

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.

Friedberg Global
Macro-Hedge Fund Ltd.

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

Financial Statements and
Independent Auditors' Report
December 31, 2003 and 2002

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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.,
Friedberg Total Return Fixed Income Fund Ltd. and
Friedberg Global Macro-Hedge 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, 2003 and 2002, 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, 2003 and 2002, 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.

Grand Cayman, Cayman Islands
April 29, 2004, except for Note 8,
which is as of May 31, 2004

Member  Affiliated Offices Worldwide

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2003	2002	2003	2002
Statements of Assets and Liabilities				
Assets				
Investments in securities, at market	\$ —	\$ —	\$ —	\$ —
Investment in Friedberg International Securities Fund LP, at fair value	—	—	—	—
Investments in offshore investment funds, at fair value	—	—	—	—
Cash	606	1,550	606	1,550
Due from brokers and contracts awaiting settlement	9,602,745	7,303,064	1,399,604	1,154,759
Unrealized gains on open derivative contracts	23,060	687,655	—	115,960
Subscriptions receivable	—	—	—	—
Interest and accounts receivable	3,242	4,163	—	—
Total assets	<u>9,629,653</u>	<u>7,996,432</u>	<u>1,400,210</u>	<u>1,272,269</u>
Liabilities				
Securities sold short, at market	—	—	—	—
Accounts payable and accrued expenses	30,927	27,328	117,368	7,499
Redemptions payable	—	35,180	—	—
Due to brokers and contracts awaiting settlement	433,214	—	73,742	—
Unrealized losses on open derivative contracts	—	—	8,400	—
Total liabilities	<u>464,141</u>	<u>62,508</u>	<u>199,510</u>	<u>7,499</u>
Net Assets and Shareholders' Equity	<u>\$9,165,512</u>	<u>\$7,933,924</u>	<u>\$1,200,700</u>	<u>\$1,264,770</u>
Number of shares outstanding				
Class A	932.92	1,082.94	2,248.96	2,589.73
Class B	<u>14,226.17</u>	<u>14,226.17</u>	<u>199.29</u>	<u>199.29</u>
Net asset value per share				
Class A	\$ 604.62	\$ 518.25	\$ 490.43	\$ 453.48
Class B	<u>\$ 604.62</u>	<u>\$ 518.25</u>	<u>\$ 490.43</u>	<u>\$ 453.48</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2003	2002	2003	2002	2003	2002	2003	2002
\$21,582,752	\$15,920,007	\$ —	\$ —	\$66,011,456	\$54,308,915	\$ —	\$ —
—	—	3,843,840	3,884,790	—	—	—	—
—	—	—	—	—	—	87,219,581	73,970,668
12,093	7,409	5,369	280,042	682,089	387,321	745	547
1,594,713	14,594,480	1,902,872	4,396,126	231,159	738,889	3,584,440	3,378,819
—	—	235,764	726,128	564,535	1,015,251	436,915	—
—	—	—	—	—	—	408,492	—
3,924	331	—	—	413,876	341,704	—	354
<u>23,193,482</u>	<u>30,522,227</u>	<u>5,987,845</u>	<u>9,287,086</u>	<u>67,903,115</u>	<u>56,792,080</u>	<u>91,650,173</u>	<u>77,350,388</u>
8,733,389	16,748,724	—	—	—	—	—	—
159,255	141,300	8,134	20,788	63,446	58,075	71,128	64,373
—	159,615	—	367,054	—	—	—	—
—	—	—	—	228,786	359,537	—	—
534,888	151,196	—	—	—	—	—	—
<u>9,427,532</u>	<u>17,200,835</u>	<u>8,134</u>	<u>387,842</u>	<u>292,232</u>	<u>417,612</u>	<u>71,128</u>	<u>64,373</u>
<u>\$13,765,950</u>	<u>\$13,321,392</u>	<u>\$5,979,711</u>	<u>\$8,899,244</u>	<u>\$67,610,883</u>	<u>\$56,374,468</u>	<u>\$91,579,045</u>	<u>\$77,286,015</u>
1,167.85	1,192.95	11,301.10	11,328.91	42,767.83	43,624.74	69,133.77	64,039.97
<u>5,668.97</u>	<u>5,840.20</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 2,013.50	\$ 1,894.09	\$ 529.13	\$ 785.53	\$ 1,580.88	\$ 1,292.26	\$ 1,324.66	\$ 1,206.84
<u>\$ 2,013.50</u>	<u>\$ 1,894.09</u>	<u>N/A</u>	<u>N/A</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.	
	2003	2002	2003	2002
Statements of Operations				
Investment income				
Interest	\$ 45,428	\$ 64,137	\$ —	\$ —
Dividends	—	—	—	—
Total investment income	<u>45,428</u>	<u>64,137</u>	<u>—</u>	<u>—</u>
Expenses				
Interest and dividends	—	—	—	—
Incentive fees	—	—	—	—
Management fees	276,495	191,401	—	—
Foreign withholding taxes paid	—	—	—	—
Professional fees and other	11,696	42,264	22,520	28,520
Total expenses	<u>288,191</u>	<u>233,665</u>	<u>22,520</u>	<u>28,520</u>
Net investment income (loss)	<u>(242,763)</u>	<u>(169,528)</u>	<u>(22,520)</u>	<u>(28,520)</u>
Net realized and unrealized gain (loss) on investments				
Net realized gain (loss) on derivative contracts	2,228,846	(780,432)	257,965	(1,397,279)
Net change in unrealized appreciation or depreciation on derivative contracts	(664,595)	2,012,718	(124,359)	1,617,757
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation or depreciation on investments	—	—	—	—
Equity in earnings of investments in offshore investment funds	—	—	—	—
Net gain (loss) on investments	<u>\$1,564,251</u>	<u>\$1,232,286</u>	<u>\$ 133,606</u>	<u>\$ 220,478</u>
Increase (decrease) in net assets resulting from operations	<u>\$1,321,488</u>	<u>\$1,062,758</u>	<u>\$ 111,086</u>	<u>\$ 191,958</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2003	2002	2003	2002	2003	2002	2003	2002 ^(a)
\$ 108,582	\$ 177,318	\$ 1,151	\$ 1,213	\$ 1,816,365	\$ 1,498,514	\$ —	\$ —
329,694	273,150	—	—	—	—	—	—
<u>438,276</u>	<u>450,468</u>	<u>1,151</u>	<u>1,213</u>	<u>1,816,365</u>	<u>1,498,514</u>	<u>—</u>	<u>—</u>
334,687	187,750	—	—	—	—	—	—
—	450,644	—	—	—	—	—	—
194,604	208,681	63,557	77,709	584,170	434,957	643,031	492,260
97,591	79,980	—	—	—	—	—	—
33,454	35,667	26,581	34,865	66,973	63,507	32,384	55,707
<u>660,336</u>	<u>962,722</u>	<u>90,138</u>	<u>112,574</u>	<u>651,143</u>	<u>498,464</u>	<u>675,415</u>	<u>547,967</u>
<u>(222,060)</u>	<u>(512,254)</u>	<u>(88,987)</u>	<u>(111,361)</u>	<u>1,165,222</u>	<u>1,000,050</u>	<u>(675,415)</u>	<u>(547,967)</u>
(590,965)	(1,302,690)	(2,278,501)	1,040,584	4,437,626	1,982,609	(2,665,404)	—
(383,692)	(188,332)	(490,364)	632,372	(450,715)	997,751	436,916	—
347,525	520,790	—	—	2,986,852	206,365	776,549	16,039
1,645,598	1,887,678	(40,950)	550,440	4,267,612	6,703,227	—	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,725,894</u>	<u>12,122,767</u>
<u>\$1,018,466</u>	<u>\$ 917,446</u>	<u>\$(2,809,815)</u>	<u>\$2,223,396</u>	<u>\$11,241,375</u>	<u>\$ 9,889,952</u>	<u>\$ 8,273,955</u>	<u>\$12,138,806</u>
<u>\$ 796,406</u>	<u>\$ 405,192</u>	<u>\$(2,898,802)</u>	<u>\$2,112,035</u>	<u>\$12,406,597</u>	<u>\$10,890,002</u>	<u>\$ 7,598,540</u>	<u>\$11,590,839</u>

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2003	2002	2003	2002
Statements of Changes in Net Assets				
Operations				
Net investment income (loss)	\$ (242,763)	\$ (169,528)	\$ (22,520)	\$ (28,520)
Net realized gain (loss) on derivative contracts	2,228,846	(780,432)	257,965	(1,397,279)
Net change in unrealized appreciation or depreciation on derivative contracts	(664,595)	2,012,718	(124,359)	1,617,757
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation or depreciation on investments	—	—	—	—
Equity in earnings of investments in offshore investment funds	—	—	—	—
Increase (decrease) in net assets resulting from operations	<u>1,321,488</u>	<u>1,062,758</u>	<u>111,086</u>	<u>191,958</u>
Capital share transactions				
Issuance of shares	—	6,340,000	—	—
Redemption of shares	(89,900)	(598,989)	(175,156)	(248,787)
Increase (decrease) in net assets resulting from capital share transactions	<u>(89,900)</u>	<u>5,741,011</u>	<u>(175,156)</u>	<u>(248,787)</u>
Increase (decrease) in net assets	<u>1,231,588</u>	<u>6,803,769</u>	<u>(64,070)</u>	<u>(56,829)</u>
Net assets				
Beginning of year	<u>7,933,924</u>	<u>1,130,155</u>	<u>1,264,770</u>	<u>1,321,599</u>
End of year	<u>\$9,165,512</u>	<u>\$7,933,924</u>	<u>\$1,200,700</u>	<u>\$1,264,770</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2003	2002	2003	2002	2003	2002	2003	2002 ^(a)
\$ (222,060)	\$ (512,254)	\$ (88,987)	\$ (111,361)	\$ 1,165,222	\$ 1,000,050	\$ (675,415)	\$ (547,967)
(590,965)	(1,302,690)	(2,278,501)	1,040,584	4,437,626	1,982,609	(2,665,404)	—
(383,692)	(188,332)	(490,364)	632,372	(450,715)	997,751	436,916	—
347,525	520,790	—	—	2,986,852	206,365	776,549	16,039
1,645,598	1,887,678	(40,950)	550,440	4,267,612	6,703,227	—	—
—	—	—	—	—	—	9,725,894	12,122,767
796,406	405,192	(2,898,802)	2,112,035	12,406,597	10,890,002	7,598,540	11,590,839
—	3,485,012	—	1,013,820	2,171,833	10,845,976	10,431,575	66,745,187
(351,848)	(2,736,673)	(20,731)	(427,960)	(3,342,015)	(5,499,559)	(3,737,086)	(1,050,011)
(351,848)	748,339	(20,731)	585,860	(1,170,182)	5,346,417	6,694,489	65,695,176
444,558	1,153,531	(2,919,533)	2,697,895	11,236,415	16,236,419	14,293,029	77,286,015
<u>13,321,392</u>	<u>12,167,861</u>	<u>8,899,244</u>	<u>6,201,349</u>	<u>56,374,468</u>	<u>40,138,049</u>	<u>77,286,015</u>	<u>—</u>
<u>\$13,765,950</u>	<u>\$13,321,392</u>	<u>\$ 5,979,711</u>	<u>\$8,899,244</u>	<u>\$67,610,883</u>	<u>\$56,374,468</u>	<u>\$91,579,044</u>	<u>\$77,286,015</u>

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

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		9.0%	\$ 1,240,413
Application Software		4.9	677,101
Biotechnology			
Imclone Systems Inc.	19,100	5.5	757,506
Other		13.0	1,792,146
Communications Equipment			
Corning Inc.	104,300	7.9	1,087,849
ECI Telecom	161,800	6.7	925,496
Other		9.2	1,259,875
Computer Hardware		4.1	563,960
Construction and Engineering		3.9	535,360
Energy/Electric Integrated			
Entergy Corp.	15,600	6.5	891,228
Southern Company	22,900	5.0	692,725
Other		7.3	1,009,987
Environmental Services		9.2	1,272,049
Healthcare Facilities and Services		5.2	710,527
Industrial Machinery			
CUNO Inc.	17,900	5.9	806,037
Investment Banking and Brokerage		3.9	543,660
Movies and Entertainment		3.7	509,404
Oil Refining and Marketing		5.7	786,268
Real Estate Management			
Catellus REITS	38,236	6.7	922,252
Semiconductor			
Atmel Corp.	140,000	6.1	841,400
Other		4.0	543,850
Specialized Finance		3.4	467,266
Specialty Stores		2.7	365,397
System Software			
Novell Inc.	122,000	9.3	1,284,660
Telecommunications		0.4	51,026
Water			
Aqua America Inc.	46,843	7.5	1,035,230
Total common stocks (cost \$15,526,004)		<u>156.7%</u>	<u>\$21,572,672</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued) —

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investment in securities, at market			
Debt Securities			
United States			
Telecommunications (cost \$382,421)		0.1%	\$ 10,080
Total investments in securities (cost \$15,908,425)		<u>156.8%</u>	<u>\$21,582,752</u>
Securities sold short, at market			
Common Stocks			
United States			
Department Stores		4.3%	\$ 597,702
Diversified Chemicals		4.4	610,337
Household Products			
Colgate-Palmolive Co.	14,000	5.1	700,700
Investment Management/Advisory Service		1.1	147,798
Motorcycle Manufacturer		3.8	522,830
Movie and Entertainment		2.3	310,660
Pharmaceuticals			
Johnson & Johnson	16,600	6.2	857,556
Other		9.7	1,331,687
Publishing			
New York Times Co.	15,900	5.5	759,861
Restaurants		1.9	256,200
Soft Drinks			
Coca Cola Co.	15,500	5.7	786,625
Specialty Chemicals		2.6	359,854
Specialty Stores			
Weight Watchers Inc.	19,400	5.4	744,378
Systems Software			
Microsoft Corp.	27,300	5.4	747,201
Total securities sold short (proceeds \$8,436,493)		<u>63.4%</u>	<u>\$ 8,733,389</u>
		<u>Percentage of Net Assets</u>	<u>Unrealized Depreciation</u>
Derivative Contracts			
Index Futures		<u>3.9%</u>	<u>\$ 534,888</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

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			
United States			
Aerospace/Defense Equipment		15.0%	\$ 1,994,796
Casino Hotels		4.1	554,016
Energy/Electric Integrated			
Entergy Corporation	15,600	5.3	711,204
Other		9.1	1,217,215
Food		3.2	429,257
Medical/Drugs		6.4	852,483
Oil Exploration and Production			
Apache Corp.	12,100	5.2	689,579
Patina Oil & Gas Corporation	24,750	5.9	783,338
XTO Energy Inc.	31,300	5.8	773,110
Other		4.0	532,440
Oil Refining and Marketing			
Valero Energy Corporation	18,900	5.2	698,166
Photography		6.7	886,512
Real Estate		4.9	653,065
Retail/Department Store		3.6	476,605
Software			
Intertrust Technologies Corp.	202,400	6.4	856,152
Telecom			
Corning Incorporated	252,200	6.3	834,782
Transport Services		3.3	433,760
Waste Disposal		8.7	1,163,575
Water			
Philadelphia Suburban Corporation	37,475	5.8	771,985
Other		4.5	592,848
Total common stock (cost \$15,719,919)		<u>119.4</u>	<u>15,904,888</u>
Debt Securities			
United States			
Telecommunications (cost \$435,727)		<u>0.1</u>	<u>15,119</u>
Total investments in securities (cost \$16,155,646)		<u>119.5%</u>	<u>\$15,920,007</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

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			
United States			
Advertising		4.7%	\$ 620,160
Beverages		4.1	552,132
Cable TV		2.9	386,289
Computers			
Intel Corporation	48,100	5.6	748,917
International Business Machines Corporation	12,300	7.2	953,260
Other		8.8	1,167,552
Diversified Manufacturing			
General Electric Company	30,100	5.5	732,935
Energy/Pipelines		0.5	64,206
Finance/Credit Card			
MBNA Corporation	39,450	5.6	750,339
Other		3.6	484,436
Finance/Mortgage Loans		3.9	521,073
Food		1.5	204,724
Investment Banker/Broker			
The Goldman Sachs Group, Inc.	12,900	6.6	878,490
Other		7.8	1,037,856
Investment Management/Advisory Service			
Stilwell Financial Inc.	69,300	6.8	905,751
Waddell & Reed Financial, Inc.	50,200	7.4	987,434
Medical/Drugs			
Biovail Corporation	32,500	6.4	858,325
Other		2.9	385,220
Retail/Building Products			
The Home Depot, Inc.	28,100	5.1	673,276
Walgreen Company	35,700	7.8	1,042,083
Super Regional Banks			
The Bank of New York, Company, Inc.	28,100	5.1	673,276
Fleet Boston Financial Corporation	30,300	5.5	736,290
PNC Financial Services Group, Inc.	18,600	5.9	779,340
Other		4.5	605,360
Total securities sold short (proceeds \$20,699,720)		<u>125.7%</u>	<u>\$16,748,724</u>
		Percentage of Net Assets	Unrealized Depreciation
Derivative Contracts			
Index Futures		<u>1.1%</u>	<u>\$ 151,196</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Opportunities Fund Ltd. —

This condensed schedule of portfolio investments represents the 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 76.58% of the outstanding units (fair value of \$3,843,840).

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Common Stocks			
United States			
Other (cost \$722,404)		18.1%	\$1,085,705
Chile			
Electric Utilities Enersis (cost \$330,175)	70,454	8.7	518,539
Japan			
Other (cost \$496,805)		8.3	497,515
Panama			
Other (cost \$91,424)		3.9	231,203
India			
Other (cost \$128,419)		3.8	226,673
United Kingdom			
Other (cost \$182,574)		3.2	188,888
Turkey			
Other (cost \$117,907)		2.8	168,135
New Zealand			
Other (cost \$36,297)		1.8	105,938
Canada			
Integrated Telecommunication Services Counsel Corp	306,320	5.1	306,320
Other		<u>1.4</u>	<u>86,702</u>
Total Canada (cost \$530,871)		6.5	393,022
Israel			
Other (cost \$75,634)		<u>1.3</u>	<u>75,676</u>
Total investments in securities (cost \$2,712,510)		<u>58.4%</u>	<u>\$3,491,294</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Opportunities 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			
South Korea			
Index fund			
MSCI Webs (proceeds \$1,070,868)	51,155	21.4%	\$1,280,932
Japan			
Other (proceeds \$639,661)		11.8	705,568
Ireland			
Other (proceeds \$69,801)		1.4	80,237
Total securities sold short (proceeds \$1,780,330)		<u>34.6%</u>	<u>\$2,066,737</u>

The following derivative contracts are held by the Fund:

	<u>Percentage of Net Assets</u>	<u>Unrealized Gains</u>
Derivative Contracts		
Commodities	3.3%	\$ 196,308
Other	0.7	39,456
Total derivative contracts	<u>4.0%</u>	<u>\$ 235,764</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Opportunities Fund Ltd. (continued) —

The condensed schedule of investments represents the 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 75.40% of the outstanding units (fair value of \$3,884,790).

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market		
Common Stocks		
China		
Other (cost \$353,324)	3.6%	\$ 318,825
Turkey		
Other (cost \$382,395)	3.4	303,108
India		
Other (cost \$93,404)	1.4	122,922
Canada		
Other (cost \$106,459)	1.4	121,061
Norway		
Other (cost \$91,471)	1.2	105,362
Panama		
Other (cost \$178,508)	1.0	92,629
Japan		
Other (cost \$97,059)	1.0	87,744
New Zealand		
Other (cost \$35,737)	<u>0.5</u>	<u>46,033</u>
Total investments in securities (cost \$1,338,357)	<u>13.5%</u>	<u>\$1,197,684</u>
Securities sold short, at market		
Common Stocks		
Japan		
Other (proceeds \$1,899,937)	20.8%	\$1,847,546
South Korea		
Other (proceeds \$123,841)	1.4	124,523
United Kingdom		
Other (proceeds \$115,325)	<u>0.5</u>	<u>45,706</u>
Total securities sold short (proceeds \$2,139,103)	<u>22.7%</u>	<u>\$2,017,775</u>

The following derivative contracts are held by the Fund:

	<u>Percentage of Net Assets</u>	<u>Unrealized Gains</u>
Derivative Contracts		
Commodities	5.5%	\$ 486,807
Other	<u>2.7</u>	<u>239,321</u>
Total derivative contracts	<u>8.2%</u>	<u>\$ 726,128</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

Condensed Schedules of Portfolio Investments (continued)

Friedberg Total Return Fixed Income Fund Ltd. —

	<u>Principal Amount</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Debt Securities			
United States			
Government			
U.S. Treasury Inflation-Protected Securities 3.625% due April 15, 2028	\$25,422,000	53.2%	\$36,007,306
U.S. Treasury Inflation-Protected Securities 3.875% due April 15, 2029	3,228,000	7.0	4,704,568
U.S. Treasury Bond 1.75% due December 31, 2004	13,420,000	<u>20.0</u>	<u>13,485,003</u>
Total United States (cost \$45,892,483)		80.2	54,196,877
Canada			
Government			
Government of Canada Real Return Bonds 4.25% due December 1, 2026 (cost \$4,106,242)	5,362,000 (in Canadian Dollars)	9.0	6,065,855
Argentina			
Government (cost \$2,380,678)		<u>4.0</u>	<u>2,740,848</u>
Total debt securities (cost \$52,379,403)		<u>93.2</u>	<u>63,003,580</u>
Common Stocks			
Canada			
Other (cost \$1,459,019)		<u>4.4</u>	<u>3,007,876</u>
Total investments in securities (cost \$53,838,422)		<u>97.6%</u>	<u>\$66,011,456</u>
		Percentage of Net Assets	Unrealized Appreciation
Derivative Contracts			
Currency Forward		<u>0.8%</u>	<u>\$ 564,535</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

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

	<u>Principal Amount</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Debt Securities			
United States			
Government			
U.S. Treasury Inflation-Protected Securities 3.625% due April 15, 2028	\$34,030,000	79.4%	\$44,746,749
U.S. Treasury Inflation-Protected Securities 3.875% due April 15, 2029	3,228,000	<u>7.7</u>	<u>4,356,273</u>
Total United States (cost \$41,716,308)		87.1	49,103,022
Canada			
Government			
Government of Canada Real Return Bonds 4.25% due December 1, 2026 (cost \$4,106,242)	5,362,000 (in Canadian Dollars)	<u>8.1</u>	<u>4,560,138</u>
Total debt securities (cost \$45,822,550)		95.2	53,663,160
Common Stocks			
Canada			
Other (cost \$580,943)		<u>1.1</u>	<u>645,755</u>
Total investments in securities (cost \$46,403,493)		<u>96.3%</u>	<u>\$54,308,915</u>
		<u>Percentage of Net Assets</u>	<u>Unrealized Appreciation</u>
Derivative Contracts			
Currency Futures		<u>1.8%</u>	<u>\$ 1,015,251</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Macro-Hedge Fund Ltd. —

	2003		2002	
	Percentage of Net Assets	Fair Value	Percentage of Net Assets	Fair Value
Investments in offshore investment funds, at fair value				
Cayman Islands				
Friedberg Currency Fund Ltd.*	9.3%	\$ 8,538,806	9.4%	\$ 7,299,919
Friedberg Currency Fund II Ltd.	0.0	40,931	0.0	7,351
Friedberg Equity Hedge Fund Ltd.*	11.8	10,783,038	11.3	8,716,034
Friedberg Total Return Fixed Income Fund Ltd.*	66.3	60,680,435	64.9	50,172,589
Friedberg Global Opportunities Fund Ltd.*	5.7	5,230,428	10.1	7,774,775
Refco Shinx Managed Futures Index Fund Ltd.	2.1	1,945,943	—	—
Total investments in offshore investment funds (cost \$65,370,919 and \$61,847,901 in 2003 and 2002, respectively)	<u>95.2%</u>	<u>\$87,219,581</u>	<u>95.7%</u>	<u>\$73,970,668</u>
	Percentage of Net Assets	Unrealized Appreciation		
Derivative Contracts				
Commodities	0.4	\$ 368,203		
Debt	0.1	68,712		
	<u>0.5%</u>	<u>\$ 436,915</u>		

* The condensed schedule of investments for the funds which represent greater than 5% of the Friedberg Global Macro-Hedge Fund Ltd. investments can be found on pages 8-16.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

Condensed Schedules of Portfolio Investments (continued)

Friedberg Currency Fund Ltd. —

	<u>Percentage of Net Assets</u>	<u>Unrealized Appreciation</u>
Derivative Contracts		
Currency Forward	<u>0.3%</u>	<u>\$23,060</u>

Friedberg Currency Fund II Ltd. —

	<u>Percentage of Net Assets</u>	<u>Unrealized Depreciation</u>
Derivative Contracts		
Currency Forward	<u>0.7%</u>	<u>\$ 8,400</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Currency Fund Ltd. —

	<u>Percentage of Net Assets</u>	<u>Unrealized Appreciation</u>
Derivative Contracts		
Currency Forward	<u>8.7%</u>	<u>\$687,655</u>

Friedberg Currency Fund II Ltd. —

	<u>Percentage of Net Assets</u>	<u>Unrealized Appreciation</u>
Derivative Contracts		
Currency Forward	<u>9.2%</u>	<u>\$115,960</u>

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., Friedberg Total Return Fixed Income Fund Ltd. and Friedberg Global Macro-Hedge 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 Global Macro-Hedge Fund Ltd.	November 21, 2001

Friedberg Commodity Management Inc. (“FCMI”) is the Investment Advisor to the Funds. FCMI Financial Services (Cayman) Ltd., an affiliate of Friedberg Mercantile Group Ltd. (“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.

making extensive use of leverage. The 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.*

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, while

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

This fund seeks total investment return, consisting of a combination of interest income, currency gains

* These funds have suspended accepting new investments, except for additional investments from the Friedberg Global-Macro Hedge Fund Ltd.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

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.

(e) Friedberg Global Macro-Hedge Fund Ltd.

This fund is a fund of funds that will allocate its assets among several Cayman Islands open-end private investment companies sponsored, operated and managed by non-U.S. affiliates of FMG. These companies, referred to as the "Multi-Sector Funds", currently consist of the following funds: Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Total Return Fixed Income Fund Ltd., Friedberg Equity Hedge Fund Ltd. and Friedberg Global Opportunities Fund Ltd. Other investment vehicles managed by the Investment Advisor may be added to the universe of Multi-Sector Funds among which Friedberg Global Macro-Hedge Fund Ltd. assets may be allocated. In addition, at December 31, 2003, the fund had invested approximately 2% of its net assets in Refco SPHINX Managed Futures Index Fund Ltd. ("Refco SPHINX"). The controlling shareholder of the investment manager and commodity pool operator ("CPO") of Refco SPHINX indirectly owns fifty percent of the shares of FMG. The CPO allocates assets of Refco SPHINX to SPHINX Managed Futures Ltd., which is managed by an arms-length manager.

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.

Valuation of Investments of Forward and Futures 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.

Valuation of Investments in Offshore Investment Funds

Investments in offshore investment funds are valued by Management at fair value utilizing the latest audited financial statements of such entities, unless Management determines some other valuation is more appropriate. Substantially all of the underlying investments of the offshore funds are comprised of cash equivalents and readily marketable securities.

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.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

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 at the option of the holder at the net asset value on their date of redemption less a predetermined

redemption charge. Effective October 28, 2002, all Fund Shares can be purchased and redeemed on the first business day of every week and the last business day of every month. 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, 2003 and 2002, 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

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

3. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK (continued)

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 or notional amounts of the instruments. The Funds' credit risk is concentrated with FMGI, FMG, JP Morgan and Goldman Sachs, which are the sole counterparties or brokers to all of the Funds' assets and transactions.

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
Friedberg Global Macro-Hedge Fund Ltd.	December 4, 2021

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 was 1% of redemption proceeds. Effective October 28, 2002, the redemption charge for all funds is $\frac{3}{4}$ of 1%.

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, 2003 and 2002, 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)	
	2003	2002	2003	2002	2003	2002
SHAREHOLDERS' EQUITY						
Share capital.....	\$1,256,734	\$1,346,634	\$6,583,806	\$6,583,806	\$3,372,866	\$3,548,022
Retained earnings (deficit), beginning of year	(758,814)	(881,680)	762,298	(177,594)	(2,373,626)	(2,508,900)
Increase (decrease) in net assets resulting from operations.....	88,488	122,866	1,233,000	939,892	103,722	135,274
Retained earnings (deficit), end of year	(670,326)	(758,814)	1,995,298	762,298	(2,269,904)	(2,373,626)
Balance, end of year	\$ 586,408	\$ 587,820	\$8,579,104	\$7,346,104	\$1,102,962	\$1,174,396
NUMBER OF SHARES						
Outstanding, beginning of year.....	1,082.94	2,121.29	14,226.17	367.79	2,589.73	3,179.12
Issued during the year.....	—	—	—	14,085.71	—	—
Redeemed during the year.....	(150.02)	(1,038.35)	—	(227.33)	(340.77)	(589.39)
Outstanding, end of year.....	932.92	1,082.94	14,226.17	14,226.17	2,248.96	2,589.73
Weighted average number of shares outstanding for the year.....	1,020.95	1,412.70	14,226.17	10,806.82	2,358.03	2,829.24

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)	
	2003	2002	2003	2002	2003	2002
SHAREHOLDERS' EQUITY						
Share capital	\$165,690	\$ 165,690	\$ (998,284)	\$ (953,704)	\$ 9,192,388	\$ 9,499,656
Retained earnings (deficit), beginning of year	(75,316)	(132,000)	3,213,254	3,125,090	1,562,186	1,245,158
Increase (decrease) in net assets resulting from operations	7,364	56,684	136,498	88,164	659,908	317,028
Retained earnings (deficit), end of year	(67,952)	(75,316)	3,349,752	3,213,254	2,222,094	1,562,186
Balance, end of year	\$ 97,738	\$ 90,374	\$2,351,468	\$2,259,550	\$11,414,482	\$11,061,842
NUMBER OF SHARES						
Outstanding, beginning of year ..	199.29	250.95	1,192.95	1,192.95	5,840.20	5,492.02
Issued during the year	—	—	—	—	—	1,801.25
Redeemed during the year	—	(51.66)	(25.10)	—	(171.23)	(1,453.07)
Outstanding, end of year	199.29	199.29	1,167.85	1,192.95	5,668.97	5,840.20
Weighted average number of shares outstanding for the year	199.29	211.21	1,177.20	1,192.95	5,755.72	5,829.84

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.		Friedberg Global Macro-Hedge Fund Ltd.	
	2003	2002	2003	2002	2003	2002 ^(a)
SHAREHOLDERS' EQUITY						
Share capital.....	\$8,618,894	\$8,639,625	\$46,001,748	\$47,171,930	\$72,389,666	\$65,695,176
Retained earnings (deficit), beginning of year.....	259,619	(1,852,416)	9,202,538	(1,687,464)	11,590,839	—
Increase (decrease) in net assets resulting from operations.....	(2,898,802)	2,112,035	12,406,597	10,890,002	7,598,540	11,590,839
Retained earnings (deficit), end of year.....	(2,639,183)	259,619	21,609,135	9,202,538	19,189,379	11,590,839
Balance, end of year.....	\$5,979,711	\$8,899,244	\$67,610,883	\$56,374,468	\$91,579,045	\$77,286,015
NUMBER OF SHARES						
Outstanding, beginning of year.....	11,328.91	10,352.74	43,624.74	39,145.18	64,039.97	—
Issued during the year.....	—	1,562.33	1,488.32	9,048.70	8,182.83	64,980.79
Redeemed during the year.	(27.81)	(586.16)	(2,345.23)	(4,569.14)	(3,089.03)	(940.82)
Outstanding, end of year....	11,301.10	11,328.91	42,767.83	43,624.74	69,133.77	64,039.97
Weighted average number of shares outstanding for the year.....	11,310.37	10,877.21	43,717.97	40,450.85	67,721.61	56,110.06

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

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 and also the net capital contributions received and the redemptions paid during the period.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS (continued)

The rates applicable to the determination of the management fee and incentive fee for the other 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 Currency Fund II Ltd.	—	—
Friedberg Global Opportunities Fund Ltd.	2.00%	20.00%
Friedberg Equity Hedge Fund Ltd.	1.50%	20.00%
Friedberg Total Return Fixed Income Fund Ltd.	0.93%	—
Friedberg Global Macro-Hedge Fund Ltd.	0.75%	—

Brokerage Commissions

Brokerage commissions paid to FMG and FMGI are netted in the statements of operations against realized gains or losses and are charged at market rates. Brokerage commissions for the years ending December 31, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Friedberg Currency Fund Ltd.	\$ —	\$ —
Friedberg Currency Fund II Ltd.	151,609	12,254
Friedberg Equity Hedge Fund Ltd.	113,139	52,283
Friedberg Global Opportunities Fund Ltd.	324,319	452,798
Friedberg Total Return Fixed Income Fund Ltd.	349,659	135,891
Friedberg Global Macro-Hedge Fund Ltd.	557,744	—

Due from Brokers

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

	<u>FMG</u>		<u>FMGI</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Friedberg Currency Fund Ltd.	\$9,602,745	\$7,208,432	\$ —	\$ —
Friedberg Currency Fund II Ltd.	1,206,412	1,137,268	—	—
Friedberg Equity Hedge Fund Ltd.	1,382,091	1,104,950	—	—
Friedberg Global Opportunities Fund Ltd.	—	—	1,902,872	4,396,126
Friedberg Total Return Fixed Income Fund Ltd.	231,159	1,718,561	—	—
Friedberg Global Macro-Hedge Fund Ltd.	3,584,440	3,378,819	—	—

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Investment in Friedberg International Securities Fund L.P. ("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, 2003 and 2002 was 76.58% and 75.40%, respectively.

The International Fund charges a management fee at the annual rate of 1% plus the Canadian Gross Sales Tax ("GST") on the net asset value of the fund on the last day of the month. The fee is payable monthly. The International Fund also charges an incentive fee which is calculated and payable semi-annually, equal to 15% of the net new profit plus GST. Unitholders are entitled to redeem some or all of their units as of the last business day of each week and the last business day of any month by written request to the manager and subject to a redemption fee of $\frac{3}{8}$ of 1%.

The Investment strategy of the International Fund is similar to that of the Friedberg Global Opportunities Fund Ltd.

Condensed financial statements of the International Fund for the years ended December 31, 2003 and 2002 are as follows:

Condensed Statements of Assets and Liabilities

	<u>2003</u>	<u>2002</u>
ASSETS		
Due from brokers.....	\$3,213,272	\$6,198,170
Investments in securities, at market.....	4,559,015	1,588,440
Unrealized gains on open futures contracts	—	179,949
Accounts receivable	843	129
Total assets.....	<u>7,773,130</u>	<u>7,966,688</u>
LIABILITIES		
Accounts payable, including contracts awaiting settlement.....	52,224	142,136
Securities sold short, at market	2,698,795	2,676,094
Unrealized losses on open futures contracts.....	2,970	—
Total liabilities	<u>2,753,989</u>	<u>2,818,230</u>
NET ASSETS	<u>\$5,019,141</u>	<u>\$5,148,458</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Condensed Statements of Operations

	<u>2003</u>	<u>2002</u>
Investment income	\$ 45,299	\$ 27,800
Operating expenses.....	<u>171,946</u>	<u>167,591</u>
Net investment income (loss)	<u>(126,647)</u>	<u>(139,791)</u>
Net realized gain (loss) and net unrealized appreciation (depreciation) on marketable securities	<u>(226,533)</u>	(99,100)
Net realized gain (loss) and net in unrealized appreciation (depreciation) on futures contracts	<u>227,194</u>	853,952
Foreign Currency translation gain (loss).....	<u>67,450</u>	<u>134,667</u>
Net gain on investments.....	<u>68,111</u>	<u>889,519</u>
Increase (decrease) in net assets resulting from operations	<u>\$ (58,536)</u>	<u>\$ 749,728</u>

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, 2003 and 2002, the affiliates' ownership ranged from 0% to 93% and 0% to 92%, 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, 2003 and 2002 is \$45,428 and \$64,137, 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, 2003 and 2002, Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Global Opportunities Fund Ltd., Friedberg Total Return Fixed Income Fund Ltd. and Friedberg Global Macro-Hedge Fund Ltd. were charged approximately \$28,000, \$4,000, \$40,000, \$8,000 and \$4,000 in 2003 and \$104,000, \$24,000, \$151,000, \$29,000 and \$0 in 2002, respectively, by the brokers as an interest carrying charge for derivatives on U.S. Treasury Inflation-Protected Securities.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended December 31, 2003 and 2002 are as follows:

Friedberg Currency Fund Ltd.

	2003 Classes A and B	2002 Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	<u>\$518.25</u>	\$454.05
Income (loss) from investment operations:		
Net investment income (loss).....	(15.87)	(10.24)
Net gain (loss) on investments	<u>102.24</u>	<u>74.44</u>
Total from investment operations	<u>86.37</u>	<u>64.20</u>
Net asset value, end of year	<u>\$604.62</u>	<u>\$518.25</u>
Total return		
Total return before incentive fee	16.7 %	14.1 %
Incentive Fee	—	—
Total return after incentive fee	<u>16.7 %</u>	<u>14.1 %</u>
Ratio to average net assets		
Operating expenses (including interest).....	3.2 %	3.7 %
Incentive fee	—	—
Total expenses	<u>3.2 %</u>	<u>3.7 %</u>
Net investment income (loss)	<u>(2.7)%</u>	<u>(2.7)%</u>
Increase (decrease) in net assets resulting from operations.....	<u>14.6 %</u>	<u>16.6 %</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Currency Fund II Ltd.

	2003 Classes A and B	2002 Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	<u>\$453.48</u>	<u>\$385.30</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(7.49)</u>	<u>(10.13)</u>
Net gain (loss) on investments	<u>44.44</u>	<u>78.31</u>
Total from investment operations	<u>36.95</u>	<u>68.18</u>
Net asset value, end of year	<u>\$490.43</u>	<u>\$453.48</u>
Total return		
Total return before incentive fee	<u>8.2 %</u>	<u>17.7 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>8.2 %</u>	<u>17.7 %</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>1.7 %</u>	<u>2.3 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>1.7 %</u>	<u>2.3 %</u>
Net investment income (loss)	<u>(1.7)%</u>	<u>(2.3)%</u>
Increase (decrease) in net assets resulting from operations.....	<u>8.2 %</u>	<u>15.7 %</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Equity Hedge Fund Ltd.

	2003	2002
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	\$1,894.09	\$1,820.18
Income (loss) from investment operations:		
Net investment income (loss).....	(33.30)	(93.43)
Net gain (loss) on investments	152.71	167.34
Total from investment operations	119.41	73.91
Net asset value, end of year	\$2,013.50	\$1,894.09
Total return		
Total return before incentive fee	6.3 %	6.2 %
Incentive fee	—	(2.1)
Total return after incentive fee	6.3 %	4.1 %
Ratio to average net assets		
Operating expenses (including interest).....	5.1 %	3.7 %
Incentive fee	—	2.1
Total expenses	5.1 %	5.8 %
Net investment income (loss)	(1.7)%	(3.7)%
Increase (decrease) in net assets resulting from operations.....	6.1 %	3.0 %

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Opportunities Fund Ltd.

	<u>2003</u> <u>Class A Shares</u>	<u>2002</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year	<u>\$ 785.53</u>	<u>\$599.01</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(7.87)</u>	<u>(9.84)</u>
Net gain (loss) on investments	<u>(248.53)</u>	<u>196.36</u>
Total from investment operations	<u>(256.40)</u>	<u>186.52</u>
Net asset value, end of year	<u>\$ 529.13</u>	<u>\$785.53</u>
Total return		
Total return before incentive fee	<u>(32.6)%</u>	<u>31.1 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>(32.6)%</u>	<u>31.1 %</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>1.2 %</u>	<u>1.6 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>1.2 %</u>	<u>1.6 %</u>
Net investment income (loss)	<u>(1.2)%</u>	<u>(1.6)%</u>
Increase (decrease) in net assets resulting from operations.....	<u>(39.8)%</u>	<u>30.4 %</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Total Return Fixed Income Fund Ltd.

	2003	2002
	Class A Shares	Class A Shares
Per share operating performance		
Net asset value, beginning of year	<u>\$1,292.26</u>	<u>\$1,025.36</u>
Income (loss) from investment operations:		
Net investment income (loss).....	27.11	24.51
Net gain (loss) on investments	<u>261.51</u>	<u>242.39</u>
Total from investment operations	<u>288.62</u>	<u>266.90</u>
Net asset value, end of year	<u>\$1,580.88</u>	<u>\$1,292.26</u>
Total return		
Total return before incentive fee	22.3%	26.0%
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>22.3%</u>	<u>26.0%</u>
Ratio to average net assets		
Operating expenses (including interest).....	1.1%	1.1%
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>1.1%</u>	<u>1.1%</u>
Net investment income (loss)	<u>1.9%</u>	<u>2.2%</u>
Increase (decrease) in net assets resulting from operations.....	<u>20.2%</u>	<u>23.4%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Macro-Hedge Fund Ltd.

	2003	2002^(a)
	Class A Shares	Class A Shares
Per share operating performance		
Net asset value, beginning of period	\$1,206.84	\$1,000.00
Income (loss) from investment operations:		
Net investment income (loss).....	(10.47)	(9.78)
Net gain (loss) on investments	128.29	216.62
Total from investment operations	117.82	206.84
Net asset value, end of period	\$1,324.66	\$1,206.84
Total return		
Total return before incentive fee	9.8 %	20.7 %
Incentive fee	—	—
Total return after incentive fee	9.8 %	20.7 %
Ratio to average net assets		
Operating expenses (including interest).....	0.8 %	0.8 %
Incentive fee	—	—
Total expenses	0.8 %	0.8 %
Net investment income (loss)	(0.8)%	(0.8)%
Increase (decrease) in net assets resulting from operations.....	9.1 %	18.0 %

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

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.

The 2002 ratios of Friedberg Global Macro-Hedge Ltd. have been annualized.

8. SUBSEQUENT EVENTS

Friedberg Currency Fund Ltd. terminated its operations and all Class A and B shares were redeemed as of May 31, 2004. Shareholders were invited to invest in Friedberg Currency Fund II Ltd ("Currency II") as of the same date. Payments to shareholders not investing in Currency II approximated \$439,000.

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