

FRIEDBERG
MULTI-SECTOR
FUNDS

Friedberg Currency Fund II Ltd.

Friedberg Equity Hedge 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, 2005 and 2004

TABLE OF CONTENTS

	<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	9-20
Notes to Financial Statements	21-31

Certified
Public
Accountants

Rothstein, Kass & Company (Cayman)
27 Hospital Road, P.O. Box 1748 GT
George Town, Grand Cayman
Cayman Islands, B.W.I.
tel 345.949.6333
fax 345.946.9444
www.rkco.com

Beverly Hills
Dallas
Denver
Grand Cayman
New York
Roseland
San Francisco
Walnut Creek

Rothstein Kass

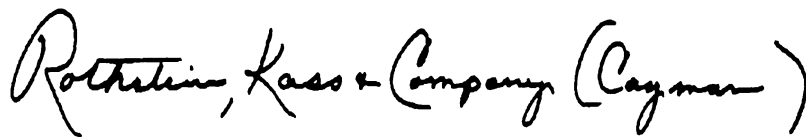
Independent Auditors' Report

To the Shareholders of
Friedberg Currency Fund II Ltd.,
Friedberg Equity Hedge 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, (the "Funds") including the condensed schedules of portfolio investments, as of December 31, 2005 and 2004, 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 Funds. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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, 2005 and 2004, 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
June 14, 2006

Member  Affiliated Offices Worldwide

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

	Friedberg Currency Fund II Ltd.	
	2005	2004
Statements of Assets and Liabilities		
Assets		
Investments in securities, at market	\$ —	\$ —
Investments in private investment companies, at fair value	—	—
Cash	930	567
Due from brokers and contracts awaiting settlement	26,688,928	15,559,262
Net equity in open derivative contracts	1,005,013	1,858,695
Subscriptions receivable	—	—
Other assets	—	—
Total assets	<u>27,694,871</u>	<u>17,418,524</u>
Liabilities		
Securities sold short, at market	—	—
Due to brokers and contracts awaiting settlement	1,169,527	—
Accounts payable and accrued expenses	8,027	10,000
Incentive fee payable	—	—
Redemption payable	—	—
Net equity in derivative contracts, at fair value	—	—
Total liabilities	<u>1,177,554</u>	<u>10,000</u>
Net Assets and Shareholders' Equity	<u>\$26,517,317</u>	<u>\$17,408,524</u>
Number of shares outstanding		
Class A	1,491.00	2,151.78
Class B	<u>29,686.15</u>	<u>22,116.04</u>
Net asset value per share		
Class A	\$ 850.54	\$ 717.35
Class B	<u>\$ 850.54</u>	<u>\$ 717.35</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2005	2004	2005	2004	2005	2004
\$19,421,617	\$18,197,066	\$110,776,467	\$73,033,039	\$ 2,611,971	\$ 282,160
—	—	—	—	158,802,365	120,059,564
50,094	41,037	222,343	1,366,220	476,980	618
32,271,319	13,733,353	5,502,504	1,493,462	7,033,946	163,538
—	—	268,545	1,061,250	3,523,180	—
—	—	—	100,000	—	—
—	—	730,164	422,654	1,551,644	97
<u>51,743,030</u>	<u>31,971,456</u>	<u>117,500,023</u>	<u>77,476,625</u>	<u>174,000,086</u>	<u>120,505,977</u>
24,292,603	9,611,742	—	—	515,109	—
—	—	—	—	11,889	—
142,246	112,253	111,493	71,107	40,524	86,750
21,518	575,631	—	—	1,036,214	—
—	—	—	27,003	45,065	2,000
54,592	129,724	—	—	5,722	—
<u>24,510,959</u>	<u>10,429,350</u>	<u>111,493</u>	<u>98,110</u>	<u>1,654,523</u>	<u>88,750</u>
<u>\$27,232,071</u>	<u>\$21,542,106</u>	<u>\$117,388,530</u>	<u>\$77,378,515</u>	<u>\$172,345,563</u>	<u>\$120,417,227</u>
1,150.06	1,150.06	58,923.00	43,020.25	101,444.08	80,383.27
<u>9,522.92</u>	<u>7,546.31</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 2,551.50	\$ 2,477.14	\$ 1,992.23	\$ 1,798.65	\$ 1,698.92	\$ 1,498.04
<u>\$ 2,551.50</u>	<u>\$ 2,477.14</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years Ended December 31,

	Friedberg Currency Fund II Ltd.	
	2005	2004
Statements of Operations		
Investment income		
Interest	\$ —	\$ —
Dividends	—	—
Total investment income	—	—
Expenses		
Interest and dividends	—	—
Incentive fees	—	—
Management fees	—	—
Foreign withholding taxes paid	—	—
Professional fees and other	38,271	42,126
Total expenses	38,271	42,126
Net investment income (loss)	<u>(38,271)</u>	<u>(42,126)</u>
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on derivative contracts	4,470,026	1,579,509
Net change in unrealized appreciation or depreciation on derivative contracts	(853,682)	1,867,095
Net realized gain (loss) on investments	—	—
Net change in unrealized appreciation or depreciation on investments	—	—
Net change in unrealized appreciation or depreciation on investments in private investment companies	—	—
Net gain (loss) on investments	<u>3,616,344</u>	<u>3,446,604</u>
Net change in net assets resulting from operations	<u>\$3,578,073</u>	<u>\$3,404,478</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2005	2004	2005	2004	2005	2004
\$ 417,287	\$ 118,962	\$ 2,317,750	\$1,737,289	\$ 40,131	\$ 21,836
<u>282,296</u>	<u>315,454</u>	<u>—</u>	<u>—</u>	<u>66,270</u>	<u>—</u>
<u>699,583</u>	<u>434,416</u>	<u>2,317,750</u>	<u>1,737,289</u>	<u>106,401</u>	<u>21,836</u>
232,624	329,702	—	—	34,957	—
179,156	618,043	—	—	3,079,296	—
379,628	278,626	910,478	650,313	640,161	788,177
39,775	38,103	—	—	21,587	—
<u>43,162</u>	<u>28,922</u>	<u>105,754</u>	<u>50,970</u>	<u>52,531</u>	<u>24,494</u>
<u>874,345</u>	<u>1,293,396</u>	<u>1,016,232</u>	<u>701,283</u>	<u>3,828,532</u>	<u>812,671</u>
<u>(174,762)</u>	<u>(858,980)</u>	<u>1,301,518</u>	<u>1,036,006</u>	<u>(3,722,131)</u>	<u>(790,835)</u>
639,389	(794,265)	2,719,809	2,080,570	8,264,418	(450,401)
42,925	405,164	(792,704)	496,714	3,660,601	(436,916)
255,735	5,558,770	3,653,726	1,439,719	(1,416,430)	5,237,524
<u>(45,822)</u>	<u>(727,856)</u>	<u>3,722,288</u>	<u>4,019,341</u>	<u>165,456</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,496,045</u>	<u>9,910,904</u>
<u>892,227</u>	<u>4,441,813</u>	<u>9,303,119</u>	<u>8,036,344</u>	<u>23,170,090</u>	<u>14,261,111</u>
<u>\$ 717,465</u>	<u>\$3,582,833</u>	<u>\$10,604,637</u>	<u>\$9,072,350</u>	<u>\$19,447,959</u>	<u>\$13,470,276</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund II Ltd.	
	2005	2004
Statements of Changes in Net Assets		
Operations		
Net investment income (loss)	\$ (38,271)	\$ (42,126)
Net realized gain (loss) on derivative contracts	4,470,026	1,579,509
Net change in unrealized appreciation or depreciation on derivative contracts	(853,682)	1,867,095
Net realized gain (loss) on investments	—	—
Net change in unrealized appreciation or depreciation on investments	—	—
Net change in unrealized appreciation or depreciation on investments in private investment companies	—	—
Net change in net assets resulting from operations	<u>3,578,073</u>	<u>3,404,478</u>
Capital share transactions		
Issuance of shares	6,049,936	13,005,678
Redemption of shares	(519,216)	(202,332)
Net change in net assets resulting from capital share transactions	<u>5,530,720</u>	<u>12,803,346</u>
Net change in net assets	9,108,793	16,207,824
Net assets, beginning of year	<u>17,408,524</u>	<u>1,200,700</u>
Net assets, end of year	<u>\$26,517,317</u>	<u>\$17,408,524</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
2005	2004	2005	2004	2005	2004
\$ (174,762)	\$ (858,980)	\$ 1,301,518	\$ 1,036,006	\$ (3,722,131)	\$ (790,835)
639,389	(794,265)	2,719,809	2,080,570	8,264,418	(450,401)
42,925	405,164	(792,704)	496,714	3,660,601	(436,916)
255,735	5,558,770	3,653,726	1,439,719	(1,416,430)	5,237,524
(45,822)	(727,856)	3,722,288	4,019,341	165,456	—
—	—	—	—	12,496,045	9,910,904
<u>717,465</u>	<u>3,582,833</u>	<u>10,604,637</u>	<u>9,072,350</u>	<u>19,447,959</u>	<u>13,470,276</u>
5,149,968	4,250,000	30,179,930	7,178,643	34,887,937	18,595,797
(177,468)	(56,677)	(774,552)	(6,483,360)	(2,407,560)	(3,227,890)
<u>4,972,500</u>	<u>4,193,323</u>	<u>29,405,378</u>	<u>695,283</u>	<u>32,480,377</u>	<u>15,367,907</u>
5,689,965	7,776,156	40,010,015	9,767,633	51,928,336	28,838,183
<u>21,542,106</u>	<u>13,765,950</u>	<u>77,378,515</u>	<u>67,610,882</u>	<u>120,417,227</u>	<u>91,579,044</u>
<u>\$27,232,071</u>	<u>\$21,542,106</u>	<u>\$117,388,530</u>	<u>\$77,378,515</u>	<u>\$172,345,563</u>	<u>\$120,417,227</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years Ended December 31,

Statements of Cash Flows

Friedberg Global Macro-Hedge Fund Ltd.

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Net change in net assets resulting from operations	\$19,447,959	\$13,470,276
Adjustments to reconcile net change in net assets resulting from operations to net cash used in operating activities:		
Net realized (gain) or loss on private investment companies	1,255,997	(5,266,500)
Net change in unrealized appreciation or depreciation on investments	(16,322,102)	(9,473,988)
Changes in operating assets and liabilities:		
Cost of investments in securities, at market	(2,252,381)	(284,755)
Cost of investments in private investment companies, at fair value	(27,502,753)	(17,659,985)
Due from broker and contracts awaiting settlement	(6,870,408)	3,420,902
Net equity in open derivative contracts	143,143	—
Other assets	(1,551,547)	(97)
Proceeds from securities sold short, at market	603,135	—
Due to broker and contracts awaiting settlement	11,889	—
Accounts payable and accrued expenses	(46,226)	15,621
Incentive fee payable	1,036,214	—
Net cash used in operating activities	<u>(32,047,080)</u>	<u>(15,778,526)</u>
Cash flows from financing activities		
Proceeds from issuance of shares	34,887,937	19,004,289
Payments for redemption of shares, net of change in redemptions payable	(2,364,495)	(3,225,890)
Net cash provided by financing activities	<u>32,523,442</u>	<u>15,778,399</u>
Net change in cash	476,362	(127)
Cash, beginning of period	618	745
Cash, end of period	<u>\$ 476,980</u>	<u>\$ 618</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

Condensed Schedules of Portfolio Investments

Friedberg Currency Fund II Ltd.

	2005	
	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts		
Currency Forward, at fair value	<u>3.6%</u>	<u>\$1,005,013</u>

Friedberg Currency Fund II Ltd.

	2004	
	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts		
Currency Forward, at fair value	<u>10.7%</u>	<u>\$1,858,695</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2005

Condensed Schedules of Portfolio Investments (continued)

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			
Electric Utilities		14.7%	\$ 4,012,945
Semiconductors			
Advanced Micro Devices	58,500	6.6	1,790,100
Data Processing and Outsourced Services		5.3	1,430,862
Wireless Telecommunication Services		4.5	1,237,848
Aerospace and Defense		4.4	1,191,410
Environmental and Facilities Services		3.3	903,702
Trading Companies and Distributors		3.2	880,352
Water Utilities		3.1	853,316
Home Improvement Retail		2.9	797,456
Multi-Utilities		2.7	746,585
Systems Software		2.3	633,111
Industrial Machinery		2.2	592,515
Paper Products		1.8	477,262
Specialized Consumer Services		1.5	417,998
Publishing		1.5	404,852
Air Freight and Logistics		1.3	344,615
Automotive Retail		1.2	297,701
Oil and Gas Equipment and Services		1.1	288,724
Application Software		1.0	279,864
Property and Casualty Insurance		1.0	270,810
Total United States (cost \$14,136,362)		<u>65.6%</u>	<u>\$17,852,028</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2005

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued)

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market (continued)		
Common Stocks (continued)		
Switzerland		
Fertilizers and Agricultural Chemicals (cost \$784,259)	<u>3.4%</u>	<u>\$ 914,197</u>
Côte d'Ivoire		
Agricultural Products (cost \$430,388)	<u>1.2</u>	<u>336,996</u>
Israel		
Communications Equipment (cost \$115,439)	<u>1.0</u>	<u>283,122</u>
Total common stocks (cost \$15,466,448)	<u>71.2</u>	<u>19,386,343</u>
Options		
United States		
Oil and gas exploration (cost \$63,849)	<u>0.1</u>	<u>35,274</u>
Total investments in securities, at market (cost \$15,530,297)	<u>71.3%</u>	<u>\$19,421,617</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2005

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			
Thrifts and Mortgage Finance		14.8%	\$ 4,028,134
Publishing		11.3	3,065,937
Pharmaceuticals		9.2	2,516,688
Home Builders		5.6	1,523,888
Regional Banks		5.2	1,417,721
Semiconductors			
Intel Corporation	55,100	5.1	1,375,296
Biotechnology		3.5	945,024
Household Products		3.4	915,995
Packaged Foods and Meats		3.0	812,700
Paper Products		2.9	801,792
Asset Management and Custody Bank		2.9	796,860
Broadcasting and Cable TV		2.9	796,469
Personal Products		2.9	793,476
Air Freight and Logistics		2.9	783,482
Movies and Entertainment		2.5	689,640
Broadcasting and Radio		2.4	658,560
Health Care Equipment		2.4	651,434
Department Stores		2.4	646,968
Integrated Telecommunication Services		1.5	403,608
Application Software		0.8	239,685
Total United States (proceeds \$24,789,465)		<u>87.6</u>	<u>23,863,357</u>
Canada			
Soft Drinks (proceeds \$518,169)		1.5	411,600
Total common stocks (proceeds \$25,307,634)		<u>89.1</u>	<u>24,274,957</u>
Options			
United States			
Oil and gas exploration (proceeds \$14,013)		0.1	17,646
Total securities sold short, at market (proceeds \$25,321,647)		<u>89.2%</u>	<u>\$24,292,603</u>
		<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts			
Index Futures, at fair value		0.2%	\$ 54,592

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>
Investments in securities, at market			
Common Stocks			
United States			
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
Total United States (cost \$12,343,652)		<u>77.4%</u>	<u>\$16,665,762</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>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market (continued)		
Canada		
Mining	1.6%	\$ 344,960
Computers	<u>1.0</u>	<u>208,620</u>
Total Canada (cost \$454,667)	<u>2.6</u>	<u>553,580</u>
Chile		
Food (cost \$430,388)	<u>2.0</u>	<u>438,228</u>
Israel		
Telecommunications (cost \$115,439)	<u>1.4</u>	<u>308,789</u>
Germany		
Auto Manufacturers (cost \$221,791)	<u>1.1</u>	<u>230,640</u>
Total common stocks (cost \$13,565,937)	<u>84.5</u>	<u>18,196,999</u>
Debt Securities		
United States		
Telecommunications (cost \$379,521)	<u>0.0</u>	<u>67</u>
Total investments in securities, at market (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>
Securities sold short, at market			
Common Stocks			
United States			
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
Total United States (proceeds \$8,185,763)		<u>36.6</u>	<u>7,883,869</u>
Canada			
Pharmaceuticals		3.4	742,197
Forest Products and Paper		1.1	233,204
Total Canada (proceeds \$1,127,134)		<u>4.5</u>	<u>975,401</u>
Israel			
Pharmaceuticals (proceeds \$640,121)		3.5	752,472
Total securities sold short, at market (proceeds \$9,953,018)		<u>44.6%</u>	<u>\$9,611,742</u>
		<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts			
Index Futures, at fair value		<u>0.6%</u>	<u>\$ 129,724</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2005

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	\$37,029,000	50.2%	\$ 58,965,944
U.S. Treasury Bond 1.875% due January 31, 2006	30,600,000	26.0	30,537,844
U.S. Treasury Inflation-Protected Securities 2% due January 15, 2014	5,900,000	5.4	6,326,411
U.S. Treasury Inflation-Protected Securities 3.875% due April 15, 2029	3,078,000	4.3	5,042,345
U.S. Treasury Bond 3.25% due August 15, 2007	3,000,000	2.5	2,945,156
Total debt securities (cost \$89,402,785)		<u>88.4</u>	<u>103,817,700</u>
Common Stocks			
Canada			
Mining			
Seabridge Gold Inc. (cost \$1,459,019)	735,500	5.9	6,958,767
Total investments in securities, at market (cost \$90,861,804)		<u>94.3%</u>	<u>\$110,776,467</u>
		<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts			
Currency Forward, at fair value		<u>0.2%</u>	<u>\$ 268,545</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2004

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	\$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	6.3	4,903,621
Total United States (cost \$49,004,168)		79.3	61,398,040
Canada			
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
Argentina			
Republic of Argentina Boden			
2.0% February 4, 2018 (cost \$3,687,973)	10,700,000 (in Argentine Peso)	5.3	4,104,346
Total debt securities (cost \$55,381,645)		90.9	70,398,630
Common Stocks			
Canada			
Other (cost \$1,459,019)		3.4	2,634,409
Total investments in securities, at market (cost \$56,840,664)		94.3%	\$73,033,039
		<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts			
Currency Forward, at fair value		1.4%	\$ 1,061,250

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.

	2005		2004	
	Percentage of Net Assets	Fair Value	Percentage of Net Assets	Fair Value
Investments in private investment companies, at fair value				
Cayman Islands				
Friedberg Currency Fund II Ltd.*	14.3%	\$ 24,655,449	11.4%	\$ 13,673,222
Friedberg Equity Hedge Fund Ltd.*	13.9	23,965,973	15.0	18,099,248
Friedberg Total Return Fixed Income Fund Ltd.*	64.0	110,180,943	58.8	70,817,815
Friedberg Global Opportunities Fund Ltd.*	0.0	—	4.1	4,908,284
Friedberg International Securities Fund	0.0	—	3.6	4,347,388
Sylvan Fund Ltd	0.0	—	4.2	5,063,000
Refco Sphinx Managed Futures Index Fund Ltd.	0.0	—	2.6	3,150,607
Total investments in private investment companies (cost \$112,929,125 and \$88,297,404 in 2005 and 2004, respectively)	<u>92.2%</u>	<u>\$158,802,365</u>	<u>99.7%</u>	<u>\$120,059,564</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 9-17.

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.

	<u>2005</u>		<u>2004</u>	
	<u>Percentage of Net Assets</u>	<u>Market Value</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market				
Debt securities				
United States				
U.S. Treasury Bond				
2.75% due 6/30/2006 (cost \$284,755)	0.1%	\$ 280,789	0.3%	\$282,160
Common Stocks				
United States				
Financial	0.6%	\$1,086,050		
Basic Materials	0.3	521,829		
Utilities	0.3	454,986		
Diversified	0.1	132,876		
Total common stocks (cost \$1,966,655)	1.3	2,195,741		
Options purchased				
United States				
Steel	0.1	96,191		
Retail	0.0	21,727		
Lumber	0.0	14,789		
Internet software	0.0	1,839		
Chemicals	0.0	895		
Total options purchased (cost \$119,976)	0.1	135,441		
Total investments in securities, at market (cost \$2,371,386 and 284,755 in 2005 and 2004 respectively)	1.5%	\$2,611,971	0.3%	\$282,160
Net equity in futures contracts, at fair value				
Metals	1.5%	\$2,511,980		
Crude Oil	0.6	1,011,200		
Total net equity in futures contracts, at fair value	2.1%	\$3,523,180		

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2005

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Macro-Hedge Fund Ltd.

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Securities sold short, at market		
Common Stocks		
United States		
Communications	0.2%	\$286,000
Total common stocks (proceeds \$245,747)	<u>0.2</u>	<u>286,000</u>
Options written		
United States		
Crude Oil	0.1	152,600
Retail	0.0	41,275
Lumber	0.0	20,361
Chemicals	0.0	11,705
Internet software	0.0	1,861
Steel	0.0	1,307
Total options written (proceeds \$357,388)	<u>0.1</u>	<u>229,109</u>
Total securities sold short, at market (proceeds \$603,135)	<u>0.3%</u>	<u>\$515,109</u>
	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Derivative Contracts		
Commodity Futures, at fair value	<u>0.0%</u>	<u>\$ 5,722</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Establishment of the Corporations

Friedberg Currency Fund II Ltd., Friedberg Equity Hedge 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 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.

sales of securities and speculating in stock index 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 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.

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

This fund seeks capital appreciation by investing primarily in equity securities, engaging in short

(d) **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

* 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)

funds: Friedberg Currency Fund II Ltd., Friedberg Total Return Fixed Income Fund Ltd., and Friedberg Equity Hedge 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. At December 31, 2004, the fund had invested approximately 3% of its net assets in Refco SPHINX Managed Futures Index Fund Ltd. ("Refco SPHINX"). At December 31, 2005, the controlling shareholder of the investment manager and commodity pool operator ("CPO") of Refco SPHINX indirectly owned 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. Subsequent to the year-end, the entities related to FMG acquired Refco's interest in FMG.

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 United States 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 United States dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statements of operations.

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.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

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. DUE FROM PRIVATE INVESTMENT

Included in other assets for Global Macro-Hedge Fund Ltd. is \$1,444,964 relating to a receivable

from the Company's investment in Refco Sphinx Managed Futures Index Fund Ltd. (Refco Sphinx). This investment filed for bankruptcy on October 17, 2005. The receivable has been recorded at management estimate of net realizable value at December 31, 2005. On June 8, 2006, FMG was notified by Refco Sphinx that the estimated realizable value of the receivable was 20% or approximately \$578,000.

4. 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, 2005 and 2004, 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.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

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

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.

The Funds are subject to certain inherent risks arising from its investing activities of selling securities short. The ultimate cost to the Fund to acquire these securities may exceed the liability reflected in these financial statements.

5. 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 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.

6. SHAREHOLDERS' EQUITY

There are 100 non-participating, voting and non-redeemable shares issued from each of the Funds to FMG 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 $\frac{3}{8}$ 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.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. SHAREHOLDERS' EQUITY (continued)

	Friedberg Currency Fund II Ltd. (Class A)		Friedberg Currency Fund II Ltd. (Class B)	
	2005	2004	2005	2004
NUMBER OF SHARES				
Outstanding, beginning of period.....	2,151.78	2,248.96	22,116.04	199.29
Issued during the period	—	224.44	7,570.11	21,919.99
Redeemed during the period	(660.78)	(321.62)	—	(3.24)
Outstanding, end of period	<u>1,491.00</u>	<u>2,151.78</u>	<u>29,686.15</u>	<u>22,116.04</u>
Weighted average number of shares outstanding for the period	<u>1,641.61</u>	<u>2,100.58</u>	<u>26,504.23</u>	<u>13,168.23</u>

	Friedberg Equity Hedge Fund Ltd. (Class A)		Friedberg Equity Hedge Fund Ltd. (Class B)	
	2005	2004	2005	2004
NUMBER OF SHARES				
Outstanding, beginning of period	1,150.06	1,167.85	7,546.31	5,668.97
Issued during the period	—	—	2,046.74	1,884.38
Redeemed during the period	—	(17.79)	(70.13)	(7.04)
Outstanding, end of period	<u>1,150.06</u>	<u>1,150.06</u>	<u>9,522.92</u>	<u>7,546.31</u>
Weighted average number of shares outstanding for the period	<u>1,150.06</u>	<u>1,159.64</u>	<u>8,709.11</u>	<u>6,715.07</u>

	Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.	
	2005	2004	2005	2004
NUMBER OF SHARES				
Outstanding, beginning of period.....	43,020.25	42,767.83	80,383.27	69,133.77
Issued during the period	16,343.12	4,392.36	22,598.91	13,683.15
Redeemed during the period	(440.37)	(4,139.94)	(1,538.10)	(2,433.65)
Outstanding, end of period	<u>58,923.00</u>	<u>43,020.25</u>	<u>101,444.08</u>	<u>80,383.27</u>
Weighted average number of shares outstanding for the period	<u>51,525.41</u>	<u>42,120.46</u>	<u>95,278.25</u>	<u>74,658.48</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. RELATED PARTY TRANSACTIONS

Management and Incentive Fees

Friedberg Mercantile Group Ltd. ("FMG") is the Investment Advisor to the Funds. For its services under the Investment Advisory Agreement, FMG 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 Equity Hedge Fund Ltd. calculates and pays incentive fees to the Investment Advisor on a semi-annual basis. Friedberg Total Return Fixed Income Fund Ltd. calculates and pays the management fees on a monthly basis. Effective May 1, 2005, The Friedberg Global Macro-Hedge Fund Ltd. fees increased from a .75% management fee plus the fees charged by each underlying fund in which it

invests 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 as long as the net appreciation exceeds the hurdle rate defined in the documents. 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. For Friedberg Global Macro-Hedge Fund Ltd., the new trading profit must also exceed a threshold before any incentive fees are paid.

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

	<u>Annual Management Fee Rate</u>	<u>Annual Incentive Fee Rate</u>
Friedberg Currency Fund II Ltd.	—	—
Friedberg Equity Hedge Fund Ltd.	1.50%	20.00%
Friedberg Total Return Fixed Income Fund Ltd.	0.93%	—
Friedberg Global Macro-Hedge Fund Ltd.*	2.00%	20.00%

* No additional fees are charged by the underlying funds in which it invests.

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, 2005 and 2004 are as follows:

	<u>2005</u>	<u>2004</u>
Friedberg Currency Fund II Ltd.	\$956,846	\$585,628
Friedberg Equity Hedge Fund Ltd.	48,276	121,592
Friedberg Total Return Fixed Income Fund Ltd.	288,855	86,844
Friedberg Global Macro-Hedge Fund Ltd.	289,404	164,417

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. RELATED PARTY TRANSACTIONS (continued)

Due from Brokers

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

	FMG	
	2005	2004
Friedberg Currency Fund II Ltd.	\$26,688,928	\$15,296,844
Friedberg Equity Hedge Fund Ltd.	9,501,234	5,087,729
Friedberg Total Return Fixed Income Fund Ltd.	5,502,504	1,493,462
Freidberg Global Macro-Hedge Fund Ltd.	7,033,946	163,538

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, 2005 and 2004, the affiliates' ownership ranged from 0% to 94% and 0% to 89%, 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, 2005 and 2004, interest earned on the Friedberg Currency Fund II Ltd. and retained by FMG approximated \$660,390 and \$133,000 respectively. The remaining amounts due from FMG and FMGI did not earn interest.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended December 31, 2005 and 2004 are as follows:

Friedberg Currency Fund II Ltd.

	<u>2005</u> <u>Classes A and B</u>	<u>2004</u> <u>Classes A and B</u>
Per share operating performance		
Net asset value, beginning of period	<u>\$717.35</u>	<u>\$490.43</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(1.42)</u>	<u>(2.81)</u>
Net gain (loss) on investments	<u>134.61</u>	<u>229.73</u>
Total from investment operations	<u>133.19</u>	<u>226.92</u>
Net asset value, end of period.....	<u>\$850.54</u>	<u>\$717.35</u>
Total return		
Total return before incentive fee	<u>18.6%</u>	<u>46.3%</u>
Total return after incentive fee	<u>18.6%</u>	<u>46.3%</u>
Ratio to average net assets		
Operating expenses	<u>0.2%</u>	<u>0.5%</u>
Total expenses	<u>0.2%</u>	<u>0.5%</u>
Net investment income (loss)	<u>(0.2)%</u>	<u>(0.5)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS (continued)

Friedberg Equity Hedge Fund Ltd.

	2005 Classes A and B	2004 Classes A and B
Per share operating performance		
Net asset value, beginning of period	<u>\$2,477.14</u>	<u>\$2,013.50</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(22.58)</u>	(111.16)
Net gain (loss) on investments	<u>96.94</u>	<u>574.80</u>
Total from investment operations	<u>74.36</u>	<u>463.64</u>
Net asset value, end of period.....	<u>\$2,551.50</u>	<u>\$2,477.14</u>
Total return		
Total return before incentive fee	<u>3.7%</u>	27.0%
Incentive fee	<u>(0.7)</u>	<u>(4.0)</u>
Total return after incentive fee	<u>3.0%</u>	<u>23.0%</u>
Ratio to average net assets		
Operating expenses (including interest and dividends).....	<u>3.0%</u>	3.8%
Incentive fee	<u>0.7</u>	<u>3.4</u>
Total expenses	<u>3.7%</u>	<u>7.2%</u>
Net investment income (loss)	<u>(0.9)%</u>	<u>(4.7)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS (continued)

Friedberg Total Return Fixed Income Fund Ltd.

	2005	2004
	Class A Shares	Class A Shares
Per share operating performance		
Net asset value, beginning of period	<u>\$1,798.65</u>	<u>\$1,580.88</u>
Income (loss) from investment operations:		
Net investment income (loss).....	23.76	24.87
Net gain (loss) on investments	<u>169.82</u>	<u>192.90</u>
Total from investment operations	<u>193.58</u>	<u>217.77</u>
Net asset value, end of period.....	<u>\$1,992.23</u>	<u>\$1,798.65</u>
Total return		
Total return before incentive fee.....	<u>10.8%</u>	<u>13.8%</u>
Total return after incentive fee.....	<u>10.8%</u>	<u>13.8%</u>
Ratio to average net assets		
Operating expenses	<u>1.1%</u>	<u>1.1%</u>
Total expenses.....	<u>1.1%</u>	<u>1.1%</u>
Net investment income (loss).....	<u>1.4%</u>	<u>1.6%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

8. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Macro-Hedge Fund Ltd.

	2005	2004
	Class A Shares	Class A Shares
Per share operating performance		
Net asset value, beginning of year	\$1,498.04	\$1,324.66
Income (loss) from investment operations:		
Net investment income (loss).....	(38.45)	(10.14)
Net gain (loss) on investments	239.33	183.52
Total from investment operations	200.88	173.38
Net asset value, end of year	\$1,698.92	\$1,498.04
Total return		
Total return before incentive fee	15.1%	13.1%
Incentive fee	(2.1)	—
Total return after incentive fee	13.0%	13.1%
Ratio to average net assets		
Operating expenses	0.5%	0.8%
Incentive fee	2.1	—
Total expenses	2.6%	0.8%
Net investment income (loss)	(2.6)%	(0.8)%

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 of common shares. An individual investor's financial highlights may vary based on the timing of capital share transactions.

INVESTOR INFORMATION

REGISTERED OFFICE OF THE FUNDS

Walker House
Mary Street
P.O. Box 265GT
George Town, Grand Cayman
Cayman Islands

AUDITORS

Rothstein, Kass & Company (Cayman)
Certified Public Accountants
P.O. Box 1748 GT
Cayman Corporate Ctr.
27 Hospital Road
George Town, Grand Cayman
Cayman Islands, B.W.I.
Phone: (345) 949-6333
Fax: (345) 946-9444
Website www.rkco.com

CUSTODIAN

JP Morgan Chase Bank
Legal Department
270 Park Avenue, 40th Floor
New York, New York 10017 U.S.A.

REGISTRAR AND TRANSFER AGENT

Cayman National Trust Co. Ltd.
Cayman National Building, 4th Floor
200 Elgin Avenue
PO Box 10340 APO
Grand Cayman, Cayman Islands
Fax: (345) 949-9557

LEGAL ADVISORS

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

Walkers
Walker House
Mary Street
P.O. Box 265GT
George Town, Grand Cayman
Cayman Islands

INVESTMENT ADVISOR AND SUB-ADMINISTRATOR

Friedberg Mercantile Group Ltd.
181 Bay Street, Suite 250
Toronto, Ontario M5J 2T3, Canada
Telephone: (416) 364-2700 Fax: (416) 364-0572
e-mail: Funds@friedberg.ca Website: www.friedberg.ca