

FRIEDBERG MERCANTILE GROUP LTD.

# Quarterly Report

**Q1**  
**2026**

*Friedberg  
Mercantile  
Group Ltd.*



## 2026 **First Quarter Report**

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## **We are pleased to report to you the financial results of our two hedge funds for the first quarter ended March 31, 2026.**

The Friedberg Global-Macro Hedge Fund (GMHF) gained 44.71% in the first quarter, while the Friedberg Asset Allocation Fund (AAF) gained 9.49%. In both cases the funds handily beat the S&P 500, which delivered a loss of 4.33% to passive equity investors during the period.

Once again, our concentrated and long-term bet on hard assets, in particular gold and silver and consisting of a mix of precious metals futures and investment in miners, delivered the bulk of returns, adding 2,557 basis points (bps) to the GMHF and 999 bps to the AAF. We do not view these gains as the product of a simple bull market. They reflect, in our considered opinion, a wholesale revaluation of fiat currencies as measured against gold — a revaluation that we believe is permanent and that has further to run.

For the AAF, small returns in Chevron (87 bps) and Argentinian local peso bonds (71 bps) and a small loss in US aerospace and defense stocks (25 bps) rounded out the results.

The GMHF enjoyed an array of other successes. The short trade in Strategy (MSTR) was expanded to a wider group of notable companies in the crypto ecosystem, such as Coinbase and Circle, and returned 476 bps. Our short exposure to alternative asset and debt managers such as Blackstone, KKR, and Apollo contributed 339 bps.

The most notable development of the quarter was undoubtedly the outbreak of war with Iran and the resulting closure of the Strait of Hormuz. These events had major impacts on the market, resulting in significant changes to our investment stance.

The first impact was a large jump in energy prices, for which we were well positioned. In advance of first strikes, we were long Brent crude as well as futures linked to European natural gas prices, which are sensitive to Qatari LNG exports. These positions added 852 bps in the first quarter. As the conflict drags on, the closure of the Strait of Hormuz has ceased to be a shock and has begun to be a condition — one that the market is only slowly learning to price as lasting rather than temporary. Roughly a fifth of the world's seaborne oil transits that narrow passage; its indefinite closure represents a structural, not cyclical, disruption to global energy supply chains. We remain long energy for this reason, though we are mindful that markets, having absorbed the initial surprise, will grow complacent before they grow alarmed again. In this environment, the discipline of the superior investor is to hold conviction while others oscillate between fear and indifference. The sharp backwardation in oil futures, moreover, rewards the patient long holder with a meaningful monthly yield — a return that requires no further price appreciation to accrue.

The second impact was a widespread selloff in risk assets of all kinds, which in this case included gold. We have written in prior letters of our conviction that risk is best dealt with as it presents itself, rather than anticipated and hedged away at the cost of returns. The events of early March put that principle to a live test. When the conflict broke and gold sold off sharply, we asked ourselves the three questions that always matter: Does this event threaten the premises on which the trade was built? Is the asset failing to behave as expected? Are macro conditions likely to derail, rather than simply delay, the thesis? Our answer to each was no. The long-term case for gold — currency debasement, sovereign fiscal excess, the gradual remonetization

**MESSAGE TO OUR INVESTORS CONTINUED**

of hard assets — was not diminished by war; if anything, it was reinforced. But the technical condition of the market, having attracted considerable speculative interest in the months prior, left it vulnerable to just such a liquidation. We reduced exposure not because we had changed our view, but because leverage demands respect for the possible. The fund finished the quarter well ahead; the drawdown from peak (20.1%), while dramatic in absolute terms, was the predictable cost of a concentrated and levered position in an overbought market meeting an unanticipated shock. We enter the second quarter with a smaller position and undiminished conviction.

While the selloff caused a setback for our NAV, it also presented new opportunities. To paraphrase Warren Buffett's famous adage, one must be greedy only when others are fearful, and the widespread fear led to significant declines in what are otherwise very desirable assets. The fund took advantage of this dislocation by taking a few concentrated bets in high-quality technology companies such as Google, Nvidia, and AMD. These bets, taken at the end of the quarter, contributed little to Q1 results but represent a new and growing pillar of our portfolio.

At the time of writing, the fund holds a 113% long exposure to gold, a 61% long exposure to a handful of market-leading technology companies, a 33% long exposure to energy futures, and a smattering of smaller positions (long 16% Newmont mining, short 10% in the crypto names, long 8.5% cocoa, and a short exposure to alternative asset/debt managers via put options). The AAF remains primarily focused on the gold theme, with 85% of assets invested in gold miners and gold futures, alongside a 12.5% exposure to local-currency Argentina bonds.



**ALBERT D. FRIEDBERG**



**JAIME A. MACRAE**

Just a few days ago, my wife, while engaged in a pleasant (it always is) family conversation, unexpectedly sprang on me (had she finally gotten around to reading the first-quarter results?) what seemed to me to be an innocuous question: How would you describe your investment style? What do you consider yourself to be? While still searching for an answer that would adequately describe what I do to someone relatively familiar with financial lingo and trying to be as descriptive as I could to cover all bases (you might sense that I was not happy answering such questions, maybe), she pressed on and asked if I consider myself an investor or perhaps a trader. I was dumbfounded. I have never thought of myself as being anything other than a speculator (and that's how I answer the annoying "what do you do" question on some immigration forms).

But what does speculator mean? Like investor and trader, it is a vague term, and they have all taken on new meanings in recent years. A speculator today is simply thought of as someone who gambles, impulsively, irrationally. An investor is someone who buys investment assets (do you see the circularity?) after exercising some diligence, holds them long term, and, crucially, is successful (think here of Warren Buffet). A plain trader is thought to be someone who buys and sells anything that fluctuates, has a short-term horizon, and is sometimes successful. A sophisticated trader by contrast (and many of them are quite successful) might undertake market-making, the strategy of standing ready either to buy or sell an asset and collecting a spread between the bid and offer price. Sophisticated trading might also involve spotting deviations from standard market patterns and betting that prices will snap back to normal. None of these definitions, I thought, adequately describe what I do.

So what is it that I do? Here is an attempt to describe it. To the best of my knowledge, no term has been coined for it. Through the use of fundamental, technical, and psychological tools and perspectives, I try to anticipate a coming trend — and then ride the trend. I should note that this ideal program is not so simple to execute, primarily because in anticipating a trend one must be sure not to be too early. Being early is costly, both in carrying costs and in lost opportunities. And it is damaging to the operator's psyche as he begins to doubt his capabilities and lose his confidence. A good rule of thumb is that one should be projecting this trend to commence no later than six months out, preferably three months out, from the time one takes up a position. Ideally, one should conjure catalysts for the trend to emerge. It is unhelpful to take a position and justify it in the belief that "in the long run" such and such must happen; markets and economies are excellent at adapting, and whatever one may forecast to happen years from now is almost sure not to happen. If executed perfectly, this program is highly profitable; it allows one to position oneself at the point of maximum comfort.

More often, one finds oneself riding a trend that had not been anticipated. This mode, too, can be profitable, though risks are understandably greater since one may be coming in at, or close to, the tail end of the trend. Here one must be especially attentive to crowding — have too many players joined the trend? Has the trend become a popular topic of conversation? — and to the way markets react to news. The "power" of the news to propel an asset higher diminishes by the extent to which the market has already discounted — priced in — the news. That's the tipoff that the trend may be changing.

While riding trends we find ourselves making small adjustments to the position. This positioning activity, which appears to the casual onlooker as "trading" and inconsistent with the idea of riding a trend to completion,

**LETTER FROM THE MANAGER CONTINUED**

is necessary for attaining comfort. Picture yourself on a long train ride; you might get up from time to time, you might shift weight to one side or the other, you might want to lean back — all in search of better comfort. Positioning is similar. The trend, for example, may have attracted too many retail participants; you are not sure if this “crowding” signals that we are at the end of the move. Positioning requires that you lighten the position to gain time and perspective; you search for comfort. Once satisfied that crowding is temporary, you can reestablish full position. Or news or events can occur that may have an impact on the trend. You are not sure; you are uncomfortable. Positioning requires lightening the position so as to better evaluate the danger. At some point, the trend will reverse. By then, thanks to your “positioning” activity, your position has become smaller and more manageable. To the casual onlooker, it may look like you are trading, looking for small turning gains, but this is only an appearance. You are looking for comfort.

Trends can last from months to years. If we can ride them successfully, we will be engaged for months or even years in a single position. Duration per se is not the determinant of our holding period; trend duration is.

I have described in very broad strokes what I — and my trading desk — do (or attempt to do).

So, to answer the original question as to my money management style — I am neither a trader, an investor, nor a speculator. The more accurate term might be a trend-seeker or a trend-rider. Or...trend-dreamer!

Thanking you for your continued trust,



**ALBERT D. FRIEDBERG**

## Friedberg Asset Allocation Fund Ltd. Friedberg Asset Allocation Fund

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

### PERFORMANCE<sup>1</sup> AS OF MARCH 31, 2026

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Asset Allocation Fund Ltd.	2,701.12	9.73%	44.70%	25.47%	12.57%	6.61%
Friedberg Asset Allocation Fund	28.67 <sup>2</sup>	9.47%	43.93%	25.21%	12.61%	6.67%
CSFB/Tremont Hedge Fund Index <sup>3</sup>		N.A.	10.05%	8.96%	6.80%	5.95%

<sup>1</sup> Net of fees <sup>2</sup> NAV adjusted to reflect distributions reinvested in the fund <sup>3</sup> Compounded annual rate of return as of March 2026.

### Capital Allocation of the Friedberg Asset Allocation Fund Ltd.

As of March 31, 2026

INVESTMENT	CURRENT ALLOCATION
<b>EQUITIES</b>	<b>42.04%</b>
International Gold Miners	42.04%
<b>COMMODITIES</b>	<b>39.91%</b>
Gold Futures	39.91%
<b>FIXED INCOME</b>	<b>11.45%</b>
Argentina Bonds	11.45%
<b>CASH / MONEY MARKET</b>	<b>6.60%</b>
	100.00%

### Quarterly Performance

Based on the Friedberg Asset Allocation Fund

	Q1
<b>EQUITIES</b>	<b>4.84%</b>
International Gold Miners	4.22%
Oil and Gas Producers	0.87%
Aerospace and Defense	-0.25%
<b>FIXED INCOME</b>	<b>0.71%</b>
Argentina Bonds	0.71%
<b>COMMODITIES</b>	<b>5.70%</b>
Gold Futures	3.92%
Silver Futures	1.78%

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2026</b>	9.52	12.77	-11.16										<b>9.73</b>
<b>2025</b>	7.14	0.19	6.17	3.96	3.98	3.61	-3.20	6.65	5.82	1.84	2.85	2.90	<b>50.30</b>
<b>2024</b>	-0.28	-2.68	10.45	0.13	3.02	-3.25	10.89	1.48	2.66	0.10	0.46	-5.75	<b>17.13</b>
<b>2023</b>	7.94	-6.09	-0.45	0.71	-3.10	0.09	2.29	0.49	-3.79	-1.65	5.20	2.32	<b>3.19</b>
<b>2022</b>	-9.29	2.32	-1.25	-3.57	-0.51	-10.58	4.85	-4.10	-6.97	2.50	8.61	-0.62	<b>-18.62</b>
<b>2021</b>	-1.57	-2.81	5.00	6.74	4.83	-6.42	2.51	-3.29	-4.95	6.09	0.42	6.02	<b>11.94</b>
<b>2020</b>	-3.85	-16.37	-21.36	15.06	4.50	3.51	11.99	0.52	-3.31	-4.58	-1.87	3.01	<b>-17.38</b>
<b>2019</b>	2.63	2.38	-0.18	1.19	4.04	3.11	1.03	-2.03	-1.29	5.06	-1.62	6.28	<b>22.19</b>
<b>2018</b>	3.62	-6.33	0.31	-0.68	-6.06	-2.29	0.24	-3.36	-1.34	-3.33	0.07	2.75	<b>-15.69</b>
<b>2017</b>	6.57	2.07	-0.54	-1.54	-1.12	3.55	1.31	1.99	-0.39	1.38	2.60	2.32	<b>19.48</b>
<b>2016</b>	-3.94	5.15	3.28	8.82	-4.95	7.51	4.24	-3.87	1.15	-4.46	-5.46	0.90	<b>7.18</b>
<b>2015</b>	3.45	0.31	-1.31	-0.74	-1.03	-1.67	0.74	-2.21	-2.67	3.79	0.91	-2.86	<b>-3.49</b>
<b>2014</b>	3.55	3.30	-1.58	0.25	0.32	3.29	-2.41	2.93	-5.79	-1.39	2.06	0.78	<b>4.94</b>
<b>2013</b>	0.91	-1.21	0.89	1.47	-5.07	-7.09	1.98	-0.95	1.22	1.99	-0.80	-2.20	<b>-8.94</b>
<b>2012</b>	5.10	-0.08	-2.83	-0.77	-3.22	1.21	0.40	0.72	1.43	1.24	2.83	-1.16	<b>4.70</b>
<b>2011</b>	-4.11	4.18	1.11	5.56	-1.67	-1.98	4.65	5.15	-2.86	3.31	-1.05	-1.58	<b>10.52</b>
<b>2010</b>	-0.27	0.99	0.56	3.47	1.10	0.99	-2.23	3.36	3.91	2.57	-0.06	0.83	<b>16.14</b>
<b>2009</b>						0.38	2.62	0.09	2.91	0.53	7.15	-3.63	<b>10.13</b>

Past performance is not indicative of future results.

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

A multi-strategy fund. Allocations are reviewed periodically.

### PERFORMANCE<sup>1</sup> AS OF MARCH 31, 2026

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Global-Macro Hedge Fund Ltd.	9,561.56	38.95%	175.94%	45.90%	33.10%	10.06%
Friedberg Global-Macro Hedge Fund	54.63 <sup>2</sup>	44.75%	165.84%	43.97%	32.00%	9.93%
CSFB/Tremont Hedge Fund Index <sup>3</sup>		N.A.	10.05%	8.96%	6.80%	5.95%

<sup>1</sup> Net of fees <sup>2</sup> NAV adjusted to reflect distributions reinvested in the fund <sup>3</sup> Compounded annual rate of return as of March 2026.

### Sector Performance Based on the Friedberg Global-Macro Hedge Fund

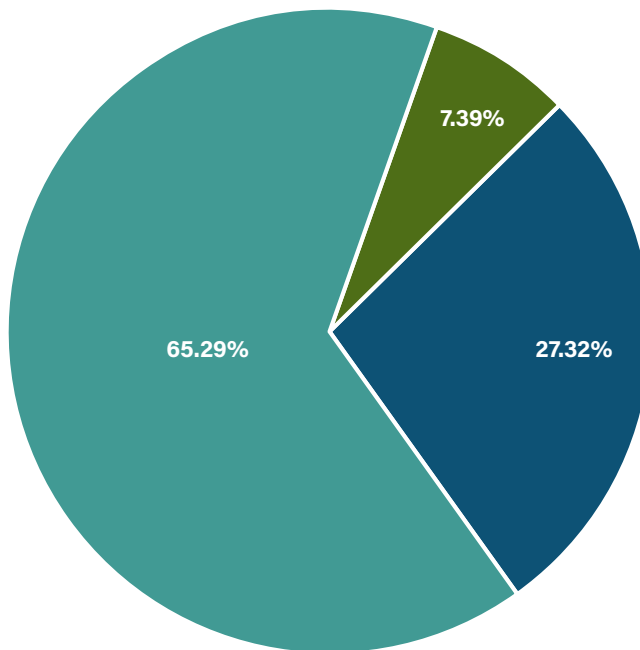
	Q1		Q1
<b>COMMODITIES</b>	<b>33.15%</b>	<b>EQUITIES</b>	<b>2.52%</b>
<b>LONG</b>		<b>LONG</b>	
Gold Futures and Options	12.58%	Gold Miners and Producers	0.97%
Silver Futures	12.02%	Oil and Gas Producers	-0.07%
Brent Crude Futures and Options	7.21%	Alphabet Inc.	-0.25%
Natural Gas Futures	1.36%	Nvidia Corp.	-2.05%
Cocoa Futures	-0.02%	Aerospace and Defense	-2.20%
<b>FIXED INCOME</b>	<b>0.48%</b>	<b>SHORT</b>	
<b>LONG</b>		Private Equity and Credit	3.39%
U.S. T-Bills	0.48%	Software Services	2.96%
		U.S. Equity Index Options	-0.23%
		<b>INFLATION</b>	<b>-0.10%</b>
		CPI Inflation Swaps	-0.10%

## AS OF MARCH 31, 2026

### Percentages of Total Assets

Percentages of Total Net Assets

- ▶ **Commodities (Long)**      **65.29%**  
Gold, Brent Crude,  
Cocoa, Natural Gas  
As a % of Net Assets: 156.13%
- ▶ **Equities (Long)**      **27.32%**  
Alphabet, Newmont,  
Nvidia, Miscellaneous  
As a % of Net Assets: 65.32%
- ▶ **Equities (Short)**      **7.39%**  
SPY put options,  
Bitcoin swap, Miscellaneous  
As a % of Net Assets: 17.68%



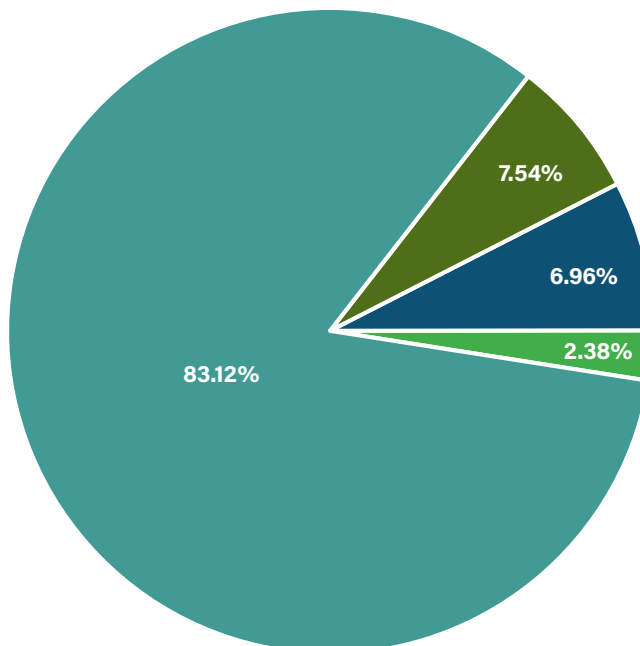
Total Assets to Net Assets: 239.13%

## AS OF DECEMBER 31, 2025

### Percentages of Total Assets

Percentages of Total Net Assets

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



Total Assets to Net Assets: 268.08%

## Monthly Performance

Based on the Friedberg Global-Macro Hedge Fund Ltd.

(%) Net of Fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
<b>2026</b>	37.31	22.61	-17.47										<b>38.95</b>
<b>2025</b>	7.85	-0.50	13.81	6.16	0.85	1.84	-5.69	13.62	23.45	10.48	9.15	14.16	<b>142.52</b>
<b>2024</b>	-6.27	-5.75	16.95	-0.26	2.16	-5.75	14.48	3.81	9.40	0.34	-1.96	-4.93	<b>20.65</b>
<b>2023</b>	-0.97	-6.57	-1.17	0.52	2.26	-16.63	-10.95	0.52	-9.74	2.62	1.83	5.58	<b>-30.15</b>
<b>2022</b>	3.22	28.55	1.02	3.35	-0.04	-15.33	0.49	-11.22	-11.60	13.49	9.81	11.60	<b>28.59</b>
<b>2021</b>	0.56	7.91	4.43	7.41	9.42	-8.65	3.45	-9.85	1.95	-0.33	0.29	12.09	<b>29.60</b>
<b>2020</b>	-8.55	-19.41	-34.68	26.35	6.78	4.88	30.59	4.78	-10.18	-9.35	8.90	7.70	<b>-10.99</b>
<b>2019</b>	-10.24	-7.93	1.86	-1.68	4.57	-6.40	-4.54	6.83	-2.08	-3.45	-3.89	4.91	<b>-21.26</b>
<b>2018</b>	4.82	-18.57	4.07	-3.39	-13.97	-5.66	0.28	-7.53	0.32	7.40	-4.06	6.31	<b>-29.03</b>
<b>2017</b>	0.23	3.14	-0.44	-1.76	1.05	1.22	-2.39	2.14	-0.77	10.58	15.85	4.13	<b>36.47</b>
<b>2016</b>	4.54	9.86	-9.79	0.72	-3.39	1.30	3.67	-6.83	-1.93	-10.13	-3.70	0.49	<b>-15.94</b>
<b>2015</b>	4.75	-1.16	2.73	-14.00	3.14	0.08	11.12	6.69	-0.21	0.16	5.70	-2.68	<b>15.09</b>
<b>2014</b>	17.06	0.30	-17.58	-3.84	-3.35	1.27	-12.07	5.19	-4.38	-1.53	7.09	1.60	<b>-13.70</b>
<b>2013</b>	7.65	-3.74	3.04	-1.90	-5.62	-13.17	-14.23	-1.28	-11.27	-4.80	4.84	1.87	<b>-34.43</b>
<b>2012</b>	-15.04	-5.20	1.64	8.84	11.22	-2.12	-0.69	1.00	0.84	0.70	-2.43	-5.29	<b>-8.72</b>
<b>2011</b>	-10.28	7.67	-0.71	9.53	-5.06	-3.23	15.96	16.22	18.69	-21.76	11.47	4.60	<b>40.86</b>
<b>2010</b>	2.99	0.36	-7.34	3.76	13.22	4.75	-13.76	6.95	9.11	1.69	-1.61	-6.16	<b>11.36</b>
<b>2009</b>	-5.85	-3.88	3.65	-7.15	14.97	-7.85	9.47	1.97	5.02	-2.21	9.56	-3.34	<b>12.02</b>
<b>2008</b>	7.18	9.57	-1.04	-6.48	4.51	8.58	-0.24	-6.85	4.18	-5.96	5.85	19.06	<b>41.52</b>
<b>2007</b>	-1.01	1.07	-3.44	-1.28	-0.80	1.57	10.06	2.80	-1.33	5.89	7.91	3.00	<b>26.27</b>
<b>2006</b>	1.88	1.06	-1.81	2.07	-0.75	1.27	2.04	-0.09	-0.56	3.10	2.43	0.54	<b>11.64</b>
<b>2005</b>	1.04	0.84	-1.13	1.31	1.06	2.47	0.08	0.95	2.75	-1.38	2.56	2.20	<b>13.41</b>
<b>2004</b>	4.03	3.44	1.36	-7.84	-0.39	0.27	1.02	1.90	1.45	1.67	2.76	3.24	<b>13.09</b>
<b>2003</b>	3.11	3.06	-4.58	-1.15	9.26	-3.77	-8.04	2.91	5.49	1.69	1.49	1.10	<b>9.76</b>
<b>2002</b>	-1.46	2.04	-2.22	4.41	5.41	6.16	-2.42	4.45	2.80	-6.70	0.32	7.56	<b>21.17</b>
<b>2001</b>											0.00	-0.40	<b>-0.40</b>

Past performance is not indicative of future results.

# Closed Funds

FRIEDBERG  
MERCANTILE  
GROUP LTD.

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

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