

**FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.**

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2013 AND 2012

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONTENTS

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<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
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	15-34

## INDEPENDENT AUDITORS' REPORT

To Friedberg Global-Macro Hedge Fund Ltd.

We have audited the accompanying financial statements of Friedberg Global-Macro Hedge Fund Ltd. (the "Fund"), which comprise the statements of assets and liabilities, including the condensed schedules of investments, as of December 31, 2013 and 2012, and the related statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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, 2013 and 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



Grand Cayman, Cayman Islands  
June 20, 2014

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## STATEMENTS OF ASSETS AND LIABILITIES

(Expressed in United States Dollars)

December 31,	2013	2012
<b>Assets</b>		
Investments in securities, at fair value (cost \$647,528,464 and \$1,222,950,821 in 2013 and 2012, respectively)	\$ 837,517,525	\$ 1,582,190,829
Due from brokers	211,225,449	345,444,181
Derivative contracts, at fair value	37,118,724	118,551,503
Cash	19,664,214	8,354,492
Interest and dividends receivable	2,763,603	2,294,452
Total assets	1,108,289,515	2,056,835,457
<b>Liabilities</b>		
Securities sold short, at fair value (proceeds \$234,137,043 and \$574,885,111 in 2013 and 2012, respectively)	253,311,440	613,996,886
Payable for securities sold under agreements to repurchase	184,894,174	281,291,667
Derivative contracts, at fair value	52,854,328	55,798,696
Due to broker	48,660,157	223,227,831
Accrued expenses	1,266,741	2,371,037
Management fee payable	944,933	1,465,574
Interest and dividends payable	316,908	805,139
Redemptions payable	45,828	29,887
Total liabilities	542,294,509	1,178,986,717
<b>Net assets</b>	<b>\$ 565,995,006</b>	<b>\$ 877,848,740</b>
<b>Number of shares outstanding</b>		
Class A	158,809.80	161,505.05
<b>Net asset value per share</b>		
Class A	<b>\$ 3,563.98</b>	<b>\$ 5,435.42</b>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## STATEMENTS OF OPERATIONS

(Expressed in United States Dollars)

Years Ended December 31,	2013	2012
<b>Investment income</b>		
Interest	\$ 6,383,702	\$ 5,728,251
Dividends (net of U.S. and foreign withholding taxes of \$2,202,958 and \$3,834,634 in 2013 and 2012, respectively)	5,172,820	9,274,430
Total investment income	11,556,522	15,002,681
<b>Expenses</b>		
Interest and dividends	21,441,294	16,415,437
Management fee	14,726,493	17,852,938
Administrative fee	509,588	606,334
Professional fees and other	255,184	271,236
Total expenses	36,932,559	35,145,945
Administrative fees reimbursed	(65,000)	(65,000)
Net expenses	36,867,559	35,080,945
<b>Net investment income (loss)</b>	<b>(25,311,037)</b>	<b>(20,078,264)</b>
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on securities	291,271,710	33,181,374
Net change in unrealized appreciation or depreciation on securities	(149,313,568)	195,198,939
Net realized gain (loss) from derivative contracts	(379,847,684)	(327,305,949)
Net change in unrealized appreciation or depreciation on derivative contracts	(38,440,806)	34,915,746
<b>Net gain (loss) on investments</b>	<b>(276,330,348)</b>	<b>(64,009,890)</b>
<b>Net change in net assets resulting from operations</b>	<b>\$ (301,641,385)</b>	<b>\$ (84,088,154)</b>

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## STATEMENTS OF CHANGES IN NET ASSETS

(Expressed in United States Dollars)

<b>Years Ended December 31,</b>	<b>2013</b>	<b>2012</b>
<b>Operations</b>		
Net investment income (loss)	\$ (25,311,037)	\$ (20,078,264)
Net realized gain (loss) on securities	291,271,710	33,181,374
Net change in unrealized appreciation or depreciation on securities	(149,313,568)	195,198,939
Net realized gain (loss) from derivative contracts	(379,847,684)	(327,305,949)
Net change in unrealized appreciation or depreciation on derivative contracts	(38,440,806)	34,915,746
<b>Net change in net assets resulting from operations</b>	<b>(301,641,385)</b>	<b>(84,088,154)</b>
<b>Capital share transactions</b>		
Redemption of shares	(10,212,349)	(2,254,723)
<b>Net change in net assets</b>	<b>(311,853,734)</b>	<b>(86,342,877)</b>
<b>Net assets, beginning of year</b>	<b>877,848,740</b>	<b>964,191,617</b>
<b>Net assets, end of year</b>	<b>\$ 565,995,006</b>	<b>\$ 877,848,740</b>

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,	2013	2012
<b>Cash flows from operating activities</b>		
Net change in net assets resulting from operations	\$ (301,641,385)	\$ (84,088,154)
Adjustments to reconcile net change in net assets resulting from operations to net cash provided by (used in) operating activities:		
Net change in unrealized appreciation or depreciation on securities	149,313,568	(195,198,939)
Changes in operating assets and liabilities:		
Cost of investments in securities	575,422,358	(359,477,591)
Due from brokers	134,218,732	330,819,308
Derivative contracts	81,432,779	26,368,025
Interest and dividends receivable	(469,151)	(369,145)
Proceeds from securities sold short	(340,748,068)	175,974,642
Payable for securities sold under agreements to repurchase	(96,397,493)	24,904,412
Derivative contracts	(2,944,368)	(44,665,208)
Due to broker	(174,567,674)	83,901,935
Accrued expenses	(1,104,296)	399,533
Management fee payable	(520,641)	(144,153)
Interest and dividends payable	(488,231)	805,139
<b>Net cash provided by (used in) operating activities</b>	<b>21,506,130</b>	<b>(40,770,196)</b>
<b>Cash flows from financing activities</b>		
Payments for redemption of shares, net of change in redemptions payable	(10,196,408)	(2,259,705)
<b>Net change in cash</b>	11,309,722	(43,029,901)
<b>Cash, beginning of year</b>	8,354,492	51,384,393
<b>Cash, end of year</b>	\$ 19,664,214	\$ 8,354,492
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest	\$ 6,071,379	\$ 5,403,889

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS

(Expressed in United States Dollars)

**December 31, 2013**

	Number of Shares / Principal Amount	Percentage of Net Assets	Fair Value
<b>Investments in securities, at fair value</b>			
<b>Common stocks</b>			
<b>Ireland</b>			
Banking & Finance			
Bank of Ireland (cost \$21,487,306)	152,387,992	9.3 %	\$ 52,775,619
<b>United States</b>			
Residential Construction			
PulteGroup, Inc.	3,989,400	14.4	81,264,078
DR Horton Inc.	3,308,648	13.1	73,849,023
Toll Brothers Inc.	1,072,600	7.0	39,686,200
Lennar Corp.	936,200	6.6	37,036,072
Standard Pacific Corp.	4,071,200	6.5	36,844,360
NVR, Inc.	29,520	5.4	30,287,815
Other		5.6	31,939,196
Oil & Gas Refining		13.2	74,877,903
Building Material			
USG Corporation	2,082,900	10.5	59,112,702
Pulp & Paper		4.9	27,542,089
Radio		4.4	24,857,176
Automotive		3.0	16,995,717
Mining		2.9	16,643,340
Information Technology Services		2.9	16,501,364
Entertainment Diversified		2.6	14,875,080
Internet		1.6	9,077,751
Aerospace & Defense		1.3	7,605,780
Retail	Level 2	0.0	1,740
<b>Total United States</b> (cost \$433,007,055)		105.9	598,997,386
<b>Total common stocks</b> (cost \$454,494,361)		115.2	651,773,005
<b>Debt securities</b>			
<b>Government debt</b>			
<b>Germany</b>			
Deutschland Bund Republic 2.5% due July 4, 2044 (cost \$193,034,103)	€ 142,750,000	32.8	185,744,520
<b>Total investments in securities, at fair value</b> (cost \$647,528,464)		148.0 %	\$ 837,517,525

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2013

	Percentage of Net Assets	Fair Value
<b>Derivative contracts, assets, at fair value</b>		
<b>Option contracts purchased</b>		
<b>Call options purchased</b>		
<b>United States</b>		
Financial	2.2 %	\$ 12,589,100
Retail	1.7	9,612,000
Agriculture	0.3	1,882,500
<b>Total call options purchased</b> (cost \$9,188,594)	4.2	24,083,600
<b>Put options purchased</b>		
<b>Germany</b>		
Financial (cost \$3,967,206)	0.1	356,920
<b>Spain</b>		
Financial (cost \$1,198,142)	0.0	71,463
<b>Total put options purchased</b> (cost \$5,165,348)	0.1	428,383
<b>Total option contracts purchased</b> (cost \$14,353,942)	4.3	24,511,983
<b>Futures contracts</b>		
<b>United States</b>		
Commodity	0.6	3,275,436
Interest Rate	0.1	370,905
Index	0.0	15,105
<b>Total futures contracts</b>	0.7	3,661,446
<b>Currency forwards</b>		
<b>United States</b>		
Other	0.7	4,175,900
<b>Swap contracts purchased</b>		
<b>Credit default swaps</b>		
<b>Venezuela</b>		
Government	0.8	4,277,046
<b>Portugal</b>		
Government	0.0	6,255
<b>Total credit default swaps</b>	0.8	4,283,301

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2013

	Number of Shares	Percentage of Net Assets	Fair Value
<b>Derivative contracts, assets, at fair value (continued)</b>			
<b>Total return swaps</b>			
<b>Brazil</b>			
Real Estate		0.1 %	\$ 486,094
<b>Total swap contracts purchased (includes upfront premiums paid of \$275,616)</b>			
		0.9	4,769,395
<b>Total derivative contracts, assets, at fair value</b>			
		6.6 %	\$ 37,118,724
<b>Securities sold short, at fair value</b>			
<b>Common stocks</b>			
<b>Peru</b>			
Banking & Finance (proceeds \$14,799,376)		3.0 %	\$ 17,002,713
<b>United States</b>			
Restaurants			
Yum! Brands, Inc.	853,300	11.4	64,518,013
Computers			
International Business Machines Corporation	186,400	6.2	34,963,048
Paper & Packaging			
Domtar Corporation	308,400	5.1	29,094,456
Internet Retail		3.3	18,785,776
Telecom		2.8	15,934,555
Real Estate Investment Trusts		2.7	15,180,732
Retail		1.4	7,927,975
<b>Total United States (proceeds \$167,655,195)</b>			
		32.9	186,404,555
<b>Total common stocks (proceeds \$182,454,571)</b>			
		35.9	203,407,268
<b>Exchange traded funds</b>			
<b>Brazil</b>			
Index (proceeds \$7,312,327)		0.9	5,026,500
<b>South Korea</b>			
Index (proceeds \$15,666,353)		2.9	16,206,302
<b>United States</b>			
Index			
iShares MSCI Emerging Markets (proceeds \$28,703,792)	686,000	5.1	28,671,370
<b>Total exchange traded funds (proceeds \$51,682,472)</b>			
		8.9	49,904,172
<b>Total securities sold short, at fair value (proceeds \$234,137,043)</b>			
		44.8 %	\$ 253,311,440

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2013

	Percentage of Net Assets	Fair Value
<b>Derivative contracts, liabilities, at fair value</b>		
<b>Option contracts written</b>		
<b>Call options written</b>		
<b>United States</b>		
Financial (proceeds \$147,061)	0.4 %	\$ 2,436,000
<b>Futures contracts</b>		
<b>United States</b>		
Interest Rate	1.0	5,997,337
Commodity	0.8	4,448,659
Index	0.2	916,466
Currency	0.0	258,300
<b>Total futures contracts</b>	<b>2.0</b>	<b>11,620,762</b>
<b>Currency forwards</b>		
<b>United States</b>		
Other	1.3	7,395,257
<b>Swap contracts purchased</b>		
<b>Credit default swaps</b>		
<b>France</b>		
Banking & Finance	3.7	21,035,254
<b>Kingdom of Spain</b>		
Government	1.5	8,189,052
<b>Republic of Italy</b>		
Government	0.2	1,258,250
<b>Portugal</b>		
Government	0.0	3,760
<b>Total swap contracts purchased</b> (includes upfront premiums received of \$6,411,429 and upfront premiums paid of \$8,483,341)	<b>5.4</b>	<b>30,486,316</b>
<b>Swap contracts written</b>		
<b>Total return swaps</b>		
<b>India</b>		
Banking & Finance	0.2	915,993
<b>Total derivative contracts, liabilities, at fair value</b>	<b>9.3 %</b>	<b>\$ 52,854,328</b>

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2012

	Number of Shares	Percentage of Net Assets	Fair Value
<b>Investments in securities, at fair value</b>			
<b>Common stocks</b>			
<b>Canada</b>			
Financial (cost \$288,689)	Level 2	0.1 %	\$ 686,510
<b>Ireland</b>			
Banking & Finance			
Bank of Ireland (cost \$57,123,130)	390,513,248	6.6	58,218,066
<b>United States</b>			
Residential Construction			
PulteGroup, Inc.	6,136,000	12.7	111,429,760
Lennar Corp.	2,158,000	9.5	83,449,860
Toll Brothers Inc.	2,384,000	8.8	77,074,720
DR Horton Inc.	3,665,000	8.3	72,493,700
Other		8.0	70,652,939
Retail			
eBay Inc.	2,537,600	14.7	129,411,764
Wal-Mart Stores Inc.	1,429,000	11.1	97,500,670
The Home Depot, Inc.	986,600	6.9	61,021,210
Other	Level 2	0.0	1,740
Internet			
Google Inc.	128,700	10.4	91,039,806
Banking & Finance			
The Hartford Financial Services Group, Inc.	3,300,800	8.4	74,069,952
Aerospace & Defense			
General Dynamics Corp.	957,100	7.6	66,298,317
Building Material			
USG Corporation	2,314,300	7.4	64,962,401
Entertainment Diversified			
		5.0	43,543,423
Paper			
		3.3	28,684,800
Information Technology Services			
		2.8	24,453,156
News			
		2.3	20,385,856
Biotechnology			
		2.3	20,271,795
Telecom Equipment			
		2.1	18,565,000
Automotive			
		1.5	12,989,394
<b>Total United States</b> (cost \$896,855,051)		133.1	1,168,300,263
<b>Total common stocks</b> (cost \$954,266,870)		139.8	1,227,204,839

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2012

	Expiration Date	Number of Contracts / Principal Amount	Percentage of Net Assets	Fair Value
<b>Investments in securities, at fair value (continued)</b>				
<b>Debt securities</b>				
<b>Government debt</b>				
<b>Venezuela</b>				
Financial (cost \$3,277,812)			0.4 %	\$ 4,027,938
<b>United States</b>				
U.S. Treasury Inflation-Protected Securities				
2.125% due February 15, 2040		\$ 164,500,000	29.4	257,807,370
3.875% due April 15, 2029		\$ 40,000,000	10.6	93,150,682
<b>Total United States</b> (cost \$265,406,139)			40.0	350,958,052
<b>Total debt securities</b> (cost \$268,683,951)			40.4	354,985,990
<b>Total investments in securities, at fair value</b> (cost \$1,222,950,821)			180.2 %	\$ 1,582,190,829
<b>Derivative contracts, assets, at fair value</b>				
<b>Option contracts purchased</b>				
<b>Call options purchased</b>				
<b>United States</b>				
Pharmaceuticals			4.1 %	\$ 36,303,000
Health Care			1.9	16,382,250
Retail				
Wal-Mart Stores Inc.	Jan 2014	6,600	0.3	2,475,000
Interest Rate			0.1	624,609
<b>Total call options purchased</b> (cost \$35,376,064)			6.4	55,784,859
<b>Put options purchased</b>				
<b>United States</b>				
Computer Equipment (cost \$12,977,553)			3.5	30,657,375
<b>Total option contracts purchased</b> (cost \$48,353,617)			9.9	86,442,234

See accompanying notes to financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2012

	Percentage of Net Assets	Fair Value
<b>Derivative contracts, assets, at fair value (continued)</b>		
<b>Futures contracts</b>		
<b>United States</b>		
Commodity	2.0 %	\$ 17,973,965
Index	1.0	8,614,876
<b>Total futures contracts</b>	<b>3.0</b>	<b>26,588,841</b>
<b>Currency forwards</b>		
<b>United States</b>		
Other	0.1	542,096
<b>Swap contracts purchased</b>		
<b>Credit default swaps</b>		
<b>Kingdom of Spain</b>		
Government	0.2	2,096,730
<b>Venezuela</b>		
Government	0.3	2,881,602
<b>Total swap contracts purchased</b> (includes upfront premiums paid of \$6,565,459)	<b>0.5</b>	<b>4,978,332</b>
<b>Total derivative contracts, assets, at fair value</b>	<b>13.5 %</b>	<b>\$ 118,551,503</b>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2012

	Number of Shares	Percentage of Net Assets	Fair Value
<b>Securities sold short, at fair value</b>			
<b>Common stocks</b>			
<b>Australia</b>			
Banking & Finance			
Level 1 Securities		4.6 %	\$ 40,653,718
Level 2 Securities		1.7	15,035,364
Steel & Iron			
Fortescue Metals Group Limited	10,208,000	5.7	49,631,728
<b>Total Australia</b> (proceeds \$93,790,850)		12.0	105,320,810
<b>Canada</b>			
Banking & Finance (proceeds \$114,921,941)		15.3	134,705,861
<b>Russia</b>			
Oil & Gas			
Gazprom (proceeds \$43,773,827)      Level 2	4,900,000	5.3	46,354,000
<b>Spain</b>			
Banking & Finance (proceeds \$31,161,441)		2.8	25,039,751
<b>United States</b>			
Pharmaceuticals			
Merck & Co. Inc.	1,240,000	5.8	50,765,600
Railroads		4.9	43,213,792
Restaurants		4.8	41,918,320
Consumer & Packaged Goods		4.3	37,429,434
Automotive		3.3	28,971,267
Health Care Plans		2.7	23,563,856
Semiconductors		2.3	19,995,214
Data Storage		2.2	19,665,690
Retail		1.8	15,930,837
Minerals		1.7	14,829,204
<b>Total United States</b> (proceeds \$283,924,725)		33.8	296,283,214
<b>Total common stocks</b> (proceeds \$567,572,784)		69.2	607,703,636
<b>Exchange traded funds</b>			
<b>Brazil</b>			
Index (proceeds \$7,312,327)		0.7	6,293,250
<b>Total securities sold short, at fair value</b> (proceeds \$574,885,111)		108.5 %	\$ 613,996,886

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## CONDENSED SCHEDULES OF INVESTMENTS (CONTINUED)

(Expressed in United States Dollars)

December 31, 2012

	Percentage of Net Assets	Fair Value
<b>Derivative contracts, liabilities, at fair value</b>		
<b>Futures contracts</b>		
<b>United States</b>		
Interest Rate	1.0 %	\$ 9,178,906
Commodity	0.9	8,318,347
Index	0.1	424,691
<b>Total futures contracts</b>	<u>2.0</u>	<u>17,921,944</u>
<b>Currency forwards</b>		
<b>United States</b>		
Other	0.1	594,381
<b>Swap contracts purchased</b>		
<b>Credit default swaps</b>		
<b>France</b>		
Banking & Finance (includes upfront premiums received of \$846,464 and upfront premiums paid of \$2,529,400)	1.8	16,026,519
<b>Swap contracts written</b>		
<b>Total return swaps</b>		
<b>Brazil</b>		
Banking & Finance	1.4	12,483,744
<b>Australia</b>		
Banking & Finance	0.5	4,579,836
<b>France</b>		
Banking & Finance	0.5	4,192,272
<b>Total swap contracts written</b>	<u>2.4</u>	<u>21,255,852</u>
<b>Total derivative contracts, liabilities, at fair value</b>	<u>6.3 %</u>	<u>\$ 55,798,696</u>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

*(Expressed in United States Dollars)*

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### 1. Nature of operations and summary of significant accounting policies

#### *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 20, 2014. 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 techniques. 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 are to be used when available. Valuation techniques that are consistent with the market or income approach are used to measure fair value. 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)

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### 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.

*Level 2* - Valuations based on inputs, other than quoted prices included in Level 1, that are observable either directly or indirectly.

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

Fair value is a market-based measure, based on assumptions of prices and inputs considered from the perspective of a market participant that are current as of the measurement date, 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 availability of valuation techniques and observable inputs can vary from investment to investment and are affected by a wide variety of factors, including the type of investment, whether the investment is new and not yet established in the marketplace, the liquidity of markets, 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. 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, the level in the fair value hierarchy which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement.

#### *Fair Value - Valuation Techniques and Inputs*

##### Investments in Securities and Securities Sold Short

Investments in securities and securities sold short that are freely tradable and are listed on major securities exchanges are valued 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 securities for which no sale was reported on that date are generally 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.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

*(Expressed in United States Dollars)*

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *Fair Value - Valuation Techniques and Inputs (continued)*

##### 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.

##### *Option contracts*

The fair value of 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, options are generally categorized in Level 1 or 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. Futures contracts are generally categorized in Level 1 of the fair value hierarchy.

##### *Currency forwards*

Currency forwards are traded on the OTC market. The fair value of forward contracts is valued using observable inputs, such as currency exchange rates or commodity prices, applied to notional amounts stated in the applicable contracts. Currency forwards are generally categorized in Level 2 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. Other than the contract terms, valuation is heavily determined by the difference between the contract spread and the current market spread. The contract spread (or rate) is generally fixed and the market spread is determined by the credit risk of the underlying debt or reference entity. If the underlying debt is liquid and the OTC market for the current spread is active, OTC credit default swaps are categorized in Level 2 of the fair value hierarchy. If the underlying debt is illiquid and the OTC market for the current spread is not active, OTC credit default swaps are categorized in Level 3 of the fair value hierarchy.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *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 categorized in Level 2 or 3 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 Level 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.

###### *Translation of Foreign Currency*

Assets and liabilities denominated in foreign currencies are translated into United States dollar amounts at the year-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.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

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### 1. Nature of operations and summary of significant accounting policies (continued)

#### *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, certain U.S. dividend income and interest income may be subject to a maximum 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 subject to income tax examinations by major taxing authorities for all tax years since its inception.

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, 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 authorities. Based on its analysis, the Fund has determined that it has not incurred any liability for unrecognized tax benefits as of December 31, 2013. The Fund does not expect that its assessment regarding unrecognized tax benefits will materially change over the next twelve months. However, the Fund's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions, compliance with foreign tax laws, and changes in the administrative practices and precedents of the relevant taxing authorities.

#### *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, 2013 and December 31, 2012, the Fund had cash collateral receivables of approximately \$142,079,000 and \$188,348,000, 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, 2013 and December 31, 2012.

# 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, 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Assets (at fair value)</b>				
<b>Investments in securities</b>				
Common stocks	\$ 651,771	\$ 2	\$ -	\$ 651,773
Government debt	185,745	-	-	185,745
<b>Total investments in securities</b>	<b>837,516</b>	<b>2</b>	<b>-</b>	<b>837,518</b>
<b>Derivative contracts</b>				
Call options purchased	22,201	1,883	-	24,084
Put options purchased	-	428	-	428
Futures contracts	3,662	-	-	3,662
Currency forwards	-	4,176	-	4,176
Credit default swaps	-	4,283	-	4,283
Total return swaps	-	486	-	486
<b>Total derivative contracts</b>	<b>25,863</b>	<b>11,256</b>	<b>-</b>	<b>37,119</b>
	<b>\$ 863,379</b>	<b>\$ 11,258</b>	<b>\$ -</b>	<b>\$ 874,637</b>

The following table presents information about the Fund's liabilities measured at fair value as of December 31, 2013 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Liabilities (at fair value)</b>				
<b>Securities sold short</b>				
Common stocks	\$ 203,407	\$ -	\$ -	\$ 203,407
Exchange traded funds	49,904	-	-	49,904
<b>Total securities sold short</b>	<b>253,311</b>	<b>-</b>	<b>-</b>	<b>253,311</b>
<b>Derivative contracts</b>				
Call options written	2,436	-	-	2,436
Futures contracts	11,621	-	-	11,621
Currency forwards	-	7,395	-	7,395
Credit default swaps	-	30,486	-	30,486
Total return swaps	-	916	-	916
<b>Total derivative contracts</b>	<b>14,057</b>	<b>38,797</b>	<b>-</b>	<b>52,854</b>
	<b>\$ 267,368</b>	<b>\$ 38,797</b>	<b>\$ -</b>	<b>\$ 306,165</b>

# 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, 2012 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Assets (at fair value)</b>				
<b>Investments in securities</b>				
Common stocks	\$ 1,226,517	\$ 688	\$ -	\$ 1,227,205
Government debt	350,958	4,028	-	354,986
<b>Total investments in securities</b>	<b>1,577,475</b>	<b>4,716</b>	<b>-</b>	<b>1,582,191</b>
<b>Derivative contracts</b>				
Call options purchased	625	55,160	-	55,785
Put options purchased	30,657	-	-	30,657
Futures contracts	26,589	-	-	26,589
Currency forwards	-	542	-	542
Credit default swaps	-	4,978	-	4,978
<b>Total derivative contracts</b>	<b>57,871</b>	<b>60,680</b>	<b>-</b>	<b>118,551</b>
	<b>\$ 1,635,346</b>	<b>\$ 65,396</b>	<b>\$ -</b>	<b>\$ 1,700,742</b>

The following table presents information about the Fund's liabilities measured at fair value as of December 31, 2012 (in thousands):

	Level 1	Level 2	Level 3	Total
<b>Liabilities (at fair value)</b>				
<b>Securities sold short</b>				
Common stocks	\$ 546,314	\$ 61,390	\$ -	\$ 607,704
Exchange traded funds	6,293	-	-	6,293
<b>Total securities sold short</b>	<b>552,607</b>	<b>61,390</b>	<b>-</b>	<b>613,997</b>
<b>Derivative contracts</b>				
Futures contracts	17,922	-	-	17,922
Currency forwards	-	594	-	594
Credit default swaps	-	16,027	-	16,027
Total return swaps	-	21,256	-	21,256
<b>Total derivative contracts</b>	<b>17,922</b>	<b>37,877</b>	<b>-</b>	<b>55,799</b>
	<b>\$ 570,529</b>	<b>\$ 99,267</b>	<b>\$ -</b>	<b>\$ 669,796</b>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

*(Expressed in United States Dollars)*

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### 3. Due from/to broker(s)

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

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. 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. In addition to its primary underlying risks, the Fund is also subject to additional counterparty risk due to inability of its counterparties to meet the terms of their contracts.

#### *Options*

The Fund is subject to equity and commodity price risk and foreign currency exchange rate 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 positions held in the Fund's portfolio holdings. Options purchased 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 may be exposed to counterparty risk from the potential that a seller of an option 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 options. In these instances, the Fund considers the credit risk of the intermediary counterparty to its option transactions in evaluating potential credit risk.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

*(Expressed in United States Dollars)*

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### 4. Derivative contracts (continued)

#### *Futures Contracts*

The Fund may use futures 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 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 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.

#### *Currency Forwards*

The Fund enters into forwards 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.

#### *Swap Contracts*

The Fund enters into various swaps, including 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.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

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### 4. Derivative contracts (continued)

#### *Swap Contracts (continued)*

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 a 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.

#### 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 continues to pay periodic interest payments while 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 March 2014 through September 2017.

#### 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 held at December 31, 2013 are scheduled to terminate on the cash settlement payment dates in February 2014 through August 2014.

#### *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)

### 4. Derivative contracts (continued)

#### Credit-Risk-Related Contingent Features (continued)

The aggregate fair value of all derivative instruments with credit-risk-related contingent features that are in a net liability position at December 31, 2013 and December 31, 2012 is approximately \$30,486,000 and \$16,027,000, respectively, for which the Fund has posted approximately \$72,371,000 and \$43,190,000, respectively, as collateral in the normal course of business. If the credit-risk-related contingent features underlying these agreements were triggered as of December 31, 2013 or December 31, 2012, the Fund would have not been required to post any additional collateral as of December 31, 2013 or December 31, 2012 to its counterparties.

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.

#### Volume of Derivative Activities

At December 31, 2013, the volume of the Fund's derivative activities based on their notional amounts<sup>(a)</sup> 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
<b>Interest rate</b>				
Futures contracts	\$ 366,258	1,914	\$ 126,579	93
<b>Foreign currency exchange rate</b>				
Futures contracts	-	-	32,668	820
Currency forwards	137,416	1	170,725	2
	<u>137,416</u>	<u>1</u>	<u>203,393</u>	<u>822</u>
<b>Equity price</b>				
Options (b)	159,658	39,940	288,017	96,863
Futures contracts	-	-	112,683	7,408
Total return swap contracts	-	-	117,045	2
	<u>159,658</u>	<u>39,940</u>	<u>517,745</u>	<u>104,273</u>
<b>Commodity price</b>				
Options (b)	99,593	10,100	-	-
Futures contracts	194,994	1,784	287,226	3,432
	<u>294,587</u>	<u>11,884</u>	<u>287,226</u>	<u>3,432</u>
<b>Credit</b>				
Purchased protection:				
Credit default swap contracts	1,016,947	18	-	-
	<u>\$ 1,974,866</u>	<u>53,757</u>	<u>\$ 1,134,943</u>	<u>108,620</u>

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

(b) Notional amounts presented for options are based on the fair value of the underlying shares as if the options were exercised at December 31, 2013.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 4. Derivative contracts (continued)

At December 31, 2012, the volume of the Fund's derivative activities based on their notional amounts<sup>(a)</sup> 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
<b>Interest rate</b>				
Futures contracts	\$ 452,471	3,080	\$ -	-
Option contracts	90,713	615	-	-
	<u>543,184</u>	<u>3,695</u>	<u>-</u>	<u>-</u>
<b>Foreign currency exchange rate</b>				
Currency forwards	37,718	2	38,507	2
<b>Equity price</b>				
Options (b)	205,281	49,600	158,321	2,975
Futures contracts	100,266	1,750	805,796	30,501
Total return swap contracts	-	-	321,703	4
	<u>305,547</u>	<u>51,350</u>	<u>1,285,820</u>	<u>33,480</u>
<b>Commodity price</b>				
Futures contracts	245,372	2,369	498,563	5,547
<b>Credit</b>				
Purchased protection:				
Credit default swap contracts	322,852	10	-	-
	<u>\$ 1,454,673</u>	<u>57,426</u>	<u>\$ 1,822,890</u>	<u>39,029</u>

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

(b) Notional amounts presented for options are based on the fair value of the underlying shares as if the options were exercised at December 31, 2012.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 4. Derivative contracts (continued)

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

The following tables identifies 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, 2013 and December 31, 2012. Balances are presented on a gross basis, prior to the application of the impact of counterparty and collateral netting. The following tables also identifies 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, 2013 and December 31, 2012:

(in thousands)

<b>2013</b>	<b>Derivative assets</b>	<b>Derivative liabilities</b>	<b>Amount of gain (loss)</b>
<b>Primary underlying risk</b>			
<b>Interest rate</b>			
Options	\$ -	\$ -	\$ 1,106
Future contracts	371	5,997	(32,274)
	<u>371</u>	<u>5,997</u>	<u>(31,168)</u>
<b>Foreign currency exchange rate</b>			
Futures contracts	-	258	1,105
Currency forwards	4,176	7,395	(19,386)
	<u>4,176</u>	<u>7,653</u>	<u>(18,281)</u>
<b>Equity price</b>			
Options	22,629	2,436	(95,035)
Futures contracts	15	917	(138,209)
Total return swap contracts	486	916	20,826
	<u>23,130</u>	<u>4,269</u>	<u>(212,418)</u>
<b>Commodity price</b>			
Options	1,883	-	(728)
Futures contracts	3,276	4,449	(128,873)
	<u>5,159</u>	<u>4,449</u>	<u>(129,601)</u>
<b>Credit</b>			
Purchased protection:			
Credit default swap contracts	4,283	30,486	(26,820)
<b>Total</b>	<u>\$ 37,119</u>	<u>\$ 52,854</u>	<u>\$ (418,288)</u>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 4. Derivative contracts (continued)

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

(in thousands)

2012 Primary underlying risk	Derivative assets	Derivative liabilities	Amount of gain (loss)
<b>Interest rate</b>			
Options	\$ 625	\$ -	\$ (1,115)
Future contracts	-	9,179	(43,120)
	<u>625</u>	<u>9,179</u>	<u>(44,235)</u>
<b>Foreign currency exchange rate</b>			
Futures contracts	-	-	(12,646)
Currency forwards	542	594	(3,738)
	<u>542</u>	<u>594</u>	<u>(16,384)</u>
<b>Equity price</b>			
Options	85,818	-	19,781
Futures contracts	8,615	425	(71,852)
Total return swap contracts	-	21,256	(92,701)
	<u>94,433</u>	<u>21,681</u>	<u>(144,772)</u>
<b>Commodity price</b>			
Options	-	-	(9,696)
Futures contracts	17,974	8,318	(3,610)
	<u>17,974</u>	<u>8,318</u>	<u>(13,306)</u>
<b>Credit</b>			
Purchased protection: Credit default swap contracts	4,978	16,027	(73,693)
<b>Total</b>	<u>\$ 118,552</u>	<u>\$ 55,799</u>	<u>\$ (292,390)</u>

### 5. Offsetting assets and liabilities

The Fund is required to disclose the impact of offsetting assets and liabilities represented in the statements of assets and liabilities to enable users of the financial statements to evaluate the effect or potential effect of netting arrangements on its financial position for recognized assets and liabilities. These recognized assets and liabilities are financial instruments and derivative instruments that are either subject to an enforceable master netting arrangement or similar agreement or meet the following right of setoff criteria: the amounts owed by the Fund to another party are determinable, the Fund has the right to set off the amounts owed with the amounts owed by the other party, the Fund intends to set off, and the Fund's right of setoff is enforceable at law.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 5. Offsetting assets and liabilities (continued)

Excluding the criteria that the Fund intends to set off, securities purchased under agreements to resell and securities sold under agreements to repurchase need to meet the following additional criteria to be offset: positions are with the same counterparty, have the same explicit settlement date specified at the inception of the agreements, are executed in accordance with a master netting arrangement, have securities underlying the agreements that exist in book entry form and can be transferred only by means of entries in the records of the transfer system operator or securities custodian, will both be settled on a securities transfer system and have an associated banking arrangements in place as described by FASB, and intends to use the same account at the clearing bank or other financial institution at the settlement date in transacting both the cash inflows resulting from the settlement of the securities purchased under agreements to resell and the cash outflows in settlement of the offsetting securities sold under agreements to repurchase.

As of December 31, 2013 and 2012, the Fund holds financial instruments and derivative instruments that are eligible for offset in the statements of assets and liabilities and are subject to a master netting arrangement. The master netting arrangement allows the counterparty to net applicable collateral held on behalf of the Fund against applicable liabilities or payment obligations of the Fund to the counterparty.

As discussed in Note 1, the Fund has elected not to offset assets and liabilities in the statements of assets and liabilities. The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the statements of assets and liabilities had the Fund elected to offset for the years ended December 31, 2013:

As of December 31, 2013

Description	Gross Amounts of Recognized Assets Presented in the Statements of Assets and Liabilities	Gross Amounts Not Offset in the Statements of Assets and Liabilities		Net Amount
		Financial Instruments	Cash Collateral Received	
Futures contracts	\$ 3,661,446	\$ (3,661,446)	\$ -	\$ -
Currency forwards	4,175,900	(4,175,900)	-	-
OTC option contracts purchased	1,882,500	-	-	1,882,500
Total return swaps	486,094	(486,094)	-	-
Credit default swaps	4,283,301	(454,930)	-	3,828,371
Total	<u>\$ 14,489,241</u>	<u>\$ (8,778,370)</u>	<u>\$ -</u>	<u>\$ 5,710,871</u>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 5. Offsetting assets and liabilities (continued)

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statements of assets and liabilities had the Fund elected to offset for the years ended December 31, 2013:

As of December 31, 2013

Description	Gross Amounts of Recognized Liabilities Presented in the Statements of Assets and Liabilities	Gross Amounts Not Offset in the Statements of Assets and Liabilities		
		Financial Instruments	Cash Collateral Paid	Net Amount
Futures contracts	\$ 11,620,762	\$ (3,661,446)	\$ (7,959,316)	\$ -
Currency forwards	7,395,257	(4,175,900)	(3,219,357)	-
Total return swaps	915,993	(486,094)	(429,899)	-
Credit default swaps	30,486,316	(454,930)	(30,031,386)	-
Payable for securities sold under agreements to repurchase	184,894,174	(184,894,174)	-	-
Total	<u>\$ 235,312,502</u>	<u>\$ (193,672,544)</u>	<u>\$ (41,639,958)</u>	<u>\$ -</u>

As discussed in Note 1, the Fund has elected not to offset assets and liabilities in the statements of assets and liabilities. The following table provides disclosure regarding the potential effect of offsetting of recognized assets presented in the statements of assets and liabilities had the Fund elected to offset for the years ended December 31, 2012:

As of December 31, 2012

Description	Gross Amounts of Recognized Assets Presented in the Statements of Assets and Liabilities	Gross Amounts Not Offset in the Statements of Assets and Liabilities		
		Financial Instruments	Cash Collateral Received	Net Amount
Futures contracts	\$ 26,588,841	\$ (17,921,944)	\$ -	\$ 8,666,897
Currency forwards	542,096	(542,096)	-	-
OTC option contracts purchased	624,609	-	-	624,609
Credit default swaps	4,978,332	(476,240)	-	4,502,092
Total	<u>\$ 32,733,878</u>	<u>\$ (18,940,280)</u>	<u>\$ -</u>	<u>\$ 13,793,598</u>

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 5. Offsetting assets and liabilities (continued)

The following table provides disclosure regarding the potential effect of offsetting of recognized liabilities presented in the statements of assets and liabilities had the Fund elected to offset for the years ended December 31, 2012:

As of December 31, 2012

Description	Gross Amounts of Recognized Liabilities Presented in the Statements of Assets and Liabilities	Gross Amounts Not Offset in the Statements of Assets and Liabilities		Net Amount
		Financial Instruments	Cash Collateral Paid	
Futures contracts	\$ 17,921,944	\$ (17,921,944)	\$ -	\$ -
Currency forwards	594,381	(542,096)	(52,285)	-
Total return swaps	21,255,852	-	(21,255,852)	-
Credit default swaps	16,026,519	(476,240)	(15,550,279)	-
Payable for securities under agreements to repurchase	28,129,1667	(28,129,1667)	-	-
Total	\$ 337,090,363	\$ (300,231,947)	\$ (36,858,416)	\$ -

The gross amounts of derivative assets and liabilities presented in the preceding tables differ from the amounts of derivative assets and liabilities reported in the statements of assets and liabilities as the result of option contracts in the amounts of \$22,629,483 and \$2,436,000 as of December 31, 2013 and \$85,817,625 and \$0 as of December 31, 2012, which are not subject to enforceable master netting arrangements.

### 6. 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.

### 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 these financial statements.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 8. 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. In addition, interest on such transactions is included in interest payable, respectively. Interest rates range from 2.125% to 3.875%.

At December 31, 2013 and December 31, 2012, securities with a fair value of approximately \$185,745,000 and \$284,351,000, respectively, which are included in investments in securities in the statements of assets and liabilities, were pledged to collateralize securities sold under agreements to repurchase.

### 9. Capital share transactions

As of December 31, 2013, 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, 2013 and December 31, 2012, for Class A are as follows:

	<b>Class A 2013</b>	<b>Class A 2012</b>
<b>Number of Shares</b>		
Outstanding, beginning of year	161,505.05	161,916.97
Redeemed during the year	(2,695.25)	(411.92)
Outstanding, end of year	<u>158,809.80</u>	<u>161,505.05</u>
<b>Amounts</b>		
Amounts redeemed	<u>\$ 10,212,349</u>	<u>\$ 2,254,723</u>
Ending net assets	<u>\$ 565,995,006</u>	<u>\$ 877,848,740</u>
Ending NAV per share	<u>\$ 3,563.98</u>	<u>\$ 5,435.42</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, 2013 and December 31, 2012, respectively.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

*(Expressed in United States Dollars)*

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### **10. 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 Advisor. The aggregate value of the affiliated investors’ share of net assets at December 31, 2013 and December 31, 2012 was approximately \$126,582,000 and \$203,795,000, respectively.

### **11. Administrative fee**

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, 2013 and December 31, 2012, cash balances in the amount of approximately \$34,000 and \$10,000, respectively, were held by an affiliate of the Administrator.

# FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

## NOTES TO FINANCIAL STATEMENTS

(Expressed in United States Dollars)

### 12. Financial highlights

Financial highlights for the years ended December 31, 2013 and December 31, 2012 are as follows:

	<b>2013</b>	<b>2012</b>
	<b>Class A Shares</b>	<b>Class A Shares</b>
Per share operating performance		
Net asset value, beginning of year	\$ 5,435.42	\$ 5,954.85
Income (loss) from investment operations:		
Net investment income (loss)	(157.03)	(124.03)
Net gain (loss) on investments	(1,714.41)	(395.40)
Total from investment operations	(1,871.44)	(519.43)
Net asset value, end of year	\$ 3,563.98	\$ 5,435.42
Total return		
Total return	(34.4) %	(8.7) %
Ratio to average net assets		
Expenses	5.0 %	3.9 %
Administrative fees reimbursed	(0.0)	(0.0)
Total expenses	5.0 %	3.9 %
Net investment income (loss)	(3.4) %	(2.2) %

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.

### 13. Subsequent events

From January 1, 2014 through June 20, 2014, the Fund had additional redemptions of approximately \$3,521,000.