

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2011

Rothstein Kass

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Assets and Liabilities	2
Statements of Operations	3
Statements of Changes in Net Assets	4
Statements of Cash Flows	5
Condensed Schedules of Investments	6-14
Notes to Financial Statements	15-33

Certified
Public
Accountants

Rothstein, Kass & Company (Cayman)
27 Hospital Road, P.O. Box 1748
Grand Cayman KY1-1109
CAYMAN ISLANDS
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 and Board of Directors of
Friedberg Global-Macro Hedge Fund Ltd.

We have audited the accompanying statements of assets and liabilities of Friedberg Global-Macro Hedge Fund Ltd. (the "Fund"), including the condensed schedules of investments, as of December 31, 2011 and 2010, 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 Fund. 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 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 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 Friedberg Global-Macro Hedge Fund Ltd. as of December 31, 2011 and 2010, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Rothstein, Kass & Company (Cayman)

Grand Cayman, Cayman Islands
June 11, 2012

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

December 31,	2011	2010
Assets		
Investments in securities, at fair value (cost \$863,473,229 and \$977,832,150 in 2011 and 2010, respectively)	\$ 933,580,580	\$ 970,187,278
Due from brokers	676,263,489	374,086,975
Derivative contracts, at fair value	144,919,528	221,785,980
Cash	51,384,393	50,107,376
Interest and dividends receivable	1,925,307	5,055,120
Total assets	1,808,073,297	1,621,222,729
Liabilities		
Securities sold short, at fair value (proceeds \$398,910,466 and \$192,499,217 in 2011 and 2010, respectively)	344,088,525	205,397,842
Payable for securities sold under agreements to repurchase	256,387,255	627,946,250
Due to broker	139,325,896	-
Derivative contracts, at fair value	100,463,904	50,636,900
Accrued expenses	1,971,504	1,234,788
Management fee payable	1,609,727	1,225,908
Interest and dividends payable	-	432,582
Redemptions payable	34,869	54,794
Total liabilities	843,881,680	886,929,064
Net assets	\$ 964,191,617	\$ 734,293,665
Number of shares outstanding		
Class A	161,916.97	173,690.02
Net asset value per share		
Class A	\$ 5,954.85	\$ 4,227.61

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)

Years Ended December 31,	2011	2010
Investment income		
Interest	\$ 12,482,010	\$ 4,483,212
Dividends (net of U.S. and foreign withholding taxes of \$1,268,786 and \$1,042,355 in 2011 and 2010, respectively)	3,016,365	2,782,073
Total investment income	15,498,375	7,265,285
Expenses		
Interest and dividends	8,598,329	5,785,361
Incentive fee	80,297,628	29,129,711
Management fee	16,289,760	14,472,184
Administrative fee	556,322	505,225
Professional fees and other	434,685	224,431
Total expenses	106,176,724	50,116,912
Administrative fees reimbursed	(60,000)	(39,705)
Net expenses	106,116,724	50,077,207
Net investment income (loss)	(90,618,349)	(42,811,922)
Realized and unrealized gain (loss) on investments		
Net realized gain (loss) on securities	54,153,037	66,619,499
Net change in unrealized appreciation or depreciation on securities	145,472,790	(84,028,211)
Net realized gain (loss) from derivative contracts	310,661,260	127,150,616
Net change in unrealized appreciation or depreciation on derivative contracts	(138,716,855)	7,015,184
Net gain (loss) on investments	371,570,232	116,757,088
Net change in net assets resulting from operations	\$ 280,951,883	\$ 73,945,166

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)

Years Ended December 31,	2011	2010
Operations		
Net investment income (loss)	\$ (90,618,349)	\$ (42,811,922)
Net realized gain (loss) on securities	54,153,037	66,619,499
Net change in unrealized appreciation or depreciation on securities	145,472,790	(84,028,211)
Net realized gain (loss) from derivative contracts	310,661,260	127,150,616
Net change in unrealized appreciation or depreciation on derivative contracts	<u>(138,716,855)</u>	<u>7,015,184</u>
Net change in net assets resulting from operations	<u>280,951,883</u>	<u>73,945,166</u>
Capital share transactions		
Issuance of shares	-	37,300,532
Redemption of shares	<u>(51,053,931)</u>	<u>(18,128,640)</u>
Net change in net assets resulting from capital share transactions	<u>(51,053,931)</u>	<u>19,171,892</u>
Net change in net assets	229,897,952	93,117,058
Net assets, beginning of year	<u>734,293,665</u>	<u>641,176,607</u>
Net assets, end of year	<u>\$ 964,191,617</u>	<u>\$ 734,293,665</u>

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

STATEMENTS OF CASH FLOWS (Expressed in United States Dollars)

Years Ended December 31,	2011	2010
Cash flows from operating activities		
Net change in net assets resulting from operations	\$ 280,951,883	\$ 73,945,166
Adjustments to reconcile net change in net assets resulting from operations to net cash provided by operating activities:		
Net change in unrealized appreciation or depreciation on securities	(145,472,790)	84,028,211
Changes in operating assets and liabilities:		
Cost of investments in securities, at fair value	114,358,922	(300,633,475)
Due from brokers	(302,176,514)	(374,086,975)
Derivative contracts, at fair value	76,866,452	(80,870,905)
Interest and dividends receivable	3,129,813	(4,190,705)
Proceeds from securities sold short, at fair value	206,411,249	41,728,606
Payable for securities sold under agreements to repurchase	(371,558,995)	(99,472,380)
Due to broker	139,325,896	627,946,250
Derivative contracts, at fair value	49,827,004	49,581,900
Accrued expenses	736,716	164,821
Management fee payable	383,819	159,411
Interest and dividends payable	(432,582)	222,262
Incentive fee payable	-	(5,117,630)
Net cash provided by operating activities	52,350,873	13,404,557
Cash flows from financing activities		
Proceeds from issuance of shares, net of change in advance subscriptions	-	36,830,532
Payments for redemption of shares, net of change in redemptions payable	(51,073,856)	(18,106,486)
Net cash provided by (used in) financing activities	(51,073,856)	18,724,046
Net change in cash	1,277,017	32,128,603
Cash, beginning of year	50,107,376	17,978,773
Cash, end of year	\$ 51,384,393	\$ 50,107,376
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 2,010,446	\$ 1,037,683

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS

(Expressed in United States Dollars)

December 31, 2011

	Number of Shares or Principal Amount	Percentage of Net Assets	Fair Value
Investments in securities, at fair value			
Common stocks			
Canada			
Real Estate (cost \$484,949)		0.1 %	\$ 758,004
Ireland			
Banking & Finance (cost \$57,123,130)		4.3	42,019,225
United States			
Residential Construction		13.4	128,841,750
Oil & Gas		11.5	111,088,300
Semiconductors			
Intel Corp.	3,800,000	9.6	92,150,000
Internet			
Google Inc.	46,500	3.1	30,034,350
News		2.9	27,975,384
Aerospace		2.9	27,547,621
Computer Storage & Peripherals		2.8	27,361,344
Biotechnology		2.2	21,096,658
Paper		2.2	21,312,000
Pharmaceuticals		1.9	18,506,278
Metal Fabrication		1.8	17,269,992
Electronics		0.0	1,740
Total United States (cost \$494,252,007)		54.3	523,185,417
Total common stocks (cost \$551,860,086)		58.7	565,962,646
Exchange traded funds			
United States			
Utilities (cost \$42,929,192)		4.9	47,227,348
Debt securities			
Corporate bonds			
Venezuela			
Financial (cost \$3,277,812)		0.3	3,300,975
Government debt			
United States			
U.S. Treasury Inflation-Protected Securities			
2.125% due February 15, 2040	\$ 164,500,000	24.0	231,294,808
3.875% due April 15, 2029	\$ 40,000,000	8.9	85,794,803
Total government debt (cost \$265,406,139)		32.9	317,089,611
Total debt securities (cost \$268,683,951)		33.2	320,390,586
Total investments in securities, at fair value (cost \$863,473,229)		96.8 %	\$ 933,580,580

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2011

	Expiration Date	Number of Contracts	Percentage of Net Assets	Fair Value
Derivative contracts, assets, at fair value				
Option contracts purchased				
Call options purchased				
United States				
Pharmaceuticals			3.6 %	\$ 34,835,000
Internet				
Google Inc.	Mar 2012	2,900	3.4	32,248,000
Commodity			0.0	343,500
Total call options purchased (cost \$54,762,090)			<u>7.0</u>	<u>67,426,500</u>
Put options purchased				
China				
Index (cost \$3,295,281)			0.2	2,112,500
South Korea				
Index (cost \$1,336,027)			0.1	660,000
United States				
Commodity (cost \$252,000)			0.0	237,520
Total put options purchased (cost \$4,883,308)			<u>0.3</u>	<u>3,010,020</u>
Total option contracts purchased (cost \$59,645,398)			<u>7.3</u>	<u>70,436,520</u>
Futures contracts				
United States				
Commodity			3.2	30,740,021
Interest Rate			0.1	1,192,163
Index			0.4	4,173,227
Total United States			<u>3.7</u>	<u>36,105,411</u>
Turkey				
Index			0.1	1,035,202
Total futures contracts			<u>3.8</u>	<u>37,140,613</u>
Currency forwards				
United States				
Other			0.7	6,356,879

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2011

	Percentage of Net Assets	Fair Value
Derivative contracts, assets, at fair value (continued)		
Swap contracts purchased		
Credit default swaps		
Brazil		
Government	0.0 %	\$ 259,000
Kingdom of Spain		
Government	1.2	11,667,015
Republic of Italy		
Government	0.1	1,236,777
Venezuela		
Government	0.7	6,008,729
France		
Banking & Finance	0.1	1,087,899
Total swap contracts purchased (includes upfront premiums paid of \$7,977,891)	<u>2.1</u>	<u>20,259,420</u>
Swap contracts written		
Total return swaps		
Australia		
Banking & Finance	0.4	4,111,379
Brazil		
Banking & Finance	0.7	6,171,617
France		
Banking & Finance	0.0	443,100
Total swap contracts written	<u>1.1</u>	<u>10,726,096</u>
Total derivative contracts, assets, at fair value	<u>15.0 %</u>	<u>\$ 144,919,528</u>

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2011

	Number of Shares	Percentage of Net Assets	Fair Value
Securities sold short, at fair value			
Common stocks			
Australia			
Banking & Finance			
Level 2 Securities		3.0 %	\$ 28,909,460
Level 1 Securities		1.7	16,287,134
Steel & Iron		3.6	34,800,000
Total Australia (proceeds \$85,805,911)		8.3	79,996,594
Russia			
Oil & Gas			
Gazprom (proceeds \$68,070,255)	Level 2	6,699,200	
		7.4	71,413,472
Spain			
Banking & Finance (proceeds \$31,160,613)		2.3	22,615,159
United States			
Home Appliances		2.7	25,580,295
Energy		2.6	24,527,916
Metal Fabrication		2.3	22,300,488
Industrial Metals & Minerals		2.1	20,558,054
Coffee		1.9	18,298,800
Computer Equipment		1.6	15,471,000
Basic Materials		1.5	14,192,055
Semiconductors		1.3	12,841,374
Banking & Finance		1.0	9,836,943
Total United States (proceeds \$206,561,360)		17.0	163,606,925
Total common stocks (proceeds \$391,598,139)		35.0	337,632,150
Exchange traded funds			
Brazil			
Index (proceeds \$7,312,327)		0.7	6,456,375
Total securities sold short, at fair value (proceeds \$398,910,466)		35.7 %	\$ 344,088,525

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2011

	Percentage of Net Assets	Fair Value
Derivative contracts, liabilities, at fair value		
Futures contracts		
United States		
Commodity	5.3 %	\$ 50,751,555
Interest Rate	3.4	32,873,838
Total futures contracts	<u>8.7</u>	<u>83,625,393</u>
Currency forwards		
United States		
Other	0.6	6,266,900
Swap contracts purchased		
Credit default swaps		
Germany		
Banking & Finance (includes upfront premiums received of \$2,651,109)	0.3	2,692,961
Swap contracts written		
Total return swaps		
Australia		
Banking & Finance	0.6	5,578,464
United States		
Banking & Finance	0.2	2,300,186
Total swap contracts written	<u>0.8</u>	<u>7,878,650</u>
Total derivative contracts, liabilities, at fair value	<u>10.4 %</u>	<u>\$ 100,463,904</u>

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2010

	Number of Shares	Percentage of Net Assets	Fair Value
Investments in securities, at fair value			
Common stocks			
Canada			
Real Estate (cost \$484,949)		0.1 %	\$ 739,900
Ireland			
Banking & Finance (cost \$31,893,587)		2.7	20,140,000
United States			
Oil & Gas			
Newfield Exploration Co.	641,700	6.3	46,272,987
Other		2.2	15,800,953
Investment Banking & Brokerage		4.0	29,007,299
Semiconductor Equipment		3.6	26,290,880
Software Systems		3.3	24,552,076
Movies & Entertainment		2.6	19,415,726
Biotechnology		1.9	14,162,862
Pharmaceuticals		1.7	12,597,435
Home Building		1.3	9,182,980
Computer Storage & Peripherals		1.1	8,076,830
Home Furnishing		0.6	4,069,620
Chemicals		0.5	3,933,696
Retail Computer & Electronics		0.0	3,481
Total United States (cost \$157,158,492)		29.1	213,366,825
Total common stocks (cost \$189,537,028)		31.9	234,246,725
Debt securities			
Corporate bonds			
Ireland			
Financial (cost \$16,359,496)		1.5	11,020,512

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2010

	Expiration Dates	Number of Contracts or Principal Amount	Percentage of Net Assets	Fair Value
Investments in securities, at fair value (continued)				
Debt securities (continued)				
Government debt				
United States				
U.S. Treasury Inflation-Protected Securities				
	2.125% due February 15, 2040	\$ 401,500,000	58.8 %	\$ 432,051,101
	3.625% due April 15, 2028	\$ 85,600,000	20.4	149,783,345
	3.875% due April 15, 2029	\$ 80,000,000	19.5	143,085,595
Total government debt (cost \$771,935,626)			98.7	724,920,041
Total debt securities (cost \$788,295,122)			100.2	735,940,553
Total investments in securities, at fair value (cost \$977,832,150)			132.1 %	\$ 970,187,278
Derivative contracts, assets, at fair value				
Option contracts purchased				
Call options purchased				
United States				
Commodity				
	CMX Gold	1,078	1.5 %	\$ 10,769,220
	Other		0.6	4,731,080
	Index		1.6	11,840,000
	Currency		0.1	538,020
Total call options purchased (cost \$22,721,190)			3.8	27,878,320
Put options purchased				
United States				
	Index		0.9	6,456,250
	Other		0.0	43,000
Total put options purchased (cost \$9,963,678)			0.9	6,499,250
Futures contracts				
United States				
Commodity				
	CMX Gold	4,265	14.8	109,016,460
	Other		4.9	35,673,432
	Interest Rate		0.2	1,179,574
Total futures contracts			19.9	145,869,466
Currency forwards				
United States				
	Other		0.3	2,293,406

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2010

	Number of Shares	Percentage of Net Assets	Fair Value
Derivative contracts, assets, at fair value (continued)			
Swaps purchased			
Credit default swaps			
Hellenic Republic			
Government		0.3 %	\$ 2,320,443
Kingdom of Spain			
Government		2.2	15,793,441
Portugal			
Government		1.3	9,188,538
Republic of Italy			
Government		0.3	2,374,129
Venezuela			
Government		1.2	8,546,349
Interest rate swaps			
United States			
Corporate		0.1	1,022,638
Total swap contracts purchased (includes upfront premiums paid of \$21,937,131)		<u>5.4</u>	<u>39,245,538</u>
Total derivative contracts, assets, at fair value		<u>30.3 %</u>	<u>\$ 221,785,980</u>
Securities sold short, at fair value			
Common stocks			
Australia			
Banking & Finance			
Westpac Banking Corp Ltd.	1,720,000	5.4 %	\$ 39,388,000
National Australia Bank Ltd.	1,615,000	5.3	39,129,996
Total Australia (proceeds \$72,740,919)		<u>10.7</u>	<u>78,517,996</u>
Spain			
Banking & Finance			
Banco Santander SA (proceeds \$39,006,259)	3,700,000	5.4	39,405,000
United States			
Insurance		3.3	24,395,475
Data Processing & Outsourced Services		2.1	15,424,200
Banking Thrifts and Mortgage Finance		2.0	14,958,477
Office REITs		1.7	12,482,988
Fertilizers & Agricultural Chemicals		1.6	11,490,600
Home Appliances		1.2	8,723,106
Total United States (proceeds \$80,752,039)		<u>11.9</u>	<u>87,474,846</u>
Total securities sold short, at fair value (proceeds \$192,499,217)		<u>28.0 %</u>	<u>\$ 205,397,842</u>

See accompanying notes to financial statements.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2010

	Percentage of Net Assets	Fair Value
Derivative contracts, liabilities, at fair value		
Option contracts written		
Put options written		
United States		
Currency (proceeds \$456,298)	0.0 %	\$ 205,500
Futures contracts		
United States		
Commodity	3.3	24,292,297
Index	0.7	5,162,388
Total United States	4.0	29,454,685
United Kingdom		
Interest Rate	0.7	4,910,094
Total futures contracts	4.7	34,364,779
Currency forwards		
United States		
Other	0.7	5,165,346
Swaps purchased		
Credit default swaps		
Brazil		
Government (includes upfront premiums received of \$1,216,917)	0.4	3,121,228
Swaps written		
Total return swaps		
Brazil		
Financial	1.0	7,498,670
Interest rate swaps		
United States		
Corporate	0.1	281,377
Total swap contracts written	1.1	7,780,047
Total derivative contracts, liabilities, at fair value	6.9 %	\$ 50,636,900

See accompanying notes to financial statements.

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

Nature of Operations

Friedberg Global-Macro Hedge Fund Ltd. (the "Fund") is an investment company which was formed under the laws of the Cayman Islands and commenced operations on November 21, 2001. The Fund was organized for the purpose of trading and investing in securities. Pursuant to an investment advisory agreement, Friedberg Mercantile Group Ltd. ("FMG") is the Investment Advisor (the "Investment Advisor") to the Fund. FCMI Financial Services (Cayman) Ltd., an affiliate of FMG, is the Manager (the "Manager") of the Fund. Refer to the Fund's most recent offering memorandum for more information.

Objective

The Fund is a multi-strategy fund whose investment objective is to seek significant total investment returns, consisting of a combination of interest income, currency gains and capital appreciation by investing in the following four discrete groups of investments: (i) long positions in fixed income securities; (ii) long and short positions in equity securities; (iii) currency forwards and futures contracts and options thereon; and (iv) commodity forwards and futures contracts and options thereon, and other over-the-counter traded derivatives instruments, (the "Portfolio Strategies"). The Fund invests in the Portfolio Strategies through managed accounts. Other managed accounts, investment vehicles, strategies and products may be added to the universe of Portfolio Strategies among which Fund assets may be allocated from time to time. The Fund may from time to time invest in a wide range of instruments and markets, including, but not limited to, equities, equity-related instruments, currencies, commodities, fixed-income and other debt-related instruments and derivative instruments.

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 ("GAAP") as detailed in the Financial Accounting Standards Board's Accounting Standards Codification.

These financial statements were approved by management and available for issuance on June 11, 2012. Subsequent events have been evaluated through this date.

Fair Value - Definition and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. The Fund's positions are normally priced at approximately 4:00 PM Eastern Time.

In determining fair value, the Fund uses various valuation approaches. A fair value hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Fund. Unobservable inputs reflect the Fund's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

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)

Fair Value - Definition and Hierarchy (continued)

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 investments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these investments does not entail a significant degree of judgment.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from investment to investment and is affected by a wide variety of factors including, the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the investments existed. Accordingly, the degree of judgment exercised by the Fund in determining fair value is greatest for investments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Fund uses prices and inputs that are current as of the measurement date, including periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many investments. This condition could cause an investment to be reclassified to a lower level within the fair value hierarchy.

Fair Value - Valuation Techniques and Inputs

Investments in Securities and Securities Sold Short

The Fund values investments in securities and securities sold short that are freely tradable and are listed on a national securities exchange or reported on the NASDAQ national market at their last reported sales price as of the valuation date.

Many over-the-counter ("OTC") contracts have bid and ask prices that can be observed in the marketplace. Bid prices reflect the highest price that the marketplace participants are willing to pay for an asset. Ask prices represent the lowest price that the marketplace participants are willing to accept for an asset. For securities whose inputs are based on bid-ask prices, the Fund's valuation policies do not require that fair value always be a predetermined point in the bid-ask range. The Fund's policy for securities traded in the OTC markets and listed

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)

Fair Value - Valuation Techniques and Inputs (continued)

securities for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "ask" price if sold short.

To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized in Level 1 of the fair value hierarchy. Securities traded on inactive markets or valued by reference to similar instruments are generally categorized in Level 2 of the fair value hierarchy.

Derivative Contracts

The Fund records its derivative activities at fair value. Gains and losses from derivative contracts are included in net realized gain (loss) from derivative contracts and net change in unrealized appreciation or depreciation on derivative contracts in the statements of operations.

Forward contracts

Forward contracts are traded on the OTC market. The fair value of forward contracts are valued using observable inputs, such as currency exchange rates or commodity prices, applied to notional amounts stated in the applicable contracts. Forward contracts are generally categorized in Level 2 of the fair value hierarchy.

Futures contracts

Futures contracts which are listed on major securities exchanges are valued at their last reported sales price as of the valuation date. Listed futures contracts are generally classified in Level 1 of the fair value hierarchy.

Credit default swaps

Credit default swaps are traded on the OTC market. The fair value for a credit default swap contract is derived using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account multiple inputs including specific contract terms, interest rate yield curves, interest rates, credit curves, recovery rates, and current credit spreads obtained from swap counterparties and other market participants. Many inputs into the model do not require material subjectivity as they are observable in the marketplace or set per the contract. Depending on the liquidity of the underlying reference entity and the volume of current credit spreads in the OTC market, credit default swaps are generally categorized in Level 2 or 3 of the fair value hierarchy.

At December 31, 2011, investments in credit default swaps had maturities within a range of two and seven years, and were valued using recovery rates with a range of 20% and 40%, and current credit spreads within a range of 100 and 500 basis points.

Interest rate swaps

Interest rate swaps are traded on the OTC market. The fair value for interest rate swap contracts is derived using a pricing model that is widely accepted by marketplace participants. The pricing model takes into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rates, prepayment speeds and currency rates. Many inputs into the model do not require material subjectivity as they are observable in the marketplace. Interest rate swaps are generally categorized in Level 2 of the fair value hierarchy.

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)

Fair Value - Valuation Techniques and Inputs (continued)

Derivative Contracts (continued)

Total return swaps

Total return swaps are traded on the OTC market. The fair value of total return swaps is recorded at the swap contract's net equity value. Net equity is calculated by determining the notional fair value of the assets or liabilities underlying the swap contracts, which are typically equity securities, and is consistent with the valuation procedures discussed previously. Total return swaps are generally categorized in Level 2 of the fair value hierarchy.

Option contracts

Options which are listed on major securities exchanges are valued at their last reported sales price as of the valuation date or based on the midpoint of the bid/ask spread at the close of business. Depending on the frequency of trading, listed options are generally classified in Level 1 or 2 of the fair value hierarchy.

Government Bonds

The fair value of sovereign government bonds is generally based on quoted prices in active markets. When quoted prices are not available, fair value is determined based on a valuation model that uses inputs that include interest rate yield curves, cross-currency basis index spreads, and sovereign credit spreads similar to the bond in terms of issuer, maturity and seniority. Sovereign government bonds are generally categorized in Levels 1 or 2 of the fair value hierarchy.

Corporate Bonds

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit default swap spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models using yield curves, bond or single name credit default swap spreads, and recovery rates based on collateral values as key inputs. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy. In instances where significant inputs are unobservable, they are categorized in Level 3 of the fair value hierarchy.

Payable for Securities Sold Under Agreements to Repurchase

Transactions involving the sale of securities under agreements to repurchase are treated as collateralized financing transactions and recorded at their contracted repurchase amounts plus accrued interest. The Fund is required to provide securities to its counterparty in order to collateralize repurchase agreements. The Fund's agreements with its counterparty generally contain provisions to allow for excess collateral to be returned when necessary. The term of the Fund's repurchase agreements is generally monthly.

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)

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the period-end exchange rates. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, 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 Fund does not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations arising 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 and Related Investment Income

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.

Income Taxes

The Fund has received an undertaking from the Cayman Islands Government exempting the Fund from all local income, profits and capital gains taxes until December 4, 2021. Accordingly, no provision for income taxes has been made in the accompanying financial statements. However, all United States dividend income and certain interest income are subject to a 30% withholding tax. Further, certain non-United States dividend income may be subject to a tax at prevailing treaty or standard withholding rates with the applicable country or local jurisdiction.

The Fund is required to determine whether its tax positions are more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. De-recognition of a tax benefit previously recognized results in the Fund recording a tax liability that reduces ending net assets. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2011. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof.

The Fund recognizes interest and penalties related to unrecognized tax benefits in interest expense and other expenses, respectively. No interest expense or penalties have been recognized as of and for the year ended December 31, 2011.

The Fund is subject to income tax examinations by major taxing authorities for all tax years since its inception.

The Fund may be subject to potential examination by U.S. federal or foreign jurisdiction authorities in the areas of income taxes. These potential examinations may include questioning the nexus of income among various tax jurisdictions and compliance with U.S. federal or foreign tax laws. The Fund's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

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)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Fund's 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 Fund are issued at their net asset value on their date of issue and are redeemable at the option of the holder at the net asset value on their date of redemption, less a predetermined redemption charge. Net asset value is determined for purchases and redemptions on the last business day of every month and also on the first business day of every week. The net asset value per share is determined by dividing the total net asset value by the total number of shares then outstanding.

Offsetting of Amounts Related to Certain Contracts

The Fund has elected not to offset fair value amounts recognized for cash collateral receivables and payables against fair value amounts recognized for net derivative positions executed with the same counterparty under the same master netting arrangement. At December 31, 2011 and December 31, 2010, the Fund had cash collateral receivables of approximately \$144,775,000 and \$38,689,000, respectively, with derivative counterparties under the same master netting arrangement. The cash collateral amount is included in due from brokers in the statements of assets and liabilities at December 31, 2011 and December 31, 2010.

Reclassifications

Certain 2010 amounts have been reclassified to conform to the 2011 presentation.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

2. Fair value measurements

The Fund's assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy as described in the Fund's significant accounting policies in Note 1. The following table presents information about the Fund's assets measured at fair value as of December 31, 2011 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets (at fair value)				
Investments in securities				
Common stocks	\$ 565,204	\$ 759	\$ -	\$ 565,963
Exchange traded funds	47,227	-	-	47,227
Corporate bonds	-	3,301	-	3,301
Government debt	317,090	-	-	317,090
Total investments in securities	<u>929,521</u>	<u>4,060</u>	<u>-</u>	<u>933,581</u>
Derivative contracts				
Call options purchased	67,083	344	-	67,427
Put options purchased	2,772	238	-	3,010
Futures contracts	37,141	-	-	37,141
Forward contracts	-	6,357	-	6,357
Credit default swaps	-	20,259	-	20,259
Total return swaps	-	10,726	-	10,726
Total derivative contracts	<u>106,996</u>	<u>37,924</u>	<u>-</u>	<u>144,920</u>
	<u>\$ 1,036,517</u>	<u>\$ 41,984</u>	<u>\$ -</u>	<u>\$ 1,078,501</u>

The following table presents information about the Fund's liabilities measured at fair value as of December 31, 2011 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities (at fair value)				
Securities sold short				
Common stocks	\$ 237,309	\$ 100,323	\$ -	\$ 337,632
Exchange traded funds	6,456	-	-	6,456
Total securities sold short	<u>243,765</u>	<u>100,323</u>	<u>-</u>	<u>344,088</u>
Derivative contracts				
Futures contracts	83,625	-	-	83,625
Forward contracts	-	6,267	-	6,267
Credit default swaps	-	2,693	-	2,693
Total return swaps	-	7,879	-	7,879
Total derivative contracts	<u>83,625</u>	<u>16,839</u>	<u>-</u>	<u>100,464</u>
	<u>\$ 327,390</u>	<u>\$ 117,162</u>	<u>\$ -</u>	<u>\$ 444,552</u>

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

2. Fair value measurements (continued)

The following table presents information about the Fund's assets measured at fair value as of December 31, 2010 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets (at fair value)				
Investments in securities				
Common stocks	\$ 234,247	\$ -	\$ -	\$ 234,247
Corporate bonds	-	11,021	-	11,021
Government debt	724,920	-	-	724,920
Total investments in securities	<u>959,167</u>	<u>11,021</u>	<u>-</u>	<u>970,188</u>
Derivative contracts				
Call options purchased	11,840	16,038	-	27,878
Put options purchased	6,499	-	-	6,499
Futures contracts	145,869	-	-	145,869
Forward contracts	-	2,293	-	2,293
Credit default swaps	-	38,224	-	38,224
Interest rate swaps	-	1,023	-	1,023
Total derivative contracts	<u>164,208</u>	<u>57,578</u>	<u>-</u>	<u>221,786</u>
	<u>\$ 1,123,375</u>	<u>\$ 68,599</u>	<u>\$ -</u>	<u>\$ 1,191,974</u>

The following table presents information about the Fund's liabilities measured at fair value as of December 31, 2010 (in thousands):

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities (at fair value)				
Securities sold short				
Common stocks	\$ 205,398	\$ -	\$ -	\$ 205,398
Derivative contracts				
Put options written	206	-	-	206
Futures contracts	34,365	-	-	34,365
Forward contracts	-	5,165	-	5,165
Credit default swaps	-	3,121	-	3,121
Total return swaps	-	7,499	-	7,499
Interest rate swaps	-	281	-	281
Total derivative contracts	<u>34,571</u>	<u>16,066</u>	<u>-</u>	<u>50,637</u>
	<u>\$ 239,969</u>	<u>\$ 16,066</u>	<u>\$ -</u>	<u>\$ 256,035</u>

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

2. Fair value measurements (continued)

No Level 3 assets were held at December 31, 2011 or 2010 or during the years then ended.

During the years ended December 31, 2011 and December 31, 2010, the Fund did not have any significant transfers between any of the levels of the fair value hierarchy.

3. Due from/to broker(s)

Amounts due from brokers may be restricted to the extent that they serve as deposits for securities sold short.

Amounts due to broker represent margin borrowings that are collateralized by certain marketable securities.

In the normal course of business, substantially all of the Fund's securities transactions, money balances and security positions are transacted with JPMorgan Chase & Co., UBS AG and Barclays Capital, the Fund's brokers. Fully paid securities are deposited in custody with CIBC Mellon Global Security Services Company. The Fund is subject to credit risk to the extent any broker with whom it conducts business is unable to fulfill contractual obligations on its behalf. The Fund's management monitors the financial condition of such brokers and does not anticipate any losses from these counterparties.

4. Concentration of credit risk

In the normal course of business, the Fund maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Fund is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. Management monitors the financial condition of such financial institutions and does not anticipate any losses from these counterparties.

5. Derivative contracts

In the normal course of business, the Fund utilizes derivative contracts in connection with its proprietary trading activities. Investments in derivative contracts are subject to additional risks that can result in a loss of all or part of an investment. The Fund's derivative activities and exposure to derivative contracts are classified by the following primary underlying risks: interest rate, credit, foreign currency exchange rate, commodity price, and equity price risks. In addition to its primary underlying risks, the Fund is also subject to additional counterparty risk due to the inability of its counterparties to meet the terms of their contracts.

Forward Contracts

The Fund enters into forward contracts to hedge itself against foreign currency exchange rate risk for its foreign currency denominated assets and liabilities due to adverse foreign currency fluctuations against the U.S. dollar, and to manage the price risk associated with its commodity portfolio positions.

Forward currency and commodity transactions are contracts or agreements for delayed delivery of specific currencies and commodities in which the seller agrees to make delivery at a specified future date of specified currencies and commodities. Risks associated with forward currency and commodity contracts are the inability of counterparties to meet the terms of their respective contracts and movements in fair value and exchange rates.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Futures Contracts

The Fund is subject to equity and commodity price risk, interest rate risk, and foreign currency exchange rate risk in the normal course of pursuing its investment objectives. The Fund may use futures contracts to gain exposure to, or hedge against, changes in the value of equities and commodities, interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

The purchase and sale of futures contracts requires margin deposits with a Futures Commission Merchant ("FCM") equal to a certain percentage of the contract amount. Subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuations in the value of the contract. The Fund recognizes a gain or loss equal to the daily variation margin. Futures contracts may reduce the Fund's exposure to counterparty risk since futures contracts are exchange-traded; and the exchange's clearinghouse, as the counterparty to all exchange-traded futures, guarantees the futures against default.

The Commodity Exchange Act requires an FCM to segregate all customer transactions and assets from the FCM's proprietary activities. A customer's cash and other equity deposited with an FCM are considered commingled with all other customer funds subject to the FCM's segregation requirements. In the event of an FCM's insolvency, recovery may be limited to the Fund's pro rata share of segregated customer funds available. It is possible that the recovery amount could be less than the total of cash and other equity deposited.

Swap Contracts

The Fund enters into various swap contracts (or "swaps"), including interest rate swaps, total return swaps and credit default swaps, as part of its investment strategies, to hedge against unfavorable changes in the value of investments, and to protect against adverse movements in interest rates or credit performance with counterparties. Generally, a swap contract is an agreement that obligates two parties to exchange a series of cash flows at specified intervals based upon or calculated by reference to changes in specified prices or rates for a specified notional amount of the underlying assets. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

During the term of the swap contract, changes in value are recognized as unrealized gains or losses by marking the contracts at fair value. Additionally, the Fund records a realized gain (loss) when a swap contract is terminated and when periodic payments are received or made at the end of each measurement period. In addition to realized gains (losses) and the change in unrealized gains (losses), periodic interest expense and/or income is also reflected in net realized gain (loss) from derivative contracts and net change in unrealized appreciation or depreciation on derivative contracts in the statements of operations.

The fair value of open swaps reported in the statements of assets and liabilities may differ from that which would be realized in the event the Fund terminated its position in the contract. Risks may arise as a result of the failure of the counterparty to the swap contract to comply with the terms of the swap contract. The loss incurred by the failure of counterparty is generally limited to the aggregate fair value of swap contracts in an unrealized gain position as well as any collateral posted with the counterparty. The risk is mitigated by having a master netting arrangement between the Fund and the counterparty and by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty. Therefore, the Fund considers the creditworthiness of each counterparty to a swap contract in evaluating potential credit risk. Additionally, risks may arise from unanticipated movements in the fair value of the underlying investments.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Swap Contracts (continued)

The Fund values its swap contracts at their fair values. Management calculates fair value by marking to market the assets and liabilities underlying the swap contract.

Credit Default Swaps

The Fund is subject to credit risk in the normal course of pursuing its investment objectives. The Fund may enter into credit default swaps to manage its exposure to the market or certain sectors of the market, to reduce its risk exposure to defaults of corporate and sovereign issuers, or to create exposure to corporate or sovereign issuers to which it is not otherwise exposed.

Credit default swap contracts involve an arrangement between the Fund and a counterparty which allows the Fund to protect against losses incurred as a result of default by a specified reference entity. Generally, the Fund pays or receives a premium upfront and the counterparty agrees to make a payment to compensate the Fund for losses upon the occurrence of a specified credit event.

The Fund's credit default swap contracts are scheduled to terminate from 2013 through 2017.

Interest Rate Swaps

The Fund is exposed to interest rate risk when there is an unfavorable change in the value of investments as a result of adverse movements in the market interest rates. The Fund enters into interest rate swap contracts to protect against such adverse movements in the interest rates.

Interest rate swaps are contracts whereby counterparties exchange different rates of interest on a specified notional amount for a specified period of time. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The Fund did not hold any interest rate swap contracts at December 31, 2011.

Total Return Swaps

The Fund is subject to equity price risk in the normal course of pursuing its investment objectives. The Fund may enter into total return swaps either to manage its exposure to the market or certain sectors of the market, or to create exposure to certain equities to which it is otherwise not exposed.

Total return swap contracts involve the exchange by the Fund and a counterparty of their respective commitments to pay or receive a net amount based on the change in the fair value of a particular security or index and a specified notional amount. The Fund's total return swap contracts are scheduled to terminate on the cash settlement payment dates in January 2012 through October 2012.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS (Expressed in United States Dollars)

5. Derivative contracts (continued)

Options

The Fund is subject to equity and commodity price risk, and foreign currency exchange risk in the normal course of pursuing its investment objectives. The Fund may enter into options to speculate on the price movements of the financial instrument, commodity, or currency underlying the option, or for use as an economic hedge against certain equity positions held in the Fund's portfolio holdings. Option contracts give the Fund the right, but not the obligation, to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices.

Options written obligate the Fund to buy or sell within a limited time, a financial instrument, commodity or currency at a contracted price that may also be settled in cash, based on differentials between specified indices or prices. When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written. Options written by the Fund may expose the Fund to market risk of an unfavorable change in the financial instrument underlying the written option.

For some OTC options, the Fund is exposed to counterparty risk from the potential that a seller of an option contract does not sell or purchase the underlying asset as agreed under the terms of the option contract. The maximum risk of loss from counterparty risk to the Fund is the fair value of the contracts and the premiums paid to purchase its open option contracts. In these instances, the Fund considers the credit risk of the intermediary counterparty to its option transactions in evaluating potential credit risk.

Credit-Risk-Related Contingent Features

The Fund's derivative contracts are subject to International Swaps and Derivatives Association ("ISDA") Master Agreements which contain certain covenants and other provisions that may require the Fund to post collateral on derivatives if the Fund is in a net liability position with its counterparties exceeding certain amounts.

Additionally, counterparties may immediately terminate these agreements and the related derivative contracts if the Fund fails to maintain sufficient asset coverage for its contracts or its net assets decline by stated percentages or amounts.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Volume of Derivative Activities

At December 31, 2011, the notional amounts ^(a) and number of contracts, categorized by primary underlying risk, are as follows:

(notional amounts in thousands)

Primary underlying risk	Long exposure		Short exposure	
	Notional amounts	Number of contracts	Notional amounts	Number of contracts
Interest rate				
Futures contracts	\$ 129,814	990	\$ 7,076,560	17,010
Foreign currency exchange rate				
Forward contracts	274,498	1	356,259	4
Equity price				
Options (b)	328,295	45,900	54,040	14,500
Futures contracts	-	-	219,425	30,514
Total return swap contracts	-	-	552,823	5
	<u>328,295</u>	<u>45,900</u>	<u>826,288</u>	<u>45,019</u>
Commodity price				
Options (b)	344	3,435	238	80
Futures contracts	393,298	4,120	870,384	8,467
	<u>393,642</u>	<u>7,555</u>	<u>870,622</u>	<u>8,547</u>
Credit				
Purchased protection:				
Credit default swap contracts	883,466	10	-	-
	<u>\$ 2,009,715</u>	<u>54,456</u>	<u>\$ 9,129,729</u>	<u>70,580</u>

(a) Notional amounts are presented net of identical offsetting derivative contracts.

(b) Notional amounts for options are based on the number of contracts times the fair value of the underlying instruments as-if exercised at December 31, 2011.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Volume of Derivative Activities (continued)

At December 31, 2010, the notional amounts ^(a) and number of contracts, categorized by primary underlying risk, are as follows:

(notional amounts in thousands)

Primary underlying risk	Long exposure		Short exposure	
	Notional amounts	Number of contracts	Notional amounts	Number of contracts
Interest rate				
Futures contracts	\$ 1,001,388	5,672	\$ 269,961	650
Interest rate swap contracts	5,423	1	2,119	1
	<u>1,006,811</u>	<u>5,673</u>	<u>272,080</u>	<u>651</u>
Foreign currency exchange rate				
Options (b)	538	96	-	-
Forward contracts	183,788	2	255,201	5
	<u>184,326</u>	<u>98</u>	<u>255,201</u>	<u>5</u>
Equity price				
Options (b)	189,458	56,975	-	-
Futures contracts	-	-	262,437	8,844
Total return swap contracts	-	-	139,892	1,360,984
	<u>189,458</u>	<u>56,975</u>	<u>402,329</u>	<u>1,369,828</u>
Commodity price				
Options (b)	24,999	2,058	206	96
Futures contracts	1,089,855	10,935	325,260	3,500
	<u>1,114,854</u>	<u>12,993</u>	<u>325,466</u>	<u>3,596</u>
Credit				
Purchased protection:				
Credit default swap contracts	1,243,234	16	-	-
	<u>\$ 3,738,683</u>	<u>75,755</u>	<u>\$ 1,255,076</u>	<u>1,374,080</u>

(a) Notional amounts are presented net of identical offsetting derivative contracts.

(b) Notional amounts for options are based on the number of contracts times the fair value of the underlying instruments as-if exercised at December 31, 2010.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Impact of Derivatives on the Statements of Assets and Liabilities and Statements of Operations

The following tables identify the fair value amounts of derivative instruments included in the statements of assets and liabilities as derivative contracts, categorized by primary underlying risk, at December 31, 2011 and December 31, 2010. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. Total derivative assets and liabilities are adjusted on an aggregate basis to take into consideration the effects of master netting arrangements and have been reduced by the application of cash collateral receivables and payables with its counterparties. The following tables also identify the net gain and loss amounts included in the statements of operations as net realized gain (loss) from derivative contracts and net change in unrealized appreciation or depreciation on derivative contracts, categorized by primary underlying risk, for the years ended December 31, 2011 and December 31, 2010.

(in thousands)

2011 Primary underlying risk	Derivative assets	Derivative liabilities	Amount of gain (loss)
Interest rate			
Options	\$ -	\$ -	\$ (7,719)
Futures contracts	1,192	32,874	2,708
Interest rate swaps	-	-	36,039
	<u>1,192</u>	<u>32,874</u>	<u>31,028</u>
Foreign currency exchange rate			
Options	-	-	(1,180)
Futures contracts	-	-	(27,779)
Forward contracts	6,357	6,267	2,962
	<u>6,357</u>	<u>6,267</u>	<u>(25,997)</u>
Equity price			
Options	69,856	-	17,834
Futures contracts	5,209	-	(6,568)
Total return swap contracts	10,726	7,879	82,528
	<u>85,791</u>	<u>7,879</u>	<u>93,794</u>
Commodity price			
Options	581	-	18,198
Futures contracts	30,740	50,751	54,957
	<u>31,321</u>	<u>50,751</u>	<u>73,155</u>
Credit			
Purchased protection:			
Credit default swap contracts	20,259	2,693	(36)
	<u>20,259</u>	<u>2,693</u>	<u>(36)</u>
Total	<u>\$ 144,920</u>	<u>\$ 100,464</u>	<u>\$ 171,944</u>

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

5. Derivative contracts (continued)

Impact of Derivatives on the Statements of Assets and Liabilities and Statements of Operations (continued)

(in thousands)

2010 Primary underlying risk	Derivative assets	Derivative liabilities	Amount of gain (loss)
Interest rate			
Futures contracts	\$ 1,179	\$ 4,910	\$ 41,430
Interest rate swaps	1,023	281	742
	<u>2,202</u>	<u>5,191</u>	<u>42,172</u>
Foreign currency exchange rate			
Options	538	206	(4,973)
Futures contracts	-	-	(9,046)
Forward contracts	2,293	5,165	109,416
	<u>2,831</u>	<u>5,371</u>	<u>95,397</u>
Equity price			
Options	18,339	-	(8,523)
Futures contracts	-	5,163	(107,235)
Total return swap contracts	-	7,499	(7,499)
	<u>18,339</u>	<u>12,662</u>	<u>(123,257)</u>
Commodity price			
Options	15,500	-	(1,816)
Futures contracts	144,690	24,292	142,899
	<u>160,190</u>	<u>24,292</u>	<u>141,083</u>
Credit			
Purchased protection:			
Credit default swap contracts	38,224	3,121	(21,229)
	<u>38,224</u>	<u>3,121</u>	<u>(21,229)</u>
Total	<u>\$ 221,786</u>	<u>\$ 50,637</u>	<u>\$ 134,166</u>

6. Payable for securities sold under agreements to repurchase

Transactions involving securities sold under agreements to repurchase are treated as collateralized financial transactions, and are recorded at their contracted repurchase amounts. Interest on such transactions is included in interest payable in the statements of assets and liabilities. Interest rates range from 2.125% to 3.875%.

At December 31, 2011, securities with a fair value of approximately \$257,333,000, which are included in investments in securities at fair value in the statements of assets and liabilities, were pledged to collateralize the payable for securities sold under agreements to repurchase. At December 31, 2010, securities with a fair value of approximately \$625,381,000, which are included in investments in securities at fair value in the statement of assets and liabilities, were pledged to collateralize securities sold under agreements to repurchase.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

7. Securities sold short

The Fund is 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 the financial statements.

8. Capital share transactions

As of December 31, 2011, there are 100 non-participating, voting and non-redeemable shares issued from the Fund to FCMI Financial Services (Cayman) Ltd., a Cayman Islands affiliate of the Fund, which are not reflected in the Fund's share capital. These shares were issued at a nominal value and do not participate in the income, distributions, and net asset value on redemption or liquidation of the Fund.

Authorized share capital of the Fund 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 shares, a redemption charge of 3/8 of 1% is retained by the Fund. No Class B shares are currently outstanding.

Transactions in capital shares during the years, and the shares outstanding and the net asset value ("NAV") per share as of December 31, 2011 and December 31, 2010, for Class A are as follows:

Number of Shares	2011	2010
Outstanding, beginning of year	173,690.02	168,893.88
Issued during the year	-	9,206.68
Redeemed during the year	(11,773.05)	(4,410.54)
Outstanding, end of year	<u>161,916.97</u>	<u>173,690.02</u>
Amounts		
Amounts issued	<u>\$ -</u>	<u>\$ 37,300,532</u>
Amounts redeemed	<u>\$ (51,053,931)</u>	<u>\$ (18,128,640)</u>
Ending net assets	<u>\$ 964,191,617</u>	<u>\$ 734,293,665</u>
Ending NAV per share	<u>\$ 5,954.85</u>	<u>\$ 4,227.61</u>

Shareholders have redemption rights which contain certain restrictions with respect to rights of redemption of shares as specified in the offering memorandum.

Redemptions payable represent amounts due to shareholders based on redemption requests effective through December 31, 2011 and December 31, 2010, respectively.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

9. Related party transactions

Management and Incentive Fees

The Investment Advisor is entitled to a management fee, calculated and payable monthly in arrears equal to 1/12 of 2% per month of the net assets of the Fund determined as of the last business day of the month.

The Investment Advisor is also entitled to an incentive fee, payable on a quarterly basis, which will generally be equal to 20%. The incentive fees are based on "net new trading profits", defined as the difference, if positive, between the net asset value at the end of the applicable period and the net asset value at the end of the preceding period, adjusted to reflect the amount of any unrecovered loss carried forward from the preceding period or periods. The net new trading profits must also exceed a hurdle rate before any incentive fees are paid.

Certain investors are affiliated with the Investment Manager. The aggregate value of the affiliated investors' share of net assets at December 31, 2011 and December 31, 2010 were approximately \$221,700,000 and \$132,900,000, respectively.

10. Administrator and custodian

Cayman National Fund Services Ltd. (the "Administrator") serves as the administrator for the Fund and performs certain administrative and clerical services on behalf of the Fund including the calculation of month-end net asset value. FMG continues to calculate the weekly net asset value. At December 31, 2011 and December 31, 2010, cash balances in the amount of approximately \$22,000 and \$39,000, respectively, were held by an affiliate of the Administrator.

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

11. Financial highlights

Financial highlights for the years ended December 31, 2011 and 2010 are as follows:

	<u>2011</u> <u>Class A Shares</u>	<u>2010</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year	\$ 4,227.61	\$ 3,796.33
Income (loss) from investment operations:		
Net investment income (loss)	(63.45)	(79.80)
Incentive fee	(493.65)	(169.90)
Net gain (loss) on investments	2,284.34	680.98
Total from investment operations	1,727.24	431.28
Net asset value, end of year	\$ 5,954.85	\$ 4,227.61
Total return		
Total return before incentive fee	52.5 %	15.8 %
Incentive fee	(11.7)	(4.4)
Total return after incentive fee	40.8 %	11.4 %
Ratio to average net assets		
Expenses other than incentive fee	3.2 %	2.9 %
Administrative fees reimbursed	0.0	0.0
Incentive fee	10.1	4.1
Total expenses	13.3 %	7.0 %
Net investment income (loss)	(11.4) %	(6.0) %

Financial highlights are calculated for each permanent, non-managing class of common shares. An individual shareholder's return and ratios may vary based on the timing of capital share transactions.

12. Subsequent events

From January 1, 2012 through June 11, 2012, the Fund had additional redemptions of approximately \$810,000.