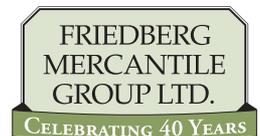


Quarterly Report

2

SECOND QUARTER
2012



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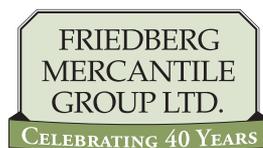
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All Statements made herein, while not guaranteed, are based on information considered reliable and are believed by us to be accurate.

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

Past trading results are not indicative of future profits.

Second Quarter Report 2012



MESSAGE TO OUR INVESTORS

It gives me great pleasure to report to you on the financial activities of our hedge funds for the quarter ended June 30th, 2012.

The net asset value of the Friedberg Global-Macro Fund Ltd. rose 18.5% for the quarter and is up 41.5% on a year-over-year basis. The Canadian-based fund achieved similar results, gaining 16.4% for the quarter and 39.2% year-over-year. All results are, as usual, expressed in U.S.-dollar terms. The Friedberg Asset Allocation Fund Ltd., on the other hand, lost 2.8% (3.2% for the Canadian version) during the quarter and now stands only 6.7% (6.3%) up on a year ago.

The restructuring of the Global Macro Fund's portfolio, commenced last quarter, produced excellent results. As discussed in our letter and conference call last quarter, an interminable series of summits and pronouncements has provided some support to asset prices generally and made aggressive directional bets dangerous. Consequently, we judged that it was still unwise to go against the powerful political will that is striving to save the global economy from falling into a depression, even as policy measures continue to be ill-conceived and repeated improvisations pack ever less punch. Betting on regions and assets that could benefit from reflationary efforts gave us enough cover to maintain bearish bets on more vulnerable markets.

The global opportunities pocket accounted for more than 70% of the fund's profits. Inside this pocket, the largest positive contributors in basis points to the fund were: short position in Brazilian equities (576 bps), long position in U.S. home builders (540 bps), short position in a handful of European banks (312 bps) and a long position in TIPS (267 bps). We continue to believe that Brazilian equities face powerful headwinds: a combination of past and ongoing excessive credit growth, usurious consumer interest rates, falling terms of trade, an overvalued currency and

The restructuring of the Global Macro Fund's portfolio, commenced last quarter, produced excellent results

a public sector that is clearly too large for a developing economy. With regard to home builders, we believe that this sector is in the early stages of a powerful cyclical upswing, far and away the biggest beneficiaries of easy money. Every version of monetary ease is beneficial to housing, where affordability and a long drought of new construction have set recovery upon a rock-solid foundation. Conversely, an end to easy money is likely to affect first and more dramatically those sectors of the global economy that are overleveraged or poorly capitalized and exposed to weakening commodity prices. Among them, we count European banks and Australian equities. Inflation-linked U.S. Treasuries (TIPS) have moved to negative interest rates in all maturities out to 20 years and we continue to bet that the longest maturities (2040-42) will follow suit in short order, providing further opportunities for capital gains. The significance of negative interest rates is discussed below.

The largest negative contributors to the fund, in decreasing order, were: long position in Bank of Ireland (182 bps), which should correctly be viewed as a “hedge” to the above-named short position in European banks; short position in Indian equities (150 bps); long position in a package of select German equities (80 bps); and a short position in Canadian banks (73 bps). The Indian economy has entered a dangerous stagflationary phase, a situation that has been worsened by large fiscal deficits and debt, inconsistent and anti-growth monetary and fiscal policies and serious corruption at the national and state levels. Canadian banks trade at excessively high multiples of book, especially when compared with banks of other countries, and at a time when the banking franchise worldwide has lost a great deal of its glamour. Not only have banks been forced to deleverage, but the business has become over-regulated. Going forward, returns on equity are likely to disappoint.

Profits and losses on a variety of other large holdings cancelled each other out, among them a short position in crude oil and long positions in grains (as part of

the allocation managed by Covenant, our long-only futures manager); credit default swaps on Spain, Venezuela, and junior European bank debt; and gold futures. These positions remain an integral part of our core holdings and we expect them to contribute significantly in the months ahead.

Our market-neutral program in U.S. equities enjoyed an extraordinary quarter, gaining 26% and contributing 360 bps to the fund's performance, at a time when the S&P 500 fell 3.3%. The long/short ratio ranged between 51/49 and 55/45 and gross leverage between 2.28x and 3.31x. It is interesting to note that profits on short positions accounted for slightly more than the total return. Outsized gains were realized in bearish bets on Green Mountain Coffee Roasters and Chesapeake Energy. Results were turbocharged by the increase in dispersion and the portfolio's reduced number of holdings (averaging fewer than 20 stocks).

The currency program also performed well, gaining 8.9%. However, given its relatively low allocation, it contributed only 16 bps to the fund. Please turn to the exhibits on the inside pages for more details.

The Asset Allocation funds turned in a negative performance for the quarter, hurt principally by lower gold and equity prices. In the interim, we have been raising our allocation to gold and equities and lowering our allocation to fixed-income instruments. We are taking on slightly more risk but believe that we are getting more than fair compensation in return.

The European crisis continues to worsen, though much of it is below the surface. Outflows from Spain, Italy and Portugal cause narrow and broad money supply to go negative, aggravating the squeeze on the private sector. Nevertheless, from a strictly economic point of view, this should be viewed as a favorable event. An internal devaluation in the form of cost adjustments is a necessity if the PIIGS countries

want to remain in the Euro monetary union. While labor rigidities and an excessively large public sector force an unusually severe adjustment on the private sector, there is no doubt that, at some point, internal costs will be reduced – provided officials do not lose their nerve.

On a separate front, banking recapitalization is still urgently needed, preferably via a rights offering underwritten by the public sector. At any rate, a bail in of the banks' debt, junior and senior, should reduce the need for public assistance and would make intervention far more palatable to the taxpayers.

European officials seem to be moving, at least partially, in that direction. Sovereign default must no longer threaten the viability of the banking sector. Elimination of sovereign holdings must be a priority, unless banks are willing to set aside realistic reserves against them. This implies a reversal of the disastrous funding move via long-term refinancing operations (LTRO), which saw Spanish and Italian banks become even more vulnerable than they had been.

So, as we see, the news out of Europe is not uniformly bleak. Mishandled policies and measures could lead to a banking panic and an even greater depression. This is an ever constant risk. Handled with more skill and less grandstanding, and with true reform in sight, new measures could lead to a more stable European union. Given the extraordinary political will demonstrated by Germany to preserve the union at all costs, there is some hope that three years of unrealistic expectations and counterproductive measures have taught European officials a thing or two about economic adjustments and banking. We are still not holding our breath, however.

Beyond Europe and the gathering slowdown in Asia and around the world, one factor of enormous significance to investors stands out, and that is the occurrence of negative real interest rates as far out in the curve as 20 years. A tendency

Betting on regions and assets that could benefit from reflationary efforts gave us enough cover to maintain bearish bets on more vulnerable markets

for interest rates to move lower as economic activity shifts downward has been reinforced by an extremely accommodative monetary policy around the world. This is true for both developed and developing countries. Absurdly low short-term financing rates, controlled by central banks, are transmitted, via speculative carry operations, to the longer end of the curve. The significance of such an occurrence, its duration and geographic spread, cannot be overstated. Speculation will increase, bubbles of all sorts will form, capital will be misallocated once again and the rich, with easy access to financing, will gain at the expense of the middle and lower classes. More and different troubles loom on the horizon. What the recession of the past few years has not destroyed, the next speculative boom and its aftermath certainly will. Few will be left standing.

For now, it is important to recognize the “values” that persistent negative real interest rates leave behind and the speculative opportunities that they offer. At the same time, while most investment assets are likely to rise, some will rise considerably more than others, which should allow us to extend the “hedged” approach that we have taken in recent months.

Thanking you for your continued trust,



ALBERT D. FRIEDBERG

Friedberg Global-Macro Hedge Funds

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

A single manager multi-strategy fund.
Allocations are reviewed periodically.

Performance¹ as of June 30, 2012

	NAV	Quarterly	Year over Year ²	Three Years ²	Five Years ²
Friedberg Global-Macro Hedge Fund Ltd.	5,775.02	18.48%	39.92%	20.25%	26.88%
Friedberg Global-Macro Hedge Fund	34.14 ³	16.40%	37.59%	21.68%	29.30%
CSFB/Tremont Hedge Fund Index		N.A.	-2.93%	7.23%	2.13%

¹Net of fees

²Compounded annual rate of return through May 2012

³NAV adjusted to reflect distributions reinvested in the fund

Capital allocation of the Friedberg Global-Macro Hedge Fund Ltd. as of June 30, 2012 is as follows:

INVESTMENT	CURRENT ALLOCATION	TARGET
Fixed Income	6.93%	15.00%
U.S. Equities - Market Neutral Strategy	16.08%	15.00%
Currency Program	1.81%	2.00%
Global Opportunities / Commodities	75.27%	68.00%
Cash	-0.09%	0.00%
	100.00%	100.00%

Friedberg Global-Macro Hedge Funds

Friedberg Global-Macro Hedge Fund Ltd.

Monthly Performance (%) Net of Fees

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	-15.04%	-5.20%	1.64%	8.84%	11.22%	-2.12%							-3.02
2011	-10.28%	7.67%	-0.71%	9.53%	-5.06%	-3.23%	15.96%	16.22%	18.62%	-21.62%	11.47%	4.60%	40.84%
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%	14.90%	-7.85%	9.47%	1.97%	5.02%	-2.21%	9.56%	-3.34%	12.02%
2008	7.37%	9.57%	-1.04%	-6.48%	4.51%	8.58%	-0.24%	-6.85%	4.18%	-5.96%	5.85%	19.06%	41.77%
2007	-1.01%	1.07%	-3.44%	-1.28%	-0.80%	1.57%	10.06%	2.80%	-1.33%	5.89%	7.91%	2.82%	26.04%
2006	1.94%	1.06%	-1.81%	2.07%	-0.75%	1.27%	2.04%	-0.09%	-0.56%	3.10%	2.43%	0.54%	11.70%
2005	1.05%	0.84%	-1.13%	1.31%	1.06%	2.47%	0.08%	0.95%	2.75%	-1.38%	2.56%	2.14%	13.35%
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%	13.07%
2003	3.10%	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%	3.30%	7.57%	21.18%
2001										0.00%	0.00%	-0.40%	-0.40%

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

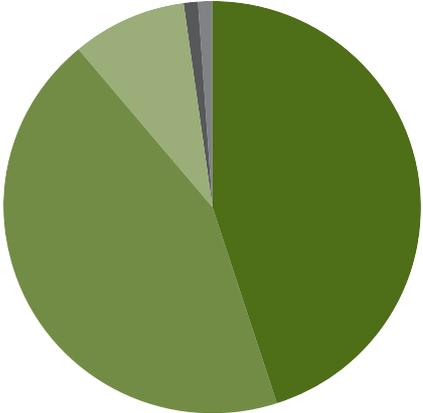
Friedberg Global-Macro Hedge Funds

Global-Macro Hedge Fund Ltd. (Cayman)

Breakdown by Total Gross Exposure

● Commodities	45%
● Global Opportunities	44%
● U.S. Equities-Market Neutral	9%
● Currencies	1%
● Fixed Income	1%
● Cash	0%

Total Exposure per dollar of capital: 5.78x

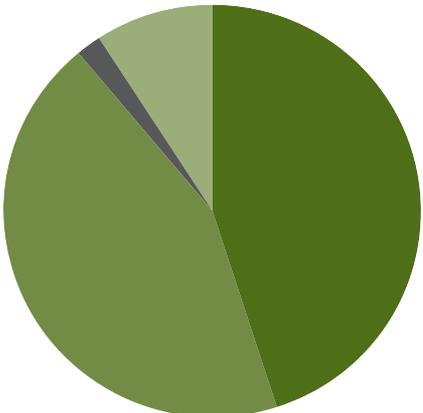


Global-Macro Hedge Fund (Canada)

Breakdown by Total Gross Exposure

● Commodities	45%
● Global Opportunities	44%
● U.S. Equities-Market Neutral	9%
● Currencies	2%
● Fixed Income	0%
● Cash	0%

Total Exposure per dollar of capital: 5.07x



Friedberg Global-Macro Hedge Funds

U.S. EQUITIES - Market Neutral Strategy

An equity strategy that seeks absolute returns through the judicious selection of long and short positions while maintaining a market neutral posture.

Performance as of June 30, 2012

U.S. EQUITIES	NAV (notional)	Quarter
Market Neutral Strategy of the Global-Macro Hedge Fund	1,631.61	26.30%

Investment Allocation

	31-Mar-12	30-Apr-12	31-May-12	30-Jun-12
LONGS	51.19%	55.06%	51.04%	54.45%
SHORTS	48.81%	44.94%	48.96%	45.55%
TOTAL GROSS LEVERAGE	2.79x	2.74x	2.28x	3.31x

Largest Sectors (Longs)

Movies and Entertainment	11.47%
Utilities	7.47%
Internet Software and Services	6.93%

Largest Sectors (Shorts)

Industrials Large Caps	29.57%
Automobile Manufacturers	3.98%
Steel	3.17%

Largest Long Positions

Utilities Sector SPDR
Intel Corp.
News Corp.
International Business Machines Corp.
Google Inc.

Largest Short Positions

S&P Futures
General Motors Co.
United States Steel Corp.
Abercrombie & Fitch Co.
Oshkosh Corp.

Best Quarterly Performance

	Longs		Shorts
News Corp.	12.77%	Green Mountain Coffee Roasters Inc.	53.50%
eBay Inc.	6.17%	Chesapeake Energy Corp.	41.06%
Utilities Sector SPDR	5.55%	United States Steel Corp.	29.86%

Worst Quarterly Performance

	Longs		Shorts
United Technologies Corp.	-11.80%	MBIA Inc.	-4.04%
Netflix Inc.	-10.95%	Autonation Inc.	-2.83%
Google Inc.	-9.54%	Amazon.com Inc.	-2.03%

Friedberg Asset Allocation Funds

Friedberg Asset Allocation Fund Ltd. Friedberg Asset Allocation Fund

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

MODEST RISK: Absolute return.

Performance¹ as of June 30, 2012

	NAV	Quarterly	Year over Year²	Two Years²
Friedberg Asset Allocation Fund Ltd.	1,402.25	-2.80%	3.31%	8.96%
Friedberg Asset Allocation Fund	14.79 ³	-3.27%	2.89%	8.50%
CSFB/Tremont Hedge Fund Index		N.A.	-2.93%	4.57%

¹Net of fees

²Compounded annual rate of return through May 2012

³NAV adjusted to reflect distributions reinvested in the fund

Friedberg Asset Allocation Funds

**Capital allocation of the Friedberg Asset Allocation Fund Ltd.
as of June 30, 2012 is as follows:**

INVESTMENT		CURRENT ALLOCATION	TARGET
FIXED INCOME		24.90%	25.00%
<i>U.S. TIPS 2.125% Apr. 15/28</i>	14.80%		
<i>Ten Year U.S. Notes</i>	5.10%		
<i>Bank of Ireland 4% Jan. 28/15</i>	5.00%		
EQUITIES		37.00%*	40.00%
<i>U.S. Homebuilders</i>	13.80%		
<i>U.S. Pharmaceuticals</i>	8.00%		
<i>Miscellaneous U.S. Equities</i>	6.90%		
<i>Foreign Equities</i>	8.30%		
GOLD		34.90%	35.00%
<i>Gold Futures</i>	34.90%		
CASH AND SHORT TERM INVESTMENTS		3.20%	0.00%
		<hr/>	
		100.00%	100.00%

* The Equity exposure is temporarily hedged via a short position in S&P 500 futures contracts

Friedberg Asset Allocation Fund Ltd.

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2012	5.10%	-0.08%	-2.83%	-0.77%	-3.22%	1.21%							-0.81%
2011	-4.11%	4.18%	1.11%	5.56%	-1.67%	-1.98%	4.65%	5.15%	-2.82%	3.31%	-1.05%	-1.58%	10.53%
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%	16.13%
2009						0.38%	2.62%	0.09%	2.91%	0.53%	7.15%	-3.63%	10.14%

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

Currency Fund

Friedberg Currency Fund

Speculative trading in currency futures instruments, currency forwards and options.

Performance¹ as of June 30, 2012

	NAV	Quarter	Year over Year ³	Three Years ³	Five Years ³
Friedberg Currency Fund ²	13.12	10.34%	52.41%	17.24%	8.99%
Barclay Currency Traders Index		N.A.	2.63%	2.52%	2.70%

¹Net of fees

²Priced in Canadian Dollars

³Compounded annual rate of return through May 2012

Open Positions - June 30, 2012

	Times Dedicated Capital
Short New Zealand Dollar	1.77
Short Bulgaria Lev	1.65
Long Euro Currency	1.64
Short India Rupee	0.46
Total Gross Leverage	5.52 x
Maximum Gross Leverage During Quarter	6.06 x

Activity Report - Second Quarter 2012

Profitable Transactions	Profit As Percentage Of Average Equity	Percentage Of Total Profits
Long Japanese Yen	5.91	45.69
Long Euro Currency	2.62	20.28
Short New Zealand Dollar	2.59	20.00
Short India Rupee	1.81	14.03
Losing Transactions	Profit As Percentage Of Average Equity	Percentage Of Total Losses
Short Bulgarian Lev	(3.37)	64.49
Short Hungarian Forint	(1.85)	35.51

Closed Funds

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

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Brookfield Place, 181 Bay Street, Suite 250

Toronto, Ontario M5J 2T3

Tel: (416) 364-2700

Fax: (416) 364-0572

E-mail: funds@friedberg.ca

www.friedberg.ca