

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

(FOR THE YEAR ENDED DECEMBER 31, 2020)

FRIEDBERG ASSET ALLOCATION FUND

This annual management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-461-2700 or 416-364-1171, by writing to us at 181 Bay Street, Suite 250, Toronto, Ontario M5J 2T3 or by visiting our website at www.friedberg.ca or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Forward-Looking Statements

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. Forward-looking statements are predictive in nature and depend upon or refer to future events or conditions. The words "may", "could", "should", "would", "suspect", "outlook", "believe", "plan", "anticipate", "estimate", "expect", "intend", "forecast", "objective", or negative versions thereof, and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

We stress that the above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully, and we urge you to avoid placing undue reliance on forward-looking statements. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

TORONTO TRUST is a trade-mark of FCMI Financial Corporation, an affiliate of the Manager

Basis of Presentation

The Fund is the sole limited partner of Friedberg Asset Allocation Fund Limited Partnership (the “**LP**”), the entity through which the Fund conducts its investing activities (the reorganization of the Fund, and the commencement of the Fund’s investing through the LP, were effective as of July 1, 2011). Accordingly, and without limiting the foregoing, references to the investments, and the investment objectives and strategies (and investment restrictions), of the Fund include the investments and investment objectives and strategies (and investment restrictions) of the Fund indirectly through the LP.

The portfolio manager of the Fund is Friedberg Mercantile Group Ltd. (“**FMGL**”). Friedberg Advisors LP (“**Friedberg Advisors**”) is the general partner of the LP, and its duties as general partner include portfolio management. Friedberg Advisors is an affiliate of FMGL, and the individuals at FMGL responsible for portfolio management of the Fund are also the individuals at Friedberg Advisors responsible for portfolio management of the LP.

The Fund offers two series of units, (i) a U.S. dollar denominated series (the “**USD Series**”), which has been offered since the inception of the Fund, and (ii) a Canadian dollar denominated series (the “**CAD Series**”), which has been offered since August 28, 2017. The only difference between the series is their respective currency denominations (the Fund does not hedge the net asset value of the investments in the LP allocable to the CAD Series for the investors in such series against fluctuation in the U.S. dollar and Canadian dollar exchange rates).

This report includes certain information with respect to the operations and performance of the LP. The financial statements and management reports of fund performance of the LP are available at www.sedar.com.

Currency

All references to dollar amounts in this report are (unless otherwise indicated) expressed in U.S. dollars.

Investment Objective and Strategies

The Fund is a multi-asset classes alternative mutual fund whose investment objective is to seek significant uncorrelated total investment returns, consisting of a combination of interest income, dividend income, currency gains and capital appreciation by investing in the following four discrete groups of investments: (i) equity securities generally; (ii) fixed income securities generally; (iii) commodity forwards and futures contracts and options thereon, and other over-the-counter traded derivatives instruments (“**Commodity Futures Instruments**”) and commodities; and (iv) cash and cash equivalents (“**Money Instruments**”). The underlying value of the Fund’s aggregate positions in derivatives entered into for non-hedging purposes will not exceed the value of the Fund’s holdings of Money Instruments.

The Fund makes use of currency futures and forwards (and options thereon) (“**Currency Futures Instruments**”) only for hedging purposes or to change the currency exposure of a particular security thereby producing a synthetic security, while it uses Commodity Futures Instruments also to seek to gain from such investments. The Fund uses Commodity Futures

Instruments, but only as a substitute for holding spot physical commodities, and in no case will the Fund use leverage (determined as at the time of acquiring a position in a derivative) to acquire an exposure in Currency Futures Instruments and Commodity Futures Instruments entered into for non-hedging purposes in excess of the Fund's net assets.

Of the three asset classes other than Money Instruments in which the Fund invests, two (investments in equity securities generally and investments in fixed income securities generally) are comprised of individual securities and/or baskets of securities and the other one (investments in commodities and Commodity Futures Instruments) is comprised of physical commodities and/or exchange traded instruments that represent individual or baskets of commodities and/or commodities futures (provided that, as described above, the underlying value of all of the Fund's derivatives positions entered into for non-hedging purposes (determined as at the time of acquiring a position in a derivative) will not exceed the value of the Fund's holdings of Money Instruments, and the Fund will not use leverage (determined as at the time of acquiring a position in a derivative) to acquire exposure to Commodity Futures Instruments and Currency Futures Instruments in excess of its net assets).

In order to seek to achieve the Fund's investment objective, FMGL/Friedberg Advisors allocates the capital among the four asset classes in the respective proportions which they believe optimal from time to time. There are no fixed percentage ranges for allocating the assets among the four classes, and they may determine that all or most of the assets should be allocated to only certain (or only one) of such asset classes.

Risk

The Fund (and the LP) is an alternative mutual fund (as such term is defined in National Instrument 81-102 *Investment Funds* ("NI 81-102")) which generally engages in highly active trading of its portfolio positions, and generally employs leverage with the notional value of the underlying positions not exceeding the value of the Fund's assets (as described above). Given its investment objective and strategies, the Fund's risk profile remained consistent during 2020.

Under NI 81-102, the aggregate exposure of an alternative mutual fund to cash borrowing, short-selling and derivatives transactions cannot exceed 300% of its net assets (gross exposure being determined by dividing (x) the sum of outstanding borrowing indebtedness, the market value of securities sold short and the notional amount of non-hedging derivatives positions by (y) the Fund's net assets).

The Fund is subject to market risks related to the fluctuation of prices of the securities and derivatives instruments it holds and the currencies in which the securities and derivatives instruments are denominated. Fluctuations of these prices affect the net asset value of the Fund (or potentially the Canadian dollar equivalent of its U.S. dollar denominated net asset value). Ownership of units of the Fund should be considered a long-term investment. Even though the Fund distributes income and capital gains on an annual basis, these distributions are reinvested in additional units of the Fund and, therefore, the Fund should be held by investors who are not looking for the Fund to distribute a flow of income or to produce short term capital gains. The market volatility experienced in the past has translated into a volatile net asset value per unit of

the Fund, and therefore the Fund should only be considered by investors who can tolerate medium risk.

The Fund is subject to credit risk (of the issuers of its portfolio investments), liquidity risk (of the markets for such investments) and risk of changes in interest rates. To the extent that the Fund invests in foreign securities or foreign denominated securities and derivatives instruments, it will also be exposed to foreign securities and currency exchange risk. To the extent that the Fund invests in equity securities, it will also be exposed to stock market risk, specific issuer risk and liquidity risk. All of these risks are more fully described in the Fund's prospectus.

The Fund is subject to market risks related to the fluctuation of prices of the currencies in which the Fund trades. Fluctuations of these prices affect the net asset value of the Fund. The use of leverage in trading currencies, commodities or other derivatives, subject to the limits described above, allows the Fund to enter into more speculative positions than if their full value would be paid in full. As a result, leverage could magnify the fluctuations of net asset value, especially in times when prices of currencies, commodities or other derivatives are volatile.

The Fund is also subject to the risks generally applicable to investing in futures contracts, including, among others, speculative position limits and solvency of clearing brokers. With respect to forward trading, the Fund is subject to the risk of the inability or refusal of the counterparty to perform in respect to such contracts, due to insolvency bankruptcy or other causes.

Prices of currencies are subject to international economic events such as increases of interest rates and inflation expectations, and to political events such as changes of governments or disasters.

Results of Operations

For its 2020 fiscal year, the value of the Fund's net assets (which is titled "net assets attributable to holders of redeemable units" for purposes of the Fund's financial statements) (the "**Net Assets**") decreased to \$40,141,024 (from \$52,251,440 at December 31, 2019). This decrease can be attributed to (i) a loss from operations and investing activities of \$9,826,899 (resulting from a loss from investments of \$9,501,845 and expenses (management fees, commissions, filing, custodian and professional fees) of \$325,635, and interest income \$581 and (ii) net redemptions of \$2,283,517.

The Fund's loss from investments was mostly the indirect result of realized losses by the LP of \$9,424,859 and unrealized gains of \$87,381. Transaction expenses and brokerage commissions of the LP amounted to \$5,566. The Fund's expenses were comprised of \$232,614 for management fees, and other expenses totalled \$93,021 (aggregate management fees paid by the Fund and the LP were \$465,228 and aggregate other expenses totalled \$205,827). The LP also earned interest and dividend income of \$185,669. The LP made no incentive fee distributions to Friedberg Advisors (its general partner) in respect of 2020. The net redemptions resulted from an aggregate subscription amount of \$1,006,302, and an aggregate redemption amount of \$3,289,819. During 2020, (i) no capital gains distributions were made by the Fund, and (ii) the Fund made non-capital income distributions of \$0.19 per unit (all of which were reinvested in units of the Fund).

Significant contributors to the LP's investment results were the losses related to a broad exposure to Brazilian equities and Greek bank stocks. The LP had gains on housing stocks, gold futures, and the SPDR Gold Shares ETF.

For the year, the USD Series net asset value per unit decreased by 18.41%. The net asset value per unit of the CAD Series decreased by 20.02%. This compares with the S&P TSX Index return of 2.17%. Unlike the index return, the Fund's return is net of the fees and expenses paid (directly or indirectly) by the Fund. It should be noted that the index (and the securities comprised in it) is Canadian dollar denominated, while the net asset value per unit of the USD Series is stated in U.S. dollars and the Fund's (direct and indirect) investments are primarily denominated in other currencies, and therefore its performance is impacted by foreign exchange rate fluctuations.

The net asset value per unit of the USD Series at December 31, 2020 was \$11.83 (the net asset value per unit at December 31, 2019 was \$14.50). The net asset value per unit of the CAD Series at December 31, 2020 was CAD \$15.06 (the net asset value per unit at December 31, 2019 was CAD \$18.83). At March 15, 2021, the net asset value per unit of the USD Series and CAD Series were \$11.96 and CAD\$14.91, respectively.

During the year, (i) the sources of the LP's leverage were short selling and the use of futures and forwards and (ii) the lowest and highest levels of aggregate exposure to those sources of leverage were 0% and 40.1%, respectively, of the LP's net assets (the foregoing aggregate exposure percentages were reduced by 0% and 0%, respectively, by subtracting the notional value of the LP's positions in futures and forward contracts for hedging purposes).

Recent Developments

Portfolio Changes

Based on the value of the assets underlying the derivatives contracts owned by the LP, during the year ended December 31, 2020, as a percentage of the LP's net assets: (i) equity securities increased by 19.6% (to 99.7%); (ii) long futures contracts decreased by 19.5% (to 0%) and (iii) long equity swap contracts decreased 1.7% (to 0%). As at December 31, 2020, other net assets accounted for 0.3% of the Net Assets, a 1.6% increase from December 31, 2019.

The most significant changes for the year in the LP's investments were the additions of iShares U.S. Home Construction ETF and SPDR Gold Shares, and a decrease in Greek equities, Brazilian equities, a Brazilian equity swap, and gold futures.

Based on the value of the assets underlying the derivatives contracts, the largest positions held by the LP at December 31, 2020 were (as a percentage of its net assets) SPDR Gold Shares ETF (35.6%), iShares U.S. Home Construction ETF (32.3%), and Newcrest Mining Ltd equity (10.2%).

Outlook

Set out below is the economic outlook of FMGL. This outlook reflects FMGL's current views and is subject to myriad domestic and international events and circumstances (economic, political and otherwise), and in any event is provided for information purposes and is not intended as investment advice to any person or entity.

Extremely rapid monetary growth in the U.S. has begun to have an impact on markets: long-term Treasury yields have risen in recent weeks to 1.91% from less than 1.4% at their April lows and have now decisively broken the downtrend begun in late 2018; raw commodity prices have touched a one-year high, exceeding the pre-pandemic highs, and are up almost 75% from their March lows; and the U.S. dollar has recently fallen to its lowest level since early 2018, down more than 13% from last year's highs. These represent strong tell-tale signs of accelerating inflation. While the former two phenomena can validly be ascribed to the current pickup in economic activity, the same cannot be said of the dollar, since strong U.S. economic growth is almost always a dollar-friendly phenomenon. The dollar fall, therefore, is an unequivocal sign of an excess supply of money. This conclusion is corroborated by the rise in break-evens, which account for most, if not all, of the rise in yields.

What investment implications can we draw? On the assumption that the Fed is likely to maintain short rates close to zero for quite some time (as they have declared) and at least until inflation climbs sustainably above 2-2.5% (as they have assured us), the yield curve will steepen further and long rates will advance to the 2-2.5% level. However, this is just the beginning. Inflation and inflationary expectations will outrun this very timid and unsuspecting Fed, and by the time long-term yields hit 2-2.5%, inflation will have moved well past these levels.

This cat-and-mouse game can continue for quite some time, as we saw in the seventies. Long-term rates will be slow to catch up because the Fed will maintain short-term rates pegged below the rise of inflation. The reason is simple: enormous debt burdens, both at the government and corporate levels, will constrain the monetary authority's range of action. So will deficit financing and the increase in the supply of bonds coming down the pike. And so will a secret desire the Fed harbours to reduce the real burden of debt. Fed-controlled rates can remain below the rate of inflation for years to come, which is another way of saying that real risk-free rates will remain negative for as far as the eye can see (or the imagination countenance).

What should investors do? In the past, we made an argument in favour of equities based simply on multiple expansion: positive earning yields trump negative real rates by enough of a margin to justify owning a basket of creditworthy publicly traded companies with growing earnings. These equities should be held until earnings yields fail to exceed the normal premium demanded for owning them, probably 200-300 basis points. We are close to reaching this limit, depending on which equities are selected. On a valuation basis, however, there is nothing to say that stocks need to fall as long as negative real rates persist. By way of contrast, psychological factors and tax and regulatory policies, which affect earnings, can affect stock prices even if stock prices remain well valued.

More straightforward and less conditional are the prospects for raw commodity prices. These have begun to awaken from their long cyclical slumber. And let's remember that commodity

prices are in a long-term decline in real terms — the product of improving technologies — and should rise, unimpeded by factors that can affect equity prices for years to come. While global demand for commodities continues to rise, especially with the increase in real incomes, the growth of global supply has been held back by a variety of man-made policies. Confiscatory grabs in jurisdictions lacking strong property rights, regulatory burdens driven by environmental concerns, and increasing labour constraints in developed economies, among other impediments, have all coincided to reduce the world’s capacity to produce raw materials. The combination of rising consumption, anticipated “inflation hedge” buying, and weak supply growth make an index or basket of commodities an ideal investment in this period of negative real carrying costs. Gold — part money, part commodity — stands to benefit from this anticipated bull market in commodities. Its money aspect and advantage will become more apparent once the dollar goes below a psychological threshold, perhaps the 2017 lows, which we are less than 5% from breaching. Though Russia’s attitude towards the U.S. is far more adversarial than those of the other developed central banks (though not much less adversarial than that of China), it is worth noting the following: the share of gold held in Russia’s \$583 billion international reserves has pushed above dollars for the first time on record. Gold made up 23% of the central bank’s stockpile as of the end of June 2020, compared with 22% made up by U.S. dollars (down from 40% in 2018). Persistent and continued dollar weakness is likely to trigger a mass rush out of dollars on the part of foreign central banks, which now hold 60% of their reserves in dollars. If only a small portion of this shift finds its way into gold, the impact on the price of bullion would be highly significant.

Related Party Transactions

Management Fees

Toronto Trust Management Ltd. (“TTM”), which is an affiliate of FMGL and Friedberg Advisors, is the manager of the Fund and the LP. For the year ended December 31, 2020, the Fund and the LP paid TTM aggregate management fees of \$465,228 (the Fund and the LP paid aggregate management fees of \$569,416 in 2019).

Incentive Fees and Incentive Fee Distributions

The LP made no incentive fee distributions to Friedberg Advisors (which is the general partner of the LP) in respect of the 2020 fiscal year (2019: nil).

Brokerage

During the 2020 fiscal year, the LP paid FMGL, the Fund’s portfolio manager and principal distributor, aggregate brokerage commissions on futures, forward and options transactions of \$2,165 (\$11,346 in 2019), and the Fund itself paid no brokerage commissions during such year. Brokerage commissions on futures, forwards and options are charged at FMGL’s lowest rates.

Independent Review Committee

Under National Instrument 81-107 – *Independent Review Committee for Investment Funds*, investment funds which are reporting issuers are required to have an independent review committee (“**IRC**”) to review and provide impartial judgment on, among other things, conflict of interest matters. FMGL has therefore created an IRC for itself and TTM.

The IRC reviews potential conflicts of interest referred to it by TTM or FMGL and makes recommendations on whether a course of action achieves a fair and reasonable result for the Fund (or the LP). In addition, the IRC regularly reviews FMGL’s policies and procedures relating to conflicts of interest.

The IRC prepares, at least annually, a report of its activities for investors, which is available at www.friedberg.ca.

Financial Highlights

Fund

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund’s financial performance for the 2016 through 2020 financial years. This information is derived from the Fund’s audited annual financial statements. The information in these tables is for the USD Series. There is only a relatively nominal number of CAD Series units outstanding (and the only holder of such CAD Series units is an individual related to FMGL).

The Fund’s Net Asset Value (NAV) per Unit

	2020	2019	2018	2017	2016
Net Asset, beginning of year	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62	\$ 10.80
Increase (decrease) from operations:					
total revenue	0.00	0.00	0.00	0.00	0.00
total expenses	(0.09)	(0.09)	(0.08)	(0.09)	(0.07)
realized gains (losses) for the year	0.00	0.01	0.00	0.00	0.00
unrealized gains (losses) for the year	(2.73)	2.74	(2.01)	2.41	0.89
Total increase (decrease) from operations (1)	\$ (2.83)	\$ 2.66	\$ (2.09)	\$ 2.32	\$ 0.82
Distributions²:					
From income (excluding dividends)	(0.17)	-	-	-	-
From dividends	(0.02)	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions	-	-	-	-	-
Net Asset Value at end of year	\$ 11.83	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62

- (1) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial year.
- (2) Distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data

	2020	2019	2018	2017	2016
Total net asset value (000's) ⁽¹⁾	\$ 40,141	\$ 52,251	\$ 47,137	\$ 61,182	\$ 52,304
Number of units outstanding ⁽¹⁾	3,391,896	3,603,491	3,968,949	4,387,995	4,502,293
Management expense ratio ⁽²⁾	0.79%	0.70%	0.65%	0.68%	0.64%
Management expense ratio before waivers or absorptions	0.79%	0.70%	0.65%	0.68%	0.64%
Trading expense ratio ⁽³⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate ⁽⁴⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Net asset value per unit	\$ 11.83	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62

1. This information is provided as at December 31 of the year shown.
2. Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets of the Fund for the year.
3. The trading expense ratio represents total commission and other portfolio transaction costs of the Fund expressed as an annualized percentage of daily average net asset value for the year.
4. The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The formula for the calculation of the Fund's portfolio turnover rate excludes all portfolio items that have a remaining term to maturity, on the date of acquisition, of one year or less.

Fund and LP Combined

The following tables show selected key financial information about the Fund and the LP on a combined basis and are intended to help you understand the Fund and the LP's combined financial performance for the fiscal years 2016 through 2020. The information in these tables is for the USD Series. There is only a relatively nominal number of CAD Series units outstanding (and the only holder of such CAD Series units is an individual related to FMGL).

The Fund's Net Asset Value (NAV) per Unit

	2020	2019	2018	2017	2016
Net Asset, beginning of year	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62	\$ 10.80
Increase (decrease) from operations:					
total revenue	0.05	0.16	0.28	0.46	0.33
total expenses	(0.19)	(0.22)	(0.19)	(0.42)	(0.27)
realized gains (losses) for the year	(2.71)	0.70	0.54	0.69	(0.19)
unrealized gains (losses) for the year	0.03	2.01	(2.73)	1.59	0.95
Total increase (decrease) from operations ⁽¹⁾	\$ (2.83)	\$ 2.66	\$ (2.09)	\$ 2.32	\$ 0.82
Distributions ³:					
From income (excluding dividends)	(0.17)	-	-	-	-
From dividends	(0.02)	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	-	-
Total Annual Distributions ⁽²⁾	-	-	-	-	-
Net Asset Value at end of year	\$ 11.83	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62

- (1) This information includes incentive fee distributions made by the LP to its general partner (Friedberg Advisors) as an expense although they were, in fact, partnership distributions.

- (2) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.
- (3) Distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data

	2020	2019	2018	2017	2016
Total net asset value (000's) ⁽¹⁾	\$ 40,141	\$ 52,251	\$ 47,137	\$ 61,182	\$ 52,304
Number of units outstanding ⁽¹⁾	3,391,896	3,603,491	3,968,949	4,387,995	4,502,293
Management expense ratio ⁽²⁾	1.55%	1.39%	1.33%	3.04%	2.22%
Management expense ratio before waivers or absorptions	1.55%	1.39%	1.33%	3.04%	2.22%
Trading expense ratio ⁽³⁾	0.09%	0.22%	0.13%	0.25%	0.16%
Portfolio turnover rate ⁽⁴⁾	50.60%	143.03%	44.42%	66.26%	89.92%
Net asset value per unit	\$ 11.83	\$ 14.50	\$ 11.87	\$ 13.94	\$ 11.62

- This information is provided as at December 31 of the year shown.
- Management expense ratio is based on total expenses of the Fund and the LP (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets of the Fund for the year. This information reflects combined information of the Fund and the LP (and includes incentive fee distributions made by the LP to its general partner (Friedberg Advisors) as an expense although they were, in fact, partnership distributions).
- The trading expense ratio represents total commission and other portfolio transaction costs of the Fund and the LP expressed as an annualized percentage of daily average net asset value of the Fund during the year.
- The Fund's portfolio turnover rate indicates how actively the LP's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund. The formula for the calculation of the Fund's portfolio turnover rate excludes all portfolio items that have a remaining term to maturity, on the date of acquisition, of one year or less.

Management Fees

The Fund and the LP pay aggregate monthly management fees of 1/12 of 1.0% (being monthly fees of 0.083%) of the Fund's net asset value, calculated and paid monthly based on the net asset value at the end of the month. The LP makes quarterly incentive fee distributions to its general partner (Friedberg Advisors) equal to 15% of the net appreciation in the LP's net asset value (reduced by the expenses of the Fund) provided that (a) the net asset value (adjusted for any capital contributions into and withdrawals from the LP and any distributions to the Fund) is higher than the net asset value at the end of the last period in respect of which incentive fee distributions were paid and (b) the net asset value appreciation (adjusted for any capital contributions into and withdrawals from the LP and any distributions to the Fund) exceeds the yield on the 2 Year U.S. Treasury Note.

The management services provided by TTM and its designees include fund administration, the calculation of the Fund's (and the LP's) net asset value, preparation of financial statements and mailing of periodic reports to unitholders.

Friedberg Advisors chooses the investments of the LP and sees to the execution of the trades.

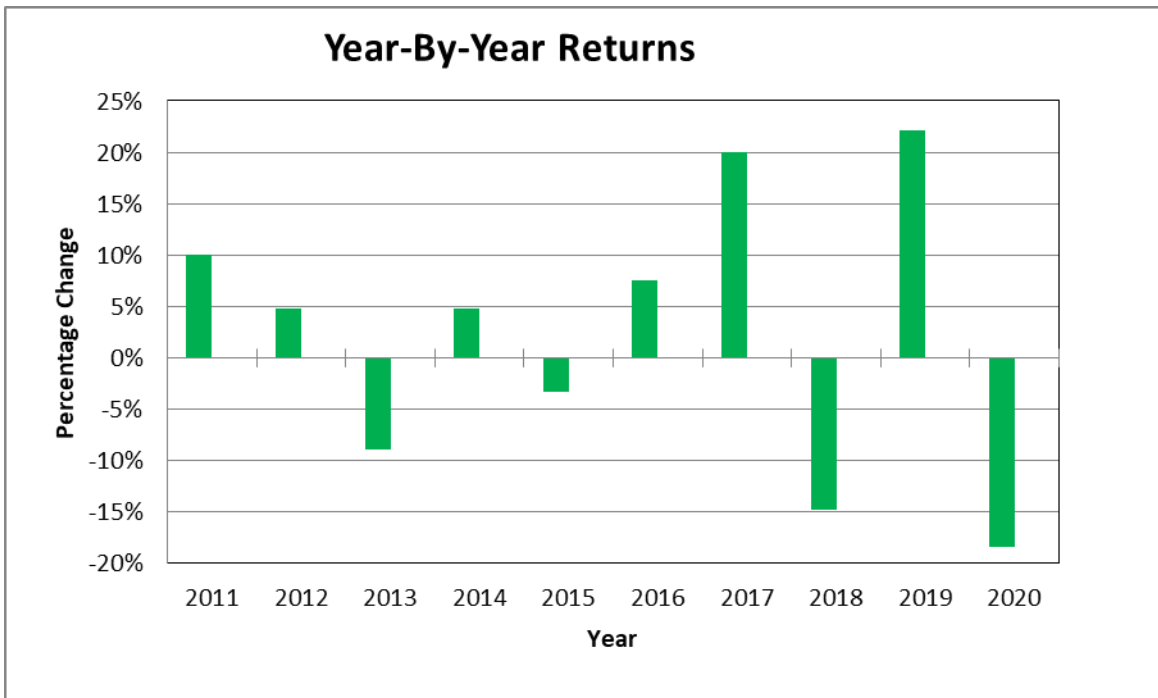
Past Performance

This section provides performance information about the Fund. The performance information presented in this section reflects that substantially all distributions made by the Fund are reinvested in additional units. This performance information does not take into account redemption or optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

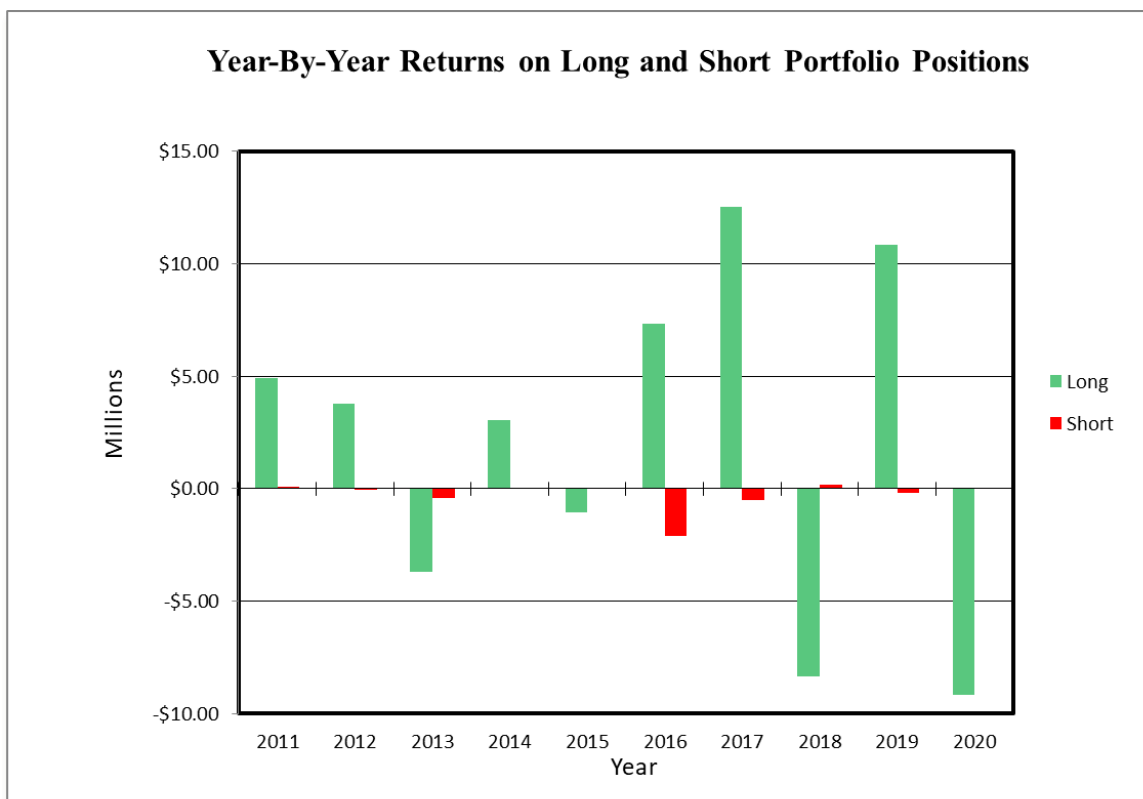
The information in this section is for the USD Series. There is only a relatively nominal number of CAD Series units outstanding (and the only holder of such CAD Series units is an individual related to FMGL).

Year-by-Year Returns

This bar chart shows the Fund's performance for 2011 through 2020. The bar chart shows, in percentage terms, how much an investment made on January 1 of a year would have grown or decreased by the last day of such year.



The following chart shows the Fund's annual performance contributed by the long and short positions the Fund held for each of the years shown.



Annual Compound Returns

The following table sets out the respective performance of the Fund and the S&P/TSX Composite Index for the one, three, five and ten year periods ended December 31, 2020. It should be noted that the index (and the securities comprised in it) is Canadian dollar denominated, while the Fund's investments are primarily denominated in other currencies, and therefore its performance is impacted by foreign exchange rate fluctuations.

	Fund	S&P TSX
One Year	-18.39%	2.17%
Three Years	-5.32%	2.46%
Five Years	1.85%	6.03%
Ten Years	1.54%	2.77%

The following table sets out separately the annual compound returns for the long and short positions the Fund held for the one, three, five and ten year periods ended December 31, 2020.

	Short Positions	Long Positions
One Year	-0.00%	-17.96%
Three Years	-0.02%	-4.38%
Five Years	-1.06%	4.52%
Ten Years	-0.61%	3.29%

Summary of Investment Portfolio

Fund

As at December 31, 2020, the sole investment of the Fund was its limited partnership interest in the LP, with a fair value as at such date of \$40,212,114. The portfolio of the Fund is subject to change due to ongoing portfolio transactions of the Fund. A quarterly update is made available.

LP

The investment portfolio of the LP as at December 31, 2020 is shown below. The portfolio of the LP is subject to change due to ongoing portfolio transactions of the LP. A quarterly update is made available.

Friedberg Asset Allocation Fund Limited Partnership
Summary of Investment Portfolio
As at December 31, 2020
(in U.S. dollars)

	Fair Value \$	Percentage of Net Assets %
Equities		
Long positions		
SPDR Gold Shares	14,308,932	35.6
iShares U.S. Home Construction ETF	12,984,660	32.3
Newcrest Mining Ltd.	4,114,135	10.2
Agnico Eagle Mines Ltd	3,088,338	7.7
Sandstorm Gold Ltd.	2,831,074	7.0
Osisko Mining Corporation	2,776,159	6.9
	40,103,298	99.7
Other assets less liabilities (except for limited partner's equity)	109,947	0.3
Total positions	40,213,245	100.0

The above investment portfolio positions as at December 31, 2020 reflect the value of the assets underlying the derivatives contracts owned by the LP. Total net assets of the LP as at December 31, 20120, as reflected in its audited financial statements, were \$40,212,114.