



PORTFOLIO MANAGER'S COMMENTARY

FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD. Q3 2015

September 30, 2015

Please find below a discussion of our funds' latest performance.

It is with great satisfaction that we write to you about our Funds' activities for the third quarter of 2015. Results improved, with the Global-Macro Hedge Fund Ltd. earning 18.3%, erasing the losses sustained in the second quarter and bringing year-to-date gains to 11.7%. We have often commented on the somewhat arbitrary practice of demarcating returns on a quarterly or year-to-date basis, preferring instead to focus on year-over-year returns as a metric of the success of an investment strategy, and it is gratifying to report that we have, for the first time in many quarters, achieved a solid year-over-year increase of 19.7%. The Asset Allocation Fund Ltd. unfortunately lost 4.1% for the quarter, bringing year-to-date losses to 5.1% and year-over-year losses to 3.8%.

The overwhelming majority of the gains in the Global-Macro Hedge Fund Ltd. were earned by short equity positions in the U.S., Brazil, and India, earning a combined 13.0% for the quarter. In the case of U.S. equities, in which we have maintained and continue to maintain a bullish stance, the gains in shorts came from targeting opportunities in strained energy companies, biotechnology, and some over-owned and over-valued technology companies. This was consistent with our goal of identifying absolute gains independent of the overall market. Equity gains were further supported by a gain of 4.6% in deep out-of-the money puts on the S&P, a position we have periodically taken as a hedge against our long exposure when market conditions, namely underpriced volatility, offer them at bargain prices.

Sensing a technical problem with the market that had been worsening for several months, as indicated by a lack of breadth, a paucity of new highs, and an expansion of new lows, we persisted in buying these puts, sometimes getting bloodied but eventually making a score. The severe equity market volatility in late August resulted in an enormous spike in implied volatility, which, through these options, led to similar volatility in our NAV. In the end, the options were liquidated and more than offset the quarterly loss of 3.6% from our long equity positions.

The balance of the quarterly gains came from our short position in crude oil futures, which contributed 500 basis points to the NAV. This position, initiated with the idea that technological developments in energy extraction would expand supply and suppress prices, benefited greatly from a Saudi drive to regain market share as well as the effects of emerging market (EM) weakness. As the bearish story got more confident and found widespread acceptance, we cashed out.



We have continued to build around some of our long-standing themes, particularly U.S. homebuilders, airlines, and Nikkei futures. We have also recently added Canadian banks, which will come to represent a 20.0% exposure for the Fund. Canadian banks have been knocked down from their highs in large part owing to the weakness in commodities, but nevertheless offer impressive yields of around 4.5% from one of the most conservatively managed global banking markets as well as exposure to a potential recovery in the Canadian dollar. We remain constructive on U.S., U.K., and Japanese economies and assign blame for the September weakness in equity markets to misguided concern about the potential impact of China and other emerging markets on developed markets. We see the risk from China as more psychological than real, as capital controls have essentially isolated its markets from those of the developed economies. Other EM problems are more localized, such as in Brazil, Malaysia, Indonesia, and Russia. In Europe, the burden of debt is being pushed onto later generations of taxpayers instead of the private sector and is therefore not likely to derail, in the near term, well grounded recoveries in developed equity markets.

As discussed in our previous letter, we continued to lower overall gross leverage, which fell from 3.0x at the end of the second quarter to 2.5x at the end of the third. Again, good selection is the key ingredient for success, but low leverage ensures that losses in adverse moves are relatively modest, allowing us to take advantage of better prices to build up positions, rather than liquidate them to manage risk, as has happened in the past when leverage grew too high. At the same time, it focuses our attention on the most compelling trades and forces us to eliminate poorly performing positions more rapidly to make room for better prospects.

The current leverage is composed primarily of long and short equity positions, representing 137.9% and 68.5% respectively of NAV. Take note that the excess longs relative to shorts do not represent an inherently bullish bias but rather represent the end result of a bottom up approach that focuses only on specific opportunities. We make no attempt to balance our longs and shorts. Directional bets are carried out via index futures and options.

The Asset Allocation Fund Ltd. lost 4.1% for the quarter and is now down 3.8% year over year. All major asset categories contributed to the negative quarterly results: fixed income (1.1%), equities (2.7%), and commodities (0.7%). The fixed-income category, represented mostly by TIPS, was affected adversely by commodity deflation and the consequent fall in break-evens. We intend to maintain the allocation to TIPS around these levels for the foreseeable future, both because we believe that they are trading extremely cheaply relative to their longer-term potential and because of their safe-haven characteristics.

We increased the allocation to equities steadily during the quarter, as stock prices came down and became more attractive. At this writing, equities represent approximately 56% of total assets, their highest allocation since the Fund's inception. This emphasis reflects the fact that equities, by virtue of their historically large risk premium, constitute far and away the most attractive investment category of all.

Note that we included in this equities category an allocation to a group of companies heavily in disfavor and available at bargain basement levels, namely gold mining shares (700 basis points), and expect to add to this position in coming weeks. Commodities, gold among them, suffered substantial losses during the quarter, though the decline appears to be slowing and will probably begin to revert soon under the impact of production cutbacks.



NIAGARA CAPITAL
alternative investments

The Fund is very conservatively run; it has a relatively low turnover rate, makes changes in asset allocation in a very slow and deliberate way and primarily with a view to medium- and long-term outperformance, uses options only for hedging purposes, does not short investments, and does not use leverage. It faithfully reflects our macro scenario, though, as I stated, does not bet on declining prices in any of the investment categories. As a result, volatility is considerably lower than that of its more aggressive cousin, the Global-Macro Hedge Fund Ltd. In the race between the tortoise and the hare, as we once mused, the race does not always to the fastest go.

A brief word on outlook. With the major economies — U.S., U.K., Germany, and Japan — coming very close to practical full employment and with monetary aggregates in some of these countries (the U.S. in particular) beginning to grow at an accelerated pace, inflation will begin to pose serious problems, especially in the growing services and non-tradable sectors. The Fed's reluctance to stay ahead of the curve will compound and protract these problems. The cost to global economies of the ultra-cheap money policies of recent years will only now begin to become apparent. The investment landscape will soon change and become unrecognizable to most observers. As always, the surprise will create interesting trading opportunities. We are acutely cognizant of this strong possibility and fully intend to take advantage of it.

Thanking you for your continuing trust,

Albert D. Friedberg

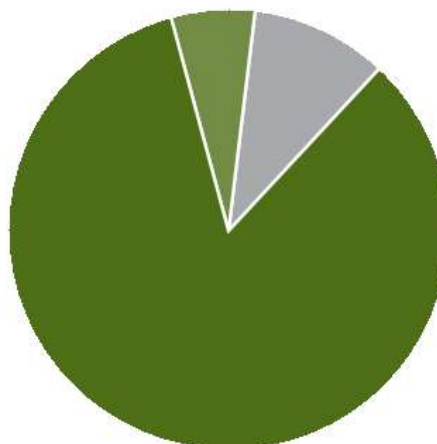
Jaime A. Macrae



Global-Macro Hedge Fund Ltd. (Cayman)

Breakdown by Total Gross Exposure
AS OF SEPTEMBER 30, 2015

● U.S. and Global Equities*	84%
● Commodities	6%
● Fixed Income	0%
● Currencies	10%



Total Exposure per dollar of capital: 2.45x

* Contains international long/short equities

FRIEDBERG ASSET ALLOCATION FUND LTD.

Capital allocation of the Friedberg Asset Allocation Fund Ltd.
as of September 30, 2015 is as follows:

INVESTMENT		CURRENT ALLOCATION	TARGET
FIXED INCOME		33.50%	32.50%
U.S. TIPS 2.125% Feb. 15/40	33.50%		
EQUITIES		56.90%	55.50%
U.S. Homebuilders	39.90%		
U.S. and Australian Gold	6.80%		
U.S. Airlines	10.20%		
COMMODITIES		0.00%	12.00%
CASH / MONEY MARKET		9.60%	0.00%
		100.00%	100.00%



FRIEDBERG GLOBAL-MACRO HEDGE FUND LTD.

A multi-strategy global macro fund managed by Albert Friedberg. Albert Friedberg has been practicing Global Macro investing since 1971. The Friedberg family is the Fund's lead investor.

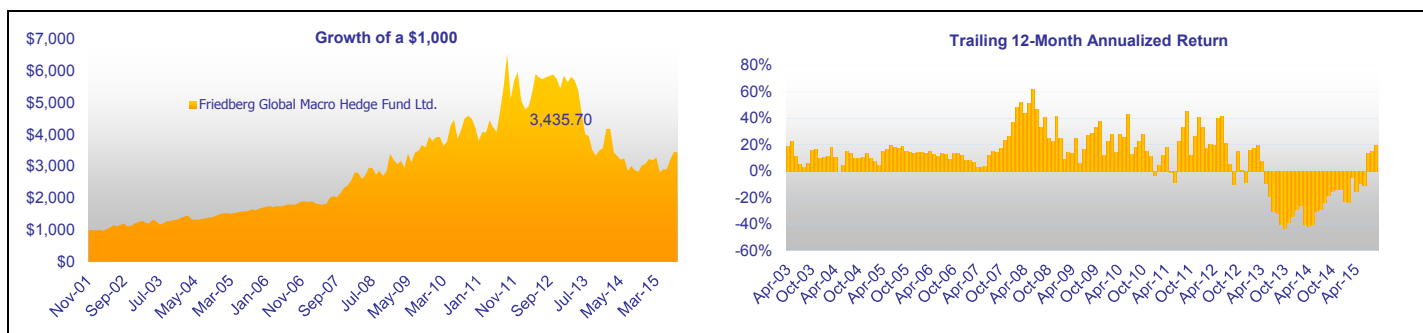
DECEMBER 2001 THROUGH SEPTEMBER 2015

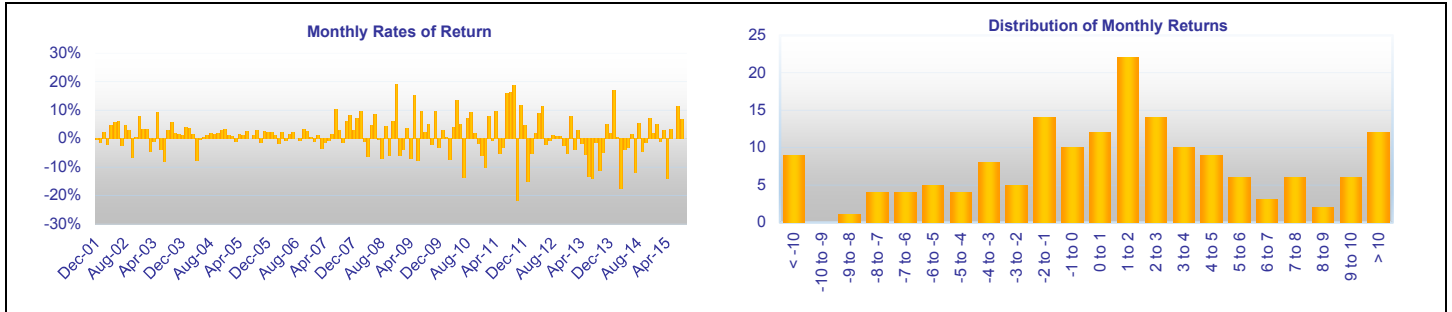
Performance To	September 30, 2015	Minimum Investment	U.S. \$250,000
Monthly Performance	-0.21%	Fees	2% Management – 20% Incentive
Unit Net Asset Value (NAV)	US \$3,435.70	High Water Mark	Yes
Assets Under Management (AUM)	US \$520.4 Million	Hurdle	Yes
Compounded Annualized Returns: 1 Year	19.68%	Valuation	Weekly
Compounded Annualized Returns: 3 Years	-16.21%	Dealing Dates	Weekly and Month End
Compounded Annualized Returns: 5 Years	-5.27%	Lockup	No
Compounded Annualized Returns: Since inception	9.33%	Redemption Charge	0.375%
Cumulative Returns	243.57%	Domicile	Cayman
Monthly Average Returns	0.96%	Portfolio Manager	Friedberg Mercantile Group Ltd.
% of Positive Months	60.84%	Registrar & Transfer Agent	Cayman National Fund Services Ltd.
Maximum Drawdown	-56.90%	Administrator	Cayman National Fund Services Ltd.
Annualized Volatility	22.62%	Prime Broker	J.P. Morgan Clearing Corp.
Sharpe Ratio	0.352	Clearing and Custody	J.P. Morgan Securities Inc.
Correlation to MSCI WORLD INDEX – (PRICE):	-0.220	Legal	Walkers
Correlation to Barclays Global Macro Index ¹ :	0.173	Auditor	Zeifmans Cayman

FUND RETURNS

PERIOD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2015	4.75	- 1.16	2.73	- 14.00	3.14	0.08	11.12	6.69	- 0.21				11.70%
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												- 0.40	- 0.40%

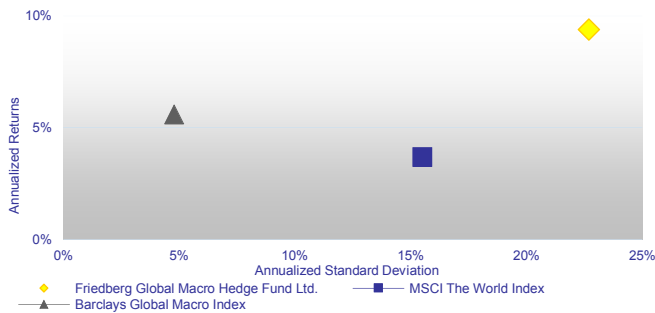
Historical returns are net of management and incentive fees and after April 30, 2005 are based on new fee structure of 2% + 20%.



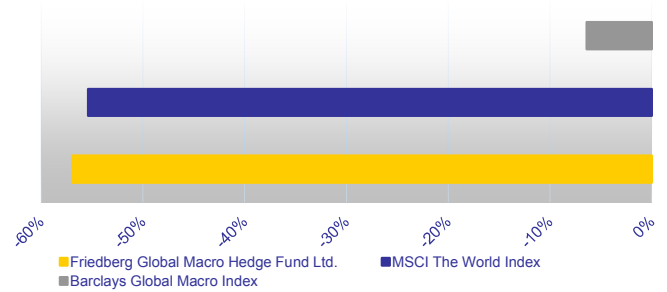


PERFORMANCE METRICS¹

RISK-REWARD PROFILE

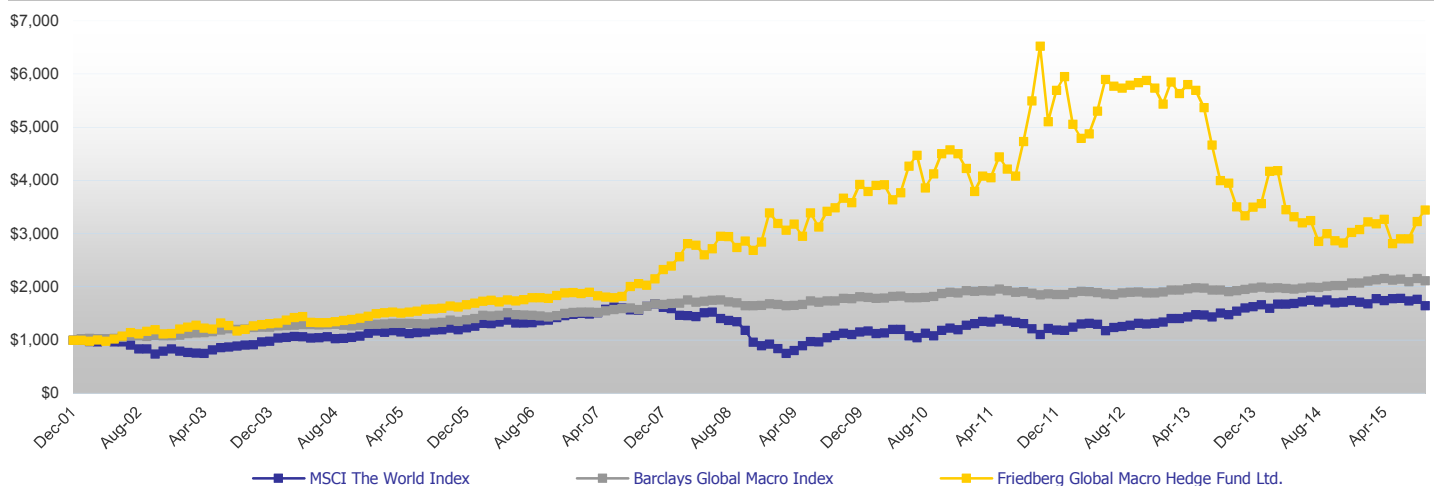


MAXIMUM DRAWDOWNS



DRAWDOWN ANALYSIS					CONSECUTIVE GAIN PERIODS				CONSECUTIVE LOSS PERIODS			
Depth	Length	Recovery	Peak	Valley	Run-up	Length	Start	End	Run-Down	Length	Start	End
-56.90%	43u	-	Sep-11	Apr-15	59.95%	3	Jul-11	Sep-11	-42.50%	7	Apr-13	Oct-13
-17.15%	3	6	Oct-10	Jan-11	38.21%	5	Oct-07	Feb-08	-23.40%	3	Mar-14	May-14
-13.76%	1	2	Jun-10	Jul-10	26.03%	2	Nov-08	Dec-08	-21.76%	1	Oct-11	Oct-11
-12.91%	4	1	Dec-08	Apr-09	25.40%	4	Nov-13	Feb-14	-19.47%	2	Jan-12	Feb-12
-11.51%	2	5	May-03	Jul-03	23.54%	8	Aug-03	Mar-04	-17.15%	3	Nov-10	Jan-11
-8.95%	4	2	Jun-08	Oct-08	23.05%	3	Apr-10	Jun-10	-14.00%	1	Apr-15	Apr-15

BENCHMARK COMPARISONS^{1,2}





FOOTNOTES & DISCLOSURES

¹ Based on performances up to the end of the preceding month.

² We have chosen to compare the performance of the Friedberg Global-Macro Hedge Fund Ltd., to that of the **Barclays Global Macro Index** because: 1) The Friedberg Global-Macro Hedge Fund Ltd. follows a global macro strategy; 2) We wish to represent the degree of correlation between the global macro strategy applied in the Friedberg Global-Macro Hedge Fund Ltd. and a generally recognized index that tracks the aggregate performance of other global macro strategies. We have chosen to compare the performance of the Friedberg Global-Macro Hedge Fund Ltd. to that of the **MSCI World Index** in order to represent the degree to which the return stream of the Friedberg Global-Macro Hedge Fund Ltd. is correlated to the return stream of a widely tracked index that measures the performance of global equities.

DISCLAIMERS

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