

FRIEDBERG
MULTI-SECTOR
FUNDS

Friedberg Currency Fund Ltd.

Friedberg Currency Fund II Ltd.

Friedberg Equity Hedge Fund Ltd.

Friedberg Global Opportunities
Fund Ltd.

Friedberg Total Return
Fixed Income Fund Ltd.

Friedberg Global
Macro-Hedge Fund Ltd.

(Known as the "Friedberg Multi-Sector Funds")

Financial Statements and
Independent Auditors' Report
December 31, 2002 and 2001

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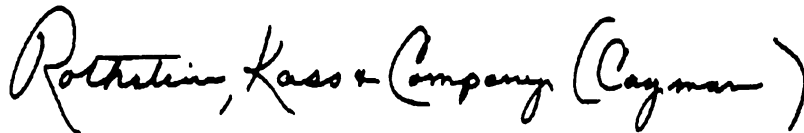
Independent Auditors' Report

To the Shareholders of
Friedberg Currency Fund Ltd.,
Friedberg Currency Fund II Ltd.,
Friedberg Equity Hedge Fund Ltd.,
Friedberg Global Opportunities Fund Ltd.,
Friedberg Total Return Fixed Income Fund Ltd. and
Friedberg Global Macro-Hedge Fund Ltd.
(the "Friedberg Multi-Sector Funds" or "Funds")

We have audited the accompanying statements of assets and liabilities of the Friedberg Multi-Sector Funds, including the condensed schedules of portfolio investments, as of December 31, 2002 and 2001, and the related statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Funds as of December 31, 2002 and 2001, and the results of their operations and changes in their net assets for the years then ended, in conformity with accounting principles generally accepted in the United States of America.



Grand Cayman, Cayman Islands
May 30, 2003

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2002	2001	2002	2001
Statements of Assets and Liabilities				
Assets				
Investments in securities, at market	\$ —	\$ —	\$ —	\$ —
Investment in Friedberg International Securities Fund LP, at fair value	—	—	—	—
Investments in offshore investment funds, at fair value	—	—	—	—
Cash	1,550	—	1,550	—
Due from brokers and contracts awaiting settlement	7,303,064	2,488,941	1,154,759	2,858,257
Unrealized gains on open derivative contracts	687,655	—	115,960	—
Interest and accounts receivable	4,163	3,187	—	—
Total assets	<u>7,996,432</u>	<u>2,492,128</u>	<u>1,272,269</u>	<u>2,858,257</u>
Liabilities				
Securities sold short, at market	—	—	—	—
Accounts payable and accrued expenses	27,328	13,670	7,499	8,000
Redemptions payable	35,180	—	—	—
Due to brokers and contracts awaiting settlement	—	23,240	—	26,860
Unrealized losses on open derivative contracts	—	1,325,063	—	1,501,798
Total liabilities	<u>62,508</u>	<u>1,361,973</u>	<u>7,499</u>	<u>1,536,658</u>
Net Assets and Shareholders' Equity	<u>\$7,933,924</u>	<u>\$1,130,155</u>	<u>\$1,264,770</u>	<u>\$1,321,599</u>
Number of shares outstanding				
Class A	1,082.94	2,121.29	2,589.73	3,179.12
Class B	<u>14,226.17</u>	<u>367.79</u>	<u>199.29</u>	<u>250.95</u>
Net asset value per share				
Class A	\$ 518.25	\$ 454.05	\$ 453.48	\$ 385.30
Class B	<u>518.25</u>	<u>454.05</u>	<u>453.48</u>	<u>385.30</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.
2002	2001	2002	2001	2002	2001	2002
\$15,920,007	\$15,252,101	\$ —	\$ —	\$54,308,915	\$35,747,112	\$ —
—	—	3,884,790	2,724,600	—	—	—
—	—	—	—	—	—	73,970,668
7,409	3,102	280,042	164,562	387,321	53,248	547
14,594,480	10,360,628	4,396,126	3,232,398	738,889	4,102,989	3,378,819
—	37,136	726,128	93,755	1,015,251	17,500	—
331	7,665	—	—	341,704	260,917	354
<u>30,522,227</u>	<u>25,660,632</u>	<u>9,287,086</u>	<u>6,215,315</u>	<u>56,792,080</u>	<u>40,181,766</u>	<u>77,350,388</u>
16,748,724	13,395,674	—	—	—	—	—
141,300	97,097	20,788	13,966	58,075	43,717	64,373
159,615	—	367,054	—	—	—	—
—	—	—	—	359,537	—	—
151,196	—	—	—	—	—	—
<u>17,200,835</u>	<u>13,492,771</u>	<u>387,842</u>	<u>13,966</u>	<u>417,612</u>	<u>43,717</u>	<u>64,373</u>
<u>\$13,321,392</u>	<u>\$12,167,861</u>	<u>\$8,899,244</u>	<u>\$6,201,349</u>	<u>\$56,374,468</u>	<u>\$40,138,049</u>	<u>\$77,286,015</u>
1,192.95	1,192.95	11,328.91	10,352.74	43,624.74	39,145.18	64,039.97
<u>5,840.20</u>	<u>5,492.02</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$ 1,894.09	\$ 1,820.18	\$ 785.53	\$ 599.01	\$ 1,292.26	\$ 1,025.36	\$ 1,206.84
<u>1,894.09</u>	<u>1,820.18</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years Ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2002	2001	2002	2001
Statements of Operations				
Investment income				
Interest	\$ 64,137	\$ 84,915	\$ —	\$ —
Dividends	—	—	—	—
Total investment income	<u>64,137</u>	<u>84,915</u>	<u>—</u>	<u>—</u>
Expenses				
Interest and dividends	—	—	—	—
Incentive fees	—	—	—	—
Management fees	191,401	86,448	—	—
Foreign withholding taxes paid	—	—	—	—
Professional fees and other	42,264	25,436	28,520	25,610
Total expenses	<u>233,665</u>	<u>111,884</u>	<u>28,520</u>	<u>25,610</u>
Net investment income (loss)	<u>(169,528)</u>	<u>(26,969)</u>	<u>(28,520)</u>	<u>(25,610)</u>
Net realized and unrealized gain (loss) on investments				
Net realized gain (loss) on derivative contracts	(780,432)	(30,232)	(1,397,279)	(266,196)
Net unrealized appreciation (depreciation) on derivative contracts	2,012,718	(1,556,142)	1,617,757	(1,758,157)
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—
Equity in earnings of investments in offshore investment funds	—	—	—	—
Net gain (loss) on investments	<u>\$1,232,286</u>	<u>\$(1,586,374)</u>	<u>\$ 220,478</u>	<u>\$(2,024,353)</u>
Increase (decrease) in net assets resulting from operations	<u>\$1,062,758</u>	<u>\$(1,613,343)</u>	<u>\$ 191,958</u>	<u>\$(2,049,963)</u>
Weighted average number of shares	<u>12,219.52</u>	<u>2,647.08</u>	<u>3,040.45</u>	<u>3,511.76</u>
Increase (decrease) in net assets resulting from operations per share	<u>\$ 86.97</u>	<u>\$ (609.48)</u>	<u>\$ 63.13</u>	<u>\$ (583.74)</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.
2002	2001	2002	2001	2002	2001	2002 ^(a)
\$ 177,318	\$ 470,760	\$ 1,213	\$ 1,249	\$ 1,498,514	\$ 947,587	\$ —
273,150	107,330	—	—	—	—	—
<u>450,468</u>	<u>578,090</u>	<u>1,213</u>	<u>1,249</u>	<u>1,498,514</u>	<u>947,587</u>	<u>—</u>
187,750	141,399	—	—	—	—	—
450,644	17,635	—	—	—	—	—
208,681	206,136	77,709	27,031	434,957	236,880	492,260
79,980	32,468	—	—	—	964	—
35,667	38,236	34,865	22,649	63,507	40,692	55,707
<u>962,722</u>	<u>435,874</u>	<u>112,574</u>	<u>49,680</u>	<u>498,464</u>	<u>278,536</u>	<u>547,967</u>
<u>(512,254)</u>	<u>142,216</u>	<u>(111,361)</u>	<u>(48,431)</u>	<u>1,000,050</u>	<u>669,051</u>	<u>(547,967)</u>
(1,302,690)	399,441	1,040,584	357,865	1,982,609	(922,769)	—
(188,332)	(7,722)	632,372	(74,662)	997,751	(1,244,527)	—
520,790	2,090,287	—	—	206,365	(1,061,143)	16,039
1,887,678	(2,975,805)	550,440	93,600	6,703,227	1,116,373	—
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,122,767</u>
<u>\$ 917,446</u>	<u>\$ (493,799)</u>	<u>\$2,223,396</u>	<u>\$376,803</u>	<u>\$ 9,889,952</u>	<u>\$(2,112,066)</u>	<u>\$12,138,806</u>
<u>\$ 405,192</u>	<u>\$ (351,583)</u>	<u>\$2,112,035</u>	<u>\$328,372</u>	<u>\$10,890,002</u>	<u>\$(1,443,015)</u>	<u>\$11,590,839</u>
<u>7,022.79</u>	<u>6,538.93</u>	<u>10,877.21</u>	<u>3,532.22</u>	<u>40,450.84</u>	<u>24,331.09</u>	<u>56,110.06</u>
<u>\$ 57.70</u>	<u>\$ (53.77)</u>	<u>\$ 194.17</u>	<u>\$ 92.96</u>	<u>\$ 269.22</u>	<u>\$ (59.31)</u>	<u>\$ 206.57</u>

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

FINANCIAL STATEMENTS

(expressed in United States dollars)

Years ended December 31,

	Friedberg Currency Fund Ltd.		Friedberg Currency Fund II Ltd.	
	2002	2001	2002	2001
Statements of Changes in Net Assets				
Operations				
Net investment income (loss)	\$ (169,528)	\$ (26,969)	\$ (28,520)	\$ (25,610)
Net realized gain (loss) on derivative contracts	(780,432)	(30,232)	(1,397,279)	(266,196)
Net unrealized appreciation (depreciation) on derivative contracts	2,012,718	(1,556,142)	1,617,757	(1,758,157)
Net realized gain (loss) on investments	—	—	—	—
Net change in unrealized appreciation (depreciation) on investments	—	—	—	—
Equity in earnings of investments in offshore investment funds	—	—	—	—
Increase (decrease) in net assets resulting from operations	<u>1,062,758</u>	<u>(1,613,343)</u>	<u>191,958</u>	<u>(2,049,963)</u>
Capital share transactions				
Issuance of shares	6,340,000	154,225	—	114,525
Redemption of shares	(598,989)	(539,874)	(248,787)	(575,737)
Increase (decrease) in net assets resulting from capital share transactions	<u>5,741,011</u>	<u>(385,649)</u>	<u>(248,787)</u>	<u>(461,212)</u>
Increase (decrease) in net assets	<u>6,803,769</u>	<u>(1,998,992)</u>	<u>(56,829)</u>	<u>(2,511,175)</u>
Net assets				
Beginning of year	<u>1,130,155</u>	<u>3,129,147</u>	<u>1,321,599</u>	<u>3,832,774</u>
End of year	<u>\$ 7,933,924</u>	<u>\$ 1,130,155</u>	<u>\$ 1,264,770</u>	<u>\$ 1,321,599</u>

See accompanying notes to financial statements.

Friedberg Equity Hedge Fund Ltd.		Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro-Hedge Fund Ltd.
2002	2001	2002	2001	2002	2001	2002 ^(a)
\$ (512,254)	\$ 142,216	\$ (111,361)	\$ (48,431)	\$ 1,000,050	\$ 669,051	\$ (547,967)
(1,302,690)	399,441	1,040,584	357,865	1,982,609	(922,769)	—
(188,332)	(7,722)	632,372	(74,662)	997,751	(1,244,527)	—
520,790	2,090,287	—	—	206,365	(1,061,143)	16,039
1,887,678	(2,975,805)	550,440	93,600	6,703,227	1,116,373	—
—	—	—	—	—	—	12,122,767
405,192	(351,583)	2,112,035	328,372	10,890,002	(1,443,015)	11,590,839
3,485,012	7,791,172	1,013,820	5,434,806	10,845,976	37,963,008	66,745,187
(2,736,673)	(7,686,303)	(427,960)	(862,111)	(5,499,559)	(20,059,019)	(1,050,011)
748,339	104,869	585,860	4,572,695	5,346,417	17,903,989	65,695,176
1,153,531	(246,714)	2,697,895	4,901,067	16,236,419	16,460,974	77,286,015
12,167,861	12,414,575	6,201,349	1,300,282	40,138,049	23,677,075	—
<u>\$13,321,392</u>	<u>\$12,167,861</u>	<u>\$8,899,244</u>	<u>\$6,201,349</u>	<u>\$56,374,468</u>	<u>\$ 40,138,049</u>	<u>\$77,286,015</u>

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments

Friedberg Equity Hedge Fund Ltd. —

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Common Stocks			
United States			
Aerospace/Defense Equipment		15.0%	\$ 1,994,796
Casino Hotels		4.1	554,016
Energy/Electric Integrated			
Entergy Corporation	15,600	5.3	711,204
Other		9.1	1,217,215
Food		3.2	429,257
Medical/Drugs		6.4	852,483
Oil Exploration and Production			
Apache Corp.	12,100	5.2	689,579
Patina Oil & Gas Corp.	24,750	5.9	783,338
XTO Energy Inc.	31,300	5.8	773,110
Other		4.0	532,440
Oil Refining and Marketing			
Valero Energy Corp.	18,900	5.2	698,166
Photography		6.7	886,512
Real Estate		4.9	653,065
Retail/Department Store		3.6	476,605
Software			
Intertrust Technologies Corp.	202,400	6.4	856,152
Telecom			
Corning Incorporated	252,200	6.3	834,782
Transport Services		3.3	433,760
Waste Disposal		8.7	1,163,575
Water			
Philadelphia Suburban Corporation	37,475	5.8	771,985
Other		4.5	592,848
Total common stock (cost \$15,719,919)		<u>119.4</u>	<u>15,904,888</u>
Debt Securities			
United States			
Telecommunications (cost \$435,727)		<u>0.1</u>	<u>15,119</u>
Total investments in securities (cost \$16,155,646)		<u>119.5%</u>	<u>\$15,920,007</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued) —

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Securities sold short, at market			
Common Stocks			
United States			
Advertising		4.7%	\$ 620,160
Beverages		4.1	552,132
Cable TV		2.9	386,289
Computers			
Intel Corporation	48,100	5.6	748,917
International Business Machines Corporation	12,300	7.2	953,260
Other		8.8	1,167,552
Diversified Manufacturing			
General Electric Company	30,100	5.5	732,935
Energy/Pipelines		0.5	64,206
Finance/Credit Card			
MBNA Corporation	39,450	5.6	750,339
Other		3.6	484,436
Finance/Mortgage Loans		3.9	521,073
Food		1.5	204,724
Investment Banker/Broker			
The Goldman Sachs Group, Inc.	12,900	6.6	878,490
Other		7.8	1,037,856
Investment Management/Advisory Service			
Stilwell Financial Inc.	69,300	6.8	905,751
Waddell & Reed Financial, Inc.	50,200	7.4	987,434
Medical/Drugs			
Biovail Corporation	32,500	6.4	858,325
Other		2.9	385,220
Retail/Building Products			
The Home Depot, Inc.	28,100	5.1	673,276
Walgreen Company	35,700	7.8	1,042,083
Super Regional Banks			
The Bank of New York, Company, Inc.	28,100	5.1	673,276
Fleet Boston Financial Corporation	30,300	5.5	736,290
PNC Financial Services Group, Inc.	18,600	5.9	779,340
Other		4.5	605,360
Total securities sold short (proceeds \$20,699,720)		<u>125.7%</u>	<u>\$16,748,724</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued) —

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Common Stocks			
United States			
Aerospace/Defense Equipment			
General Dynamics Corp.	10,700	7.0%	\$ 852,148
United Technologies Corporation	13,900	7.4	898,357
Other		2.4	287,496
Auto/Truck Parts and Equipment			
		4.5	543,400
Biomedical/Genetics/Therapeutics			
Xoma Ltd.	64,000	5.2	630,400
Other		11.8	1,432,477
Casino Hotels			
MTR Gaming Corp.	37,800	5.0	604,800
Chemical – Specialty			
		0.9	108,652
Energy/Coal			
		2.2	273,636
Energy/Electric Integrated			
Conectiv Inc	26,400	5.3	646,536
The Southern Company	25,700	5.4	651,495
Other		9.5	1,153,311
Internet			
		2.5	299,382
Oil Refining and Marketing			
Valero Energy Corp.	18,900	5.9	720,468
Retail/Department Store			
Sears Roebuck & Co	13,100	5.1	624,084
Satellite Telecom			
		5.9	727,115
Transport Services			
Fedex Corp.	13,300	5.7	690,004
Transport/Equipment and Leasing			
		4.5	546,336
Waste Disposal			
Waste Management Inc.	23,200	6.1	740,312
Other		7.1	868,025
Water			
Philadelphia Suburban Corporation	28,375	5.2	639,856
Other		2.1	259,250
Total United States (cost \$13,480,721)		<u>116.7%</u>	<u>\$14,197,540</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued) —

	<u>Number of Shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market			
Common Stocks (continued)			
Canada			
Beverages/Non Alcoholic		4.7%	\$ 578,760
Computers		3.1	375,000
Total Canada (cost \$727,037)		<u>7.8</u>	<u>953,760</u>
Total common stocks (cost \$14,207,758)		124.5	15,151,300
Debt Securities			
United States			
Global Crossing (cost \$435,727)		<u>0.8</u>	<u>100,801</u>
Total investments in securities (cost \$14,643,485)		<u>125.3%</u>	<u>\$15,252,101</u>
Securities sold short, at market			
Common Stocks			
United States			
Biomedical/Genetics/Therapeutics		2.0%	\$ 237,825
Cable TV		1.7	212,400
Computers			
International Business Machines Corporation	6,700	6.7	810,432
Maxim Integrated Products	12,300	5.3	645,873
Other		2.2	273,463
Diversified Manufacturing			
General Electric Company	18,400	6.1	737,472
Energy/Pipelines		3.5	423,795
Finance/Credit Card			
Capital One Financial Group	19,000	8.4	1,025,050
Other		3.0	366,080
Internet – Retail		4.1	495,556
Internet – Software			
America Online Inc.	28,800	7.6	924,480
Investment Banker/Broker			
The Goldman Sachs Group, Inc.	14,000	10.6	1,298,500
Morgan Stanley Dean Witter	14,000	6.4	783,160
Other		4.1	495,040

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments (continued)

Friedberg Equity Hedge Fund Ltd. (continued) —

	<u>Number of shares</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Securities sold short, at market			
Common Stocks (continued)			
Investment Management/Advisory Service			
Stilwell Financial Inc.	44,600	10.0%	\$ 1,214,012
Waddell & Reed Financial, Inc.	34,400	9.1	1,107,680
Retail/Building Products		2.0	244,848
Telecommunication/Equipment/Services		<u>3.3</u>	<u>399,690</u>
Total United States (proceeds \$12,494,715)		<u>96.1</u>	<u>11,695,356</u>
Canada			
Biomedical/Genetics/Therapeutics		3.1	373,527
Energy/Alternative		<u>2.4</u>	<u>289,786</u>
Total Canada (proceeds \$731,296)		<u>5.5</u>	<u>663,313</u>
France			
Telecommunication/Equipment/Services (proceeds \$351,723)		<u>2.1</u>	<u>249,905</u>
Spain			
Telephone Integrated (proceeds \$540,881)		<u>3.4</u>	<u>421,161</u>
United Kingdom			
Multimedia (proceeds \$448,945)		<u>3.0</u>	<u>365,939</u>
Total securities sold short (proceeds \$14,567,560)		<u>110.1%</u>	<u>\$13,395,674</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Opportunities Fund Ltd. —

This condensed schedule of investments represents the Friedberg Global Opportunities Fund Ltd.'s (the "Fund") proportionate share of the investments held by the Friedberg International Securities Fund LP, of which the Fund holds approximately 75.40% of the outstanding units (fair value of \$3,884,790).

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market		
Common Stocks		
China		
Other (cost \$353,324)	3.6%	\$ 318,825
Turkey		
Other (cost \$382,395)	3.4	303,108
India		
Other (cost \$93,404)	1.4	122,922
Canada		
Other (cost \$106,459)	1.4	121,061
Norway		
Other (cost \$91,471)	1.2	105,362
Panama		
Other (cost \$178,508)	1.0	92,629
Japan		
Other (cost \$97,059)	1.0	87,744
New Zealand		
Other (cost \$35,737)	<u>0.5</u>	<u>46,033</u>
Total investments in securities (cost \$1,338,357)	<u>13.5%</u>	<u>\$1,197,684</u>
Securities sold short, at market		
Common Stocks		
Japan		
Other (proceeds \$1,899,937)	20.8%	\$1,847,546
South Korea		
Other (proceeds \$123,841)	1.4	124,523
United Kingdom		
Other (proceeds \$115,325)	<u>0.5</u>	<u>45,706</u>
Total securities sold short (proceeds \$2,139,103)	<u>22.7%</u>	<u>\$2,017,775</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Opportunities Fund Ltd. (continued) —

This condensed schedule of portfolio investments represents Friedberg Global Opportunities Fund Ltd.'s (the "Fund") proportionate share of the investments held by the Friedberg International Securities Fund LP, of which the Fund holds approximately 71.68% of the outstanding units (fair value of \$2,724,600).

	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities, at market		
Common Stocks		
China		
Other (cost \$565,080)	9.2%	\$ 568,904
Canada		
Other (cost \$123,213)	2.0	121,829
New Zealand		
Other (cost \$33,974)	0.5	34,467
Panama		
Other (cost \$83,268)	<u>1.2</u>	<u>74,395</u>
Total investments in securities (cost \$805,535)	<u>12.9%</u>	<u>\$ 799,595</u>
Securities sold short, at market		
Common Stocks		
Japan		
Other (proceeds \$1,242,022)	<u>16.7%</u>	<u>\$1,038,498</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Total Return Fixed Income Fund Ltd. —

	<u>Principal Amount</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities , at market			
Debt Securities			
United States			
Government			
U.S. Treasury Inflation-Protected Securities 3.625% due April 15, 2028	\$34,030,000	79.4%	\$44,746,749
U.S. Treasury Inflation-Protected Securities 3.875% due April 15, 2029	\$ 3,228,000	<u>7.7</u>	<u>4,356,273</u>
Total United States (cost \$41,716,308)		87.1	49,103,022
Canada			
Government			
Government of Canada Real Return Bonds 4.25% due December 1, 2026 (cost \$4,106,242)	5,362,000 (in Canadian Dollars)	<u>8.1</u>	<u>4,560,138</u>
Total debt securities (cost \$45,822,550)		95.2	53,663,160
Common Stocks			
United States			
Other (cost \$580,943)		<u>1.1</u>	<u>645,755</u>
Total investments in securities (cost \$46,403,493)		<u>96.3%</u>	<u>\$54,308,915</u>

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2001

Condensed Schedules of Portfolio Investments (continued)

Friedberg Total Return Fixed Income Fund Ltd. (continued) —

	<u>Principal Amount</u>	<u>Percentage of Net Assets</u>	<u>Market Value</u>
Investments in securities , at market			
Debt Securities			
United States			
Government			
U.S. Treasury Inflation-Protected Securities 3.625% due April 15, 2028 (cost \$30,438,674)	\$28,158,000	<u>79.0%</u>	<u>\$31,703,842</u>
Canada			
Government			
Government of Canada Real Return Bonds 4.25% due December 1, 2026 (cost \$4,106,242)	5,362,000 (in Canadian Dollars)	<u>10.1</u>	<u>4,043,270</u>
Total investments in securities (cost \$34,544,916)		<u>89.1%</u>	<u>\$35,747,112</u>

See accompanying notes to financial statements.

FINANCIAL STATEMENTS

(expressed in United States dollars)

December 31, 2002

Condensed Schedules of Portfolio Investments (continued)

Friedberg Global Macro-Hedge Fund Ltd. —

	<u>Percentage of Net Assets</u>	<u>Fair Value</u>
Investments in offshore investment funds, at fair value		
Cayman Islands		
Friedberg Currency Fund Ltd.	9.4%	\$ 7,299,919
Friedberg Currency Fund II Ltd.	0.0	7,351
Friedberg Equity Hedge Fund Ltd.	11.3	8,716,034
Friedberg Total Return Fixed Income Fund Ltd.	64.9	50,172,589
Friedberg Global Opportunities Fund Ltd.	10.1	7,774,775
Total investments in offshore investment funds (cost \$61,847,901)	<u>95.7%</u>	<u>\$73,970,668</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Establishment of the Corporations

Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Equity Hedge Fund Ltd., Friedberg Global Opportunities Fund Ltd., Friedberg Total Return Fixed Income Fund Ltd. and Friedberg Global Macro-Hedge Fund Ltd. (the

“Funds”) are open-ended private investment corporations governed by the Companies Laws (2001 Revision) of the Cayman Islands incorporated as exempted companies on the following dates:

Friedberg Currency Fund Ltd.	October 18, 1996
Friedberg Currency Fund II Ltd.	March 6, 1997
Friedberg Equity Hedge Fund Ltd.	October 16, 1996
Friedberg Global Opportunities Fund Ltd.	May 13, 1997
Friedberg Total Return Fixed Income Fund Ltd.	October 2, 1996
Friedberg Global Macro-Hedge Fund Ltd.	November 21, 2001

Friedberg Commodity Management Inc. (“FCMI”) is the Investment Advisor to the Funds. FCMI Financial Services (Cayman) Ltd., an affiliate of Friedberg Mercantile Group Ltd. (“FMG”) is the manager of the Funds. FMG, the parent of FCMI, and Friedberg Mercantile Group Inc. (“FMGI”), a wholly owned subsidiary of FMG, serve as brokers to the Funds.

futures contracts and related options. This fund balances long and short positions in an attempt to eliminate systematic or market risk. This fund has not adopted any specific investment limitations or trading restrictions.*

Objectives

(a) **Friedberg Currency Fund Ltd. and Friedberg Currency Fund II Ltd.**

These funds seek substantial long-term capital appreciation through the aggressive trading of currency interests including exchange-listed futures, exchange listed options, interbank forward options and interbank options. These funds have not adopted any specific investment limitations or trading restrictions.*

(c) **Friedberg Global Opportunities Fund Ltd.**

This fund seeks to achieve substantial return on capital through trading and investing across global markets in securities interests such as equity securities, fixed income obligations, stock indices and options and commodity interests such as spot, forward, futures and options contracts on precious metals, traditional and base industrial commodities, interest rates, currencies and stock indices, as well as in swaps, hybrid securities and other derivative instruments. Transactions may be entered into on exchanges or over-the-counter. This fund may trade actively, engage in short sales and employ arbitrage strategies between various markets, countries or instruments. This fund has not adopted any specific investment limitations or trading restrictions but will attempt to limit risk as described in its Information Memorandum dated June 2, 1997.*

(b) **Friedberg Equity Hedge Fund Ltd.**

This fund seeks capital appreciation by investing primarily in equity securities, engaging in short sales of securities and speculating in stock index

* These funds have suspended accepting new investments, except for additional investments from the Friedberg Global-Macro Hedge Fund Ltd.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Friedberg Total Return Fixed Income Fund Ltd.

This fund seeks total investment return, consisting of a combination of interest income, currency gains and capital appreciation, by investing in both investment grade and non-investment grade fixed income obligations and corporate bonds denominated in a variety of currencies. This fund has adopted certain investment restrictions that are detailed in its Information Memorandum dated July 1, 1998.

(e) Friedberg Global Macro-Hedge Fund Ltd.

This fund is a fund of funds that will allocate its assets among several Cayman Islands open-end private investment companies sponsored, operated and managed by non-U.S. affiliates of FMG. These companies, referred to as the "Multi-Sector Funds", currently consist of the following funds: Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Total Return Fixed Income Fund Ltd., Friedberg Equity Hedge Fund Ltd. and Friedberg Global Opportunities Fund Ltd. Other investment vehicles managed by the Investment Advisor may be added to the universe of Multi-Sector Funds among which Friedberg Global Macro-Hedge Fund Ltd. assets may be allocated.

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.

Valuation of Investments in Securities and Securities Sold Short

The Funds value investments in securities and securities sold short that are listed on a national securities exchange or reported on the NASDAQ

national market at their last sales price as of the last business day of the year. Other securities traded in the over the counter markets and listed securities for which no sale was reported on that date are valued at their last reported "bid" price if held long, and last reported "asked" price if sold short. Foreign securities are valued by translating foreign denominated prices into U.S. dollars, based upon quoted exchange rates as of the last business day of the year.

Valuation of Investments of Forward Contracts

Open forward and futures contracts and investment positions are valued at the closing market quotations on the last business day of the year. The resulting change is reflected in the results of operations for the year as unrealized appreciation or depreciation on investments.

Valuation of Investments in Offshore Investment Funds

Investments in offshore investment funds are valued by Management at fair value utilizing the latest audited financial statements of such entities, unless Management determines some other valuation is more appropriate. Substantially all of the underlying investments of the offshore funds are comprised of cash equivalents and readily marketable securities.

Financial Instruments

In the normal course of business, the Funds utilize derivative financial instruments in connection with their proprietary trading activities. The Funds record their derivative activities at market or fair value. Gains and losses from derivative financial instruments are included in net gain (loss) on investments in the statements of operations.

Translation of Foreign Currency

Assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

at the year end exchange rates. Purchases and sales of investments, and income and expenses, that are denominated in foreign currencies, are translated into U.S. dollar amounts on the transaction date. Adjustments arising from foreign currency transactions are reflected in the statements of operations.

The Funds do not isolate that portion of the results of operations arising from the effect of changes in foreign exchange rates on investments from fluctuations 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

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.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 Funds are issued at their net asset value at their date of issue and 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 first business day of every week for Friedberg Currency

Fund II Ltd. and Friedberg Total Return Fixed Income Fund Ltd. and on the last business day of every month for the other funds. Effective October 28, 2002, all Fund Shares can be purchased and redeemed on the first business day of every week and the last business day of every month. The net asset value per unit is determined by dividing the total net asset value by the total number of shares then outstanding.

2. DUE TO/FROM BROKER

Amounts due from broker may be restricted to the extent that they serve as deposits for securities sold short. Amounts due to broker that represent margin borrowings are collateralized by certain marketable securities.

3. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Funds enter into transactions using financial instruments with off-balance-sheet risk in the normal course of their trading activities. At December 31, 2002 and 2001, these instruments were foreign currency forward contracts and futures trading. Such instruments generally represent future commitments to purchase or sell currencies at specific terms at specified future dates. These commitments may be traded on an exchange or over-the-counter ("OTC"). OTC contracts are negotiated between contracting parties. Each of these instruments is subject to various risks including market and credit risk. In general, the risks associated with OTC contracts are greater than those associated with exchange traded instruments because of the greater risk of default by the counterparty to an OTC contract.

Market risk is the potential for changes in the value of the financial instruments traded by the Funds due to market changes, including foreign exchange rate movements and fluctuations in commodity prices. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying assets are traded.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

3. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK (continued)

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. The Funds are exposed to interest rate risk to the extent that interest rates rise and the value of financial instruments in the secondary market decreases.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform

according to the terms of a contract. The Funds' risk of loss in the event of counterparty default is typically limited to the amounts recognized in the statements of assets and liabilities and is not represented by the contract or notional amounts of the instruments. The Funds' credit risk is concentrated with FMGI, FMG and Goldman Sachs, which are the sole counterparties or brokers to all of the Funds' assets and transactions.

4. INCOME TAXES

The Funds have received an undertaking from the Cayman Islands Government exempting them from all local income, profits and capital gains taxes until the following dates:

Friedberg Currency Fund Ltd.	October 29, 2016
Friedberg Currency Fund II Ltd.	March 17, 2017
Friedberg Equity Hedge Fund Ltd.	October 22, 2016
Friedberg Global Opportunities Fund Ltd.	June 2, 2017
Friedberg Total Return Fixed Income Fund Ltd.	October 15, 2016
Friedberg Global Macro-Hedge Fund Ltd.	December 4, 2021

Dividends and income received by the Funds with respect to investments may be subject to non-resident withholding and other taxes imposed by certain countries.

5. SHAREHOLDERS' EQUITY

There are 100 non-participating, voting and non-redeemable shares issued from each of the Funds to FCMI Financial Services (Cayman) Ltd., a Cayman Islands affiliate of the Funds, which are not reflected in the Funds' 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 Funds.

Authorized share capital of Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd. and Friedberg Equity Hedge Fund Ltd. ("Multi-Series Funds") 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. The two classes are identical in all respects except that they have different redemption charges as follows:

- Class A – 1% of redemption proceeds
- Class B – 5% of redemption proceeds within 2 years of purchase
- 4% of redemption proceeds within 3-5 years of purchase
- 1% of redemption proceeds 5 years after purchase

Effective October 1, 1999, all existing shares of the Multi-Series Funds were re-designated as Class A shares and any new shares issued after the effective date are Class B shares.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

Authorized share capital of the Funds, other than the Multi-Series Funds, comprises an unlimited number of participating, non-voting and redeemable shares. The redemption charge of these shares was 1% of redemption proceeds. Effective October 28, 2002, the redemption charge for all funds is 3/4 of 1%.

Each share participates equally in the income, distributions and net asset value on redemption or liquidation of the Funds.

During the years ended December 31, 2002 and 2001, no distributions were made to shareholders.

	Friedberg Currency Fund Ltd. (Class A)		Friedberg Currency Fund Ltd. (Class B)		Friedberg Currency Fund II Ltd. (Class A)	
	2002	2001	2002	2001	2002	2001
SHAREHOLDERS' EQUITY						
Share capital	\$1,346,634	\$ 1,844,852	\$6,583,806	\$ 344,577	\$ 3,548,022	\$ 3,733,815
Retained earnings (deficit), beginning of year	(881,680)	485,471	(177,594)	68,598	(2,508,900)	(609,133)
Net increase (decrease) in net assets resulting from operations	122,866	(1,367,151)	939,892	(246,192)	135,274	(1,899,767)
Retained earnings (deficit), end of year.....	(758,814)	(881,680)	762,298	(177,594)	(2,373,626)	(2,508,900)
Balance, end of year	\$ 587,820	\$ 963,172	\$7,346,104	\$ 166,983	\$ 1,174,396	\$ 1,224,915
NUMBER OF SHARES						
Outstanding, beginning of year	2,121.29	2,568.98	367.79	275.85	3,179.12	3,740.31
Issued during the year	—	—	14,085.71	135.63	—	7.63
Redeemed during the year	(1,038.35)	(447.69)	(227.33)	(43.69)	(589.39)	(568.82)
Outstanding, end of year	1,082.94	2,121.29	14,226.17	367.79	2,589.73	3,179.12
Weighted average number of shares outstanding for the year	1,412.70	2,293.81	10,806.82	353.17	2,829.24	3,330.64

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

	Friedberg Currency Fund II Ltd. (Class B)		Friedberg Equity Hedge Fund Ltd. (Class A)		Friedberg Equity Hedge Fund Ltd. (Class B)	
	2002	2001	2002	2001	2002	2001
SHAREHOLDERS' EQUITY						
Share capital	\$ 165,690	\$ 228,684	\$ (953,704)	\$ (953,704)	\$ 9,499,656	\$ 8,751,317
Retained earnings (deficit), beginning of year	(132,000)	18,196	3,125,090	3,291,248	1,245,158	1,430,583
Net increase (decrease) in net assets resulting from operations	56,684	(150,196)	88,164	(166,158)	317,028	(185,425)
Retained earnings (deficit), end of year	(75,316)	(132,000)	3,213,254	3,125,090	1,562,186	1,245,158
Balance, end of year	\$ 90,374	\$ 96,684	\$ 2,259,550	\$ 2,171,386	\$ 11,061,842	\$ 9,996,475
NUMBER OF SHARES						
Outstanding, beginning of year ...	250.95	143.08	1,192.95	4,631.13	5,492.02	2,012.98
Issued during the year	—	115.35	—	—	1,801.25	4,228.73
Redeemed during the year	(51.66)	(7.48)	—	(3,438.18)	(1,453.07)	(749.69)
Outstanding, end of year	199.29	250.95	1,192.95	1,192.95	5,840.20	5,492.02
Weighted average number of shares outstanding for the year	211.21	181.12	1,192.95	4,215.24	5,829.84	2,323.69

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

5. SHAREHOLDERS' EQUITY (continued)

	Friedberg Global Opportunities Fund Ltd.		Friedberg Total Return Fixed Income Fund Ltd.		Friedberg Global Macro- Hedge Fund Ltd.
	2002	2001	2002	2001	2002 ^(a)
SHAREHOLDERS' EQUITY					
Share capital	\$ 8,639,625	\$ 8,053,765	\$47,171,930	\$41,825,513	\$65,695,176
Retained earnings (deficit), beginning of year	(1,852,416)	(2,180,788)	(1,687,464)	(244,449)	—
Net increase (decrease) in net assets resulting from operations	2,112,035	328,372	10,890,002	(1,443,015)	11,590,839
Retained earnings (deficit), end of year	259,619	(1,852,416)	9,202,538	(1,687,464)	11,590,839
Balance, end of year	\$ 8,899,244	\$ 6,201,349	\$56,374,468	\$40,138,049	\$77,286,015
NUMBER OF SHARES					
Outstanding, beginning of year	10,352.74	2,800.65	39,145.18	21,933.58	—
Issued during the year	1,562.33	8,980.83	9,048.70	36,797.15	64,980.79
Redeemed during the year	(586.16)	(1,428.74)	(4,569.14)	(19,585.55)	(940.82)
Outstanding, end of year	11,328.91	10,352.74	43,624.74	39,145.18	64,039.97
Weighted average number of shares outstanding for the year	10,877.21	3,532.22	40,450.85	24,331.09	56,110.06

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS

Management and Incentive Fees

Friedberg Commodity Management Inc. ("FCMI") is the Investment Advisor to the Funds. For its services under the Investment Advisory Agreement, FCMI is entitled to receive management fees from the Funds. The management fee is payable monthly, based on the net asset value of the Funds on the last business day of the month. Friedberg Currency Fund Ltd. and Friedberg Global Opportunities Fund Ltd. calculate and pay incentive fees to the Investment Advisor on a quarterly basis, while Friedberg Equity Hedge Fund Ltd. calculates and pays the fees on a semi-annual basis. The incentive fees are based on net new trading profits, defined as the difference, if positive, between the net asset value of each fund at the end of the applicable period

and the net asset value of each fund 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 management fee rate for Friedberg Equity Hedge Fund Ltd., for the period January 1, 2001 to June 30, 2001 was 2%. The management fee rate for the period July 1, 2001 to December 31, 2001 and the year ended December 31, 2002 was 1.5%.

The incentive fee rate for Friedberg Equity Hedge Fund Ltd., for the period January 1, 2001 to June 30, 2001 was 10%. The incentive fee rate for the period July 1, 2001 to December 31, 2001 and the year ended December 31, 2002 was 20%.

The rates applicable to the determination of the management fee and incentive fee for the other funds are as follows:

	Annual Management Fee Rate	Annual Incentive Fee Rate
Friedberg Currency Fund Ltd.	3.00%	25.00%
Friedberg Currency Fund II Ltd.	—	—
Friedberg Global Opportunities Fund Ltd.	2.00%	20.00%
Friedberg Total Return Fixed Income Fund Ltd.	0.93%	—
Friedberg Global Macro-Hedge Fund Ltd.	0.75%	—

Brokerage Commissions

Brokerage commissions paid to FMG and FMGI are netted in the statements of operations against realized gain or loss and are charged at market rates. Brokerage commissions for the years ending December 31, 2002 and 2001 are as follows:

	2002	2001
Friedberg Currency Fund Ltd.	\$ —	\$ —
Friedberg Currency Fund II Ltd.	12,254	223,365
Friedberg Equity Hedge Fund Ltd.	52,283	32,925
Friedberg Global Opportunities Fund Ltd.	452,798	268,142
Friedberg Total Return Fixed Income Fund Ltd.	135,891	275,101
Friedberg Global Macro-Hedge Fund Ltd.	—	—

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Due from Brokers

The amounts due from brokers include the following related party amounts:

	FMG		FMGI	
	2002	2001	2002	2001
Friedberg Currency Fund Ltd.	\$7,208,432	\$2,277,189	\$ —	\$211,752
Friedberg Currency Fund II Ltd.	1,137,268	2,858,257	—	—
Friedberg Equity Hedge Fund Ltd.	1,104,950	1,082,856	—	—
Friedberg Global Opportunities Fund Ltd.	4,396,126	3,232,398	—	—
Friedberg Total Return Fixed Income Fund Ltd.	1,718,561	3,935,371	—	—
Friedberg Global Macro-Hedge Fund Ltd.	3,378,819	—	—	—

Investment in Friedberg International Securities Fund LP ("International Fund")

The Friedberg Global Opportunities Fund Ltd. has an investment in the International Fund, which is a limited partnership based in Ontario, Canada and managed by FMG. The International Fund records its investment at fair value based on market quotations on the last business day of the year. The brokers of the International Fund are Goldman Sachs and FMGI. The Friedberg Global Opportunities Fund Ltd. received management fee rebates from FMG to ensure no duplication of management fees. The percentage of the International Fund owned by the Friedberg Global Opportunities Fund Ltd. at December 31, 2002 and 2001 was 75.40% and 71.68%, respectively.

Condensed financial statements of the Friedberg International Securities Fund LP for the years ended December 31, 2002 and 2001 are as follows:

Condensed Statements of Assets and Liabilities

	2002	2001
ASSETS		
Due from brokers.....	\$6,198,170	\$4,058,605
Investments in securities, at market.....	1,588,440	1,115,477
Unrealized gains on open futures contracts	179,949	56,803
Accounts receivable	129	145,075
Total assets.....	<u>7,966,688</u>	<u>5,375,960</u>
LIABILITIES		
Accounts payable, including contracts awaiting settlement.....	142,136	52,630
Securities sold short, at market	2,676,094	1,448,760
Unrealized losses on open futures contracts.....	—	74,753
Total liabilities	<u>2,818,230</u>	<u>1,576,143</u>
NET ASSETS	<u>\$5,148,458</u>	<u>\$3,799,817</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

6. RELATED PARTY TRANSACTIONS (continued)

Condensed Statements of Operations

	<u>2002</u>	<u>2001</u>
Investment income	\$ 27,800	\$103,911
Operating expenses.....	<u>167,591</u>	<u>201,982</u>
Net investment income (loss)	<u>(139,791)</u>	<u>(98,071)</u>
Net realized gain (loss) and net unrealized appreciation (depreciation) on marketable securities	<u>(99,100)</u>	431,875
Net realized gain (loss) and net in unrealized appreciation (depreciation) on futures contracts	<u>853,952</u>	(5,306)
Foreign Currency translation gain (loss).....	<u>134,667</u>	<u>(2,903)</u>
Net gain on investments.....	<u>889,519</u>	<u>423,666</u>
Net increase in net assets resulting from operations	<u>\$749,728</u>	<u>\$325,595</u>

Fund Share Ownership

From time to time in the normal course of business, certain affiliates of the Investment Advisor may purchase and redeem participating, non-voting and redeemable shares of the Funds on the same terms as other shareholders. At each of December 31, 2002 and 2001, the affiliates' ownership ranged from 0% to 92% and 0% to 87%, respectively, of the outstanding shares of each Fund.

Interest Income

Interest paid by FMG to the Friedberg Currency Fund Ltd. for the years ended December 31, 2002

and 2001 is \$64,137 and \$84,915, respectively. Interest earned on the Friedberg Currency Fund II Ltd. is retained by FMG in lieu of management fees. The remaining amounts due from FMG and FMGI did not earn interest.

During the year ended December 31, 2002, Friedberg Currency Fund Ltd., Friedberg Currency Fund II Ltd., Friedberg Global Opportunities Fund Ltd. and Friedberg Total Return Fixed Income Fund Ltd. were charged approximately \$104,000, \$24,000, \$151,000 and \$29,000, respectively, by the brokers as an interest carrying charge for derivatives on U.S. Treasury Inflation-Protected Securities.

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS

Financial highlights for the years ended December 31, 2002 and 2001 are as follows:

Friedberg Currency Fund Ltd.

	2002	2001
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	<u>\$454.05</u>	<u>\$1,099.94</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(10.24)</u>	<u>(10.80)</u>
Net gain (loss) on investments	<u>74.44</u>	<u>(635.09)</u>
Total from investment operations	<u>64.20</u>	<u>(645.89)</u>
Net asset value, end of year	<u>\$518.25</u>	<u>\$ 454.05</u>
Total return		
Total return before incentive fee	<u>14.1 %</u>	<u>(58.7)%</u>
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>14.1 %</u>	<u>(58.7)%</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>3.7 %</u>	<u>4.0 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>3.7 %</u>	<u>4.0 %</u>
Net investment income (loss)	<u>(2.7)%</u>	<u>(1.0)%</u>
Increase (decrease) in net assets resulting from operations.....	<u>16.6 %</u>	<u>(57.7)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Currency Fund II Ltd.

	2002 Classes A and B	2001 Classes A and B
Per share operating performance		
Net asset value, beginning of year	<u>\$385.30</u>	\$986.97
Income (loss) from investment operations:		
Net investment income (loss)	(10.13)	(7.52)
Net gain (loss) on investments	<u>78.31</u>	<u>(594.15)</u>
Total from investment operations	<u>68.18</u>	<u>(601.67)</u>
Net asset value, end of year	<u>\$453.48</u>	<u>\$385.30</u>
Total return		
Total return before incentive fee	17.7 %	(61.0)%
Incentive fee	—	—
Total return after incentive fee	<u>17.7 %</u>	<u>(61.0)%</u>
Ratio to average net assets		
Operating expenses (including interest)	2.3 %	0.8 %
Incentive fee	—	—
Total expenses	<u>2.3 %</u>	<u>0.8 %</u>
Net investment income (loss)	<u>(2.3)%</u>	<u>(0.8)%</u>
Increase (decrease) in net assets resulting from operations	<u>15.7 %</u>	<u>(64.0)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Equity Hedge Fund Ltd.

	2002	2001
	Classes A and B	Classes A and B
Per share operating performance		
Net asset value, beginning of year.....	\$1,820.18	\$1,868.51
Income (loss) from investment operations:		
Net investment income (loss).....	(93.43)	19.55
Net gain (loss) on investments	167.34	(67.88)
Total from investment operations	73.91	(48.33)
Net asset value, end of year	\$1,894.09	\$1,820.18
Total return		
Total return before incentive fee	6.2 %	(2.5)%
Incentive fee	(2.1)	(0.1)
Total return after incentive fee	4.1 %	(2.6)%
Ratio to average net assets		
Operating expenses (including interest).....	3.7 %	3.5 %
Incentive fee	2.1	0.2
Total expenses	5.9 %	3.7 %
Net investment income (loss)	(3.7)%	1.2 %
Increase (decrease) in net assets resulting from operations.....	3.0 %	(3.0)%

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Opportunities Fund Ltd.

	<u>2002</u> <u>Class A Shares</u>	<u>2001</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year	<u>\$599.01</u>	<u>\$464.28</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>(9.84)</u>	<u>(19.87)</u>
Net gain (loss) on investments	<u>196.36</u>	<u>154.60</u>
Total from investment operations	<u>186.52</u>	<u>134.73</u>
Net asset value, end of year	<u>\$785.53</u>	<u>\$599.01</u>
Total return		
Total return before incentive fee	<u>31.1 %</u>	<u>29.0 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>31.1 %</u>	<u>29.0 %</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>1.6 %</u>	<u>2.1 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>1.6 %</u>	<u>2.1 %</u>
Net investment income (loss)	<u>(1.6)%</u>	<u>(2.1)%</u>
Increase (decrease) in net assets resulting from operations.....	<u>30.4 %</u>	<u>14.1 %</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Total Return Fixed Income Fund Ltd.

	<u>2002</u> <u>Class A Shares</u>	<u>2001</u> <u>Class A Shares</u>
Per share operating performance		
Net asset value, beginning of year	<u>\$1,025.36</u>	<u>\$1,079.49</u>
Income (loss) from investment operations:		
Net investment income (loss).....	<u>24.51</u>	25.10
Net gain (loss) on investments	<u>242.39</u>	<u>(79.23)</u>
Total from investment operations	<u>266.90</u>	<u>(54.13)</u>
Net asset value, end of year	<u>\$1,292.26</u>	<u>\$1,025.36</u>
Total return		
Total return before incentive fee	<u>26.0 %</u>	<u>(5.0)%</u>
Incentive fee	<u>—</u>	<u>—</u>
Total return after incentive fee	<u>26.0 %</u>	<u>(5.0)%</u>
Ratio to average net assets		
Operating expenses (including interest).....	<u>1.1 %</u>	<u>1.1 %</u>
Incentive fee	<u>—</u>	<u>—</u>
Total expenses	<u>1.1 %</u>	<u>1.1 %</u>
Net investment income (loss)	<u>2.2 %</u>	<u>3.7 %</u>
Increase (decrease) in net assets resulting from operations.....	<u>23.4 %</u>	<u>(6.6)%</u>

NOTES TO FINANCIAL STATEMENTS

(expressed in United States dollars)

7. FINANCIAL HIGHLIGHTS (continued)

Friedberg Global Macro-Hedge Fund Ltd.

	2002^(a)
	Class A Shares
Per share operating performance	
Net asset value, beginning of period	\$1,000.00
Income (loss) from investment operations:	
Net investment income (loss)	(9.78)
Net gain (loss) on investments	216.62
Total from investment operations	206.84
Net asset value, end of period	\$1,206.84
 Total return	
Total return before incentive fee	20.7 %
Incentive fee	—
Total return after incentive fee	20.7 %
 Ratio to average net assets	
Operating expenses (including interest)	0.8 %
Incentive fee	—
Total expenses	0.8 %
Net investment income (loss)	(0.8)%
Increase (decrease) in net assets resulting from operations	18.0 %

(a) Presented for the period November 21, 2001 (commencement of operations) to December 31, 2002.

Financial highlights are calculated for each permanent, non-managing class or series of common shares. An individual investor's financial highlights may vary based on the timing of capital share transactions.

The ratios of Friedberg Global Macro-Hedge Ltd. have been annualized.

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