FRIEDBERG MERCANTILE GROUP LTD.

Quarterly Report

Q2 2026

FRIEDBERG MERCANTILE GROUP LTD.

2026 **Second Quarter Report**

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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.

Message to our Investors

FRIEDBERG MERCANTILE GROUP LTD.

We are pleased to report to you the financial results of our two hedge funds for the second quarter ended June 30, 2026.

The Friedberg Global-Macro Hedge Fund (GMHF) returned 0.25% for the period, while the Friedberg Asset Allocation Fund (AAF) lost 10.84%, bringing year-to-date results to 45.06% and –2.39%, respectively. By comparison, the S&P 500 total return index gained 10.2% over the first half of the year.

The sharp divergence between the two funds this quarter reflects a divergence of structure, not of view. Both funds entered the period committed to the same hard-asset thesis. But the GMHF employs leverage, pursues short ideas, and trades actively, whereas the AAF allocates capital on a longer horizon, unburdened by the magnified risks of leverage and the unbounded risks of short positions. When gold reversed during the quarter, these structural differences dictated opposite responses: The GMHF liquidated, while the AAF held its ground in anticipation of a resumption of the uptrend — a resumption we continue to expect.

Following several quarters of extraordinary contribution, our long-held and concentrated position in hard assets — gold above all — struggled in the face of the escalating conflict in Iran. We observed a persistent tendency for gold to sell off in response to disruptions to oil flows, a correlation that runs contrary to the metal's traditional role as a haven in times of war. Why gold was selling off is uncertain. Perhaps it reflected heavy selling from sovereign players — Türkiye, for example — raising dollars to fund suddenly dearer energy imports; perhaps it reflected the market's perception that higher fuel prices would force policymakers to raise interest rates, lifting the opportunity cost of holding the metal. We do not pretend to know.

Readers of our last letter will recall the three questions we ask when events collide with a large position: Does the 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 merely delay, the thesis? In March, our answer to each was no, and we held. This quarter, the second answer changed. Gold was falling on news that should, by any traditional reading, have lifted it — and when an asset stops behaving as expected, discomfort demands that the position be lightened until comfort is restored. When running a large, levered position, one cannot fight the tape indefinitely, whatever one's long-term convictions. Gold cost the GMHF 1,145 basis points (bps) for the quarter, silver a further 376 bps, and platinum 160 bps before all of the positions were closed. In the AAF, gold miners cost 901 bps and gold futures another 303 bps, but the positions were retained: An unlevered fund can afford the patience that a levered one cannot.

The quarter's other point of pain was the energy market itself. Our long position in crude oil cost 879 bps as the announcement of a "memorandum of understanding" — since failed — and the anticipated resumption of trade through the Strait of Hormuz sent prices sharply lower. These positions, too, were exited during the period.

Having changed tack away from the commodity-centric portfolio, the fund pursued new opportunities in the equity markets. Readers will recall that we established a handful of concentrated long positions in high-quality US technology companies — semiconductor names in particular — during the fearful days of late March, when indiscriminate selling put very desirable assets on sale. Those positions, which contributed little to first-quarter results, became the salvation of the second. AMD was the standout, contributing 1,427 bps

for the quarter, followed by Google (+554 bps), Nvidia (+281 bps), Apple (+263 bps), and Texas Instruments (+167 bps). These gains are the reason the GMHF finished the quarter roughly flat rather than deeply in the red. Later in the quarter, with the rally extended and the positions well rewarded, we exited the longs and established concentrated short positions in a different set of technology names, each in an apparent downtrend. This short basket added a further 715 bps in the period.

Our long-term conviction in gold is undiminished. Nothing in the quarter's events touches the fundamental case we have laid out in prior letters: the remonetization of the metal, steady demand from central banks diversifying away from US dollar reserves, and what we regard not as a simple bull market but as a wholesale revaluation of fiat currencies against gold. A thesis interrupted is not a thesis refuted. The GMHF's exit was an act of positioning, not of capitulation; the AAF, for its part, never left.

As at the time of writing, a modest long position in gold has been re-established. We turn our eyes to the next phase of this secular bull run, where runaway debt ties the hands of monetary authorities, leading to systemically low policy rates and, ultimately, negative real rates, which will propel hard-asset values higher. This phenomenon, labeled fiscal dominance, creates a reflexive loop that puts upward pressure on gold and other non-liability-side assets as the growing burden of interest payments stemming from runaway debt issuance ultimately forces central banks (and the Fed in particular) to stem the rising term premium via yield-curve control or other such mechanisms, which will be recognized for what it really is — debt monetization — leading to a discontinuous and rapid repricing of the metal as investors flee government debt securities. Odd, perhaps, to look towards such a chain of events while US real rates sit near multi-decade highs. But we are in the business of thinking about the future, and the direction of travel —with the stock of US government debt held by the public now in excess of 100% of GDP — seems clear to us.



ALBERT D. FRIEDBERG



JAIME A. MACRAE

Letter from the Manager

FRIEDBERG MERCANTILE GROUP LTD.

With leadership in retreat, there is a good chance that we have entered a bear market.

The market's technical underpinnings are giving way. The edifice has begun to crumble. The handful of stocks that fueled the post-pandemic historic run to all-time highs (most of the Mag 7 and a few select others) have one by one entered their own private bear markets. The inevitable reckoning has begun, accompanied by growing doubts that the enormous spend of the last couple of years will offer a decent rate of return. For now at least, struggling with a hard-to-stop spending momentum, their eye-popping free cash flows have gone negative.

Investors like to advance the argument that a broadening of the advance can and will offset the change in leadership, noting that such a phase has already begun by pointing to the superior performance of the unweighted indexes. But this fanciful notion is belied by the dramatically shrinking number of new 12-month highs. In recent days, new lows have even exceeded new highs, hardly a sign of genuine broadening. The weight of the falling leaders, representing close to 40% of total capitalization, is sure to drown out the balance of everyman's portfolio. In our opinion, the damage will be too great to bear.

The extraordinary exuberance displayed by investors over the past year finds few historical parallels. Of note is that those episodes inevitably were followed by severe economic and financial crises. These crises are not necessarily caused by one-time dramatic events. They can be triggered by minor or even ordinary events. The key lies in the economy or financial system's resilience. A credit-fueled expansion builds up vulnerabilities over time that lessen its resilience. Some but not all of these vulnerabilities are listed here: rising inflation accompanied by tightening monetary policy; rising real bond yields; all-time high margin debt relative to GDP; all-time high market leverage, reckoned to be in the hundreds of billions of dollars by way of double and triple short and long bets on specific sectors and individual stocks; poor credit practices; and highly distorting tariffs.

There is, as well, no shortage of not-so-ordinary catalysts: a fierce and intensifying "token" competition coming primarily from China, one that may force a sudden withdrawal of financing from the top-tier AI companies and result in default of one of them and a subsequent chain of defaults; an intensification of the Russia-Ukraine war (Will nuclear weapons be used? Will Europe come under siege?); an unmanageable confrontation between Democrats and Trump in the last two years of the administration; and a dramatic spike in the price of oil before the Iran conflict can be resolved. All these are merely known unknowns, but we are certain that unknown unknowns are waiting just around the corner.

If our call is even close to being right, great opportunities lie ahead — on the short side of equities and credit and/or on the long side of gold. We are positioning ourselves slowly but aggressively, conscious of the fact that, over time, bearish conditions do not last very long. We are also conscious of the fact that the administration can and will pull every tool at its disposal to prevent catastrophic outcomes. We need to proceed with strong conviction but with an eye to a quick exit should such interference in the form of bailout operations take shape.

Thanking you for your continued trust,

(*Written July 20)*



ALBERT D. FRIEDBERG

FRIEDBERG MERCANTILE GROUP LTD.

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[1] AS OF MARCH 31, 2026

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Asset Allocation Fund Ltd.	2,413.33	-10.65%	15.44%	21.79%	9.05%	4.30%
Friedberg Asset Allocation Fund	25.57[2]	-10.81%	14.51%	21.57%	9.02%	4.40%
CSFB/Tremont Hedge Fund Index[3]		N.A.	12.80%	10.29%	7.13%	6.37%

[1] Net of fees [2] NAV adjusted to reflect distributions reinvested in the fund [3] Compounded annual rate of return as of June 2026.

Capital Allocation of the Friedberg Asset Allocation Fund Ltd.

As of June 30, 2026

INVESTMENT		CURRENT ALLOCATION
EQUITIES		**42.73%**
International Gold Miners	42.73%	
FIXED INCOME		**13.02%**
Argentina Bonds	13.02%	
CASH / MONEY MARKET		**44.25%**
		100.00%

Quarterly Performance

Based on the Friedberg Asset Allocation Fund

	Q2	YTD
EQUITIES	**-7.73%**	**-3.27%**
Alphabet Inc.	0.50%	0.50%
Texas Instruments Inc.	0.45%	0.45%
Apple Inc.	0.33%	0.33%
Chevron Corp.	0.00%	0.87%
Aerospace and Defence	0.00%	-0.25%
International Gold Miners	-9.01%	-5.17%
FIXED INCOME	**0.10%**	**0.81%**
Argentina Bonds	0.10%	0.81%
COMMODITIES	**0.71%**	**5.70%**
Silver Futures	0.00%	1.78%
Gold Futures	-3.03%	0.77%

Friedberg Asset Allocation Funds

FRIEDBERG MERCANTILE GROUP LTD.

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
2026	9.52	12.77	-11.16	-2.06	0.21	-8.96							**-1.96**
2025	7.14	0.19	6.17	3.96	3.98	3.61	-3.20	6.65	5.82	1.84	2.85	2.90	**50.30**
2024	-0.28	-2.68	10.45	0.13	3.02	-3.25	10.89	1.48	2.66	0.10	0.46	-5.75	**17.13**
2023	7.94	-6.09	-0.45	0.71	-3.10	0.09	2.29	0.49	-3.79	-1.65	5.20	2.32	**3.19**
2022	-9.29	2.32	-1.25	-3.57	-0.51	-10.58	4.85	-4.10	-6.97	2.50	8.61	-0.62	**-18.62**
2021	-1.57	-2.81	5.00	6.74	4.83	-6.42	2.51	-3.29	-4.95	6.09	0.42	6.02	**11.94**
2020	-3.85	-16.37	-21.36	15.06	4.50	3.51	11.99	0.52	-3.31	-4.58	-1.87	3.01	**-17.38**
2019	2.63	2.38	-0.18	1.19	4.04	3.11	1.03	-2.03	-1.29	5.06	-1.62	6.28	**22.19**
2018	3.62	-6.33	0.31	-0.68	-6.06	-2.29	0.24	-3.36	-1.34	-3.33	0.07	2.75	**-15.69**
2017	6.57	2.07	-0.54	-1.54	-1.12	3.55	1.31	1.99	-0.39	1.38	2.60	2.32	**19.48**
2016	-3.94	5.15	3.28	8.82	-4.95	7.51	4.24	-3.87	1.15	-4.46	-5.46	0.90	**7.18**
2015	3.45	0.31	-1.31	-0.74	-1.03	-1.67	0.74	-2.21	-2.67	3.79	0.91	-2.86	**-3.49**
2014	3.55	3.30	-1.58	0.25	0.32	3.29	-2.41	2.93	-5.79	-1.39	2.06	0.78	**4.94**
2013	0.91	-1.21	0.89	1.47	-5.07	-7.09	1.98	-0.95	1.22	1.99	-0.80	-2.20	**-8.94**
2012	5.10	-0.08	-2.83	-0.77	-3.22	1.21	0.40	0.72	1.43	1.24	2.83	-1.16	**4.70**
2011	-4.11	4.18	1.11	5.56	-1.67	-1.98	4.65	5.15	-2.86	3.31	-1.05	-1.58	**10.52**
2010	-0.27	0.99	0.56	3.47	1.10	0.99	-2.23	3.36	3.91	2.57	-0.06	0.83	**16.14**
2009						0.38	2.62	0.09	2.91	0.53	7.15	-3.63	**10.13**

Past performance is not indicative of future results.

Friedberg Global-Macro Hedge Funds

FRIEDBERG MERCANTILE GROUP LTD.

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

A multi-strategy fund. Allocations are reviewed periodically.

PERFORMANCE[1] AS OF MARCH 31, 2026

	NAV	Quarterly	One Year	Three Years	Five Years	Ten Years
Friedberg Global-Macro Hedge Fund Ltd.	9,876.24	3.29%	161.39%	55.27%	32.07%	10.58%
Friedberg Global-Macro Hedge Fund	54.76[2]	0.24%	144.46%	51.72%	30.19%	10.14%
CSFB/Tremont Hedge Fund Index[3]		N.A.	12.80%	10.29%	7.13%	6.37%

[1] Net of fees [2] NAV adjusted to reflect distributions reinvested in the fund [3] Compounded annual rate of return as of June 2026.

Sector Performance

Based on the Friedberg Global-Macro Hedge Fund

	Q2	YTD
COMMODITIES	**-22.50%**	**8.14%**
LONG		
Cocoa Futures	3.25%	3.24%
Natural Gas Futures	-0.15%	1.21%
Platinum Futures	-1.60%	-1.60%
Silver Futures	-3.76%	7.81%
Brent Crude Futures and Options	-8.79%	-2.21%
Gold Futures and Options	-11.45%	-0.31%
FIXED INCOME	**0.33%**	**0.81%**
LONG		
U.S. T-Bills	0.33%	0.81%

	Q2	YTD
EQUITIES	**32.26%**	**32.49%**
LONG		
Advanced Micro Devices Inc.	14.27%	14.27%
Alphabet Inc.	5.54%	5.28%
Nvidia Corp.	2.81%	0.70%
Apple Inc.	2.63%	2.63%
Texas Instruments Inc.	1.67%	1.67%
Aerospace and Defense	-0.03%	-2.23%
Oil and Gas Producers	-0.25%	-0.32%
Gold Miners and Producers	-2.11%	-1.16%
SHORT		
Technology Swaps	7.15%	7.15%
Alphabet Inc.	0.21%	0.21%
Space Exploration Technologies Inc.	0.03%	0.03%
E-Mini Nasdaq Futures	0.00%	0.00%
Software Services	0.00%	2.96%
Microstrategy Inc.	0.00%	-1.27%
Private Equity & Credit Managers	-0.83%	2.55%
Bitcoin Swap	-1.41%	4.53%
iShares Expanded Tech-Software Sector ETF	-1.54%	-1.54%
U.S. Equity Index Options	-1.92%	-2.14%
INFLATION	**-0.00%**	**-0.10%**
CPI Inflation Swaps	-0.00%	-0.10%

Friedberg Global-Macro Hedge Funds

FRIEDBERG MERCANTILE GROUP LTD.

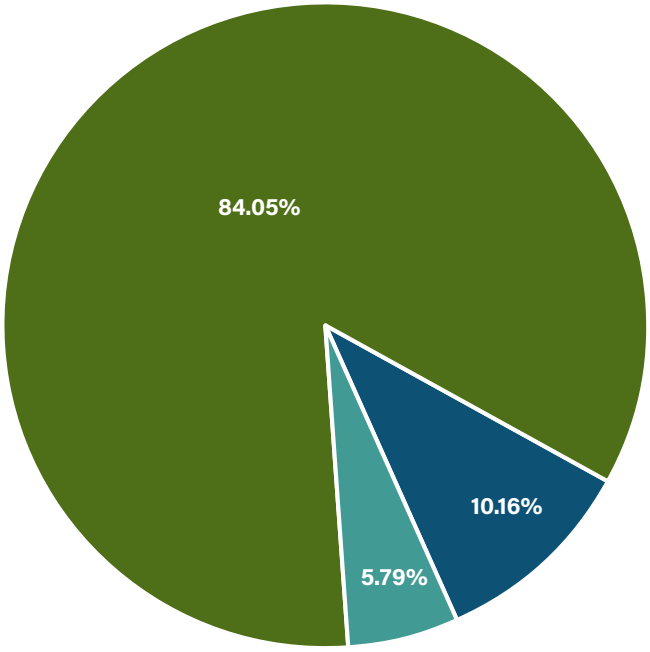
AS OF JUNE 30, 2026

Percentages of Total Assets

Percentages of Total Net Assets

- **Equities (Short)** **84.05%**
  Miscellaneous Tech stocks, Bitcoin related vehicles, Alternative Asset Managers
  As a % of Net Assets: 130.40%
- **Equities (Long)** **10.16%**
  Newmont Corp.
  As a % of Net Assets: 15.77%
- **Commodities (Long)** **5.79%**
  Cocoa
  As a % of Net Assets: 8.98%

Total Assets to Net Assets: 155.15%



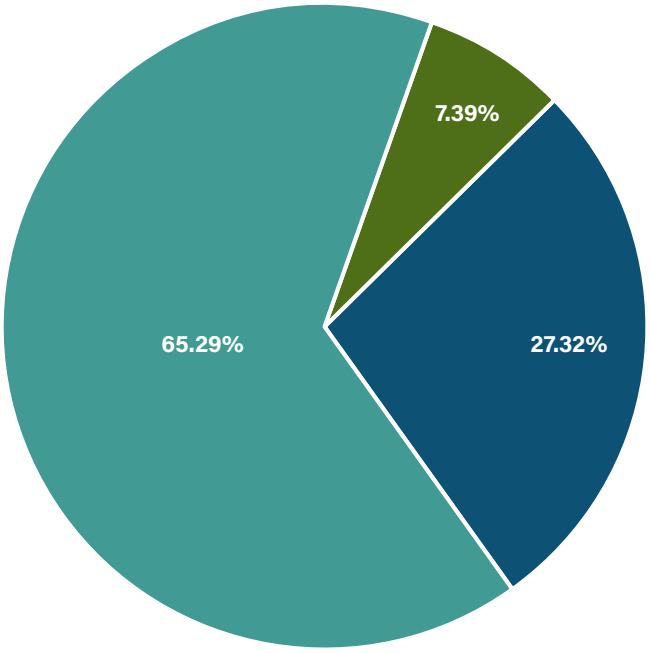
AS OF MARCH 31, 2026

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%



Friedberg Global-Macro Hedge Funds

FRIEDBERG MERCANTILE GROUP LTD.

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
2026	37.31	22.61	-17.47	13.89	-0.69	-8.67							**43.52**
2025	7.85	-0.50	13.81	6.16	0.85	1.84	-5.69	13.62	23.45	10.48	9.15	14.16	**142.52**
2024	-6.27	-5.75	16.95	-0.26	2.16	-5.75	14.48	3.81	9.40	0.34	-1.96	-4.93	**20.65**
2023	-0.97	-6.57	-1.17	0.52	2.26	-16.63	-10.95	0.52	-9.74	2.62	1.83	5.58	**-30.15**
2022	3.22	28.55	1.02	3.35	-0.04	-15.33	0.49	-11.22	-11.60	13.49	9.81	11.60	**28.59**
2021	0.56	7.91	4.43	7.41	9.42	-8.65	3.45	-9.85	1.95	-0.33	0.29	12.09	**29.60**
2020	-8.55	-19.41	-34.68	26.35	6.78	4.88	30.59	4.78	-10.18	-9.35	8.90	7.70	**-10.99**
2019	-10.24	-7.93	1.86	-1.68	4.57	-6.40	-4.54	6.83	-2.08	-3.45	-3.89	4.91	**-21.26**
2018	4.82	-18.57	4.07	-3.39	-13.97	-5.66	0.28	-7.53	0.32	7.40	-4.06	6.31	**-29.03**
2017	0.23	3.14	-0.44	-1.76	1.05	1.22	-2.39	2.14	-0.77	10.58	15.85	4.13	**36.47**
2016	4.54	9.86	-9.79	0.72	-3.39	1.30	3.67	-6.83	-1.93	-10.13	-3.70	0.49	**-15.94**
2015	4.75	-1.16	2.73	-14.00	3.14	0.08	11.12	6.69	-0.21	0.16	5.70	-2.68	**15.09**
2014	17.06	0.30	-17.58	-3.84	-3.35	1.27	-12.07	5.19	-4.38	-1.53	7.09	1.60	**-13.70**
2013	7.65	-3.74	3.04	-1.90	-5.62	-13.17	-14.23	-1.28	-11.27	-4.80	4.84	1.87	**-34.43**
2012	-15.04	-5.20	1.64	8.84	11.22	-2.12	-0.69	1.00	0.84	0.70	-2.43	-5.29	**-8.72**
2011	-10.28	7.67	-0.71	9.53	-5.06	-3.23	15.96	16.22	18.69	-21.76	11.47	4.60	**40.86**
2010	2.99	0.36	-7.34	3.76	13.22	4.75	-13.76	6.95	9.11	1.69	-1.61	-6.16	**11.36**
2009	-5.85	-3.88	3.65	-7.15	14.97	-7.85	9.47	1.97	5.02	-2.21	9.56	-3.34	**12.02**
2008	7.18	9.57	-1.04	-6.48	4.51	8.58	-0.24	-6.85	4.18	-5.96	5.85	19.06	**41.52**
2007	-1.01	1.07	-3.44	-1.28	-0.80	1.57	10.06	2.80	-1.33	5.89	7.91	3.00	**26.27**
2006	1.88	1.06	-1.81	2.07	-0.75	1.27	2.04	-0.09	-0.56	3.10	2.43	0.54	**11.64**
2005	1.04	0.84	-1.13	1.31	1.06	2.47	0.08	0.95	2.75	-1.38	2.56	2.20	**13.41**
2004	4.03	3.44	1.36	-7.84	-0.39	0.27	1.02	1.90	1.45	1.67	2.76	3.24	**13.09**
2003	3.11	3.06	-4.58	-1.15	9.26	-3.77	-8.04	2.91	5.49	1.69	1.49	1.10	**9.76**
2002	-1.46	2.04	-2.22	4.41	5.41	6.16	-2.42	4.45	2.80	-6.70	0.32	7.56	**21.17**
2001											0.00	-0.40	**-0.40**

Past performance is not indicative of future results.

Closed Funds

FRIEDBERG MERCANTILE GROUP LTD.

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

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