

Quarterly Report

3

THIRD QUARTER
2019

FRIEDBERG
MERCANTILE
GROUP LTD.

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All Statements made herein, while not guaranteed, are based on information considered reliable and are believed by us to be accurate.

Futures and options trading is speculative and involves risk of loss.

Past trading results are not indicative of future profits.

Third Quarter Report 2019

MESSAGE TO OUR INVESTORS

I am pleased to report to you the financial results of our two hedge funds for the quarter ended September 30, 2019. The Global-Macro Hedge Fund earned a small gain of 90 basis points for the quarter, bringing year-to-date losses to 18%. The Asset Allocation Fund lost 230 basis points for the period and is now up 11.3% for the year.

The Global-Macro Hedge Fund benefited from the rally in gold, which added 330 basis points for the quarter, as well as the weakening of the Chinese renminbi, which added 170 basis points. Our most profitable position this year, Greek bank stocks, added only 40 basis points this quarter but 700 basis points year-to-date. Offsetting these gains, our long position in Brazilian equities cost the fund 250 basis points, and shorts in Tesla cost a further 110 basis points over the quarter. Included in the exhibits (page 9) is an attribution table detailing the full breakdown of results.

Close observers of the daily and quarterly NAV reports may have noted a decline in the volatility of the Global-Macro Hedge Fund. This is not the result of a decrease in position sizes or a heavily hedged portfolio but rather a factor of volatility contracting across markets. We expect this condition to come to an end soon and remain confident in our focused and concentrated positions in the Chinese renminbi, gold, Greek banks, Brazilian equities, and a small selection of single stocks. The construction of the portfolio has remained relatively constant (with the exception of US homebuilders, discussed below), reflecting a high degree of conviction in our positions as well as a deliberate effort to keep turnover at a minimum.

Our untimely exit from US homebuilders cost the fund a small 20 basis points this year; however, missing out on the subsequent rally to new 52-week highs was very painful, given our longstanding bullish view and consistent exposure

to the sector. The decision to sell our holdings was based on prevailing conditions at the time, namely, a failure for homebuilders to outperform the S&P, disappointing sales numbers, and affordability concerns owing to both higher prices and higher interest rates. The dramatic and unexpected collapse in rates to historically low levels has led to a fundamental change in that calculus, with buying accelerating and homebuilders gaining momentum. We are considering re-entering this position.

The Asset Allocation Fund is invested along similar lines to the Global-Macro Hedge Fund, with a 24.6% exposure to Brazilian equities, 24.7% exposure to gold miners (plus a further 12.1% in gold futures), a 23% exposure to Greek banks, and a 7.5% exposure to Volkswagen.

We look forward to discussing our portfolio and recent results in greater detail during our upcoming conference call.

Thanking you for your continued trust,



ALBERT D. FRIEDBERG



JAIME A. MACRAE

Friedberg Asset Allocation Funds



Friedberg Asset Allocation Funds

Friedberg Asset Allocation Fund Ltd. Friedberg Asset Allocation Fund

The Fund is a multi-strategy fund whose investment objective is to seek significant total investment returns, consisting of a combination of interest income, dividend income, currency gains and capital appreciation. Allocations are reviewed periodically.

MODEST RISK: Absolute return.

Performance¹ as of September 30, 2019

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Asset Allocation Fund Ltd.	1,693.30	-2.30%	10.56%	0.70%	3.29%	4.45%
Friedberg Asset Allocation Fund	17.63 ²	-2.33%	11.02%	1.50%	3.70%	4.75%
CSFB/Tremont Hedge Fund Index ³		N.A.	2.56%	3.99%	2.36%	4.67%

¹ Net of fees

² NAV adjusted to reflect distributions reinvested in the fund

³ Compounded annual rate of return through August 2019

2019 Attributions

Based on the Friedberg Asset Allocation Fund

	Q3	YTD
FIXED INCOME	-0.03%	1.34%
EQUITIES	-3.04%	11.75%
COMMODITIES	0.74%	-1.80%
TOTAL	-2.33%	11.29%

**Capital allocation of the Friedberg Asset Allocation Fund Ltd.
as of September 30, 2019 is as follows:**

INVESTMENT		CURRENT ALLOCATION	TARGET
EQUITIES		77.54%	80.00%
<i>Brazilian Equities</i>	26.85%		
<i>U.S. and Australian Gold Miners</i>	24.18%		
<i>Greek Banks</i>	18.90%		
<i>German Equities</i>	7.61%		
COMMODITIES		11.65%	20.00%
<i>December Gold Futures</i>	11.65%		
CASH / MONEY MARKET		10.81%	0.00%
		100.00%	100.00%

Friedberg Asset Allocation Fund Ltd.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	2.63%	2.38%	-0.18%	1.19%	4.04%	3.11%	1.03%	-2.03%	-1.29%				11.23%
2018	3.62%	-6.33%	0.31%	-0.68	-6.06%	-2.29%	0.24%	-3.36%	-1.34%	-3.33%	0.07%	2.75%	-15.69%
2017	6.57%	2.07%	-0.54%	-1.54%	-1.12%	3.55%	1.31%	1.99%	-0.39%	1.38%	2.60%	2.32%	19.48%
2016	-3.94%	5.15%	3.28%	8.82%	-4.95%	7.51%	4.24%	-3.87%	1.15%	-4.46%	-5.46%	0.90%	7.18%
2015	3.45%	0.31%	-1.31%	-0.74%	-1.03%	-1.67%	0.74%	-2.21%	-2.67%	3.79%	0.91%	-2.86%	-3.49%
2014	3.55%	3.30%	-1.58%	0.25%	0.32%	3.29%	-2.41%	2.93%	-5.79%	-1.39%	2.06%	0.78%	4.94%
2013	0.91%	-1.21%	0.89%	1.47%	-5.07%	-7.09%	1.98%	-0.95%	1.22%	1.99%	-0.80%	-2.20%	-8.94%
2012	5.10%	-0.08%	-2.83%	-0.77%	-3.22%	1.21%	0.40%	0.72%	1.43%	1.24%	2.83%	-1.16%	4.70%
2011	-4.11%	4.18%	1.11%	5.56%	-1.67%	-1.98%	4.65%	5.15%	-2.86%	3.31%	-1.05%	-1.58%	10.52%
2010	-0.27%	0.99%	0.56%	3.47%	1.10%	0.99%	-2.23%	3.36%	3.91%	2.57%	-0.06%	0.83%	16.14%
2009						0.38%	2.62%	0.09%	2.91%	0.53%	7.15%	-3.63%	10.13%

*** PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS ***

Friedberg
Mercantile
Group Ltd

Friedberg Global-Macro Hedge Funds



Friedberg Global-Macro Hedge Funds

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

A multi-strategy fund. Allocations are reviewed periodically.

Performance¹ as of September 30, 2019

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Global-Macro Hedge Fund Ltd.	2,331.32	-0.15%	-11.39%	-12.01%	-4.08%	-4.42%
Friedberg Global-Macro Hedge Fund	14.15 ²	0.93%	-9.53%	-10.32%	-3.19%	-4.13%
CSFB/Tremont Hedge Fund Index ³		N.A.	2.56%	3.99%	2.36%	4.67%

¹Net of fees

²NAV adjusted to reflect distributions reinvested in the fund

³Compounded annual rate of return through August 2019

2019 Attributions

Based on the Friedberg Global-Macro Hedge Fund

	Q3	YTD
CURRENCY	1.67%	(1.03%)
China	1.67%	(1.96%)
Australia	0.00%	0.93%
COMMODITIES	3.26%	(0.55%)
Gold	3.26%	4.19%
Crude	0.00%	(4.74%)
EQUITIES	(4.10%)	(16.90%)
LONG		
Greece	0.43%	7.00%
Brazil	(2.52%)	(2.47%)
U.S.		
<i>Home Builders</i>	(0.09%)	(0.21%)
SHORT		
India	0.00%	(0.19%)
Germany	0.03%	0.13%
U.S.		
<i>Industrials</i>	(0.83%)	(6.36%)
<i>Tesla</i>	(1.12%)	(0.40%)
China	0.00%	(4.31%)
Australia	0.00%	(10.09%)
MONEY MARKET	0.10%	0.50%
TOTAL	0.93%	(17.98%)

Friedberg Global-Macro Hedge Funds

Friedberg Global-Macro Hedge Fund Ltd.

Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	-10.24%	-7.93%	1.86%	-1.68%	4.57%	-6.40%	-4.54%	6.83%	-2.08%				-19.11%
2018	4.82%	-18.57%	4.07%	-3.39%	-13.97%	-5.66%	0.28%	-7.53%	0.32%	7.40%	-4.06%	6.31%	-29.03%
2017	0.23%	3.14%	-0.44%	-1.76%	1.05%	1.22%	-2.39%	2.14%	-0.77%	10.58%	15.85%	4.13%	36.47%
2016	4.54%	9.86%	-9.79%	0.72%	-3.39%	1.30%	3.67%	-6.83%	-1.93%	-10.13%	-3.70%	0.49%	-15.94%
2015	4.75%	-1.16%	2.73%	-14.00%	3.14%	0.08%	11.12%	6.69%	-0.21%	0.16%	5.70%	-2.68%	15.09%
2014	17.06%	0.30%	-17.58%	-3.84%	-3.35%	1.27%	-12.07%	5.19%	-4.38%	-1.53%	7.09%	1.60%	-13.70%
2013	7.65%	-3.74%	3.04%	-1.90%	-5.62%	-13.17%	-14.23%	-1.28%	-11.27%	-4.80%	4.84%	1.87%	-34.43%
2012	-15.04%	-5.20%	1.64%	8.84%	11.22%	-2.12%	-0.69%	1.00%	0.84%	0.70%	-2.43%	-5.29%	-8.72%
2011	-10.28%	7.67%	-0.71%	9.53%	-5.06%	-3.23%	15.96%	16.22%	18.69%	-21.76%	11.47%	4.60%	40.86%
2010	2.99%	0.36%	-7.34%	3.76%	13.22%	4.75%	-13.76%	6.95%	9.11%	1.69%	-1.61%	-6.16%	11.36%
2009	-5.85%	-3.88%	3.65%	-7.15%	14.97%	-7.85%	9.47%	1.97%	5.02%	-2.21%	9.56%	-3.34%	12.02%
2008	7.18%	9.57%	-1.04%	-6.48%	4.51%	8.58%	-0.24%	-6.85%	4.18%	-5.96%	5.85%	19.06%	41.52%
2007	-1.01%	1.07%	-3.44%	-1.28%	-0.80%	1.57%	10.06%	2.80%	-1.33%	5.89%	7.91%	3.00%	26.27%
2006	1.88%	1.06%	-1.81%	2.07%	-0.75%	1.27%	2.04%	-0.09%	-0.56%	3.10%	2.43%	0.54%	11.64%
2005	1.04%	0.84%	-1.13%	1.31%	1.06%	2.47%	0.08%	0.95%	2.75%	-1.38%	2.56%	2.20%	13.41%
2004	4.03%	3.44%	1.36%	-7.84%	-0.39%	0.27%	1.02%	1.90%	1.45%	1.67%	2.76%	3.24%	13.09%
2003	3.11%	3.06%	-4.58%	-1.15%	9.26%	-3.77%	-8.04%	2.91%	5.49%	1.69%	1.49%	1.10%	9.76%
2002	-1.46%	2.04%	-2.22%	4.41%	5.41%	6.16%	-2.42%	4.45%	2.80%	-6.70%	0.32%	7.56%	21.17%
2001											0.00	-0.40%	-0.40%

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Global-Macro Hedge Fund Ltd. (Cayman)

Breakdown as a Percentage of Total Assets

AS OF SEPTEMBER 30, 2019

● U.S. and Global Equities*	24.81%
● Currency Program	67.22%
● Commodities	7.97%

Total Exposure per dollar of capital: 3.28x

* Contains long/short positions



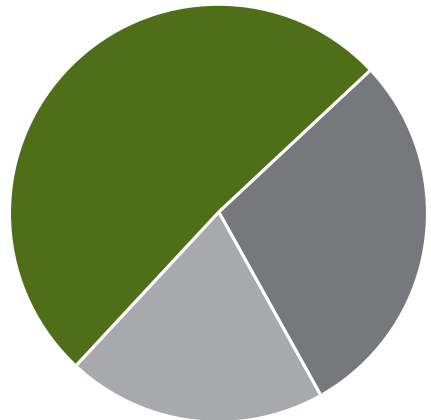
Breakdown as a Percentage of Total Assets

AS OF JUNE 30, 2019

● U.S. and Global Equities*	51.22%
● Currency Program	29.02%
● Commodities	19.76%

Total Exposure per dollar of capital: 2.86x

* Contains long/short positions



Closed Funds

Fund	Inception Date	Inception NAV	Liquidation Date	Liquidation NAV	Size of Fund at Liquidation	Annual % Rate of Return
Friedberg Diversified Fund	13-Sep-96	10.00	31-Oct-06	48.43	\$4,642,228	16.90%
Friedberg Global Opportunities Fund Ltd.	13-May-97	1000.00	28-Feb-05	501.89	\$5,700,000	-8.46%
Friedberg Equity Hedge Fund L.P.	15-Feb-98	10.00	31-Oct-06	22.12	\$6,784,836	9.50%
Friedberg International Securities Fund	31-Mar-98	10.00	30-Nov-05	11.49	\$4,500,000	1.83%
Friedberg Futures Fund	8-May-98	10.00	31-Oct-06	19.59	\$1,126,409	8.10%
Friedberg Global-Macro Hedge Fund L.P.	31-May-02	10.00	31-Oct-06	19.00	\$30,691,202	15.64%
Friedberg Equity Hedge Fund Ltd.	16-Oct-96	1000.00	30-Apr-07	2951.78	\$31,540,284	10.81%
Friedberg Currency Fund II Ltd.	6-Mar-97	1000.00	30-Jun-08	1019.23	\$35,599,879	0.17%
Friedberg Total Return Fixed Income Fund Ltd.	2-Oct-96	1000.00	31-Jul-09	2155.93	\$94,686,020	6.17%
First Mercantile Currency Fund	7-Sep-85	10.00	30-Dec-09	8.29	\$848,443	N.A.
Friedberg Foreign Bond Fund	19-Aug-96	10.00	30-Jul-10	9.84	\$13,336,465	6.91%
Friedberg Total Return Fixed Income Fund L.P.	19-Feb-97	100.00	28-Dec-11	325.47	\$11,776,462	8.27%
Friedberg Forex L.P.	13-Jun-91	10.00	28-Dec-11	11.78	\$2,558,382	2.66%
Friedberg Currency Fund	3-Jan-95	10.00	30-June-13	8.41	\$1,932,936	-0.93%

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