\$ 5,796,750</u>	<u>\$1,300,282</u>	<u>\$1,372,303</u>	<u>\$23,677,075</u>	<u>\$24,963,862</u>
4,631.13	5,043.90	2,800.65	2,213.55	21,933.58	26,429.08
<u>2,012.98</u>	<u>2.23</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 1,868.51	\$ 1,148.75	\$ 464.28	\$ 619.96	\$ 1,079.49	\$ 944.56
<u>1,868.51</u>	<u>1,148.75</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years Ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2000	1999	2000	1999
Statements of Operations				
Investment income				
Interest	\$168,096	\$ 261,775	\$ —	\$ —
Dividends	—	—	—	—
Dividends paid on short positions	—	—	—	—
Total investment income	<u>168,096</u>	<u>261,775</u>	<u>—</u>	<u>—</u>
Operating expenses				
Management fees	92,926	178,114	—	—
Incentive fees	—	357,751	—	—
Commissions	—	—	—	—
Professional fees	10,000	8,000	10,233	13,941
Foreign withholding taxes paid	—	—	—	—
Miscellaneous expenses	4,710	7,818	—	—
Total operating expenses	<u>107,636</u>	<u>551,683</u>	<u>10,233</u>	<u>13,941</u>
Net investment gain (loss)	<u>60,460</u>	<u>(289,908)</u>	<u>(10,233)</u>	<u>(13,941)</u>
Net gain (loss) on investments				
Net realized gains (losses) on derivative contracts	22,303	1,290,781	(436,712)	1,066,535
Unrealized net appreciation (depreciation) on derivative contracts	(40,147)	(164,199)	(82,401)	(218,265)
Realized gain (loss) on investments	—	—	—	—
Unrealized net appreciation (depreciation) on investments	—	—	—	—
Net gain (loss) on investments	<u>\$(17,844)</u>	<u>\$1,126,582</u>	<u>\$(519,113)</u>	<u>\$ 848,270</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 42,616</u>	<u>\$ 836,674</u>	<u>\$(529,346)</u>	<u>\$ 834,329</u>
Weighted average number of shares	<u>3,676.95</u>	<u>5,153.78</u>	<u>4,747.45</u>	<u>7,156.84</u>
Net increase (decrease) in net assets resulting from operations per share	<u>\$ 11.59</u>	<u>\$ 162.34</u>	<u>\$(111.50)</u>	<u>\$ 116.58</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2000	1999	2000	1999	2000	1999
\$ 376,102	\$ 203,076	\$ 3,274	\$ 10,453	\$ 993,177	\$ 1,451,904
83,024	52,711	—	—	—	—
(117,439)	(65,042)	—	—	—	—
<u>341,687</u>	<u>190,745</u>	<u>3,274</u>	<u>10,453</u>	<u>993,177</u>	<u>1,451,904</u>
180,683	99,423	7,839	36,017	222,734	297,206
466,193	35,780	—	(17,470)	—	—
—	—	—	—	90,135	—
33,466	22,319	18,374	18,157	22,995	25,259
23,654	12,041	—	—	4,513	11,321
2,486	2,694	2,506	2,145	8,408	—
<u>706,482</u>	<u>172,257</u>	<u>28,719</u>	<u>38,849</u>	<u>348,785</u>	<u>333,786</u>
<u>(364,795)</u>	<u>18,488</u>	<u>(25,445)</u>	<u>(28,396)</u>	<u>644,392</u>	<u>1,118,118</u>
1,116,337	373,865	(672,446)	123,146	(308,782)	(1,164,184)
(373,138)	417,996	174,869	(706,738)	1,327,464	(618,026)
1,007,414	1,214,531	(24,379)	—	(35,380)	(1,488,063)
<u>2,809,920</u>	<u>(1,402,287)</u>	<u>209,660</u>	<u>(146,300)</u>	<u>1,484,546</u>	<u>846,610</u>
<u>\$4,560,533</u>	<u>\$ 604,105</u>	<u>\$(312,296)</u>	<u>\$(729,892)</u>	<u>\$2,467,848</u>	<u>\$(2,423,663)</u>
<u>\$4,195,738</u>	<u>\$ 622,593</u>	<u>\$(337,741)</u>	<u>\$(758,288)</u>	<u>\$3,112,240</u>	<u>\$(1,305,545)</u>
<u>5,729.91</u>	<u>5,758.76</u>	<u>2,524.39</u>	<u>2,529.50</u>	<u>24,176.80</u>	<u>33,369.75</u>
<u>\$ 732.25</u>	<u>\$ 108.11</u>	<u>\$ (133.79)</u>	<u>\$ (299.78)</u>	<u>\$ 128.73</u>	<u>\$ (39.12)</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2000	1999	2000	1999
<u>Statements of Changes in Net Assets</u>				
Net assets, beginning of year	\$ 4,596,659	\$ 5,180,063	\$ 6,304,736	\$ 7,280,813
Subscriptions	234,821	875,263	123,019	988,079
Redemptions, net of redemption charge	(1,744,949)	(2,295,341)	(2,065,635)	(2,798,485)
Net increase (decrease) in net assets resulting from operations	<u>42,616</u>	<u>836,674</u>	<u>(529,346)</u>	<u>834,329</u>
Net assets, end of year	<u>\$ 3,129,147</u>	<u>\$ 4,596,659</u>	<u>\$ 3,832,774</u>	<u>\$ 6,304,736</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund II Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2000	1999	2000	1999	2000	1999
\$ 5,796,750	\$ 6,300,789	\$1,372,303	\$2,550,869	\$24,963,862	\$ 36,210,517
3,044,586	1,222,037	489,842	11,911	1,347,888	1,083,084
(622,499)	(2,348,669)	(224,122)	(432,189)	(5,746,915)	(11,024,194)
4,195,738	622,593	(337,741)	(758,288)	3,112,240	(1,305,545)
<u>\$12,414,575</u>	<u>\$ 5,796,750</u>	<u>\$1,300,282</u>	<u>\$1,372,303</u>	<u>\$23,677,075</u>	<u>\$ 24,963,862</u>

FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Equity Hedge Fund Ltd. —

<u>Number of Shares</u>		<u>Percentage of Net Assets</u>	<u>Market Value</u>
	Common Stocks	92.1%	
	United States	84.6%	
	Electric Integrated	17.0%	
10,450	Exelon Corp.		\$ 733,694
16,500	Entergy Corp.		698,156
15,600	Reliant Energy		675,675
			<u>2,107,525</u>
	Medical – HMO	13.7%	1,697,000
	Oil Exploration & Production	10.7%	
10,900	Devon Energy Corp.		664,573
9,400	Apache Corp.		658,588
			<u>1,323,161</u>
	Medical – Other	8.8%	<u>1,097,807</u>
	Food – Confectionary	4.7%	579,375
	Transport Services	3.9%	487,512
	Oil Refining & Marketing	3.7%	453,688
	Telecommunication Equipment	3.4%	427,375
	Other	18.8%	<u>2,330,779</u>
	Total United States		<u>\$10,504,222</u>
	(cost \$9,432,374)		

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Equity Hedge Fund Ltd. (Continued) —

Number of Shares		Percentage of Net Assets	Market Value
	Canada	4.7%	
	Telecommunication Services	2.5%	\$ 309,631
	Oil Exploration & Production	2.2%	276,250
	Total Canada		<u>585,881</u>
	(cost \$521,317)		
	Netherlands	2.7%	
	Oil – Integrated		
	(cost \$322,547)		<u>339,150</u>
	Total Investments in Common Stocks		<u>\$11,429,253</u>
	(cost \$10,276,238)		
	Common Stocks Sold Short	94.3%	
	United States	83.6%	
	Super Regional Banks	15.0%	\$ 1,865,805
	Internet – Other	8.2%	1,022,483
	Investment Banker/Broker	6.2%	
7,200	Goldman Sachs Group Inc.		769,950
	Internet – Software	6.1%	
19,100	America Online Inc.		664,680
	Other		<u>92,150</u>
			<u>756,830</u>
	Networking – Products	5.6%	691,200
	Electronic Components/Semiconductors	5.2%	
21,500	Intel Corp.		646,344
	Telecommunication Services	5.0%	618,219
	Computers	4.9%	611,794

FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Equity Hedge Fund Ltd. (continued) —

<u>Number of Shares</u>		<u>Percentage of Net Assets</u>	<u>Market Value</u>
	Retail – Discount	4.4%	\$ 547,188
	Diversified Manufacturing	3.9%	479,375
	Other	19.1%	<u>2,375,908</u>
	Total United States (proceeds \$13,789,458)		10,385,096
	United Kingdom	4.2%	
	Telecommunications – Cellular (proceeds \$532,993)		515,700
	Spain	4.1%	
	Telephone Integrated (proceeds \$540,882)		505,000
	Singapore	1.4%	
	Electronic Components/Semiconductors (proceeds \$302,528)		176,712
	Canada	1.0%	
	Software (proceeds \$123,946)		<u>122,100</u>
	Total Securities Sold Short (proceeds \$15,289,807)		<u><u>\$11,704,608</u></u>

FINANCIAL STATEMENTS

December 31, 2000 and 1999
(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Global Opportunities Fund Ltd. —

The condensed schedule of portfolio investments represents the Friedberg Global Opportunities Fund's (the "Fund") proportionate share of the investments held by the Friedberg International Securities Fund L.P., of which the Fund holds approximately 40.1% of the outstanding units (market value of \$663,000).

<u>Principal Amount</u>		<u>Percentage of Net Assets</u>	<u>Market Value</u>
	Investment in Bond Securities	41.5%	
	United States	39.1%	
	Government		
481,560	U.S. Treasury Inflation Index		\$508,191
	Turkey	2.4%	
	Government		<u>31,255</u>
	Total Investment in Bond Securities (cost \$488,045)		<u>539,446</u>
	Common Stocks	18.0%	
	China		
	Other (cost \$208,467)		<u>233,883</u>
	Total Investments in Securities (cost \$696,512)		<u>\$773,329</u>
	Common Stocks Sold Short	36.5%	
	Japan	22.8%	
	Bank	18.9%	246,146
	Other	3.9%	<u>51,297</u>
	Total Japan (proceeds \$329,344)		<u>297,443</u>
	Other (proceeds \$105,915)	13.6%	<u>177,261</u>
	Total Securities Sold Short (proceeds \$525,414)		<u>\$474,704</u>

FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Total Return Fixed Income Fund Ltd. —

<u>Principal Amount</u>		<u>Percentage of Net Assets</u>	<u>Market Value</u>
	Investments in Bond Securities		
	United States		
	Government		
\$10,193,000	U.S. Treasury Note 3.625% due April 15, 2028	45.4%	\$10,756,682
	Gold		
\$960,000	TVX Gold, Inc. 5% 28 March 2002 (a)	3.1%	<u>744,000</u>
	Total United States		
	(cost \$10,751,594)		11,500,682
	Canada		
	Government		
6,805,000 (in Canadian Dollars)	Government of Canada 4.25% due December 1, 2026 (cost \$5,211,292)	24.0%	5,671,058
	New Zealand		
	Real Estate		
4,502,795 (In New Zealand Dollars)	Kiwi Income Property Trust 9% CV September 30, 2003 (b) (cost \$3,331,599)	9.0%	2,128,525
	Turkey		
	Government		
530,000,000,000 (In Turkish Liras)	Government of Turkey Treasury Bill February 21, 2001 (cost \$662,500)	3.0%	718,184

(a) These bonds are convertible to common shares at a price dependant on the London Gold Fix, at any time until maturity.

(b) These bonds are convertible at New Zealand \$1 per trust unit upon maturity.

FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

Condensed Schedules of Portfolio Investments

Friedberg Total Return Fixed Income Fund Ltd. (Continued) —

<u>Principal Amount</u>		<u>Percentage of Net Assets</u>	<u>Market Value</u>
	Investments in Bond Securities (Continued)		
	Brazil	0.5%	
	Government		
\$1,075,000	Argentina Bocon Series 1 (variable rate) April 1, 2001 (cost \$95,504)		\$ 119,863
	Total investments in marketable securities (cost \$20,052,489)		<u>\$20,138,312</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

1. NATURE OF OPERATIONS

Establishment of the Corporations

Friedberg Currency Fund Ltd., Friedberg Equity Hedge Fund Ltd., Friedberg Total Return Fixed Income Fund Ltd., Friedberg Currency Fund II Ltd. and Friedberg Global Opportunities Fund Ltd. (the "Funds") are open-ended private investment

corporations governed by the Companies Laws (1998 Revision) of the Cayman Islands incorporated as exempted companies on the following dates:

Friedberg Currency Fund Ltd.....	October 18, 1996
Friedberg Equity Hedge Fund Ltd.	October 16, 1996
Friedberg Total Return Fixed Income Fund Ltd.	October 2, 1996
Friedberg Currency Fund II Ltd.....	March 6, 1997
Friedberg Global Opportunities Fund Ltd.....	May 13, 1997

Friedberg Commodity Management Inc. ("FCMI") is the Investment Advisor to the Funds. FCMI Financial Services (Cayman) Ltd., an affiliate of Friedberg Mercantile Group ("FMG") is the manager of the funds. FMG, the ultimate parent of FCMI, and Friedberg Mercantile Group Inc. ("FMGI"), serve as brokers to the Funds.

adopted any specific investment limitations or trading restrictions.

Objectives

(a) **Friedberg Currency Fund Ltd. and Friedberg Currency Fund II Ltd.**

These funds seek substantial long-term capital appreciation through the aggressive trading of currency interests including exchange-listed futures, exchange listed options, interbank forward options and interbank options. The funds have not adopted any specific investment limitations or trading restrictions.

(c) **Friedberg Total Return Fixed Income Fund Ltd.**

The fund seeks total investment return, consisting of a combination of interest income, currency gains and capital appreciation, by investing in both investment grade and non-investment grade fixed income obligations and convertible corporate bonds denominated in a variety of currencies. This fund has adopted certain investment restrictions that are detailed in its Information Memorandum dated October 31, 1996.

(b) **Friedberg Equity Hedge Fund Ltd.**

The fund seeks capital appreciation by investing primarily in equity securities, engaging in short sales of securities and speculating in stock index futures contracts and related options, while making extensive use of leverage. The funds have not

(d) **Friedberg Global Opportunities Fund Ltd.**

The fund seeks to achieve substantial return on capital through trading and investing across global markets in securities interests such as equity securities, fixed income obligations, stock indices and options and commodity interests such as spot, forward, futures and options contracts on precious metals, traditional and base industrial commodities, interest rates, currencies and stock indices, as well as in swaps, hybrid securities and other derivative instruments. Transactions may be entered into on exchanges or over-the-counter.

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

1. NATURE OF OPERATIONS (continued)

The fund may trade actively, engage in short sales and employ arbitrage strategies between various markets, countries or instruments. The fund has not adopted any specific investment limitations or trading restrictions but will attempt to limit risk as described in its Information Memorandum dated June 2, 1997.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are expressed in United States dollars. The financial statements dated December 31, 1999 were prepared in conformity with accounting principles generally accepted in Canada, while those dated December 31, 2000 have been prepared in conformity with accounting principles generally accepted in the United States of America.

Valuation of Investments in Securities and Securities Sold Short

The Funds value short-term investments and unlisted securities at their broker-quoted bid prices. Listed securities are valued at their closing sale price reported on the day by the principal securities exchange on which the issue is traded, or if no sale is reported, the average of the bid and ask prices. Foreign securities are valued by translating foreign denominated prices into U.S. dollars, based upon quoted exchange rates as of the last business day of the year. Estimated brokerage commission related to disposition are reflected as a reduction of portfolio market value.

Valuation of Investments of Forward Contracts

Open forward and futures contracts and investment positions are valued at the closing

market quotations on the last business day of the year. The resulting change is reflected in the results of operations for the year as unrealized appreciation or depreciation on investments.

Financial Instruments

In the normal course of business, the Funds utilize derivative financial instruments in connection with its proprietary trading activities.

In accordance with Statement of Financial Accounting Standards No. 133, "Accounting for Derivatives and Hedging Activities," the Funds record their derivative activities at market. Gains and losses from derivative financial instruments are included in net gain (loss) on investments in the statement of operations.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the year end exchange rates. Purchases and sales of investments, and income and expenses, that are denominated in foreign currencies, are translated into U.S. dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statement of operations.

The Funds do not isolate that portion of the results of operations arising from changes in foreign exchange rates on investments from the fluctuations from changes in market prices of securities held. Such fluctuations are included with the net realized gain (loss) and net change in unrealized appreciation (depreciation) on investments.

Investment Transactions

Investment transactions are recorded on the trade date (date the order to buy or sell is executed).

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividend income and dividends paid on short sales are recorded on the ex-dividend date. Interest income is recorded on an accrual basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts disclosed in the financial statements. Actual results could differ from those estimates.

Valuation of Fund Shares

The shares of the Funds are issued at their net asset value at their date of issue and redeemable at the option of the holder at the net asset value on their date of redemption less a predetermined redemption charge. Net asset value is determined for purchases and redemptions on the last business day of every week for Friedberg Currency Fund II Ltd. and Friedberg Total Return Fixed Income Fund Ltd. and on the last business day of every month for other funds. The net asset value per unit is determined by dividing the total net asset value by the total number of shares then outstanding.

3. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Funds enter into transactions using financial instruments with off-balance-sheet risk in the normal course of its trading activities. At December 31, 2000 and 1999, these instruments

were foreign currency forward contracts and futures trading. Such instruments generally represent future commitments to purchase or sell currencies at specific terms at specified future dates. These commitments may be traded on an exchange or over-the-counter ("OTC"). OTC contracts are negotiated between contracting parties. Each of these instruments is subject to various risks including market and credit risk. In general, the risks associated with OTC contracts are greater than those associated with exchange traded instruments because of the greater risk of default by the counterparty to an OTC contract.

Market risk is the potential for changes in the value of the financial instruments traded by the Funds due to market changes, including foreign exchange rate movements and fluctuations in commodity prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying assets are traded.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Funds are exposed to interest rate risk to the extent that interest rates rise and the value of financial instruments in the secondary market decreases.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of a contract. The Funds' risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statement of financial condition and is not represented by the contract of notional amounts of the instruments. The Funds' credit risk is concentrated with FMGI, FMG, Goldman Sachs and Brown Brothers Harriman, which are the counterparties or brokers to all of the Funds' assets and transactions.

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

4. INCOME TAXES

The Funds have received an undertaking from the Cayman Islands Government exempting them from all local income, profits, and capital gains taxes until the following dates:

Friedberg Currency Fund, Ltd.....	October 29, 2016
Friedberg Equity Hedge Fund Ltd.	October 22, 2016
Friedberg Total Return Fixed Income Fund Ltd.	October 15, 2016
Friedberg Currency Fund II Ltd.....	March 17, 2017
Friedberg Global Opportunities Fund Ltd.....	June 2, 2017

Dividends and income received by the Funds with respect to investments may be subject to non-resident withholding and other taxes imposed by certain countries.

5. COLLATERAL

Due from brokers includes cash amounts that are held as collateral to cover the short sales and futures contracts in the broker accounts.

6. SHAREHOLDERS' EQUITY

There are 100 non-participating, voting and non-redeemable shares issued from each of the Funds to FCMI Financial Services (Cayman) Ltd., a Cayman Islands affiliate of the Funds, which are not reflected in the Fund's share capital. These shares were issued at a nominal value and do not participate in the income, distributions, and net asset value on redemption or liquidation of the Funds.

Authorized share capital of Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd. and Friedberg Equity Hedge Fund Ltd. ("Multi-Series funds") comprises of an unlimited number of Class A and B shares, without nominal or par value, participating, non-voting and redeemable at the option of the shareholder. The two classes are identical in all respects except that they have different redemption charges as follows:

- Class A – 1% of redemption proceeds
- Class B – 5% of redemption proceeds within 2 years of purchase
 - 4% of redemption proceeds within 3-5 years of purchase
 - 1% of redemption proceeds 5 years after purchase

Effective October 1, 1999, all existing shares of the Multi-Series funds were re-designated as Class A shares and any new shares issued after the effective date are Class B shares.

Authorized share capital of the Funds, other than the Multi-Series funds, comprises an unlimited number of participating non-voting redeemable shares. The redemption charge of these shares is 1% of redemption proceeds.

Each share participates equally in the income, distributions and net asset value on redemption or liquidation of the Fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

6. SHAREHOLDERS' EQUITY (continued)

During the years ended December 31, 2000 and 1999, no distributions were made to shareholders.

	Friedberg Currency Fund Ltd. (Class A)		Friedberg Currency Fund Ltd. (Class B)		Friedberg Currency Fund II Ltd. (Class A)	
	2000	1999	2000	1999	2000	1999
SHAREHOLDERS' EQUITY						
Share capital.....	<u>\$2,340,257</u>	<u>\$4,085,206</u>	<u>\$234,821</u>	<u>\$ —</u>	<u>\$4,300,692</u>	<u>\$6,366,327</u>
Retained earnings (deficit),						
beginning of year	<u>511,453</u>	<u>(325,221)</u>	<u>—</u>	<u>—</u>	<u>(61,591)</u>	<u>(895,920)</u>
Net income (loss).....	<u>(25,982)</u>	<u>836,674</u>	<u>68,598</u>	<u>—</u>	<u>(547,542)</u>	<u>834,329</u>
Retained earnings (deficit),						
end of year.....	<u>485,471</u>	<u>511,453</u>	<u>68,598</u>	<u>—</u>	<u>(609,133)</u>	<u>(61,591)</u>
Balance, end of year	<u>\$2,825,728</u>	<u>\$4,596,659</u>	<u>\$303,419</u>	<u>\$ —</u>	<u>\$3,691,559</u>	<u>\$6,304,736</u>
NUMBER OF SHARES						
Outstanding, beginning of year	<u>4,619.19</u>	<u>5,848.10</u>	<u>—</u>	<u>—</u>	<u>6,302.91</u>	<u>7,897.26</u>
Issued during the year.....	<u>—</u>	<u>760.03</u>	<u>275.85</u>	<u>—</u>	<u>—</u>	<u>828.27</u>
Redeemed during the year.....	<u>(2,050.21)</u>	<u>(1,988.94)</u>	<u>—</u>	<u>—</u>	<u>(2,562.60)</u>	<u>(2,422.62)</u>
Outstanding, end of year.....	<u>2,568.98</u>	<u>4,619.19</u>	<u>275.85</u>	<u>—</u>	<u>3,740.31</u>	<u>6,302.91</u>
Weighted average number of shares outstanding for the year...	<u>3,512.17</u>	<u>5,153.78</u>	<u>164.78</u>	<u>—</u>	<u>4,672.67</u>	<u>7,156.84</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

6. SHAREHOLDERS' EQUITY (continued)

	Friedberg Currency Fund II Ltd. (Class B)		Friedberg Equity Hedge Fund Ltd. (Class A)		Friedberg Equity Hedge Fund Ltd. (Class B)	
	2000	1999	2000	1999	2000	1999
SHAREHOLDERS' EQUITY						
Share capital.....	\$123,019	\$ —	\$5,362,057	\$5,268,807	\$2,330,687	\$1,850
Retained earnings (deficit), beginning of year	—	—	525,381	(96,500)	712	—
Net income (loss).....	18,196	—	2,765,867	621,881	1,429,871	712
Retained earnings (deficit), end of year.....	18,196	—	3,291,248	525,381	1,430,583	712
Balance, end of year	<u>\$141,215</u>	<u>\$ —</u>	<u>\$8,653,305</u>	<u>\$5,794,188</u>	<u>\$3,761,270</u>	<u>\$2,562</u>
NUMBER OF SHARES						
Outstanding, beginning of year.....	—	—	5,043.90	6,307.87	2.23	—
Issued during the year.....	143.08	—	—	1,551.91	2,031.83	2.23
Redeemed during the year.....	—	—	(412.77)	(2,815.88)	(21.08)	—
Outstanding, end of year.....	<u>143.08</u>	<u>—</u>	<u>4,631.13</u>	<u>5,043.90</u>	<u>2,012.98</u>	<u>2.23</u>
Weighted average number of shares outstanding for the year.....	<u>74.78</u>	<u>—</u>	<u>4,788.94</u>	<u>5,758.76</u>	<u>940.97</u>	<u>(A)</u>

(A) 1.12 shares were combined with Class A for 1999.

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999
(expressed in United States dollars)

6. SHAREHOLDERS' EQUITY (continued)

	Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
	2000	1999	2000	1999
SHAREHOLDERS' EQUITY				
Share capital.....	\$ 3,481,070	\$ 3,215,350	\$23,921,524	\$28,320,551
Retained earnings (deficit), beginning of year.....	(1,843,047)	(1,084,759)	(3,356,689)	(2,051,144)
Net income (loss).....	(337,741)	(758,288)	3,112,240	(1,305,545)
Retained earnings (deficit), end of year	(2,180,788)	(1,843,047)	(244,449)	(3,356,689)
Balance, end of year	\$ 1,300,282	\$ 1,372,303	\$23,677,075	\$24,963,862
NUMBER OF SHARES				
Outstanding, beginning of year	2,213.55	2,829.40	26,429.08	36,853.79
Issued during the year.....	1,011.48	13.86	1,358.67	1,101.38
Redeemed during the year.....	(424.38)	(629.71)	(5,854.17)	(11,526.09)
Outstanding, end of year.....	2,800.65	2,213.55	21,933.58	26,429.08
Weighted average number of shares outstanding for the year.....	2,524.39	2,529.50	24,176.80	33,369.75

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999
(expressed in United States dollars)

7. RELATED PARTY TRANSACTIONS

Management and Incentive Fees

Friedberg Commodity Management Inc. ("FCMI") is the Investment Advisor to the Funds. For its services under the Investment Advisory Agreement, FCMI is entitled to receive management fees from the Funds. The management fee is payable monthly, based on the net asset value of the Funds on the last business day of the month. Friedberg Currency Fund Ltd. and Friedberg Global Opportunities Fund Ltd. calculate and pay incentive fees to the Investment

Advisor on a quarterly basis, while Friedberg Equity Hedge Fund Ltd. calculates and pays the fees on a semi-annual basis. The incentive fees are based on net new trading profits, defined as the difference, if positive, between the net asset value of the Fund at the end of the applicable period and the net asset value of the Fund at the end of the preceding period, adjusted to reflect the amount of any unrecovered loss carried forward from the preceding period or periods.

The rates applicable to the determination of the management fee for the Funds, and the determination of the incentive fee for the Funds are as follows:

	<u>Annual Management Fee Rate</u>	<u>Annual Incentive Fee Rate</u>
Friedberg Currency Fund Ltd.	3.00%	25.00%
Friedberg Equity Hedge Fund Ltd.	2.00%	10.00%
Friedberg Total Return Fixed Income Fund Ltd.	0.93%	—
Friedberg Currency Fund II Ltd.	—	—
Friedberg Global Opportunities Fund Ltd.	2.00%	20.00%

Brokerage commissions paid to FMG and FMGI are netted in the statements of operation against realized gains or losses and are charged at market rates. Brokerage commissions for the years ending December 31, 2000 and 1999 are as follows:

	<u>2000</u>	<u>1999</u>
Friedberg Currency Fund Ltd.	\$ —	\$ —
Friedberg Currency Fund II Ltd.	290,433	500,661
Friedberg Equity Hedge Fund Ltd.	65,158	26,587
Friedberg Global Opportunities Fund Ltd.	100,021	61,277
Friedberg Total Return Fixed Income Fund Ltd.	97,519	75,100

Due from Brokers

The amounts due from brokers include the following related party amounts:

	<u>FMG</u>		<u>FMGI</u>	
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Friedberg Currency Fund Ltd.	\$2,722,886	\$4,455,247	\$205,015	\$196,140
Friedberg Currency Fund II Ltd.	3,637,756	6,514,867	—	—
Friedberg Equity Hedge Fund Ltd.	—	—	383,378	433,865
Friedberg Global Opportunities Fund Ltd.	—	—	520,654	344,643
Friedberg Total Return Fixed Income Fund Ltd.	1,258,414	(128,409)	—	—

NOTES TO FINANCIAL STATEMENTS

December 31, 2000 and 1999

(expressed in United States dollars)

7. RELATED PARTY TRANSACTIONS (continued)

Investment in Friedberg International Securities Fund ("International Fund")

The Friedberg Global Opportunities Fund Ltd. has an investment in the International Fund, which is a limited partnership based in Ontario, Canada and managed by FMG. The International Fund records its investment at fair value based on market quotations on the last business day of the year. The Friedberg Global Opportunities Fund received management fee rebates from FMG to ensure no duplication of management fees. The percentage of the International Fund owned by the Friedberg Global Opportunities Fund at December 31, 2000 was 40.13%.

Condensed financial statements of the Friedberg International Securities Fund are as follows:

Statement of Assets and Liabilities December 31, 2000

ASSETS	
Due from brokers.....	\$2,035,299
Investments in securities, at market value.....	1,927,059
Unrealized gains on open futures contracts.....	52,145
Accounts receivable.....	9,641
	<u>\$4,024,144</u>
LIABILITIES AND NET ASSETS	
Liabilities	
Accounts payable, including contracts awaiting settlement.....	\$1,188,919
Securities sold short, at market.....	1,182,915
	<u>2,371,834</u>
Net assets	<u>1,652,310</u>
	<u>\$4,024,144</u>

Condensed Statement of Operations December 31, 2000

Investment income.....	\$151,645
Operating expenses.....	84,345
Net investment income.....	67,300
Net realized loss and net change in unrealized appreciation on marketable securities.....	353,911
Net realized loss and net change in unrealized appreciation on futures contracts.....	(17,734)
	<u>336,177</u>
Net income	<u>\$403,477</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

(expressed in United States dollars)

7. RELATED PARTY TRANSACTIONS (continued)

Fund Share Ownership

From time to time in the normal course of business, certain affiliates of the Investment Advisor may purchase and redeem participating, non-voting and redeemable shares of the Funds on the same terms as other shareholders. At each of December 31, 2000 and 1999, the affiliates' ownership ranged from 0% to 34% and 0% to 45%, respectively, of the outstanding shares of each Fund.

Interest Income

Interest paid by FMG to the Friedberg Currency Fund Ltd. for the year ended December 31, 2000

and 1999 is \$168,096 and \$261,775, respectively. Interest earned on the Friedberg Currency Fund II Ltd. is retained by FMG in lieu of management fees. The remaining amounts due from FMG and FMGI did not earn interest.

During the year ended December 31, 2000, Friedberg Currency Fund II Ltd., Friedberg Global Opportunities Fund Ltd. and Friedberg Total Return Fixed Income Fund Ltd. were charged approximately \$175,314, \$180,176 and \$124,846, respectively, by the brokers as an interest carrying charge for the U.S. Treasury Inflationary Index Bonds.

INVESTOR INFORMATION

REGISTERED OFFICE OF THE FUNDS

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Cayman Islands

AUDITORS

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Certified Public Accountants
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Roseland, NJ 07068-1785
Phone (973) 994-6666
Fax (973) 994-0337
Website www.rkco.com

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New York, N.Y. 10005

INVESTMENT ADVISOR

Friedberg Commodity Management Inc.
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Toronto, Ontario M5J 2T3, Canada

LEGAL ADVISORS

Wilkie Farr & Gallagher
787 Seventh Avenue
New York, N.Y. 10019

Walkers
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SUB-ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

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