

FRIEDBERG MERCANTILE GROUP LTD.

Quarterly Report

Q4
2025

*Friedberg
Mercantile
Group Ltd.*



2025 **Fourth Quarter Report**

Message to our Investors	2
Letter from the Manager	4
Friedberg Asset Allocation Funds	6
Friedberg Global-Macro Hedge Funds	8
Closed Funds	11

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.

We are pleased to report to you the financial results of our two hedge funds for the fourth quarter and year ended December 31, 2025.

The Global-Macro Hedge Fund (GMHF) gained 29.67% in the final quarter, while the Friedberg Asset Allocation Fund (AAF) gained 7.72%, bringing full year results to 126.88% and 49.83% respectively. By comparison, the S&P 500 total return in 2025 was 17.88%.

Gold, despite advancing some 15% over the quarter, was not the star performer. That title belonged to silver, which, despite its much smaller allocation (ranging up to 60%), drove gains of 1,662 basis points (bps), outpacing the 1,267 bps earned on our much larger gold position. Silver, unlike gold, has not made a new all-time high since the early 1980s, when the Hunt brothers tried to corner the silver market. It challenged those levels once again only in 2011, when gold made significant new highs. The breakout when these levels were finally pierced was astounding, helped along by many of the same themes as gold (at least as far as currency debasement goes), as well as other factors such as perceived shortages in physical metal and the relative illiquidity of the silver market making it more susceptible to big speculative moves, particularly from the retail crowd.

The other standout return came from our short position in Strategy (MSTR), which returned 702 bps during the quarter. We continued to sell the stock as it lost about half its value and much of its premium to bitcoin holdings, and the exposure never exceeded 10%. At the time of writing, the short crypto-ecosystem theme has broadened to a handful of other names.

Otherwise, the final quarter saw no meaningful gains or losses in other areas of the portfolio, with losses of 264 bps in cocoa, 277 bps in a short basket of alternative asset managers, and 148 bps in various equity index trades. A small gain of 54 bps came from a position in an Argentine shale-oil producer.

The AAF also enjoyed gains from gold and silver (377 bps and 269 bps, respectively). Unlike the GMHF, it gained 426 bps on Argentinian bonds. Unfortunately, this failed to cover losses in the prior quarter, and the position lost 140 bps for the year. Gold miners, which produced a loss of 101 bps for the quarter, drove most of the annual gains, adding 2,723 bps for the full year.

Gold miners may offer the opportunity to capitalize not only on further gains in gold but also time, as long-term price assumptions underpinning valuation models have fallen far behind the real price of gold. We don't consider this gold rally to be a simple bull market but rather a wholesale revaluation of fiat currency as measured against gold. In other words, the price gains are seen as permanent, reflecting a new floor against currencies around the world. In this light, gold miners should continue to see a sustained rally, as producers use cash windfalls to buy back shares and prospectors continue to attract inflows of capital to fund exploration and development. This sector may have a long bull market ahead as the investment community comes to accept high gold prices as the new normal.

Alas, until the recent addition of Newmont Gold (NEM) to the GMHF portfolio, the AAF was the sole beneficiary of this theme, as large and concentrated bets like ours prize the liquidity, transparency, and long trading hours offered by Comex gold futures and options. Newmont, however, is a very liquid large-cap stock — a dominant producer in the marketplace, with growing free cash flows funding an active buyback program.

MESSAGE TO OUR INVESTORS CONTINUED

The frequent reader will note the consistency of themes and positions, as well as the large degree of concentration in our highest-conviction ideas. It is to these, in addition to leverage, that we attribute the outsized returns produced over the past year.

The letter to follow describes the virtues of concentrated investing, though a brief evaluation of the statistical results is offered here. To compare results with a passive investment strategy we look at the Sharpe ratio, which balances returns against the volatility of those returns to show risk-adjusted results. By this metric, the GMHF performed very well against the S&P 500 total return, with an annualized Sharpe ratio in 2025 of 3.10 vs. 1.06 for a passive index investment.



ALBERT D. FRIEDBERG



JAIME A. MACRAE

"The greatest safety lies in putting all your eggs in one basket and watching the basket." (Gerald M. Loeb, *The Battle for Investment Survival*, first edition, 1935). This quote was drilled into me by my father, may his memory be a blessing, when I was still a young teenager.

I have more than once asked myself a simple question: How is it that experienced, highly intelligent and extremely well informed portfolio managers fail so often to outperform unmanaged indices over longer periods of time?

It's my considered opinion that the reason capable, experienced, highly intelligent and extremely well informed managers underperform their benchmarks is because they dilute their best ideas with middling ideas.

Some years ago (and I no longer recall where I saw it) I read of a fund that operated successfully by copying other managers' best two ideas (as evidenced by largest allocation), and this confirmed my suspicion. Why, I asked myself, do they fill their portfolios with other not-so-persuasive ideas? I theorized that they do so for any, or all, of the following: a sense of insecurity, a sense of greed, fear of missing out on a great trade, or perhaps fear of overweighting their best trades (too much concentration). Let's examine each in turn.

Insecurity. Investors are known to take refuge in numbers because of a lack of expertise and because of insecurity. Investment advisers praise and preach diversification, but they don't explain (if they even understand it themselves) that this advice is proper only for those who have no particular conviction. This is no doubt good advice for the average investor but poor advice for those who, through hard and diligent work and highly developed intuitions, have arrived at a particular investment idea that shows a great deal of promise. Adding less-than-high-conviction ideas to one's portfolio is itself a sign that one's conviction is not as strong as presumed. An investor who happens to have extra cash has two choices: commit even more money to the special trade(s) or stay with cash. And if too much cash is coming in, that investor should close the fund rather than suffer dilution. Seeking refuge in numbers, however passable or good these additions may be, will in the end dilute performance. It's no coincidence that Buffet was so successful. His portfolio was highly concentrated; he played to his best hands.

Greed. Even intelligent investors succumb to the idea that they can make more money by investing their "excess" funds in other good ideas, not realizing that the reward/risk ratio of the marginal investment dollar begins to shift against him. If he is indeed a superior investor, he must be continuously conscious that it's only those high-conviction trades, those about which he has toiled a great deal and about which he has gained special insight, that will produce a high enough reward to be worth the risk of betting on. The investor must decide: Either more of the high-conviction trade or, if the concentration becomes unmanageable, allow the excess to sit in cash.

Fear of missing out on a great trade. This fear is a subset of greed — wanting to make more money than one can make intelligently and by one's own efforts. Our investor must be satisfied with the returns produced by his own work; if others make more money, through luck or through their own conviction, so be it. By sticking to his ideas, and assuming our investor is the kind who possesses special abilities by dint of his experience and analytical faculties as well as strong convictions, he will constantly and consistently outperform. That's all he should want.

Fear of overweighting. Should the investor be afraid of too much concentration? My answer is a resounding no. It's still the best trade he can make. Are there any constraints? Should he put all his available cash to work on that best trade (or best two trades)? If he manages a non-leveraged, long-only fund, he should. If he manages a leveraged (hedge) fund, his effective cap lies somewhere between 2.5x and 3.0x capital. Below, I expand on this idea.

LETTER FROM THE MANAGER CONTINUED

You might ask, what about risk? How does this virtuous manager manage risk? After all, no trade is ever certain, no matter how capable and well informed our investor is. It's our iconoclastic opinion that the idea of managing risk can never and should never be an objective of the superior investor. To manage risk assumes we know what the risks are. And this forces investors into small and unmeaningful bets, just in case they fail to account for all the possible risks. Widely diversified portfolios do just that. They agglomerate many small positions, with no one position threatening to inflict devastating losses. But this over-diversification comes at the cost of mediocre returns. To obsess about managing risk is to forego extraordinary profit opportunities.

In truth, we don't know and we will never know what the risks are. Instead, we suggest, our investor best deal with risk as it presents itself. Fortunately, major trend reversals take time to develop and assert themselves. It might be weeks and sometimes as little as days, but it's enough time for the investor to act and avoid excessive damage if he is vigilant. (We must also remember that it is concentration and leverage that produce, hopefully, outsized gains and that any reactions should be measured against these gains and not absolutely.)

Other than in a nuclear attack, where everything is obliterated in seconds, the investor will have hours or even days to react. Among the critical questions he needs to ask himself are the following: Does the unanticipated news/event threaten the initial premises on which the trade was undertaken? Is the particular trade not reacting to the news as it was expected to react? Are newly occurring macro events (unrelated to the specific trade) likely to derail for some time the realization of the trade?

Many of these questions belong to the realm of psychology/behaviour, some in the realm of economics, and are too numerous and subtle to list. But it's in this small window of time that the hyper sensitized and hyper vigilant investor must act if he is to deal with risk as and when it arises. The superior investor reacts; he does not anticipate. And if in serious doubt, he should buy himself some time and protection by beginning to deleverage. Depending on the seriousness of the situation, he may want at first to move leverage down to 1.5x capital, while the unleveraged investor may want to reduce exposure to 50-60% of capital. The extra time will allow the investor to assess further market action, always with the objective of discovering whether the changes that have taken place are affecting or will affect the initial premises on which he built the trade. It is obvious that reaction speed, a hyper sensitized disposition, and discipline are key to this model.

It's not only the greatest safety that is achieved via concentration, as Gerald M. Loeb so wisely put it, but it's also the route to the best risk-adjusted returns. In over a half century of investing, I have departed from this valuable approach from time to time, and when I did, I paid the price for it. In recent years, I have applied myself to return to this model by first imposing on myself a practical constraint, i.e., capping leverage at 3.0x and avoiding more than four different positions at a time. With it all, I have discovered that even four positions are one or two too many. Greed and FOMO are hard to battle.

Recent years, and 2025 in particular, have demonstrated that concentration is the way to outstanding results. But we must not forget that, at the bottom of this model, lies conviction about a special trade. That still remains the real key to success. May the Lord continue to illuminate our ways.

Thanking you for your continued trust,



ALBERT D. FRIEDBERG

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.

PERFORMANCE¹ AS OF DECEMBER 31, 2025

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Asset Allocation Fund Ltd.	2,461.64	7.78%	50.30%	22.01%	10.60%	6.07%
Friedberg Asset Allocation Fund	26.19 ²	7.69%	49.91%	22.08%	10.66%	6.16%
CSFB/Tremont Hedge Fund Index ³		N.A.	10.50%	8.68%	7.03%	5.54%

¹ Net of fees ² NAV adjusted to reflect distributions reinvested in the fund ³ Compounded annual rate of return as of December 2025.

Capital Allocation of the Friedberg Asset Allocation Fund Ltd.

As of December 31, 2025

INVESTMENT	CURRENT ALLOCATION
EQUITIES	34.17%
International Gold Miners	30.44%
Oil and Gas Producers	3.73%
COMMODITIES	51.89%
Gold Futures	39.59%
Silver Futures	12.30%
FIXED INCOME	11.90%
Argentina Bonds	11.90%
CASH / MONEY MARKET	2.04%
	100.00%

Quarterly Performance

Based on the Friedberg Asset Allocation Fund

	Q4	YTD
EQUITIES	-0.81%	29.42%
Computer Services	0.25%	1.37%
Steel Producers	0.00%	1.54%
Coal Producers	0.00%	-0.55%
U.S. Homebuilders	0.00%	-0.73%
Technology Megacaps	0.00%	0.53%
Oil and Gas Producers	-0.05%	0.03%
International Gold Miners	-1.01%	27.23%
FIXED INCOME	4.12%	0.28%
Argentina Bonds	4.26%	-1.40%
Lebanon Bonds	-0.14%	1.68%
COMMODITIES	5.85%	18.91%
Gold Futures	3.77%	15.62%
Silver Futures	2.69%	2.69%
U.S. Equity Index Futures	-0.17%	2.39%
Cocoa Futures	-0.44%	-1.79%

Monthly Performance Based on the Friedberg Asset Allocation Fund Ltd.
(%) Net of Fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	7.14	0.19	6.17	3.96	3.98	3.61	-3.20	6.65	5.82	1.84	2.85	2.90	50.30
2024	-0.28	-2.68	10.45	0.13	3.02	-3.25	10.89	1.48	2.66	0.10	0.46	-5.75	17.13
2023	7.94	-6.09	-0.45	0.71	-3.10	0.09	2.29	0.49	-3.79	-1.65	5.20	2.32	3.19
2022	-9.29	2.32	-1.25	-3.57	-0.51	-10.58	4.85	-4.10	-6.97	2.50	8.61	-0.62	-18.62
2021	-1.57	-2.81	5.00	6.74	4.83	-6.42	2.51	-3.29	-4.95	6.09	0.42	6.02	11.94
2020	-3.85	-16.37	-21.36	15.06	4.50	3.51	11.99	0.52	-3.31	-4.58	-1.87	3.01	-17.38
2019	2.63	2.38	-0.18	1.19	4.04	3.11	1.03	-2.03	-1.29	5.06	-1.62	6.28	22.19
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 Global-Macro Hedge Fund Ltd. Friedberg Global-Macro Hedge Fund

A multi-strategy fund. Allocations are reviewed periodically.

PERFORMANCE¹ AS OF DECEMBER 31, 2025

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Global-Macro Hedge Fund Ltd.	6,881.35	37.67%	142.52%	26.91%	27.78%	6.87%
Friedberg Global-Macro Hedge Fund	37.74 ²	29.42%	126.80%	23.58%	25.57%	6.29%
CSFB/Tremont Hedge Fund Index ³		N.A.	10.50%	8.68%	7.03%	5.54%

¹ Net of fees ² NAV adjusted to reflect distributions reinvested in the fund ³ Compounded annual rate of return as of December 2025.

Sector Performance Based on the Friedberg Global-Macro Hedge Fund

	Q4	YTD
COMMODITIES	26.65%	114.42%
LONG		
Silver	16.62%	16.62%
Gold Futures and Options	12.67%	109.65%
Brent Crude Futures and Options	0.00%	-2.76%
Platinum Futures	0.00%	1.58%
Cocoa Futures	-2.64%	-7.12%
SHORT		
LME Base Metals Futures	0.00%	-0.42%
Bloomberg Commodities Industrial Metals Index	0.00%	-0.48%
Copper Futures	0.00%	-1.21%
Brent Crude Futures and Options	0.00%	-1.44%
FIXED INCOME	0.61%	1.85%
LONG		
U.S. T-Bills	0.61%	2.92%
Lebanon Bonds	0.00%	0.00%
SOFR Options	0.00%	-0.05%
Ultrabond Futures	0.00%	-1.02%

	Q4	YTD
EQUITIES	2.44%	6.78%
LONG		
Oil and Gas Producers	0.54%	0.46%
Gold Miners and Producers	0.00%	1.09%
Computer Services	0.00%	0.98%
Technology Megacaps	0.00%	3.75%
U.S. Equity Index Futures	-0.04%	4.63%
U.S. Homebuilders	-0.08%	-1.60%
Alphabet Inc.	-0.20%	-0.15%
Dow Components Swap	-0.71%	-0.71%
SHORT		
Bitcoin Miners and ETFs	6.58%	7.36%
Taiwan Semiconductor Manufacturing Co. Ltd.	0.00%	0.13%
India Equity Index Futures	0.00%	-0.01%
Apple Inc.	0.00%	-0.81%
U.S. Equity Index Options	-0.88%	-5.52%
Private Equity and Credit	-2.77%	-2.82%
INFLATION	-0.31%	-0.26%
CPI Inflation Swaps	-0.31%	-0.26%

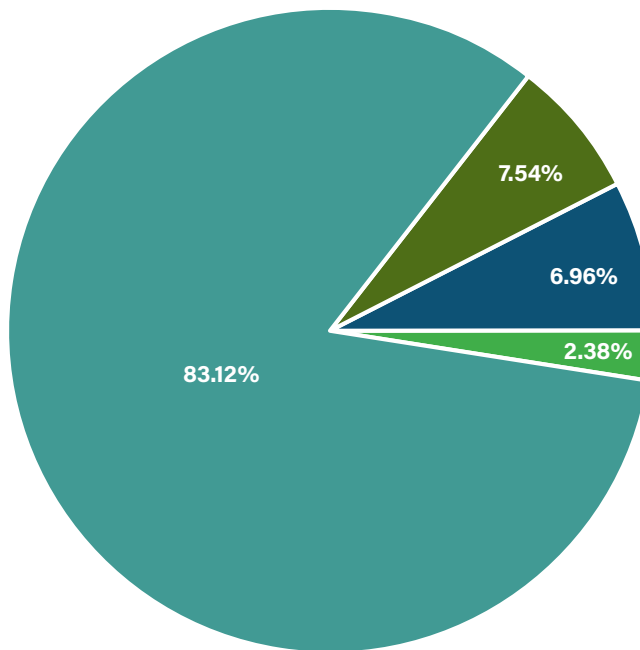
AS OF DECEMBER 31, 2025

Percentages of Total Assets

Percentages of Total Net Assets

- ▶ **Commodities (Long)** **83.12%**
Gold, Cocoa
As a % of Net Assets: 222.83%
- ▶ **Equities (Short)** **7.54%**
Private Equity and Credit
managers (via puts),
Strategy Inc.
As a % of Net Assets: 20.22%
- ▶ **Equities (Long)** **6.96%**
Google, Miscellaneous
As a % of Net Assets: 18.65%
- ▶ **Long Inflation Swap** **2.38%**
As a % of Net Assets: 6.39%

Total Assets to Net Assets: 268.08%



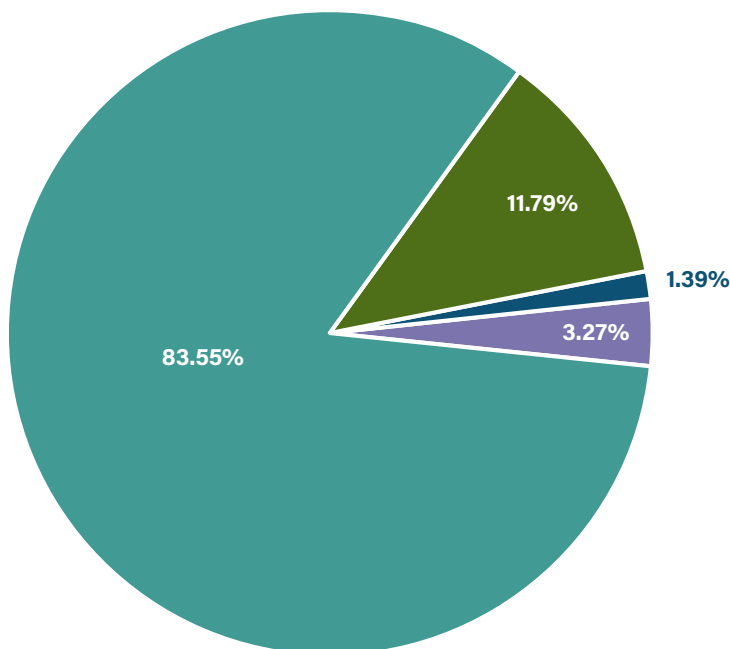
AS OF SEPTEMBER 30, 2025

Percentages of Total Assets

Percentages of Total Net Assets

- ▶ **Commodities (Long)** **83.55%**
Gold, Cocoa
As a % of Net Assets: 227.05%
- ▶ **Equities (Short)** **11.79%**
Private Equity and Credit
sponsors. S&P 500 (via options),
Strategy Inc.
As a % of Net Assets: 32.04%
- ▶ **Long Fixed
Income Derivatives** **3.27%**
Inflation Swap
As a % of Net Assets: 8.89%
- ▶ **Equities (Long)** **1.39%**
Energy, Miscellaneous
As a % of Net Assets: 3.79%

Total Assets to Net Assets: 271.76%



Monthly Performance

Based on the Friedberg Global-Macro Hedge Fund Ltd.

(%) Net of Fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2025	7.85	-0.50	13.81	6.16	0.85	1.84	-5.69	13.62	23.45	10.48	9.15	14.16	142.52
2024	-6.27	-5.75	16.95	-0.26	2.16	-5.75	14.48	3.81	9.40	0.34	-1.96	-4.93	20.65
2023	-0.97	-6.57	-1.17	0.52	2.26	-16.63	-10.95	0.52	-9.74	2.62	1.83	5.58	-30.15
2022	3.22	28.55	1.02	3.35	-0.04	-15.33	0.49	-11.22	-11.60	13.49	9.81	11.60	28.59
2021	0.56	7.91	4.43	7.41	9.42	-8.65	3.45	-9.85	1.95	-0.33	0.29	12.09	29.60
2020	-8.55	-19.41	-34.68	26.35	6.78	4.88	30.59	4.78	-10.18	-9.35	8.90	7.70	-10.99
2019	-10.24	-7.93	1.86	-1.68	4.57	-6.40	-4.54	6.83	-2.08	-3.45	-3.89	4.91	-21.26
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

Past performance is not indicative of future results.

Closed Funds

FRIEDBERG
MERCANTILE
GROUP LTD.

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%

FRIEDBERG
MERCANTILE
GROUP LTD.