



Financial Statements of

**LANDRY MORIN LONG SHORT  
MOMENTUM FUND**

Year ended December 31, 2012

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Directory

Years ended December 31, 2012 and 2011

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## INDEPENDENT AUDITORS' REPORT

To the Unitholders of:

Landry Morin Long Short Momentum Fund

We have audited the accompanying financial statements of Landry Morin Long Short Momentum Fund, which comprise the statement of net assets as at December 31, 2012, the statements of operations and changes in net assets for the year then ended, the statement of investment portfolio as at December 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Landry Morin Long Short Momentum Fund as at December 31, 2012, and its results of operations and its changes in net assets for the year then ended, and its investments held at December 31, 2012 in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

March 22, 2013  
Toronto, Canada

# LANDRY MORIN LONG SHORT MOMENTUM FUND

## Statement of Net Assets

December 31, 2012, with comparative figures for 2011

	2012	2011
<b>Assets</b>		
Cash and cash equivalents	\$ 9,282,222	\$ 19,114,351
Investments	11,882,753	14,127,839
Accounts receivable relating to securities issued	–	25,000
Amounts receivable relating to portfolio assets sold	7,441,275	11,285,069
Amounts receivable relating to accrued income	71,014	71,297
Prepaid expenses	9,352	16,416
	<u>28,686,616</u>	<u>44,639,972</u>
<b>Liabilities</b>		
Investments sold short	8,604,284	14,396,549
Accrued expenses	28,091	63,531
Accrued management fees	6,560	23,616
Liabilities for portfolio assets purchased	8,910,582	11,499,965
Distributions payable	526,818	–
	<u>18,076,335</u>	<u>25,983,661</u>
<b>Total net assets and securityholders' equity</b>	<b>\$ 10,610,281</b>	<b>\$ 18,656,311</b>
<b>Total net assets and securityholders' equity, Series A</b>		
Total net assets and securityholders' equity, Series A	\$ 22,999	\$ 24,397
Securities issued and outstanding, Series A	3,950	3,950
Net assets per security, Series A	5.82	6.18
<b>Total net assets and securityholders' equity, Series B</b>		
Total net assets and securityholders' equity, Series B	\$ 78,781	\$ 49,688
Securities issued and outstanding, Series B	8,435	5,019
Net assets per security, Series B	9.34	9.90
<b>Total net assets and securityholders' equity, Series F</b>		
Total net assets and securityholders' equity, Series F	\$ 6,861,118	\$ 13,178,457
Securities issued and outstanding, Series F	854,799	1,536,403
Net assets per security, Series F	8.03	8.58
<b>Total net assets and securityholders' equity, Series G</b>		
Total net assets and securityholders' equity, Series G	\$ 194,849	\$ 305,161
Securities issued and outstanding, Series G	20,314	29,723
Net assets per security, Series G	9.59	10.27
<b>Total net assets and securityholders' equity, Series I</b>		
Total net assets and securityholders' equity, Series I	\$ 3,452,534	\$ 5,098,608
Securities issued and outstanding, Series I	589,246	811,387
Net assets per security, Series I	5.86	6.28

See accompanying notes to financial statements.

Approved on behalf of Landry Investment Management Inc.:



Jean-Luc Landry  
President & Chief Executive Officer



Benoit Perraton Brillou, CFA  
Chief Investment Officer & Director

# LANDRY MORIN LONG SHORT MOMENTUM FUND

## Statement of Operations

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Investment income:		
Dividend revenue	\$ 80,566	\$ 66,158
Interest revenue	250,369	376,322
Foreign withholding taxes	(48,982)	(30,164)
	281,953	412,316
Expenses:		
Management fees (note 10)	104,668	150,941
Performance fees (note 10)	–	1,946
Custodial fees	38,599	–
Administration fees (note 7)	139,699	261,882
Short borrow fees	170,041	247,397
Other fees	217,173	243,330
	670,180	905,496
Net investment loss for the year	(388,227)	(493,180)
Realized and unrealized gain (loss) on investments and transaction costs:		
Net realized gain (loss) on investments and foreign exchange	1,890,641	(696,434)
Change in unrealized gain (loss) on investments	(1,841,945)	2,080,342
Transaction costs	(128,334)	(183,758)
Net income (loss) on investments	(79,638)	1,200,150
Increase (decrease) in net assets from operations	\$ (467,865)	\$ 706,970
Increase (decrease) in net assets from operations, Series A	\$ (788)	\$ 936
Increase (decrease) in net assets from operations per security, Series A	(0.20)	0.16
Decrease in net assets from operations, Series B	\$ (1,585)	\$ (312)
Decrease in net assets from operations per security, Series B	(0.19)	(0.11)
Increase (decrease) in net assets from operations, Series F	\$ (410,267)	\$ 440,746
Increase (decrease) in net assets from operations per security, Series F	(0.36)	0.27
Increase (decrease) in net assets from operations, Series G	\$ (6,590)	\$ 50
Increase (decrease) in net assets from operations per security, Series G	(0.24)	0.01
Increase (decrease) in net assets from operations, Series I	\$ (48,635)	\$ 265,549
Increase (decrease) in net assets from operations per security, Series I	(0.07)	0.31

See accompanying notes to financial statements.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

## Statement of Changes in Net Assets

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Net assets, beginning of year	\$ 18,656,311	\$ 20,406,043
Increase (decrease) in net assets from operations	(467,865)	706,970
Capital transactions:		
Proceeds from the issuance of securities of the investment fund	2,452,067	1,604,835
Aggregate amounts paid on redemption of securities of the investment fund	(9,503,414)	(4,061,537)
Distribution of net investment income	(526,818)	-
<b>Net assets, end of year</b>	<b>\$ 10,610,281</b>	<b>\$ 18,656,311</b>
Net assets, beginning of year, Series A	\$ 24,397	\$ 52,043
Increase (decrease) in net assets from operations, Series A	(788)	935
Capital transactions, Series A:		
Aggregate amounts paid on redemption of securities of the investment fund	-	(28,581)
Distribution of net investment income	(610)	-
<b>Net assets, end of year, Series A</b>	<b>\$ 22,999</b>	<b>\$ 24,397</b>
Net assets, beginning of year, Series B	\$ 49,688	\$ -
Decrease in net assets from operations, Series B	(1,585)	(312)
Capital transactions, Series B:		
Proceeds from the issuance of securities of the investment fund	32,499	50,000
Distribution of net investment income	(1,821)	-
<b>Net assets, end of year, Series B</b>	<b>\$ 78,781</b>	<b>\$ 49,688</b>
Net assets, beginning of year, Series F	\$ 13,178,457	\$ 14,425,351
Increase (decrease) in net assets from operations, Series F	(410,267)	440,747
Capital transactions, Series F:		
Proceeds from the issuance of securities of the investment fund	1,583,000	562,800
Aggregate amounts paid on redemption of securities of the investment fund	(7,180,799)	(2,250,441)
Distribution of net investment income	(309,273)	-
<b>Net assets, end of year, Series F</b>	<b>\$ 6,861,118</b>	<b>\$ 13,178,457</b>
Net assets, beginning of year, Series G	\$ 305,161	\$ 397,819
Increase (decrease) in net assets from operations, Series G	(6,590)	51
Capital transactions, Series G:		
Proceeds from the issuance of securities of the investment fund	40,000	136,500
Aggregate amounts paid on redemption of securities of the investment fund	(135,719)	(229,209)
Distribution of net investment income	(8,003)	-
<b>Net assets, end of year, Series G</b>	<b>\$ 194,849</b>	<b>\$ 305,161</b>

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Changes in Net Assets (continued)

Year ended December 31, 2012, with comparative figures for 2011

	2012	2011
Net assets, beginning of year, Series I	\$ 5,098,608	\$ 5,530,830
Increase (decrease) in net assets from operations, Series I	(48,635)	265,549
Capital transactions, Series I:		
Proceeds from the issuance of securities of the investment fund	796,568	855,535
Aggregate amounts paid on redemption of securities of the investment fund	(2,186,896)	(1,553,306)
Distribution of net investment income	(207,111)	—
Net assets, end of year, Series I	\$ 3,452,534	\$ 5,098,608

See accompanying notes to financial statements.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Investment Portfolio

December 31, 2012

Shares/units	Security	Average cost	Fair value
<b>U.S. equities (net +16.6%)</b>			
Long positions (+48.3%)			
24,500	Advanced Micro Devices Inc.	\$ 56,080	\$ 58,744
900	Aetna Inc.	40,825	41,466
2,400	Aflac Inc.	122,565	126,790
7,400	Allstate Corp. (The)	292,978	295,595
2,800	American International Group Inc.	96,415	97,807
1,900	AmerisourceBergen Corp.	81,005	81,605
2,000	Amgen Inc.	169,702	171,740
2,800	Apollo Group Inc., Class 'A'	57,069	57,943
1,400	Berkshire Hathaway Inc., Class 'B'	121,668	124,536
1,400	Cardinal Health Inc.	56,762	57,302
200	CF Industries Holdings Inc.	39,673	39,895
600	Chubb Corp. (The)	45,710	44,950
9,000	Comcast Corp., Class 'A'	327,460	334,883
1,100	Computer Sciences Corp.	41,988	43,841
800	DIRECTV	39,227	39,939
6,600	E*TRADE Financial Corp.	57,670	58,440
1,900	Exelon Corp.	54,987	56,237
500	Exxon Mobil Corp.	43,762	43,044
2,800	Fifth Third Bancorp	41,826	42,343
3,400	GameStop Corp., Class 'A'	82,836	84,769
7,100	Gannett Co. Inc.	123,489	127,219
13,600	Genworth Financial Inc., Class 'A'	97,991	101,615
6,900	Gilead Sciences Inc.	473,976	504,495
700	Goldman Sachs Group Inc. (The)	86,201	88,461
2,300	H&R Block Inc.	41,796	42,447
6,200	Hartford Financial Services Group Inc. (The)	133,140	138,357
1,600	Hess Corp.	80,355	84,320
2,800	Home Depot Inc.	178,325	172,130
1,900	JP Morgan Chase & Co.	78,018	83,155
5,000	KeyCorp	40,415	41,885
1,600	Kroger Co. (The)	40,923	41,436
1,100	L-3 Communications Holdings Inc.	83,121	83,469
2,200	Lincoln National Corp.	55,283	56,668
700	Marathon Petroleum Corp.	37,021	43,868
8,500	MetroPCS Communications Inc.	85,358	83,636
3,400	NASDAQ OMX Group Inc. (The)	82,178	84,567
1,200	Northrop Grumman Corp.	80,170	80,420
5,400	Pitney Bowes Inc.	56,052	57,002
1,500	Principal Financial Group Inc.	40,127	42,547
7,500	SLM Corp.	129,733	127,894
3,000	SunTrust Banks Inc.	81,382	84,676
1,000	Tesoro Corp.	35,358	43,815
13,700	Thompson Creek Metals Co. Inc.	57,298	56,307
800	Torchmark Corp.	40,325	41,093
1,800	Travelers Cos. Inc. (The)	125,701	128,617
800	Viacom Inc., Class 'B'	41,384	41,977
14,500	Virgin Media Inc.	515,668	530,734
1,000	Western Digital Corp.	41,281	42,273
8,700	Yahoo! Inc.	154,100	171,641
		4,986,377	5,128,593



# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Investment Portfolio (continued)

December 31, 2012

Shares/units	Security	Average cost	Fair value
	<b>Short positions (-31.7%)</b>		
(11,600)	iShares S&P 100 Index Fund	(738,144)	(748,654)
(11,400)	PowerShares QQQ Trust, Series '1'	(668,162)	(740,397)
(13,202)	SPDR S&P 500 ETF Trust	(1,752,518)	(1,873,924)
		<b>(3,158,824)</b>	<b>(3,362,975)</b>
		1,827,553	1,765,618
	<b>Austrian equities (net +0.1%)</b>		
	<b>Long positions (6.5%)</b>		
17,300	CA Immobilien Anlagen AG	223,776	237,776
3,300	Erste Group Bank AG	92,337	104,012
2,900	Oesterreichische Post AG	119,222	118,681
7,400	RHI AG	242,309	227,652
		<b>677,644</b>	<b>688,121</b>
	<b>Short position (-6.4%)</b>		
(100)	OMV AG	(3,597)	(3,594)
		<b>674,047</b>	<b>684,527</b>
	<b>United Kingdom equities (+4.0%)</b>		
	<b>Long positions (+4.0%)</b>		
1,800	Antofagasta PLC	37,131	38,514
800	AstraZeneca PLC	37,716	37,660
7,000	BAE Systems PLC	36,694	38,169
5,600	BP PLC	38,516	38,498
3,100	British Sky Broadcasting Group PLC	37,684	38,433
132,700	Cable & Wireless Communications PLC	79,592	75,923
3,700	HSBC Holdings PLC	36,615	38,734
28,800	Man Group PLC	38,168	38,549
7,400	Royal Bank of Scotland Group PLC	32,764	38,853
7,000	Vesuvius PLC	39,260	39,257
		<b>414,140</b>	<b>422,590</b>
	<b>Luxembourg equities (+2.3%)</b>		
	<b>Long position (+2.3%)</b>		
20,800	Gagfah SA	199,600	243,777
		<b>199,600</b>	<b>243,777</b>
	<b>France equities (net +7.0%)</b>		
	<b>Long positions (9.0%)</b>		
13,000	Air France-KLM	117,253	119,373
1,300	BNP Paribas SA	64,828	72,528
1,100	Bolloré	375,198	368,943
2,200	Bureau Veritas SA	244,513	243,632
4,700	Crédit Agricole SA	35,039	37,525
600	Publicis Groupe	33,817	35,593
700	Renault SA	37,264	37,381
800	Valeo SA	39,905	39,503
		<b>947,817</b>	<b>954,478</b>
	<b>Short position (-2.0%)</b>		
(31,500)	iShares MSCI France Index Fund	(726,016)	(739,295)
		<b>221,801</b>	<b>215,183</b>

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Investment Portfolio (continued)

December 31, 2012

Shares/units	Security	Average cost	Fair value
<b>Swiss equities (+1.9%)</b>			
Long positions (+1.9%)			
200	Roche Holding AG Genusscheine	38,239	40,030
600	Swiss Life Holding AG, Registered	70,635	78,385
1,100	Swiss Re Ltd.	75,005	78,853
		183,879	197,268
<b>Belgian equities (+1.8%)</b>			
Long positions (+1.8%)			
2,600	Ageas NV	69,098	75,720
1,000	Delhaize Group	39,372	39,704
500	Groupe Bruxelles Lambert SA	38,687	39,375
1,100	KBC Groep NV	32,954	37,595
		180,111	192,394
<b>Australian equities (net +5.9%)</b>			
Long positions (+6.9%)			
6,800	CSL Ltd.	347,630	378,533
73,900	Insurance Australia Group Ltd.	350,069	355,992
		697,699	734,525
Short position (-1.0%)			
(25,034)	iShares MSCI Australia Index Fund	(617,005)	(628,138)
		80,694	106,387
<b>Japanese equities (+2.6%)</b>			
Long positions (+2.6%)			
28,900	iShares MSCI Japan Index Fund	261,594	280,626
		261,594	280,626
<b>Irish equities (+0.8%)</b>			
Long positions (+0.8%)			
1,400	Seagate Technology	37,237	42,468
1,700	XL Group PLC	40,710	42,368
		77,947	84,836
<b>Italian equities (+0.8%)</b>			
Long positions (+0.8%)			
11,144	Enel SPA	44,741	45,877
1,600	ENI SPA	38,666	38,479
		83,407	84,356
<b>Sweden equities (+0.7%)</b>			
Long position (+0.7%)			
3,000	Investor AB, Series 'B'	66,084	78,013
		66,084	78,013
<b>Spain equities (+0.7%)</b>			
Long positions (+0.7%)			
4,800	Banco Santander SA	36,712	37,807
3,700	Repsol SA, Rights, 2013/01/10	2,273	2,239
2,800	Telefónica SA	37,522	37,124
		76,507	77,170

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Investment Portfolio (continued)

December 31, 2012

Shares/units	Security	Average cost	Fair value
<b>Netherland equities (+0.7%)</b>			
Long positions (+0.7%)			
1,100	Royal Dutch Shell PLC, Class 'A'	37,984	37,761
6	Royal Dutch Shell PLC, Class 'B'	206	211
1,900	Wolters Kluwer NV	36,375	38,585
		74,565	76,557
<b>Portuguese equities (+0.7%)</b>			
Long positions (+0.7%)			
32,200	Banco Espirito Santo SA, Registered	31,819	37,705
7,700	Portugal Telecom SGPS SA, Registered	38,078	37,723
		69,897	75,428
<b>Greece equities (0.0%)</b>			
Long position (0.0%)			
5,300	OPAP SA	38,283	37,570
		38,283	37,570
<b>German equities (net -4.1%)</b>			
Long positions (+6.4%)			
20,100	Commerzbank AG	37,980	37,864
900	Deutsche Bank AG, Registered	39,075	38,953
6,600	Deutsche Lufthansa AG	123,839	123,636
1,700	Fuchs Petrolub AG	116,817	114,327
6,600	KUKA AG	230,718	240,557
200	Muenchener Rueckversicherungs-Gesellschaft AG, Registered	31,978	35,719
400	Volkswagen AG	77,701	85,616
		658,108	676,672
Short position (-10.5%)			
(45,100)	iShares MSCI Germany Index Fund	(1,093,504)	(1,114,122)
		(435,396)	(437,450)
<b>Canadian equities (net +4.6%)</b>			
Long positions (+17.4%)			
17,700	Advantage Oil & Gas Ltd.	57,081	56,463
200	Agrium Inc.	21,145	19,828
800	Allied Properties REIT	25,299	26,360
300	Boardwalk REIT	18,954	19,293
300	Calfrac Well Services Ltd.	7,261	7,473
700	Canadian Apartment Properties REIT	16,971	17,346
7,300	Canfor Corp.	121,920	121,034
1,000	Celestica Inc.	7,971	8,070
6,400	Chorus Aviation Inc., Class 'B'	19,852	24,384
3,900	Dollarama Inc.	225,388	229,905
500	Dorel Industries Inc., Class 'B'	18,337	17,950
700	Dundee Corp., Class 'A'	19,010	21,448
100	Empire Co. Ltd., Class 'A'	5,686	5,875
2,900	EnCana Corp.	56,785	56,840
1,400	Enerflex Ltd.	15,740	16,674
600	Ensign Energy Services Inc.	8,925	9,186
1,100	Genworth MI Canada Inc.	22,861	24,849
3,700	Gildan Activewear Inc.	132,579	134,310
400	Home Capital Group Inc.	20,202	23,628
1,700	Hudbay Minerals Inc.	16,631	17,000
200	Imperial Oil Ltd.	8,655	8,546
	Carried forward	847,253	866,462

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Statement of Investment Portfolio (continued)

December 31, 2012

Shares/units	Security	Average cost	Fair value
<b>Canadian equities (net +4.6%)</b>			
	Brought forward	847,253	866,462
300	Industrial Alliance Insurance and Financial Services Inc.	8,624	9,399
200	Inmet Mining Corp.	11,224	14,800
600	Jean Coutu Group (PJC) Inc. (The), Class 'A'	8,890	8,712
900	Kinross Gold Corp.	8,513	8,667
77,600	Lake Shore Gold Corp.	58,642	57,424
200	Laurentian Bank of Canada	8,901	8,840
400	Linamar Corp.	8,747	9,272
5,000	Lundin Mining Corp.	26,778	25,450
500	Magna International Inc., Class 'A'	22,442	24,790
200	National Bank of Canada	15,491	15,430
6,200	Nevsun Resource Ltd.	29,012	26,164
11,900	Pengrowth Energy Corp.	56,949	58,548
5,300	Penn West Petroleum Ltd.	56,214	57,081
5,500	PetroBakken Energy Ltd.	56,835	56,375
1,400	Petrobank Energy and Resources Ltd.	17,336	17,220
300	Primaris Retail REIT	6,998	8,070
400	Quebecor Inc., Class 'B'	15,260	15,456
5,400	Research In Motion Ltd.	63,553	63,612
800	RONA Inc.	8,475	8,488
100	Royal Bank of Canada	6,004	5,983
400	Shaw Communications Inc., Class 'B'	8,615	9,124
13,200	Sherritt International Corp.	72,936	75,372
500	Suncor Energy Inc.	16,423	16,355
200	Teck Resources Ltd., Class 'B'	6,641	7,210
700	Transcontinental Inc., Class 'A'	7,712	7,791
400	TransForce Inc.	7,793	7,936
3,700	Trinidad Drilling Ltd.	25,022	25,308
7,800	Turquoise Hill Resources Ltd.	56,486	58,812
3,600	West Fraser Timber Co. Ltd.	252,137	252,036
1,200	WestJet Airlines Ltd.	21,481	23,592
		1,817,387	1,849,779
	Short positions (-12.8%)		
(47,400)	iShares MSCI Canada Index Fund	(1,333,242)	(1,343,539)
(21,500)	Sino-Forest Corp., Class 'A'	(156,842)	(17,845)
		(1,490,084)	(1,361,384)
<b>Europe Asia Far East equities (-13.1%)</b>			
	Short position (-13.1%)		
(77,533)	iShares MSCI EAFE Index Fund	(1,301,888)	(1,390,167)
<b>German bonds (0.0%)</b>			
	Short position (0.0%)		
(3,032)	Q-Cells SE, Convertible, Callable, 6.75%, 2015/10/21	(169)	(4,609)
Total long positions		11,511,046	11,882,753
Total short positions		(8,391,087)	(8,604,284)
Transaction costs		(22,314)	
Total investment portfolio (30.9%)		\$ 3,097,645	3,278,469
Cash and cash equivalents (8.7%)			9,282,222
Other assets less liabilities (18.4%)			(1,950,410)
Net assets at fair value (100.0%)			\$ 10,610,281

See accompanying notes to financial statements.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements

Year ended December 31, 2012

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## 1. Establishment of the Funds:

The Landry Morin Long Short Momentum Fund (the "Fund") was established on April 15, 2003 under the laws of the Province of Ontario. The Fund is governed by an Amended and Restated Trust Agreement dated December 19, 2012. Landry Investment Management Inc., a company duly incorporated under the Canada Business Corporations Act, is the manager (the "Manager") of the Fund and Computershare Trust Company of Canada is the Trustee (the "Trustee").

The Manager is responsible for managing the Fund in accordance with the established investment policies as follows:

The Fund invests in a market neutral portfolio of primarily large capitalization issuers in Canadian, U.S. and other developed markets. From January 22, 2009 to November 18, 2010, the investment objective was pursued through investment in the Landry Morin Global Momentum Fund, L.P.

Units of the Fund are offered pursuant to a Confidential Offering Memorandum dated December 15, 2010 (the "Offering Documents").

## 2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of significant accounting policies followed by the Fund in the preparation of these financial statements:

### (a) Valuation of financial instruments:

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - quoted market price (unadjusted) in an active market for an identical instrument;
- Level 2 - valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data; and

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 2. Significant accounting policies (continued):

- Level 3 - valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair value is determined as follows:

- Short-term investments are valued at amortized cost, which approximates their fair value.
- Securities listed upon a recognized public stock exchange are valued at their closing bid prices on the financial statement date. Securities with no available bid prices are valued at their last sale or close price.
- Securities for which a closing bid price, last sale or close price are unavailable, or securities for which market quotations are unreliable or not reflective of all available material information, are valued at their fair value as determined by the Manager using available sources of information and commonly accepted industry valuation techniques, including valuation models.

The Fund (as prescribed by the Confidential Offering Memorandum) may make short sales whereby a security that it does not own is sold in anticipation of a decline in the market value of the security. Securities which are sold short are valued at their ask prices on the financial statement date. Securities with no available ask prices are valued at their closing price reported by the principal securities exchange on the financial statement date. To enter a short sale, the Fund may need to borrow the security for delivery to the buyer. While the transaction is open, the Fund will also incur a liability for any paid dividends or interest which is due to the lender of the security.

The bid or ask price used is the one obtained on the primary exchange for the security. In the case of dealer markets, the price obtained may not represent the most advantageous available in an active market.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 2. Significant accounting policies (continued):

### (b) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the year. Actual results could differ from those estimates.

### (c) Other financial assets and liabilities:

All trade receivables and other receivables are designated as loans and receivables. They are recorded at amortized cost, which approximates their fair value. Similarly, all trade payables and accrued expenses are designated as other financial liabilities and are recorded at amortized cost, which approximates their fair value.

### (d) Investment transactions and income recognition:

Investment transactions are accounted for as of the trade date. Realized gains and losses from investment transactions are calculated on an average cost basis. The difference between market value and average cost, as recorded in the financial statements, is included in the statements of operations as an unrealized gain (loss) on investments. Interest income is accrued daily and dividend income is recognized on the ex-dividend date.

### (e) Transaction costs:

Transaction costs, such as brokerage commissions incurred in the purchase and sale of portfolio securities, and other trade execution costs paid to external third parties, such as stamp, duty and exchange fees are recognized as expenses in the statements of operations based on the trade date.

### (f) Foreign currency translation:

Investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing on the valuation date. Investment transactions, income and expenses are translated at the exchange rates prevailing on the respective dates of such transactions.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 2. Significant accounting policies (continued):

### (g) Net assets per security:

Net assets per security represents net assets by series divided by the number of securities outstanding by series at year end.

### (h) Increase (decrease) in net assets from operations per security:

Increase (decrease) in net assets from operations per security in the statements of operations represents the increase (decrease) in net assets from operations by series, divided by the average number of securities outstanding by series during the year.

### (i) Cash and cash equivalents:

Cash and cash equivalents consist of cash and investments in Government of Canada Treasury Bills with maturities of less than 90 days. These short-term investments are recorded at amortized cost, which approximates current market value.

## 3. Future accounting standards:

On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that publicly accountable enterprises would be required to adopt International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), on January 1, 2011. However, the AcSB deferred the mandatory IFRS changeover date for Canadian investment funds to January 1, 2014.

Consequently, the Fund will publish its first annual audited financial statements in accordance with IFRS for the year ending December 31, 2014, with comparatives for the year ending December 31, 2013, and prepare an opening IFRS statement of net assets at January 1, 2013.

The Manager has not identified any changes that will impact NAV per unit as a result of the changeover to IFRS. However, this determination is subject to change as the Manager finalizes its assessment of the impact of IFRS, and the impact of new standards issued by the IASB prior to the Fund's adoption of IFRS.



# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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### 3. Future accounting standards (continued):

The criteria contained within IAS 32 Financial Instruments: Presentation may require unitholders' equity to be classified as a liability within the Fund's Statement of Net Assets, unless certain conditions are met. The Manager is currently assessing the Fund's unitholder structure to confirm the appropriate classification in accordance with IFRS.

Valuation of investment and fair value measurements:

In May 2011, the IASB issued IFRS 13, Fair Value Measurements ("IFRS 13"), which provides guidance on the measurement of fair value that supersedes other IFRS fair value guidance. IFRS 13 will be the single source for guidance on measuring and disclosing fair values and allow for possibility of using closing price as the fair value of investments. IFRS 13 is effective for annual periods beginning on or after January 1, 2013.

Currently, investments are classified as held for trading in accordance with CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement ("Section 3855"), and are recorded at their fair value. The fair value of financial instruments, which are actively traded, is measured based on the bid price for long positions and the ask price for short positions. IFRS 13 allows for the option to use valuation NAV for financial reporting purposes instead of the GAAP NAV currently stipulated by Section 3855.

### 4. Financial instruments and risk management:

(a) Risk management:

The Fund's investment activities expose them to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying their investment portfolio within the constraints of the investment objective, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risks, the Manager maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines and securities regulations.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 4. Financial instruments and risk management (continued):

The Fund's investment objective seeks long-term capital growth by investing directly or indirectly in exchange-listed equity securities of Canadian, United States, European or other developed market issuers (refer to note 1). The portfolio manager, when investing, uses a proprietary methodology based primarily on price momentum as investment criteria.

No changes affecting the overall level of risk of the Funds were made during the year. The risks of the Fund remains as discussed in the Funds' Offering Documents. Significant risks that are relevant to the Funds are discussed below.

### (b) Other market price risk:

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital.

Because the Landy Morin Long Short Momentum dollar neutral most of the time (approximately equal amount invested in long positions and short positions in each market it invests), it has shown low correlation with overall equity markets. If equity prices on global stock exchanges had increased or decreased by 10% as at the year end, with all other factors remaining constant, net assets of each Fund could possibly have increased or decreased by the amount shown in the table below:

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Fund	Reference index	Impact on net assets (in thousand of Cdn. dollars)	
		2012	2011
Long Short Momentum Fund	S&P500 Total Return Index	161*	412*

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\*This estimate is based on the Fund's historical beta with their respective reference index (using net monthly returns since inception).

In practice, actual results may differ from this sensitivity analysis and the difference could be material.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 4. Financial instruments and risk management (continued):

### (c) Currency risk:

Currency risk is the risk that financial instruments which are denominated in currencies other than the reporting currency of a Fund will fluctuate due to changes in exchange rates. As at December 31, 2012, the Fund had currency exposure. The following table illustrates the effect on net assets if the respective currency had strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net assets
AUD\$	106,387	\$ (124,211)	\$ (17,824)	\$ (891)
CHF	197,268	(175,006)	22,262	1,113
DKK	–	(13,115)	(13,115)	(656)
EUR	1,291,767	(1,132,536)	159,231	7,962
GBP	460,562	(349,173)	111,389	5,569
HKD	–	2	2	–
ILS	–	(13,370)	(13,370)	(669)
JPY	280,626	(213,096)	67,530	3,377
KRW	–	9	9	–
MXN	–	(11)	(11)	(1)
NOK	–	(37,313)	(37,313)	(1,866)
SEK	78,013	(82,757)	(4,744)	(237)
TWD	–	(18)	(18)	(1)
USD	1,765,618	(639,163)	1,126,455	56,323

### (d) Interest rate risk:

Interest rate risk arises on interest-bearing financial instruments such as bonds or debentures. The majority of the Fund's financial assets and liabilities are equity shares, which is non-interest bearing. When there are significant cash and cash equivalent balances, the Fund invests in Canadian T-bills that have a maturity of less than 90 days. As such, the Fund is not subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 4. Financial instruments and risk management (continued):

### (e) Credit risk:

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the Fund. Credit risk typically arises out of exposure to debt instruments, such as bonds, or derivatives. As at December 31, 2012 and 2011, the Fund had no significant investments in debt instruments. Credit and counterparty risk is managed by dealing with counterparties the Manager believes to be creditworthy.

### (f) Liquidity risk:

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Aside from financial liabilities that arise from its normal investing activities, the Fund has no other significant financial liabilities.

The Fund's most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of their assets in liquid investments. The Fund also has access to bank overdrafts, some of which were being utilized as at December 31, 2012.

## 5. Securityholders' equity:

The Fund's authorized capital consists of an unlimited number of units and series without par value. The number of outstanding units of each series is disclosed in the statements of net assets. Securities of the Fund are redeemable at the option of the holder in accordance with the provisions of the Trust Agreement. Series B and G units are available to all investors. Series A, F, I and J units are offered only to certain investors at the discretion of the Manager, including institutional investors or other eligible investors.

No series takes priority or preference over another and all series' contribute in proportion to the allocation of the Fund.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 5. Securityholders' equity (continued):

The change in the number of securities is as follows for the applicable years ended December 31, 2012 and 2011:

Funds	Year	Beginning of year	Purchases	Reinvestments	Redemptions	Net transfer	End of year	Average number of securities
Series A	2011	8,638	–	–	(4,688)	–	3,950	5,810
	2012	3,950	–	–	–	–	3,950	3,950
Series B	2011	–	5,019	–	–	–	5,019	2,719
	2012	5,019	3,416	–	–	–	8,435	8,277
Series F	2011	1,741,933	65,845	–	(248,573)	(22,802)	1,536,403	1,621,598
	2012	1,536,403	183,265	–	(864,869)	–	854,799	1,128,004
Series G	2011	39,629	13,339	–	(23,245)	–	29,723	28,209
	2012	29,723	4,155	–	(13,564)	–	20,314	27,365
Series I	2011	921,256	142,288	–	(252,157)	–	811,387	868,218
	2012	811,387	130,913	–	(353,054)	–	589,246	740,487

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 6. Reconciliation of net asset value:

Net assets reported in these financial statements are accounted for using GAAP ("GAAP Net Assets") and use the closing bid price for the fair value of investments traded in an active market. The net asset value ("NAV") for purposes of unitholders' purchases, switches and redemptions is calculated in accordance with the valuation rules set out in the Funds' Simplified Offering Documents and uses the last trade price to value investments traded in an active market. The Canadian Securities Administrators require reconciliation between NAV and GAAP Net Assets.

The difference between net assets and NAV for each series of units of the Fund is as follows:

	As at December 31, 2012 per security			As at December 31, 2011 per security		
	NAV	Section 3855 adjustment	Net assets	NAV	Section 3855 adjustment	Net assets
Series A	\$ 5.85	\$ (0.03)	\$ 5.82	\$ 6.20	\$ (0.02)	\$ 6.18
Series B	9.38	(0.04)	9.34	9.94	(0.04)	9.90
Series F	8.06	(0.03)	8.03	8.61	(0.03)	8.58
Series G	9.63	(0.04)	9.59	10.30	(0.03)	10.27
Series I	5.89	(0.03)	5.86	6.31	(0.03)	6.28

## 7. Expenses and brokerage commissions:

### (a) Expenses:

For 2012, administrative costs are accrued daily, paid monthly, and calculated according to a fixed percentage of the NAV of the Funds as follows:

Fund	Class A	Class B	Class F	Class G	Class I	Class J
Landry Morin Long Short Momentum Fund	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%

The fees and expenses assumed by the Manager in exchange for the administrative costs include valuation and recordkeeping expenses and those related to the services of the transfer agent, including processing purchases and sales of the securities of the Fund and calculation of the price of securities along with other costs of the Fund.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 7. Expenses and brokerage commissions (continued):

### (b) Brokerage commission:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Fund's statements of operations. Brokerage business is allocated based on which broker can deliver to the Funds the best results. Subject to these criteria, c may allocate business to brokers that provide or pay for, in addition to transaction execution, order execution goods and services and database and software used in proprietary research. As at December 31, 2012, the Manager had had commission-sharing or "soft dollar" arrangements with certain brokers in which they paid for third-party services. The following table outlines the transaction costs, including soft dollars incurred during the year:

	Transaction costs paid by the Funds	Goods and services received by the Funds
Landry Morin Long Short Momentum Fund	\$ 128,334	\$ 183,758

## 8. Distributions:

Securityholders are entitled to distributions at year end. Net investment income and net capital gains realized on the Fund are reinvested in additional securities of its own fund or at the option of the securityholders, paid in cash. The distribution amounts are determined by the registrar and are allocated to the securityholders of the Fund.

Distributions paid in cash will be made in the Fund's reporting currency. Unless the securityholder provides written instructions to the registrar to receive distributions in cash, the amount of the distribution will automatically be reinvested in additional securities of its own fund. At the valuation date, each securityholder of the Fund is entitled to receive an amount equal to the Fund's net income for the year, divided by the number of securities outstanding, and multiplied by the number of securities held by the securityholder at fiscal year end.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 9. Income tax status:

The Landry Morin Long Short Momentum Fund is a mutual fund trust under the Income Tax Act (Canada). The Fund is subject to federal and provincial taxes applicable on their assessed income, including taxable capital gains for the fiscal year, so far as those were not distributed to the securityholders. Unit trusts are subject to alternative minimum tax.

Tax loss carryforwards:

The Fund has accumulated net realized capital losses/non-capital losses that are available for utilization against net realized gains or net income for tax purposes in future years. Capital losses have no expiry date. Non-capital losses can be carried forward for up to 20 years. As at December 31, 2012, taxation year-end, there were \$7,322,142 (2011 - \$7,281,184) capital losses and nil (2011 - \$868,557) non-capital loss available for carryforward.

## 10. Related party transactions:

(a) Management fees:

In consideration for management services and investment advice provided to the Fund, the Manager is entitled to a management fee.

The management fee with respect to Series A securities is 2%, Series B securities is 2.25%, Series F securities is 1%, and Series G securities is 1.5%, calculated on a daily basis to the NAV of the Fund and payable monthly. No management fee is charged to Series I and J securities; instead a negotiated fee is paid by these unitholders to the Manager directly.

(b) Performance fees:

The Manager receives a performance-based fee for the Fund. The Manager will charge a performance fee of 20% of the return of the Fund in excess of their benchmark return. The performance fee is payable only if the Fund has outperformed their benchmark since the last time a performance fee was paid. Performance fees are calculated daily and crystallized and paid quarterly.



# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 10. Related party transactions (continued):

For performance fee calculation purposes, the benchmarks of the Fund is as follows:

Fund	Index
Landry Morin Long Short Momentum Fund	Higher of Three Month Canada T-Bills or 5% (2% for Class I Securities, Three Month Canada T-Bills for Classes B and G)

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### (c) Other:

In the normal course of business transactions between the Fund and officers of the Manager take place. At December 31, 2012 and 2011, the percentages of net assets owned as a result of securities held by related parties are as follows:

	2012	2011
Landry Morin Long Short Momentum Fund	21.52%	4.71%

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# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 11. Fair value measurement:

The following is a summary of the inputs used as of December 31, 2012 and 2011 in valuing the Fund's financial assets and liabilities carried at fair value:

	2012			2011		
	Level 1 quoted prices in active markets for identical assets	Level 2 securities that are valued based on inputs other than quoted prices that are observable, either directly as prices or indirectly as derived from prices	Level 3 significant unobservable inputs	Level 1 quoted prices in active markets for identical assets	Level 2 securities that are valued based on inputs other than quoted prices that are observable, either directly as prices or indirectly as derived from prices	Level 3 significant unobservable inputs
Financial assets:						
Cash						
equivalents	\$ –	\$ 10,951,160	\$ –	\$ –	\$ 18,742,096	\$ –
Equities	11,602,127	–	–	13,760,360	–	–
Exchange						
Traded						
Funds	280,626	–	–	367,479	–	–
Total financial						
assets	11,882,753	10,951,160	–	14,127,839	18,742,096	–
Financial liabilities:						
Equities	(3,594)	–	(17,845)	(6,501,937)	–	(28,810)
Exchange						
Traded						
Funds	(8,578,236)	–	–	(7,861,906)	–	–
Bonds	–	(4,609)	–	–	(3,896)	–
Total financial						
liabilities	(8,581,830)	(4,609)	(17,845)	(14,363,843)	(3,896)	(28,810)
Total financial						
assets and						
liabilities	\$ 3,300,923	\$ 10,946,551	\$ (17,845)	\$ (236,004)	\$ 18,738,200	\$ (28,810)

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the years presented.

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 11. Fair value measurement (continued):

The potential impact of using reasonable possible alternative assumptions for valuing Level 3 financial assets or liabilities would increase or decrease their fair value by approximately (\$28,810). In practice, actual results may differ from this sensitivity analysis and the difference could be material.

Reconciliation of financial asset and liability movement - Level 3:

The following table shows a reconciliation of all movements in the Level 3 financial assets and liabilities from the beginning of the year until the end of the year:

2012

Classification	Balance, beginning of year	Purchases	Sales	Net transfers	Appreciation Realized gains (losses)	Balance, end of year	Total change in unrealized for assets held at end of the year
Financial assets:							
Financial assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total financial assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Financial liabilities:							
Equities	\$ (28,810)	\$ -	\$ -	\$ -	\$ -	\$ (17,845)	\$ 10,965
<b>Total financial liabilities</b>	<b>(28,810)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,845)</b>	<b>10,965</b>
<b>Total financial assets and liabilities</b>	<b>\$ (28,810)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (17,845)</b>	<b>\$ 10,965</b>

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

## 11. Fair value measurement (continued):

2011

Classification	Balance, beginning of year	Purchases	Sales	Net transfers	Appreciation Realized gains (losses)	Balance, end of year	Total change in unrealized for assets held at end of the year
Financial assets:							
Financial assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total financial assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
Financial liabilities:							
Equities	\$ -	\$ -	\$ -	\$ (28,810)	\$ -	\$ (28,810)	\$ -
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28,810)</b>	<b>-</b>	<b>(28,810)</b>	<b>-</b>
<b>Total financial assets and liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (28,810)</b>	<b>\$ -</b>	<b>\$ (28,810)</b>	<b>\$ -</b>

## 12. Responsibility of the Trustee:

The trust must indemnify and save harmless the Trustee, its affiliates or any director, officer, employee or agent of the trustee from and against:

- (a) all claims whatsoever, (including legal fees, other costs, charges and expenses in connection therewith) brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of the trustee's and Manager's duties;
- (b) all other costs, charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Fund and the execution of the Trustee's and Manager's duties; and

# LANDRY MORIN LONG SHORT MOMENTUM FUND

Notes to Financial Statements (continued)

Year ended December 31, 2012

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## 12. Responsibility of the Trustee (continued):

- (c) any personal liabilities of the trustee incurred in connection with the failure of the Fund, or the manager, on behalf of the Fund, to report, remit or withhold taxes as required by the tax act or otherwise failing to comply with the tax act, so long as the trustee has relied in good faith on the manager in the performance of its duties hereunder and such personal liabilities have not been caused by the Trustee's bad faith, willful misconduct, gross negligence, reckless disregard of its duties or the breach by the Trustee of its standard of care.

This indemnification shall survive the resignation or removal of the Trustee or Manager and the termination of this Master Trust Agreement solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Master Trust Agreement.