

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, 2001 and 2000

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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 of the Friedberg Multi-Sector Funds, including the condensed schedules of portfolio investments, as of December 31, 2001 and 2000, and the related statements of operations and changes in net assets for the years 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.

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 audits 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 financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of December 31, 2001 and 2000, and the results of their operations and changes in their net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company, P.C.

Roseland, New Jersey
June 6, 2002

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2001	2000	2001	2000
Statements of Assets and Liabilities				
Assets				
Investments in securities, at market	\$ —	\$ —	\$ —	\$ —
Investment in Friedberg International Securities Fund LP, at fair value	—	—	—	—
Cash	—	—	—	—
Due from brokers and contracts awaiting settlement	2,488,941	2,927,901	2,858,257	3,637,756
Unrealized gains on open derivative contracts	—	231,079	—	256,359
Interest receivable	3,187	10,864	—	—
Total assets	<u>2,492,128</u>	<u>3,169,844</u>	<u>2,858,257</u>	<u>3,894,115</u>
Liabilities				
Securities sold short, at market	—	—	—	—
Accounts payable and accrued expenses	13,670	13,895	8,000	22,233
Due to brokers and contracts awaiting settlement	23,240	26,802	26,860	39,108
Unrealized losses on open derivative contracts	<u>1,325,063</u>	<u>—</u>	<u>1,501,798</u>	<u>—</u>
Total liabilities	<u>1,361,973</u>	<u>40,697</u>	<u>1,536,658</u>	<u>61,341</u>
Net Assets and Shareholders' Equity	<u>\$1,130,155</u>	<u>\$3,129,147</u>	<u>\$1,321,599</u>	<u>\$3,832,774</u>
Number of shares outstanding				
Class A	2,121.29	2,568.98	3,179.12	3,740.31
Class B	<u>367.79</u>	<u>275.85</u>	<u>250.95</u>	<u>143.08</u>
Net asset value per share				
Class A	\$ 454.05	\$ 1,099.94	\$ 385.30	\$ 986.97
Class B	<u>454.05</u>	<u>1,099.94</u>	<u>385.30</u>	<u>986.97</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2001	2000	2001	2000	2001	2000
\$15,252,101	\$11,429,253	\$ —	\$ —	\$35,747,112	\$20,138,312
—	—	2,724,600	663,000	—	—
3,102	1,537,425	164,562	2,824	53,248	569,573
10,360,628	11,438,887	3,232,398	520,654	4,102,989	1,583,893
37,136	44,858	93,755	168,417	17,500	1,262,027
7,665	1,639	—	—	260,917	156,987
<u>25,660,632</u>	<u>24,452,062</u>	<u>6,215,315</u>	<u>1,354,895</u>	<u>40,181,766</u>	<u>23,710,792</u>
13,395,674	11,704,608	—	—	—	—
97,097	332,879	13,966	12,319	43,717	33,717
—	—	—	42,294	—	—
—	—	—	—	—	—
<u>13,492,771</u>	<u>12,037,487</u>	<u>13,966</u>	<u>54,613</u>	<u>43,717</u>	<u>33,717</u>
<u>\$12,167,861</u>	<u>\$12,414,575</u>	<u>\$6,201,349</u>	<u>\$1,300,282</u>	<u>\$40,138,049</u>	<u>\$23,677,075</u>
1,192.95	4,631.13	10,352.74	2,800.65	39,145.18	21,933.58
<u>5,492.02</u>	<u>2,012.98</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 1,820.18	\$ 1,868.51	\$ 599.01	\$ 464.28	\$ 1,025.36	\$ 1,079.49
<u>1,820.18</u>	<u>1,868.51</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.	
	2001	2000	2001	2000
Statements of Operations				
Investment income				
Interest	\$ 84,915	\$ 168,096	\$ —	\$ —
Dividends	—	—	—	—
Total investment income	<u>84,915</u>	<u>168,096</u>	<u>—</u>	<u>—</u>
Expenses				
Interest and dividends	—	—	—	—
Incentive fees	—	—	—	—
Management fees	86,448	92,926	—	—
Foreign withholding taxes paid	—	—	—	—
Professional fees and other	25,436	14,710	25,610	10,233
Total expenses	<u>111,884</u>	<u>107,636</u>	<u>25,610</u>	<u>10,233</u>
Net investment income (loss)	<u>(26,969)</u>	<u>60,460</u>	<u>(25,610)</u>	<u>(10,233)</u>
Net realized and unrealized gain (loss) on investments				
Net realized gain (loss) on derivative contracts	(30,232)	22,303	(266,196)	(436,712)
Unrealized net appreciation (depreciation) on derivative contracts	(1,556,142)	(40,147)	(1,758,157)	(82,401)
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—
Net gain (loss) on investments	<u>\$(1,586,374)</u>	<u>\$ (17,844)</u>	<u>\$(2,024,353)</u>	<u>\$(519,113)</u>
Increase (decrease) in net assets resulting from operations	<u>\$(1,613,343)</u>	<u>\$ 42,616</u>	<u>\$(2,049,963)</u>	<u>\$(529,346)</u>
Weighted average number of shares	<u>2,647.08</u>	<u>3,676.95</u>	<u>3,511.76</u>	<u>4,747.45</u>
Increase (decrease) in net assets resulting from operations per share	<u>\$ (609.48)</u>	<u>\$ 11.59</u>	<u>\$ (583.74)</u>	<u>\$ (111.50)</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2001	2000	2001	2000	2001	2000
\$ 470,760	\$ 450,264	\$ 1,249	\$ 3,274	\$ 947,587	\$ 993,177
107,330	83,024	—	—	—	—
<u>578,090</u>	<u>533,288</u>	<u>1,249</u>	<u>3,274</u>	<u>947,587</u>	<u>993,177</u>
141,399	191,601	—	—	—	—
17,635	466,193	—	—	—	—
206,136	180,683	27,031	7,839	236,880	222,734
32,468	23,654	—	—	964	4,513
38,236	35,952	22,649	20,880	40,692	31,403
<u>435,874</u>	<u>898,083</u>	<u>49,680</u>	<u>28,719</u>	<u>278,536</u>	<u>258,650</u>
142,216	(364,795)	(48,431)	(25,445)	669,051	734,527
399,441	1,116,337	357,865	(672,446)	(922,769)	(398,917)
(7,722)	(373,138)	(74,662)	174,869	(1,244,527)	1,327,464
2,090,287	1,007,414	—	(24,379)	(1,061,143)	(35,380)
<u>(2,975,805)</u>	<u>2,809,920</u>	<u>93,600</u>	<u>209,660</u>	<u>1,116,373</u>	<u>1,484,546</u>
\$ <u>(493,799)</u>	\$ <u>4,560,533</u>	\$ <u>376,803</u>	\$ <u>(312,296)</u>	\$ <u>(2,112,066)</u>	\$ <u>2,377,713</u>
\$ <u>(351,583)</u>	\$ <u>4,195,738</u>	\$ <u>328,372</u>	\$ <u>(337,741)</u>	\$ <u>(1,443,015)</u>	\$ <u>3,112,240</u>
<u>6,538.93</u>	<u>5,729.91</u>	<u>3,532.22</u>	<u>2,524.39</u>	<u>24,331.09</u>	<u>24,176.80</u>
\$ <u>(53.77)</u>	\$ <u>732.25</u>	\$ <u>92.96</u>	\$ <u>(133.79)</u>	\$ <u>(59.31)</u>	\$ <u>128.73</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2001	2000	2001	2000
Statements of Changes in Net Assets				
Operations				
Net investment income (loss)	\$ (26,969)	\$ 60,460	\$ (25,610)	\$ (10,233)
Net realized gain (loss) on derivative contracts	(30,232)	22,303	(266,196)	(436,712)
Unrealized net appreciation (depreciation) on derivative contracts	(1,556,142)	(40,147)	(1,758,157)	(82,401)
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—
Increase (decrease) in net assets resulting from operations	(1,613,343)	42,616	(2,049,963)	(529,346)
Capital share transactions				
Issuance of shares	154,225	234,821	114,525	123,019
Redemption of shares	(539,874)	(1,744,949)	(575,737)	(2,065,635)
Increase (decrease) in net assets resulting from capital share transactions	(385,649)	(1,510,128)	(461,212)	(1,942,616)
Increase (decrease) in net assets	(1,998,992)	(1,467,512)	(2,511,175)	(2,471,962)
Net assets				
Beginning of year	3,129,147	4,596,659	3,832,774	6,304,736
End of year	<u>\$ 1,130,155</u>	<u>\$ 3,129,147</u>	<u>\$ 1,321,599</u>	<u>\$ 3,832,774</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
2001	2000	2001	2000	2001	2000
\$ 142,216	\$ (364,795)	\$ (48,431)	\$ (25,445)	\$ 669,051	\$ 734,527
399,441	1,116,337	357,865	(672,446)	(922,769)	(398,917)
(7,722)	(373,138)	(74,662)	174,869	(1,244,527)	1,327,464
2,090,287	1,007,414	—	(24,379)	(1,061,143)	(35,380)
<u>(2,975,805)</u>	<u>2,809,920</u>	<u>93,600</u>	<u>209,660</u>	<u>1,116,373</u>	<u>1,484,546</u>
<u>(351,583)</u>	<u>4,195,738</u>	<u>328,372</u>	<u>(337,741)</u>	<u>(1,443,015)</u>	<u>3,112,240</u>
7,791,172	3,044,586	5,434,806	489,842	37,963,008	1,347,888
<u>(7,686,303)</u>	<u>(622,499)</u>	<u>(862,111)</u>	<u>(224,122)</u>	<u>(20,059,019)</u>	<u>(5,746,915)</u>
104,869	2,422,087	4,572,695	265,720	17,903,989	(4,399,027)
(246,714)	6,617,825	4,901,067	(72,021)	16,460,974	(1,286,787)
12,414,575	5,796,750	1,300,282	1,372,303	23,677,075	24,963,862
<u>\$12,167,861</u>	<u>\$12,414,575</u>	<u>\$6,201,349</u>	<u>\$1,300,282</u>	<u>\$ 40,138,049</u>	<u>\$23,677,075</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

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>
Investments in securities, at market			
Common Stocks			
United States			
Aerospace/Defense Equipment			
General Dynamics Corp.	10,700	7.0%	\$ 852,148
United Technologies Corporation	13,900	7.4%	898,357
Other		2.4%	287,496
Auto/Truck Parts & Equipment			
Biomedical/Genetics/Therapeutics		4.5%	543,400
Xoma Ltd.			
Other	64,000	5.2%	630,400
Other		11.8%	1,432,477
Casino Hotels			
MTR Gaming Corp.	37,800	5.0%	604,800
Chemical – Specialty			
Energy/Coal		0.9%	108,652
Energy/Coal		2.2%	273,636
Energy/Electric Integrated			
Conectiv Inc.	26,400	5.3%	646,536
The Southern Company	25,700	5.4%	651,495
Other		9.5%	1,153,311
Internet			
Other		2.5%	299,382
Oil Refining & Marketing			
Valero Energy Corp.	18,900	5.9%	720,468
Retail/Department Store			
Sears Roebuck & Co	13,100	5.1%	624,084
Satellite Telecom			
Other		5.9%	727,115
Transport Services			
Fedex Corp.	13,300	5.7%	690,004
Transport/Equipment & Leasing			
Other		4.5%	546,336
Waste Disposal			
Waste Management Inc.	23,200	6.1%	740,312
Other		7.1%	868,025
Water			
Philadelphia Suburban Corporation	28,375	5.2%	639,856
Other		2.1%	259,250
Total United States (cost \$13,480,721)		<u>116.7%</u>	<u>\$ 14,197,540</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

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>
Investments in securities, at market			
Common Stocks (continued)			
Canada			
Beverages/Non Alcoholic		4.7%	\$ 578,760
Computers		3.1%	375,000
Total Canada (cost \$727,037)		<u>7.8%</u>	<u>953,760</u>
Total common stocks (cost \$14,207,758)		124.5%	15,151,300
Debt Securities			
United States			
Global Crossing (cost \$435,727)		<u>0.8%</u>	<u>100,801</u>
Total investments in securities (cost \$14,643,485)		<u>125.3%</u>	<u>\$15,252,101</u>
Securities sold short, at market			
Common Stocks			
United States			
Biomedical/Genetics/Therapeutics		2.0%	\$ 237,825
Cable TV		1.7%	212,400
Computers			
International Business Machines	6,700	6.7%	810,432
Maxim Integrated Products	12,300	5.3%	645,873
Other		2.2%	273,463
Diversified Manufacturing			
General Electric Co.	18,400	6.1%	737,472
Energy/Pipelines		3.5%	423,795
Finance/Credit Card			
Capital One Financial Group	19,000	8.4%	1,025,050
Other		3.0%	366,080
Internet – Retail		4.1%	495,556
Internet – Software			
America Online Inc.	28,800	7.6%	924,480
Investment Banker/Broker			
Goldman Sachs Group Inc.	14,000	10.6%	1,298,500
Morgan Stanley Dean Witter	14,000	6.4%	783,160
Other		4.1%	495,040

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

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>
Securities sold short, at market			
Common Stocks (continued)			
Investment Management/Advisory Service			
Stillwell Financial Inc.	44,600	10.0%	\$ 1,214,012
Waddell & Reed Financial	34,400	9.1%	1,107,680
Retail/Building Products		2.0%	244,848
Telecommunication/Equipment/Services		<u>3.3%</u>	<u>399,690</u>
Total United States (proceeds \$12,494,715)		<u>96.1%</u>	<u>11,695,356</u>
Canada			
Biomedical/Genetics/Therapeutics		3.1%	373,527
Energy/Alternative		<u>2.4%</u>	<u>289,786</u>
Total Canada (proceeds \$731,296)		<u>5.5%</u>	<u>663,313</u>
France			
Telecommunication/Equipment/Services (proceeds \$351,723)		<u>2.1%</u>	<u>249,905</u>
Spain			
Telephone Integrated (proceeds \$540,881)		<u>3.4%</u>	<u>421,161</u>
United Kingdom			
Multimedia (proceeds \$448,945)		<u>3.0%</u>	<u>365,939</u>
Total securities sold short (proceeds \$14,567,560)		<u>110.1%</u>	<u>\$13,395,674</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments

Friedberg Global Opportunities Fund Ltd. —

This condensed schedule of portfolio investments represents Friedberg Global Opportunities Fund Ltd.'s (the "Fund") proportionate share of the investments held by the Friedberg International Securities Fund LP, of which the Fund holds approximately 71.68% of the outstanding units (fair value of \$2,724,600).

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market		
Common Stocks		
China		
Other (cost \$565,080)	9.2%	\$ 568,904
Canada		
Other (cost \$123,213)	2.0%	121,829
New Zealand		
Other (cost \$33,974)	0.5%	34,467
Panama		
Other (cost \$83,268)	<u>1.2%</u>	<u>74,395</u>
Total investments in securities (cost \$805,535)	<u>12.9%</u>	<u>\$ 799,595</u>
Securities sold short, at market		
Common Stocks		
Japan		
Other (proceeds \$1,242,022)	<u>16.7%</u>	<u>\$1,038,498</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

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			
U.S. Treasury Note 3.625% due April 15, 2028 (cost \$30,438,674)	\$28,158,000	79.0%	<u>\$31,703,842</u>
Canada			
Government			
Government of Canada 4.25% due December 1, 2026 (cost \$4,106,242)	5,362,000 (in Canadian Dollars)	10.1%	<u>4,043,270</u>
Total investments in bond securities (cost \$34,544,916)		<u>89.1%</u>	<u>\$35,747,112</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Establishment of the Corporations

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 "Funds") are open-ended private investment

corporations governed by the Companies Laws (2001 Revision) of the Cayman Islands incorporated as exempted companies on the following dates:

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

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 parent of FCMI, and Friedberg Mercantile Group Inc. ("FMGI"), a wholly owned subsidiary of FMG, serve as brokers to the Funds.

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. These funds have not adopted any specific investment limitations or trading restrictions.*

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

This 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. This fund balances long and short positions in an attempt to eliminate systematic or market risk. This fund has not adopted any specific investment limitations or trading restrictions.*

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

This 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. This fund may trade actively, engage in short sales and employ arbitrage strategies between various markets, countries or instruments. This 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.*

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

This 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 corporate bonds denominated in a variety of currencies. This fund has adopted certain investment restrictions that are detailed in its Information Memorandum dated July 1, 1998.

* These funds have suspended accepting new investors.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

The financial statements are expressed in United States dollars and 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 investments in securities and securities sold short that are listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year. Other securities traded in the over the counter markets and listed securities for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "asked" price if sold short. 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 commissions 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 their proprietary trading activities. The Funds record their derivative activities at market or fair value. Gains and losses from derivative financial

instruments are included in net gain (loss) on investments in the statements 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 statements of operations.

The Funds do not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations from changes in market prices of investments held. Such fluctuations are included in net gain (loss) on investments in the statements of operations.

Investment Transactions

Investment transactions are accounted for on a trade date basis. Dividends are recorded on the ex-dividend date and interest is recognized on the 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

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

2. DUE TO/FROM BROKER

Amounts due from broker may be restricted to the extent that they serve as deposits for securities sold short. Amounts due to broker that represent margin borrowings are collateralized by certain marketable securities.

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 their trading activities. At December 31, 2001 and 2000, 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 statements of assets and liabilities and is not represented by the contract of notional amounts of the instruments. The Funds' credit risk is concentrated with FMGI, FMG and Goldman Sachs, which are the sole counterparties or brokers to all of the Funds' assets and transactions.

NOTES TO FINANCIAL STATEMENTS

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

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. 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 Funds' 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 and 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 Funds.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

During the years ended December 31, 2001 and 2000, 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)	
	2001	2000	2001	2000	2001	2000
SHAREHOLDERS' EQUITY						
Share capital	\$1,844,852	\$2,340,257	\$ 344,577	\$234,821	\$3,733,815	\$4,300,692
Retained earnings (deficit), beginning of year	485,471	511,453	68,598	—	(609,133)	(61,591)
Net increase (decrease) in net assets resulting from operations	(1,367,151)	(25,982)	(246,192)	68,598	(1,899,767)	(547,542)
Retained earnings (deficit), end of year	(881,680)	485,471	(177,594)	68,598	(2,508,900)	(609,133)
Balance, end of year	\$ 963,172	\$2,825,728	\$ 166,983	\$303,419	\$ 1,224,915	\$3,691,559
NUMBER OF SHARES						
Outstanding, beginning of year ...	2,568.98	4,619.19	275.85	—	3,740.31	6,302.91
Issued during the year	—	—	135.63	275.85	7.63	—
Redeemed during the year	(447.69)	(2,050.21)	(43.69)	—	(568.82)	(2,562.60)
Outstanding, end of year	2,121.29	2,568.98	367.79	275.85	3,179.12	3,740.31
Weighted average number of shares outstanding for the year	2,293.91	3,512.17	353.17	164.78	3,330.64	4,672.67

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

	Friedberg Currency Fund II Ltd. (Class B)		Friedberg Equity Hedge Fund Ltd. (Class A)		Friedberg Equity Hedge Fund Ltd. (Class B)	
	2001	2000	2001	2000	2001	2000
SHAREHOLDERS' EQUITY						
Share capital	\$ 228,684	\$ 123,019	\$ (953,704)	\$ 5,362,057	\$ 8,751,317	\$ 2,330,687
Retained earnings (deficit), beginning of year	18,196	—	3,291,248	525,381	1,430,583	712
Net increase (decrease) in net assets resulting from operations	(150,196)	18,196	(166,158)	2,765,867	(185,425)	1,429,871
Retained earnings (deficit), end of year	(132,000)	18,196	3,125,090	3,291,248	1,245,158	1,430,583
Balance, end of year	\$ 96,684	\$ 141,215	\$ 2,171,386	\$ 8,653,305	\$ 9,996,475	\$ 3,761,270
NUMBER OF SHARES						
Outstanding, beginning of year	143.08	—	4,631.13	5,043.90	2,012.98	2.23
Issued during the year	115.35	143.08	—	—	4,228.73	2,031.83
Redeemed during the year	(7.48)	—	(3,438.18)	(412.77)	(749.69)	(21.08)
Outstanding, end of year	250.95	143.08	1,192.95	4,631.13	5,492.02	2,012.98
Weighted average number of shares outstanding for the year	181.12	74.78	4,215.24	4,788.94	2,323.69	940.97

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

	Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.	
	2001	2000	2001	2000
SHAREHOLDERS' EQUITY				
Share capital.....	\$ 8,053,765	\$ 3,481,070	\$41,825,513	\$23,921,524
Retained earnings (deficit), beginning of year	(2,180,788)	(1,843,047)	(244,449)	(3,356,689)
Net increase (decrease) in net assets resulting from operations	328,372	(337,741)	(1,443,015)	3,112,240
Retained earnings (deficit), end of year	(1,852,416)	(2,180,788)	(1,687,464)	(244,449)
Balance, end of year	\$ 6,201,349	\$ 1,300,282	\$40,138,049	\$23,677,075
NUMBER OF SHARES				
Outstanding, beginning of year	2,800.65	2,213.55	21,933.58	26,429.08
Issued during the year.....	8,980.83	1,011.48	36,797.15	1,358.67
Redeemed during the year	(1,428.74)	(424.38)	(19,585.55)	(5,854.17)
Outstanding, end of year	10,352.74	2,800.65	39,145.18	21,933.58
Weighted average number of shares outstanding for the year.....	3,532.22	2,524.39	24,331.09	24,176.80

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. 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 each fund at the end of the applicable period and the net asset value of

each 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 management fee rate for Friedberg Equity Hedge Fund Ltd., for the year ended December 31, 2000 and for the period January 1, 2001 to June 30, 2001 was 2%. The management fee rate for the period July 1, 2001 to December 31, 2001 was 1.5%.

The incentive fee rate for Friedberg Equity Hedge Fund Ltd., for the year ended December 31, 2000 and for the period January 1, 2001 to June 30, 2001 was 10%. The incentive fee rate for the period July 1, 2001 to December 31, 2001 was 20%.

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

	Annual Management Fee Rate	Annual Incentive Fee Rate
Friedberg Currency Fund Ltd.	3.00%	25.00%
Friedberg Currency Fund II Ltd.	—	—
Friedberg Global Opportunities Fund Ltd.	2.00%	20.00%
Friedberg Total Return Fixed Income Fund Ltd.	0.93%	—

Brokerage Commissions

Brokerage commissions paid to FMG and FMGI are netted in the statements of operations against realized gain or loss and are charged at market rates. Brokerage commissions for the years ending December 31, 2001 and 2000 are as follows:

	2001	2000
Friedberg Currency Fund Ltd.	\$ —	\$ —
Friedberg Currency Fund II Ltd.	223,365	290,433
Friedberg Equity Hedge Fund Ltd.	32,925	65,158
Friedberg Global Opportunities Fund Ltd.	268,142	100,021
Friedberg Total Return Fixed Income Fund Ltd.	275,101	97,519

Due from Brokers

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

	FMG		FMGI	
	2001	2000	2001	2000
Friedberg Currency Fund Ltd.	\$2,277,189	\$2,722,886	\$ 211,752	\$205,015
Friedberg Currency Fund II Ltd.	2,858,257	3,637,756	—	—
Friedberg Equity Hedge Fund Ltd.	—	—	1,082,856	383,378
Friedberg Global Opportunities Fund Ltd.	3,232,398	520,654	—	—
Friedberg Total Return Fixed Income Fund Ltd.	3,935,371	1,258,414	—	—

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. 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 brokers of the International Fund are Goldman Sachs and FMGI. The Friedberg Global Opportunities Fund Ltd. 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 Ltd. at December 31, 2001 was 71.68%.

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

Statement of Assets and Liabilities December 31, 2001

ASSETS	
Due from brokers.....	\$4,058,605
Investments in securities, at market value.....	1,115,477
Unrealized gains on open futures contracts.....	56,803
Accounts receivable.....	145,075
Total assets.....	<u>5,375,960</u>
LIABILITIES	
Accounts payable, including contracts awaiting settlement.....	52,630
Securities sold short, at market.....	1,448,760
Unrealized losses on open futures contracts.....	74,753
Total liabilities.....	<u>1,576,143</u>
NET ASSETS	<u>\$3,799,817</u>

Condensed Statement of Operations December 31, 2001

Investment income.....	\$ 103,911
Operating expenses.....	<u>201,982</u>
Net investment income (loss).....	<u>(98,071)</u>
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on marketable securities.....	431,875
Net realized gain (loss) and net change in unrealized appreciation (depreciation) on futures contracts.....	(5,306)
Foreign Currency translation gain (loss).....	<u>(2,903)</u>
	423,666
Net increase in net assets resulting from operations	<u>\$ 325,595</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. 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, 2001 and 2000, the affiliates' ownership ranged from 0% to 87% and 0% to 34%, respectively, of the outstanding shares of each Fund.

Interest Income

Interest paid by FMG to the Friedberg Currency Fund Ltd. for the years ended December 31, 2001

and 2000 is \$84,915 and \$168,096, 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, 2001, Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Global Opportunities Fund Ltd. and Friedberg Total Return Fixed Income Fund Ltd. were charged approximately \$160,868, \$161,135, \$193,241 and \$108,701, respectively, by the brokers as an interest carrying charge for derivatives on U.S. Treasury Inflationary Index Bonds.

7. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended December 31, 2001 and 2000 are as follows:

Friedberg Currency Fund Ltd.

	2001	2000
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	\$1,099.94	\$ 995.12
Income (loss) from investment operations:		
Net investment income (loss).....	(10.80)	148.71
Net gain (loss) on investments	(635.09)	(43.89)
Total from investment operations	(645.89)	104.82
Net asset value, end of year	\$ 454.05	\$1,099.94
Total return		
Total return before incentive fee	(58.7)%	10.5 %
Incentive fee	—	—
Total return after incentive fee	(58.7)%	10.5 %
Ratio to average net assets		
Operating expenses (including interest).....	4.0 %	3.5 %
Incentive fee	—	—
Total expenses	4.0 %	3.5 %
Net investment income (loss)	(1.0)%	2.0 %

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Currency Fund II Ltd.

	2001	2000
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	\$ 986.97	\$1,000.29
Income (loss) from investment operations:		
Net investment income (loss).....	(7.52)	(0.26)
Net gain (loss) on investments	(594.15)	(13.06)
Total from investment operations	(601.67)	(13.32)
Net asset value, end of year	\$ 385.30	\$ 986.97
Total return		
Total return before incentive fee	(61.0)%	(1.3)%
Incentive fee	—	—
Total return after incentive fee	(61.0)%	(1.3)%
Ratio to average net assets.....		
Operating expenses (including interest).....	0.8 %	0.3 %
Incentive fee	—	—
Total expenses	0.8 %	0.3 %
Net investment income (loss)	(0.8)%	(0.3)%

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Equity Hedge Fund Ltd.

	2001	2000
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	\$1,868.51	\$1,148.75
Income (loss) from investment operations:		
Net investment income (loss).....	19.55	(62.61)
Net gain (loss) on investments	(67.88)	782.37
Total from investment operations	(48.33)	719.76
Net asset value, end of year	\$1,820.18	\$1,868.51
Total return		
Total return before incentive fee	(2.5)%	69.6 %
Incentive fee	(0.1)	(7.0)
Total return after incentive fee	(2.6)%	62.6 %
Ratio to average net assets		
Operating expenses (including interest).....	3.5 %	4.0 %
Incentive fee	0.2 %	5.2
Total expenses	3.7 %	9.2 %
Net investment income (loss)	1.2 %	(4.1)%

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Opportunities Fund Ltd.

	2001 Class A Shares	2000 Class A Shares
Per share operating performance		
Net asset value, beginning of year	<u>\$464.28</u>	\$ 619.96
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(19.87)</u>	(11.73)
Net gain (loss) on investments	<u>154.60</u>	(143.95)
Total from investment operations	<u>134.73</u>	(155.68)
Net asset value, end of year	<u>\$599.01</u>	\$ 464.28
Total return		
Total return before incentive fee	29.0 %	(25.1)%
Incentive fee	—	—
Total return after incentive fee	<u>29.0 %</u>	<u>(25.1)%</u>
Ratio to average net assets		
Operating expenses (including interest).....	2.1 %	2.5 %
Incentive fee	—	—
Total expenses	<u>2.1 %</u>	<u>2.5 %</u>
Net investment income (loss)	<u>(2.1)%</u>	<u>(2.2)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Total Return Fixed Income Fund Ltd.

	<u>2001</u> <u>Class A Shares</u>	<u>2000</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year	<u>\$1,079.49</u>	\$ 944.56
Income (loss) from investment operations:		
Net investment income (loss).....	<u>25.10</u>	31.85
Net gain (loss) on investments	<u>(79.23)</u>	103.08
Total from investment operations	<u>(54.13)</u>	134.93
Net asset value, end of year	<u>\$1,025.36</u>	<u>\$1,079.49</u>
Total return		
Total return before incentive fee	<u>(5.0)%</u>	14.3 %
Incentive fee	<u>—</u>	—
Total return after incentive fee	<u>(5.0)%</u>	<u>14.3 %</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>1.1 %</u>	1.1 %
Incentive fee	<u>—</u>	—
Total expenses	<u>1.1 %</u>	<u>1.1 %</u>
Net investment income (loss)	<u>3.7 %</u>	<u>4.2 %</u>

Financial highlights are calculated for each permanent, non-managing class or series of common shares. An individual investor's financial highlights may vary based on the timing of capital share transactions.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

8. SUBSEQUENT EVENTS

At December 31, 2001, Friedberg Currency Fund Ltd. and Friedberg Currency Fund II Ltd. (the "Currency Funds") held long forward contracts for 6,392,000 and 7,208,000 Argentina pesos (the "peso"), respectively, with 3,713,000 pesos and 4,187,000 pesos, respectively, bought at 1.08514 pesos to the U.S. dollar and 2,679,000 pesos and 3,021,000 pesos, respectively, bought at 1.07720 pesos to the U.S. dollar. The terms of the contracts required the pesos to be valued on January 3, 2002 and the contracts to be settled on January 7, 2002. In December 2001, financial turmoil and the resignation of 4 presidents put pressure on the peso exchange rate. The uncertainty virtually drained liquidity from the foreign exchange market from mid-December on. The market was officially shut down by the Argentinean government on December 21, 2001, thus preventing the contract from being priced and settled as scheduled. In early January 2002, the government of Argentina declared that it would no longer maintain the peso at par with the United States dollar but would devalue it to 1.40 pesos for each dollar for officially sanctioned transactions and would allow a free float for others. On January 10, 2002, the Currency Funds covered their short U.S. dollar/long peso position at 1.40 pesos to the U.S. dollar in a transaction entered into with principals of FMG. In effect, the principals of FMG capped the Currency Funds' losses at this rate while committing to reimburse the Currency Funds on any gain they may realize on their ultimate settlement of the transaction. The actual loss to Friedberg Currency Fund Ltd. was \$1,342,967 and to Friedberg Currency Fund II Ltd. was \$1,520,316 on the trade. The FMG principals ultimately settled the position at 1.5750 pesos to the U.S. dollar, on January 11, 2002, the day the peso resumed trading. Accounting principles generally accepted in the United States of America require the Currency Funds to recognize the loss on this trade in the calendar year of 2001 even though it settled in January 2002. The loss caused a decline in net asset value for each of the funds of more than 50%.

From January 1, 2002 through June 6, 2002 Friedberg Currency Fund Ltd. received subscriptions of \$5,200,000 and paid redemptions of \$489,615.

From January 1, 2002 through June 6, 2002 Friedberg Currency Fund II Ltd. paid redemptions of \$203,170.

INVESTOR INFORMATION

REGISTERED OFFICE OF THE FUNDS

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George Town, Grand Cayman
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Certified Public Accountants
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Roseland, NJ 07068-1785
Phone (973) 994-6666
Fax (973) 994-0337
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INVESTMENT ADVISOR

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LEGAL ADVISORS

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SUB-ADMINISTRATOR, REGISTRAR AND TRANSFER AGENT

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