

FRIEDBERG  
MULTI-SECTOR  
FUNDS

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, 2004 and 2003

# **TABLE OF CONTENTS**

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	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Assets and Liabilities	2-3
Statements of Operations	4-5
Statements of Changes in Net Assets	6-7
Statements of Cash Flows	8
Condensed Schedules of Portfolio Investments	9-21
Notes to Financial Statements	22-35

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## Independent Auditors' Report


To the Shareholders of  
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, 2004 and 2003, and the related statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management of the Friedberg Multi-Sector Funds. 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 Friedberg Multi-Sector Funds as of December 31, 2004 and 2003, and the results of their operations, changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Grand Cayman, Cayman Islands  
May 31, 2005

Member  Affiliated Offices Worldwide

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

	Friedberg Currency Fund II Ltd.		Friedberg Equity Hedge Fund Ltd.	
	2004	2003	2004	2003
<b>Statements of Assets and Liabilities</b>				
<b>Assets</b>				
Investments in securities, at market	\$ —	\$ —	\$18,197,066	\$21,582,752
Investments in private investment companies, at fair value	—	—	—	—
Cash	567	606	41,037	12,093
Due from brokers and contracts awaiting settlement	15,559,262	1,399,604	13,733,353	1,594,713
Unrealized gains on open derivative contracts	1,858,695	—	—	—
Subscriptions receivable	—	—	—	—
Other assets	—	—	—	3,924
Total assets	<u>17,418,524</u>	<u>1,400,210</u>	<u>31,971,456</u>	<u>23,193,482</u>
<b>Liabilities</b>				
Securities sold short, at market	—	—	9,611,742	8,733,389
Due to brokers and contracts awaiting settlement	—	73,742	—	—
Accounts payable and accrued expenses	10,000	117,368	112,253	159,255
Incentive fee payable	—	—	575,631	—
Redemption payable	—	—	—	—
Unrealized losses on open derivative contracts	—	8,400	129,724	534,888
Total liabilities	<u>10,000</u>	<u>199,510</u>	<u>10,429,350</u>	<u>9,427,532</u>
<b>Net Assets and Shareholders' Equity</b>	<u>\$17,408,524</u>	<u>\$1,200,700</u>	<u>\$21,542,106</u>	<u>\$13,765,950</u>
<b>Number of shares outstanding</b>				
Class A	2,151.78	2,248.96	1,150.06	1,167.85
Class B	<u>22,116.04</u>	<u>199.29</u>	<u>7,546.31</u>	<u>5,668.97</u>
<b>Net asset value per share</b>				
Class A	\$ 717.35	\$ 490.43	\$ 2,477.14	\$ 2,013.50
Class B	<u>\$ 717.35</u>	<u>\$ 490.43</u>	<u>\$ 2,477.14</u>	<u>\$ 2,013.50</u>

See accompanying notes to financial statements.

Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2004	2003	2004	2003	2004	2003
\$ —	\$ —	\$73,033,039	\$66,011,456	\$ 282,160	\$ —
5,582,881	3,843,840	—	—	120,059,564	87,219,581
24,149	5,369	1,366,220	682,089	618	745
—	1,902,872	1,493,462	231,159	163,538	3,584,440
—	235,764	1,061,250	564,535	—	436,915
—	—	100,000	—	—	408,492
—	—	422,654	413,876	97	—
<u>5,607,030</u>	<u>5,987,845</u>	<u>77,476,625</u>	<u>67,903,115</u>	<u>120,505,977</u>	<u>91,650,173</u>
—	—	—	—	—	—
—	—	—	228,786	—	—
11,677	8,134	71,107	63,446	86,750	71,129
—	—	—	—	—	—
—	—	27,003	—	2,000	—
—	—	—	—	—	—
<u>11,677</u>	<u>8,134</u>	<u>98,110</u>	<u>292,232</u>	<u>88,750</u>	<u>71,129</u>
<u>\$5,595,353</u>	<u>\$5,979,711</u>	<u>\$77,378,515</u>	<u>\$67,610,883</u>	<u>\$120,417,227</u>	<u>\$91,579,044</u>
11,292.96	11,301.10	43,020.25	42,767.83	80,383.27	69,133.77
<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 495.47	\$ 529.13	\$ 1,798.65	\$ 1,580.88	\$ 1,498.04	\$ 1,324.66
<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 II Ltd.		Friedberg Equity Hedge Fund Ltd.	
	2004	2003	2004	2003
<b>Statements of Operations</b>				
<b>Investment income</b>				
Interest	\$ —	\$ —	\$ 118,962	\$ 108,582
Dividends	—	—	315,454	329,694
Total investment income	—	—	434,416	438,276
<b>Expenses</b>				
Interest and dividends	—	—	329,702	334,687
Incentive fees	—	—	618,043	—
Management fees	—	—	278,626	194,604
Foreign withholding taxes paid	—	—	38,103	97,591
Professional fees and other	42,126	22,520	28,922	33,454
Total expenses	42,126	22,520	1,293,396	660,336
<b>Net investment income (loss)</b>	<b>(42,126)</b>	<b>(22,520)</b>	<b>(858,980)</b>	<b>(222,060)</b>
<b>Realized and unrealized gain (loss) on investments</b>				
Net realized gain (loss) on derivative contracts	1,579,509	257,965	(794,265)	(590,965)
Net change in unrealized appreciation or depreciation on derivative contracts	1,867,095	(124,359)	405,164	(383,692)
Net realized gain (loss) on investments	—	—	5,558,770	347,525
Net change in unrealized appreciation or depreciation on investments	—	—	(727,856)	1,645,598
Equity in earnings of investments in private investment companies	—	—	—	—
<b>Net gain (loss) on investments</b>	<b>3,446,604</b>	<b>133,606</b>	<b>4,441,813</b>	<b>1,018,466</b>
<b>Net increase (decrease) in net assets resulting from operations</b>	<b>\$3,404,478</b>	<b>\$111,086</b>	<b>\$3,582,833</b>	<b>\$ 796,406</b>

See accompanying notes to financial statements.

Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2004	2003	2004	2003	2004	2003
\$ —	\$ 1,151	\$1,737,289	\$ 1,816,365	\$ 21,836	\$ —
—	—	—	—	—	—
—	1,151	1,737,289	1,816,365	21,836	—
—	—	—	—	—	—
—	—	—	—	—	—
54,880	63,557	650,313	584,170	788,177	643,031
—	—	—	—	—	—
31,407	26,581	50,970	66,973	24,494	32,384
86,287	90,138	701,283	651,143	812,671	675,415
(86,287)	(88,987)	1,036,006	1,165,222	(790,835)	(675,415)
(297,297)	(2,278,501)	2,080,570	4,437,626	(450,401)	(2,665,404)
(235,764)	(490,364)	496,714	(450,715)	(436,916)	436,916
773	—	1,439,719	2,986,852	5,237,524	776,549
237,913	(40,950)	4,019,341	4,267,612	—	—
—	—	—	—	9,910,904	9,725,894
(294,375)	(2,809,815)	8,036,344	11,241,375	14,261,111	8,273,955
<u>\$(380,662)</u>	<u>\$(2,898,802)</u>	<u>\$9,072,350</u>	<u>\$12,406,597</u>	<u>\$13,470,276</u>	<u>\$7,598,540</u>

# FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund II Ltd.		Friedberg Equity Hedge Fund Ltd.	
	2004	2003	2004	2003
<b>Statements of Changes in Net Assets</b>				
<b>Operations</b>				
Net investment income (loss)	\$ (42,126)	\$ (22,520)	\$ (858,980)	\$ (222,060)
Net realized gain (loss) on derivative contracts	1,579,509	257,965	(794,265)	(590,965)
Net change in unrealized appreciation or depreciation on derivative contracts	1,867,095	(124,359)	405,164	(383,692)
Net realized gain (loss) on investments	—	—	5,558,770	347,525
Net change in unrealized appreciation or depreciation on investments	—	—	(727,856)	1,645,598
Equity in earnings of investments in private investment companies	—	—	—	—
<b>Net change in net assets resulting from operations</b>	<u>3,404,478</u>	<u>111,086</u>	<u>3,582,833</u>	<u>796,406</u>
<b>Capital share transactions</b>				
Issuance of shares	13,005,678	—	4,250,000	—
Redemption of shares	<u>(202,332)</u>	<u>(175,156)</u>	<u>(56,677)</u>	<u>(351,848)</u>
<b>Net change in net assets resulting from capital share transactions</b>	<u>12,803,346</u>	<u>(175,156)</u>	<u>4,193,323</u>	<u>(351,848)</u>
<b>Net change in net assets</b>	16,207,824	(64,070)	7,776,156	444,558
<b>Net assets, beginning of year</b>	<u>1,200,700</u>	<u>1,264,770</u>	<u>13,765,950</u>	<u>13,321,392</u>
<b>Net assets, end of year</b>	<u>\$17,408,524</u>	<u>\$1,200,700</u>	<u>\$21,542,106</u>	<u>\$13,765,950</u>

See accompanying notes to financial statements.

Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2004	2003	2004	2003	2004	2003
\$ (86,287)	\$ (88,987)	\$ 1,036,006	\$ 1,165,222	\$ (790,835)	\$ (675,415)
(297,297)	(2,278,501)	2,080,570	4,437,626	(450,401)	(2,665,404)
(235,764)	(490,364)	496,714	(450,715)	(436,916)	436,916
773	—	1,439,719	2,986,852	5,237,524	776,549
237,913	(40,950)	4,019,341	4,267,612	—	—
—	—	—	—	9,910,904	9,725,894
(380,662)	(2,898,802)	9,072,350	12,406,597	13,470,276	7,598,540
—	—	7,178,642	2,171,833	18,595,797	10,431,575
(3,696)	(20,731)	(6,483,360)	(3,342,015)	(3,227,890)	(3,737,086)
(3,696)	(20,731)	695,282	(1,170,182)	15,367,907	6,694,489
(384,358)	(2,919,533)	9,767,632	11,236,415	28,838,183	14,293,029
5,979,711	8,899,244	67,610,883	56,374,468	91,579,044	77,286,015
<u>\$5,595,353</u>	<u>\$ 5,979,711</u>	<u>\$77,378,515</u>	<u>\$67,610,883</u>	<u>\$120,417,227</u>	<u>\$91,579,044</u>

# FINANCIAL STATEMENTS

(expressed in United States dollars)

Years Ended December 31,

## Statements of Cash Flows

### Friedberg Global Macro-Hedge Fund Ltd. —

	<u>2004</u>	<u>2003</u>
<b>Cash flows from operating activities</b>		
Net change in net assets resulting from operations	\$13,470,276	\$ 7,598,540
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:		
Net change in unrealized appreciation or depreciation on investments	(9,473,989)	(10,162,807)
Changes in operating assets and liabilities:		
Cost of investments in securities, at market	(284,754)	—
Cost of investments in securities, at fair value	(22,926,485)	(3,523,019)
Due from broker	3,420,902	(205,621)
Other assets	—	354
Accrued expenses	17,623	6,754
<b>Net cash used in operating activities</b>	<u>(15,776,427)</u>	<u>(6,285,799)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares, net of change in advance subscriptions and subscriptions receivable	19,004,190	10,023,083
Payments for redemption of shares, net of change in advance redemptions and redemptions payable	<u>(3,227,890)</u>	<u>(3,737,086)</u>
<b>Net cash provided by in financing activities</b>	<u>15,776,300</u>	<u>6,285,997</u>
<b>Net increase (decrease) in cash</b>	(127)	198
<b>Cash, beginning of year</b>	745	547
<b>Cash, end of year</b>	<u>\$ 618</u>	<u>\$ 745</u>

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

## 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>
<b>Investments in securities, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
Energy and Electric Integrated Semiconductors		11.1%	\$ 2,383,772
Advanced Micro Devices	88,700	9.1	1,953,174
Industrial Machinery		5.0	1,076,910
Environmental Service		3.9	848,661
Biotechnology		3.9	838,632
Aerospace and Defense Equipment		3.5	764,544
Specialty Stores		3.2	682,810
Home Builders		3.1	657,488
Oil Refining and Marketing		3.0	648,199
Internet		2.9	628,320
Real Estate Management		2.7	585,562
Office Equipment		2.7	585,144
Water		2.7	576,463
Specialized Finance		2.6	549,816
Computer Hardware		2.3	489,440
Packaging and Containers		2.0	423,555
Construction and Engineering		1.9	411,264
Transportation		1.8	390,271
Health Care Facilities		1.8	380,695
Movies and Entertainment		1.7	370,006
Savings and Loans		1.7	367,836
Application Software		1.4	298,034
Distribution and Wholesale		1.3	286,390
Iron and Steel		1.1	242,792
Communications Equipment		1.0	225,984
<b>Total United States</b> (cost \$12,343,652)		<u>77.4%</u>	<u>\$16,665,762</u>

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

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## Condensed Schedules of Portfolio Investments (continued)

### **Friedberg Equity Hedge Fund Ltd. (continued) —**

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
<b>Investments in securities, at market (continued)</b>		
<b>Canada</b>		
Mining	1.6%	\$ 344,960
Computers	<u>1.0</u>	<u>208,620</u>
<b>Total Canada</b> (cost \$454,667)	<u>2.6</u>	<u>553,580</u>
<b>Chile</b>		
Food (cost \$430,388)	<u>2.0</u>	<u>438,228</u>
<b>Israel</b>		
Telecommunications (cost \$115,439)	<u>1.4</u>	<u>308,789</u>
<b>Germany</b>		
Auto Manufacturers (cost \$221,791)	<u>1.1</u>	<u>230,640</u>
<b>Total common stocks</b> (cost \$13,565,937)	<u>84.5</u>	<u>18,196,999</u>
<b>Debt Securities</b>		
<b>United States</b>		
Telecommunications (cost \$379,521)	<u>0.0</u>	<u>67</u>
<b>Total investments in securities</b> (cost \$13,945,458)	<u>84.5%</u>	<u>\$18,197,066</u>

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

## 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>
<b>Securities sold short, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
Semiconductors			
Intel Corp	77,000	8.4%	\$1,801,030
Pharmaceuticals		8.2	1,772,262
Movie and Entertainment		4.8	1,039,880
Equity Fund		2.8	593,808
Soft Drinks		2.5	528,701
Household Products		2.2	470,672
Airlines		2.1	450,045
Forest Products and Paper		1.9	408,921
Computers		1.5	316,503
Department Stores		1.2	280,269
Specialty Stores		1.0	221,778
<b>Total United States</b> (proceeds \$8,185,763)		<u>36.6</u>	<u>7,883,869</u>
<b>Canada</b>			
Pharmaceuticals		3.4	742,197
Forest Products and Paper		1.1	233,204
<b>Total Canada</b> (proceeds \$1,127,134)		<u>4.5</u>	<u>975,401</u>
<b>Israel</b>			
Pharmaceuticals (proceeds \$640,121)		3.5	752,472
<b>Total securities sold short</b> (proceeds \$9,953,018)		<u>44.6%</u>	<u>\$9,611,742</u>
		<b><u>Percentage of Net Assets</u></b>	<b><u>Unrealized Loss</u></b>
<b>Derivative Contracts – Futures</b>			
Index Futures		<u>0.6%</u>	<u>\$ 129,724</u>

# 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>
<b>Investments in securities, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
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
Energy and Electric Integrated			
Entergy Corp	15,600	6.5	891,228
Southern Company	22,900	5.0	692,725
Other		7.3	1,009,987
Biotechnology			
Imclone Systems Inc.	19,100	5.5	757,506
Other		13.0	1,792,146
Semiconductor			
Atmel Corp	140,000	6.1	841,400
Other		4.0	543,850
Systems Software			
Novell Inc.	122,000	9.3	1,284,660
Environmental Services		9.2	1,272,049
Aerospace and Defense Equipment		9.0	1,240,413
Water			
Aqua America Inc	46,843	7.5	1,035,230
Real Estate Management			
Catellus REITS	38,236	6.7	922,252
Industrial Machinery			
CUNO Inc.	17,900	5.9	806,037
Oil Refining and Marketing		5.7	786,268
Healthcare Facilities and Services		5.2	710,527
Application Software		4.9	677,101
Computer Hardware		4.1	563,960
Investment Banking and Brokerage		3.9	543,660
Construction and Engineering		3.9	535,360
Movies and Entertainment		3.7	509,404
Specialized Finance		3.4	467,266
Specialty Stores		2.7	365,397
Telecommunications		0.4	51,026
<b>Total common stocks (cost \$15,526,004)</b>		<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>
<b>Investments in securities, at market (continued)</b>			
<b>Debt Securities</b>			
<b>United States</b>			
Telecommunications (cost \$382,421)		0.1%	\$ 10,080
<b>Total investments in securities</b> (cost \$15,908,425)		<u>156.8%</u>	<u>\$21,582,752</u>
<b>Securities sold short, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
Pharmaceuticals			
Johnson & Johnson	16,600	6.2%	\$ 857,556
Other		9.7	1,331,687
Soft Drinks			
Coca Cola Co.	15,500	5.7	786,625
Publishing			
New York Times Co.	15,900	5.5	759,861
Specialty Stores			
Weight Watchers Inc.	19,400	5.4	744,378
Systems Software			
Microsoft Corp.	27,300	5.4	747,201
Household Products			
Colgate-Palmolive Co.	14,000	5.1	700,700
Diversified Chemicals		4.4	610,337
Department Stores		4.3	597,702
Motorcycle Manufacturer		3.8	522,830
Specialty Chemicals		2.6	359,854
Movie and Entertainment		2.3	310,660
Restaurants		1.9	256,200
Investment Management and Advisory Service		1.1	147,798
<b>Total securities sold short</b> (proceeds \$8,436,493)		<u>63.4%</u>	<u>\$ 8,733,389</u>
		<u>Percentage of Net Assets</u>	<u>Unrealized Loss</u>
<b>Derivative Contracts — Futures</b>			
Index Futures		3.9%	\$ 534,888

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

## Condensed Schedules of Portfolio Investments (continued)

### Friedberg Global Opportunities Fund Ltd. —

The condensed schedule of investments represents the Fund's proportionate share of the investments held by the Friedberg International Securities Fund, L.P. of which the Fund holds approximately 38.10% of the outstanding units (fair value of \$3,707,994).

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
<b>Investments in securities, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
Other (cost \$407,316)		7.3%	\$ 406,060
<b>Turkey</b>			
Financial			
Turkish Investment Fund (cost \$155,034)	17,755	5.5	309,818
<b>Chile</b>			
Electric Utilities			
Enerjis (cost \$164,268)	35,052	5.3	298,293
<b>Columbia</b>			
Other (cost \$74,809)		2.7	150,632
<b>Canada</b>			
Other (cost \$67,176)		2.5	141,732
<b>Panama</b>			
Other (cost \$45,485)		2.1	119,275
<b>United Kingdom</b>			
Other (cost \$80,293)		1.9	103,715
<b>Israel</b>			
Other (cost \$37,629)		1.0	54,315
<b>Japan</b>			
Other (cost \$53,281)		<u>1.1</u>	<u>58,900</u>
<b>Total investments in securities</b> (cost \$1,085,291)		<u>29.4%</u>	<u>\$1,642,740</u>
<b>Securities sold short, at market</b>			
<b>Common Stocks</b>			
<b>Japan</b>			
Other (proceeds \$187,474)		4.1%	\$ 229,791
<b>South Korea</b>			
Index Fund			
IShares MSCI Index Fund (proceeds \$1,083,196)	50,063	<u>26.2</u>	<u>1,464,354</u>
<b>Total securities sold short</b> (proceeds \$1,270,670)		<u>30.3%</u>	<u>\$1,694,145</u>

See accompanying notes to financial statements.

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

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## Condensed Schedules of Portfolio Investments (continued)

### **Friedberg Global Opportunities Fund Ltd. (continued) —**

	<u>Redemptions Permitted</u>	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
<b>Investment in private investment companies, at fair value</b>			
<b>Cayman Islands offshore corporation</b>			
<b>Capital appreciation</b>			
Friedberg Currency Fund II Ltd. (10.76% owned)	Weekly	33.5%	\$1,874,887
<b>Total investment in private investment companies</b>		33.5%	\$1,874,887
(cost \$1,550,354)			

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2003

## Condensed Schedules of Portfolio Investments (continued)

### **Friedberg Global Opportunities Fund Ltd. (continued) —**

The condensed schedule of investments represents the Fund's proportionate share of the investments held by the Friedberg International Securities Fund, L.P. 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>
<b>Investments in securities, at market</b>			
<b>Common Stocks</b>			
<b>United States</b>			
Other (cost \$722,404)		18.1%	\$1,085,705
<b>Chile</b>			
Electric Utilities			
Enersis (cost \$330,175)	70,454	8.7	518,539
<b>Japan</b>			
Other (cost \$496,805)		8.3	497,515
<b>Panama</b>			
Other (cost \$91,424)		3.9	231,203
<b>India</b>			
Other (cost \$128,419)		3.8	226,673
<b>United Kingdom</b>			
Other (cost \$182,574)		3.2	188,888
<b>Turkey</b>			
Other (cost \$117,907)		2.8	168,135
<b>New Zealand</b>			
Other (cost \$36,297)		1.8	105,938
<b>Canada</b>			
Integrated Telecommunication Services			
Counsel Corp	306,320	5.1	306,320
Other		1.4	86,702
<b>Total Canada</b> (cost \$530,871)		6.5	393,022
<b>Israel</b>			
Other (cost \$75,634)		1.3	75,676
<b>Total investments in securities</b> (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

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## **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>
<b>Securities sold short, at market</b>			
<b>Common Stocks</b>			
<b>South Korea</b>			
Index Fund			
MSCI Webs (proceeds \$1,070,868)	51,155	21.4%	\$1,280,932
<b>Japan</b>			
Other (proceeds \$639,661)		11.8	705,568
<b>Ireland</b>			
Other (proceeds \$69,801)		1.4	80,237
<b>Total securities sold short</b> (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>
<b>Futures Contracts</b>		
Commodities	3.3%	\$ 196,308
Other	0.7	39,456
<b>Total futures contracts</b>	<u>4.0%</u>	<u>\$ 235,764</u>

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

## 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>
<b>Investments in securities</b> , at market			
<b>Debt Securities</b>			
<b>United States</b>			
Government			
U.S. Treasury Inflation-Protected Securities 3.625% due April 15, 2028	\$28,903,000	57.8%	\$44,741,620
U.S. Treasury Inflation-Protected Securities 2% due January 15, 2014	5,900,000	8.2	6,306,940
U.S. Treasury Bond 1.875% due January 31, 2006	5,500,000	7.0	5,445,859
U.S. Treasury Inflation-Protected Securities 3.875% due April 15, 2029	3,078,000	<u>6.3</u>	<u>4,903,621</u>
<b>Total United States</b> (cost \$49,004,168)		79.3	61,398,040
<b>Canada</b>			
Government			
Government of Canada Real Return Bonds 4.25% due December 1, 2026 (cost \$2,689,504)	3,521,000 (in Canadian Dollars)	6.3	4,896,244
<b>Argentina</b>			
Republic of Argentina Boden 2.0% due February 4, 2018 (cost \$3,687,973)	10,700,000 (in Argentine Peso)	<u>5.3</u>	<u>4,104,346</u>
<b>Total debt securities</b> (cost \$55,381,645)		<u>90.9</u>	<u>70,398,630</u>
<b>Common Stocks</b>			
<b>Canada</b>			
Other (cost \$1,459,019)		<u>3.4</u>	<u>2,634,409</u>
<b>Total investments in securities</b> (cost \$56,840,664)		<u>94.3%</u>	<u>\$73,033,039</u>
		<u>Percentage of Net Assets</u>	<u>Unrealized Gains</u>
<b>Derivative Contracts</b>			
Currency Forward		<u>1.4%</u>	<u>\$ 1,061,250</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. (continued) —**

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

# FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

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## Condensed Schedules of Portfolio Investments (continued)

### **Friedberg Currency Fund II Ltd. —**

	<u>2004</u>	
	<u>Percentage of Net Assets</u>	<u>Unrealized Gains</u>
<b>Derivative Contracts</b>		
Currency Forward	<u>10.7%</u>	<u>\$1,858,695</u>

### **Friedberg Currency Fund II Ltd. —**

	<u>2003</u>	
	<u>Percentage of Net Assets</u>	<u>Unrealized Losses</u>
<b>Derivative Contracts</b>		
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,

## Condensed Schedules of Portfolio Investments (continued)

### Friedberg Global Macro-Hedge Fund Ltd. —

	2004		2003	
	Percentage of Net Assets	Fair Value	Percentage of Net Assets	Fair Value
<b>Investments in private investment companies, at fair value</b>				
<b>Cayman Islands</b>				
Friedberg Currency Fund Ltd.	0.0%	\$ —	9.3%	\$ 8,538,806
Friedberg Currency Fund II Ltd.*	11.4	13,673,222	0.0	40,931
Friedberg Equity Hedge Fund Ltd.*	15.0	18,099,248	11.8	10,783,038
Friedberg Total Return Fixed Income Fund Ltd.*	58.8	70,817,815	66.3	60,680,435
Friedberg Global Opportunities Fund Ltd.*	4.1	4,908,284	5.7	5,230,428
Friedberg International Securities Fund	3.6	4,347,388	0.0	—
Sylvan Fund Ltd	4.2	5,063,000	0.0	—
Refco Shinx Managed Futures Index Fund Ltd.	2.6	3,150,607	2.1	1,945,943
<b>Total investments in private investment companies</b> (cost \$88,297,404 and \$65,370,919 in 2004 and 2003, respectively)	<u>99.7%</u>	<u>\$120,059,564</u>	<u>95.2%</u>	<u>\$87,219,581</u>
	<b>Percentage of Net Assets</b>	<b>Unrealized Gain</b>	<b>Percentage of Net Assets</b>	<b>Unrealized Gain</b>
<b>Derivative Contracts</b>				
Commodities	0.0%	\$ —	0.4%	\$ 368,203
Debt	0.0	—	0.1	68,712
	<u>0.0%</u>	<u>\$ —</u>	<u>0.5%</u>	<u>\$ 436,915</u>
	<b>Percentage of Net Assets</b>	<b>Market Value</b>	<b>Percentage of Net Assets</b>	<b>Market Value</b>
<b>Investments in securities, at market</b>				
<b>Debt securities</b>				
<b>United States</b>				
U.S. Treasury Bond				
2.75% due 6/30/2006 (cost \$284,755)	<u>0.3%</u>	<u>\$ 282,160</u>	<u>0.0%</u>	<u>\$ —</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 9-20.

# 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 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 (2004 Revision) of the Cayman Islands incorporated as exempted companies on the following dates:

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") was the Investment Advisor (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. Effective April 1, 2005 FMG replaced FCMI as the Investment Advisor of the Funds.

futures contracts and related options, while making extensive use of leverage. The fund has not adopted any specific investment limitations or trading restrictions.\*

### *Objectives*

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

This fund seeks 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. This fund has not adopted any specific investment limitations or trading restrictions.\*

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

This fund allocates its assets among several Cayman Islands open-end private investment companies sponsored, operated and managed by non-U.S. affiliates of FMG. These companies currently consist of the following funds: Friedberg International Securities Fund L.P. and Friedberg Currency Fund II Ltd. As more fully discussed in Note 9, the Friedberg Global Opportunities Fund Ltd terminated its operations as of February 28, 2005.\*

#### (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

#### (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 investments, except for additional investments from the Friedberg Global-Macro Hedge Fund Ltd.

# NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

### (e) Friedberg Global Macro-Hedge Fund Ltd.

This fund allocates its assets among several Cayman islands open-ended private investment companies sponsored, operated and managed by non-U.S. affiliates of FMG. These companies, collectively referred to as the "Multi-Sector Funds", currently consist of the following funds: 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 or strategies 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. The fund had invested approximately 3% 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. In addition, at December 31, 2004 the fund invested approximately 4% of its net assets in Sylvan Fund Ltd.

#### *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 period. 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 in Private Investment Companies*

Investments in private investment companies 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 private investment companies are comprised of cash equivalents, readily marketable securities and derivatives.

#### *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.

# NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

The Funds do not isolate the 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. 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 FROM/TO 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, 2004 and 2003, 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

# NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

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 counter parties 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 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 the 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. On redemption of Class A and B shares, a redemption charge of 1% is retained by the Funds.

Effective October 1, 1999, all existing shares of the Friedberg Currency Fund II Ltd. and Friedberg Equity Hedge Fund Ltd. were re-designated as Class A shares and any new shares issued after the effective date are Class B shares.

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

	Friedberg Currency Fund II Ltd. (Class A)		Friedberg Currency Fund II Ltd. (Class B)	
	2004	2003	2004	2003
<b>NUMBER OF SHARES</b>				
Outstanding, beginning of year .....	2,248.96	2,589.73	199.29	199.29
Issued during the year .....	224.44	—	21,919.99	—
Redeemed during the year .....	(321.62)	(340.77)	(3.24)	—
Outstanding, end of year .....	<u>2,151.78</u>	<u>2,248.96</u>	<u>22,116.04</u>	<u>199.29</u>
Weighted average number of shares outstanding for the year .....	<u>2,100.58</u>	<u>2,358.03</u>	<u>13,168.23</u>	<u>199.29</u>

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 5. SHAREHOLDERS' EQUITY (continued)

	Friedberg Equity Hedge Fund Ltd. (Class A)		Friedberg Equity Hedge Fund Ltd. (Class B)	
	2004	2003	2004	2003
<b>NUMBER OF SHARES</b>				
Outstanding, beginning of year .....	1,167.85	1,192.95	5,668.97	5,840.20
Issued during the year .....	—	—	1,884.38	—
Redeemed during the year .....	(17.79)	(25.10)	(7.04)	(171.23)
Outstanding, end of year .....	<u>1,150.06</u>	<u>1,167.85</u>	<u>7,546.31</u>	<u>5,668.97</u>
Weighted average number of shares outstanding for the year .....	<u>1,159.64</u>	<u>1,177.20</u>	<u>6,715.07</u>	<u>5,755.72</u>

	Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
	2004	2003	2004	2003	2004	2003
<b>NUMBER OF SHARES</b>						
Outstanding, beginning of year .....	11,301.10	11,328.91	42,767.83	43,624.74	69,133.77	64,039.97
Issued during the year .....	—	—	4,392.36	1,488.32	13,683.15	8,182.83
Redeemed during the year .....	(8.14)	(27.81)	(4,139.94)	(2,345.23)	(2,433.65)	(3,089.03)
Outstanding, end of year .....	<u>11,292.96</u>	<u>11,301.10</u>	<u>43,020.25</u>	<u>42,767.83</u>	<u>80,383.27</u>	<u>69,133.77</u>
Weighted average number of shares outstanding for the year .....	<u>11,295.67</u>	<u>11,310.37</u>	<u>42,120.46</u>	<u>43,717.97</u>	<u>74,658.48</u>	<u>67,721.61</u>

### 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 Global Opportunities Fund Ltd. calculates and pays 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. Friedberg Total Return Fixed Income Fund Ltd. calculates and pays the fees on a monthly 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.

## 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:

	<b>Annual Management Fee Rate</b>	<b>Annual Incentive Fee Rate</b>
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. <sup>(a)</sup> .....	0.75%	—

(a) Effective May 1, 2005, the fees were changed to an annual management fee of 2% of assets payable monthly, based on the net asset value of the fund on the last day of the month and a quarterly incentive fee of 20% of net appreciation in the net asset value of the fund in excess of a hurdle rate.

#### 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, 2004 and 2003 are as follows:

	<b>2004</b>	<b>2003</b>
Friedberg Currency Fund II Ltd. ....	<b>\$585,628</b>	\$151,609
Friedberg Equity Hedge Fund Ltd. ....	<b>121,592</b>	113,139
Friedberg Global Opportunities Fund Ltd. ....	<b>53,253</b>	324,319
Friedberg Total Return Fixed Income Fund Ltd. ....	<b>86,844</b>	349,659
Friedberg Global Macro-Hedge Fund Ltd. ....	<b>164,417</b>	557,744

#### Due from Brokers

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

	<b>FMG</b>		<b>FMGI</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Friedberg Currency Fund II Ltd. ....	<b>\$15,296,844</b>	\$1,206,412	\$ —	\$ —
Friedberg Equity Hedge Fund Ltd. ....	<b>5,087,729</b>	1,382,091	—	—
Friedberg Global Opportunities Fund Ltd. ....	—	—	—	1,902,872
Friedberg Total Return Fixed Income Fund Ltd. ....	<b>1,493,462</b>	231,159	—	—
Friedberg Global Macro-Hedge Fund Ltd. ....	<b>163,538</b>	3,584,440	—	—

## 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, 2004 and 2003 was 38.10% and 76.58%, 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, 2004 and 2003 are as follows:

#### Condensed Statements of Assets and Liabilities

	2004	2003
<b>ASSETS</b>		
Due from brokers.....	\$ 9,961,862	\$3,213,272
Investments in securities, at market.....	4,311,655	4,559,015
Unrealized gains on open futures contracts .....	66,049	—
Other assets.....	3,176	843
Total assets.....	<u>14,342,742</u>	<u>7,773,130</u>
<b>LIABILITIES</b>		
Securities sold short, at market .....	4,446,576	2,698,795
Accounts payable, including contracts awaiting settlement.....	68,976	52,224
Unrealized losses on open futures contracts.....	414	2,970
Total liabilities .....	<u>4,515,966</u>	<u>2,753,989</u>
<b>NET ASSETS</b> .....	<u>\$ 9,826,776</u>	<u>\$5,019,141</u>

# NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

## 6. RELATED PARTY TRANSACTIONS (continued)

### Condensed Statements of Operations

	<u>2004</u>	<u>2003</u>
Investment income .....	\$ 38,913	\$ 45,299
Operating expenses.....	<u>174,787</u>	171,946
Net investment income (loss) .....	<u>(135,874)</u>	(126,647)
Net realized gain (loss) and net unrealized appreciation or depreciation on marketable securities .....	<u>(128,199)</u>	(226,533)
Net realized gain (loss) and net in unrealized appreciation or depreciation on futures contracts .....	<u>545,329</u>	227,194
Foreign Currency translation gain (loss).....	<u>18,269</u>	67,450
Net gain on investments.....	<u>435,399</u>	68,111
<b>Net change in net assets resulting from operations .....</b>	<b><u>\$ 299,525</u></b>	<b><u>\$ (58,536)</u></b>

#### *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, 2004 and 2003, the affiliates' ownership ranged from 0% to 89% and 0% to 93%, respectively, of the outstanding shares of each Fund.

#### *Interest Income*

Interest earned on the Friedberg Currency Fund II Ltd. is retained by FMG in lieu of management fees. During the years ended December 31, 2004 and 2003, interest earned on the Friedberg

Currency Fund II Ltd. and retained by FMG approximated 133,000 and 12,000, respectively. The remaining amounts due from FMG and FMGI did not earn interest.

During the years ended December 31, 2004 and 2003, 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 \$nil in 2004 and \$4,000, \$40,000, \$8,000 and \$4,000 in 2003, 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. INVESTMENTS IN PRIVATE INVESTMENT COMPANIES

As of December 31, 2004 and 2003, the Friedberg Global Opportunities Fund Ltd. invested in other private investment companies, of which \$5,582,881 and \$3,843,840 respectively were with related parties.

The following table summarizes Friedberg Global Opportunities Fund Ltd's investments in other private investment companies as of December 31, 2004 and 2003. Friedberg Global Opportunities Fund Ltd. pays a 1% and 15% management fee and incentive fee, respectively, to Friedberg International Securities Fund L.P. and there is no management fee or incentive fee assessed by Friedberg Currency Fund II Ltd.

#### December 31, 2004

Investment	% of Fund's Net Assets	Fair Value	Income (Loss)	Fees	
				Management	Incentive
Friedberg International Securities Fund L.P. ....	66.27%	\$3,707,994	\$ (85,847)	\$32,039	\$ 2,601
Friedberg Currency Fund II Ltd. ....	33.50	1,874,887	324,533	—	—
Total .....	99.77%	\$5,582,881	\$238,686	\$32,039	\$ 2,601

#### December 31, 2003

Investment	% of Fund's Net Assets	Fair Value	Income (Loss)	Fees	
				Management	Incentive
Friedberg International Securities Fund L.P. ....	64.28%	\$3,843,840	\$ (40,950)	\$41,930	\$29,568
Total .....	64.28%	\$3,843,840	\$ (40,950)	\$41,930	\$29,568

As more fully discussed in Note 9, the Friedberg Global Opportunities Fund Ltd terminated its operations as of February 28, 2005.

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 8. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended December 31, 2004 and 2003 are as follows:

#### Friedberg Currency Fund II Ltd.

	<u>2004</u> <u>Classes A and B</u>	<u>2003</u> <u>Classes A and B</u>
Per share operating performance		
Net asset value, beginning of year.....	<u>\$490.43</u>	<u>\$453.48</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(2.81)</u>	<u>(7.49)</u>
Net gain (loss) on investments .....	<u>229.73</u>	<u>44.44</u>
Total from investment operations .....	<u>226.92</u>	<u>36.95</u>
Net asset value, end of year .....	<u>\$717.35</u>	<u>\$490.43</u>
Total return		
Total return before incentive fee .....	<u>46.3%</u>	<u>8.2%</u>
Incentive fee .....	<u>—</u>	<u>—</u>
Total return after incentive fee .....	<u>46.3%</u>	<u>8.2%</u>
Ratio to average net assets		
Operating expenses .....	<u>0.5%</u>	<u>1.7%</u>
Incentive fee .....	<u>—</u>	<u>—</u>
Total expenses .....	<u>0.5%</u>	<u>1.7%</u>
Net investment income (loss) .....	<u>(0.5)%</u>	<u>(1.7)%</u>

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 8. FINANCIAL HIGHLIGHTS (continued)

#### Friedberg Equity Hedge Fund Ltd.

	<b>2004</b>	<b>2003</b>
	<b>Classes A and B</b>	<b>Classes A and B</b>
Per share operating performance		
Net asset value, beginning of year.....	<b>\$2,013.50</b>	\$1,894.09
Income (loss) from investment operations:		
Net investment income (loss).....	<b>(111.16)</b>	(33.30)
Net gain (loss) on investments .....	<b>574.80</b>	152.71
Total from investment operations .....	<b>463.64</b>	119.41
Net asset value, end of year .....	<b>\$2,477.14</b>	\$2,013.50
Total return		
Total return before incentive fee.....	<b>27.0%</b>	6.3%
Incentive fee.....	<b>(4.0)</b>	—
Total return after incentive fee.....	<b>23.0%</b>	6.3%
Ratio to average net assets		
Operating expenses (including interest and dividend).....	<b>3.8%</b>	5.1%
Incentive fee .....	<b>3.4</b>	—
Total expenses .....	<b>7.2%</b>	5.1%
Net investment income (loss) .....	<b>(4.7)%</b>	(1.7)%

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 8. FINANCIAL HIGHLIGHTS (continued)

#### Friedberg Global Opportunities Fund Ltd.

	<u>2004</u> <u>Class A Shares</u>	<u>2003</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year .....	<u>\$529.13</u>	<u>\$785.53</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(7.63)</u>	<u>(7.87)</u>
Net gain (loss) on investments .....	<u>(26.03)</u>	<u>(248.53)</u>
Total from investment operations .....	<u>(33.66)</u>	<u>(256.40)</u>
Net asset value, end of year .....	<u>\$495.47</u>	<u>\$529.13</u>
Total return		
Total return before incentive fee .....	<u>(6.3)%</u>	<u>(32.6)%</u>
Incentive fee .....	<u>—</u>	<u>—</u>
Total return after incentive fee .....	<u>(6.3)%</u>	<u>(32.6)%</u>
Ratio to average net assets		
Operating expenses .....	<u>1.6 %</u>	<u>1.2 %</u>
Incentive fee .....	<u>—</u>	<u>—</u>
Total expenses .....	<u>1.6 %</u>	<u>1.2 %</u>
Net investment income (loss) .....	<u>(1.6)%</u>	<u>(1.2)%</u>

The ratios do not reflect Friedberg Global Opportunities Fund Ltd.'s proportionate share of income and expenses of the underlying private investment companies.

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 8. FINANCIAL HIGHLIGHTS (continued)

#### Friedberg Total Return Fixed Income Fund Ltd.

	<b>2004</b>	<b>2003</b>
	<b>Class A Shares</b>	<b>Class A Shares</b>
Per share operating performance		
Net asset value, beginning of year .....	<b><u>\$1,580.88</u></b>	<u>\$1,292.26</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<b>24.87</b>	27.11
Net gain (loss) on investments .....	<b><u>192.90</u></b>	<u>261.51</u>
Total from investment operations .....	<b><u>217.77</u></b>	<u>288.62</u>
Net asset value, end of year .....	<b><u>\$1,798.65</u></b>	<u>\$1,580.88</u>
Total return		
Total return before incentive fee .....	<b>13.8%</b>	22.3%
Incentive fee .....	<u>—</u>	<u>—</u>
Total return after incentive fee .....	<b><u>13.8%</u></b>	<u>22.3%</u>
Ratio to average net assets		
Operating expenses .....	<b>1.1%</b>	1.1%
Incentive fee .....	<u>—</u>	<u>—</u>
Total expenses .....	<b><u>1.1%</u></b>	<u>1.1%</u>
Net investment income (loss) .....	<b><u>1.6%</u></b>	<u>1.9%</u>

## NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

### 8. FINANCIAL HIGHLIGHTS (continued)

#### Friedberg Global Macro-Hedge Fund Ltd.

	<b>2004</b>	<b>2003</b>
	<b>Class A Shares</b>	<b>Class A Shares</b>
Per share operating performance		
Net asset value, beginning of year .....	<b><u>\$1,324.66</u></b>	\$1,206.84
Income (loss) from investment operations:		
Net investment income (loss).....	<b>(10.14)</b>	(10.47)
Net gain (loss) on investments .....	<b><u>183.52</u></b>	<u>128.29</u>
Total from investment operations .....	<b><u>173.38</u></b>	<u>117.82</u>
Net asset value, end of year .....	<b><u>\$1,498.04</u></b>	<u>\$1,324.66</u>
Total return		
Total return before incentive fee .....	<b>13.1 %</b>	9.8 %
Incentive fee .....	<u>—</u>	<u>—</u>
Total return after incentive fee .....	<b><u>13.1 %</u></b>	<u>9.8 %</u>
Ratio to average net assets		
Operating expenses .....	<b>0.8 %</b>	0.8 %
Incentive fee .....	<u>—</u>	<u>—</u>
Total expenses .....	<b><u>0.8 %</u></b>	<u>0.8 %</u>
Net investment income (loss) .....	<b><u>(0.8)%</u></b>	<u>(0.8)%</u>

The ratios do not reflect Friedberg Global Macro-Hedge Fund Ltd.'s proportionate share of income and expenses of the underlying private investment companies.

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.

### 9. SUBSEQUENT EVENTS

Friedberg Global Opportunities Fund Ltd. terminated its operations and all class A Shares were redeemed as of February 28, 2005. Shareholders were invited to invest in Friedberg Global Macro Hedge Fund Ltd ("Global Macro") as of the same date. Shareholders investing in Global Macro approximated \$394,000 and payment to shareholders not investing in Global Macro approximated \$5,284,000.

## INVESTOR INFORMATION

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### CUSTODIAN

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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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