

Financial Statements of

# **LANDRY LONG/SHORT FUNDS**

Years ended December 31, 2014 and 2013 and as at January 1, 2013

# LANDRY LONG/SHORT FUNDS

Table of Contents

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## Directory

## Manager's Responsibility for Financial Reporting

## Independent Auditors' Report

Landry Global Equity Long/Short Fund	1
Landry Adaptive Value Long/Short Fund	17
Notes to Financial Statements	28 - 49

# LANDRY LONG/SHORT FUNDS

Directory

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## Manager

Landry Investment Management Inc.  
1800 McGill College, Suite 1430  
Montréal, Québec H3A 3J6  
Tel.: 514-985-1138  
Fax: 514-282-1123  
[www.landryinvest.com](http://www.landryinvest.com)

## Custodians

J.P. Morgan  
383 Madison Avenue  
New York, New York 10179  
Tel.: 212-272-200  
[www.jpmorgan.com](http://www.jpmorgan.com)

RBC Prime Brokerage  
Royal Bank Plaza  
200 Bay Street, 2nd Floor  
South Tower  
Toronto, Ontario M5J 2W7

## Transfer Agent, Registrar and Valuation Agent

CIBC Mellon Global Securities Services Company  
320 Bay Street  
P.O. Box 1  
Toronto, Ontario M5H 4A6  
Tel.: 416-643-5500  
Fax: 416-643-5501  
[www.cibcmellon.com](http://www.cibcmellon.com)

## Trustee

Computershare Trust Company of Canada  
1500 University Street, 7<sup>th</sup> Floor  
Montréal, Québec H3A 3S8  
Tel.: 514-982-7888  
Fax: 514-982-7635  
[www.computershare.com](http://www.computershare.com)

## Auditors

KPMG LLP  
KPMG Tower  
600 de Maisonneuve West Boulevard, Suite 1500  
Montréal, Québec H3A 0A3  
[www.kpmg.ca](http://www.kpmg.ca)

## **MANAGER' RESPONSIBILITY FOR FINANCIAL REPORTING**

The following financial statements have been prepared by the Manager, Landry Investment Management Inc. The Manager is responsible for the integrity, objectivity and reliability of the data and declaration presented.

The Manager has taken all necessary measures to ensure that the financial information conveyed is relevant and reliable. The financial statements were prepared in accordance with International Financial Reporting Standards (as described in Note 3) using information available and includes certain amounts that are based on the Manager's best estimates and judgment.

Approved on behalf of Landry Investment Management Inc.



Jean-Luc Landry

President & Chief Executive Officer



**KPMG LLP**  
600 de Maisonneuve Blvd. West  
Suite 1500  
Tour KPMG  
Montréal (Québec) H3A 0A3

Telephone (514) 840-2100  
Fax (514) 840-2187  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## INDEPENDENT AUDITORS' REPORT

To the Unitholders of

Landry Global Equity Long/Short Fund  
Landry Adaptive Value Long/Short Fund  
(collectively the "Funds")

We have audited the accompanying financial statements of the Funds, which comprise the statements of financial position as at December 31, 2014, December 31, 2013 and January 1, 2013, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years ended December 31, 2014 and December 31, 2013, 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 International Financial Reporting Standards, 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 audits. We conducted our audits 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 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.



Page 2

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2014, December 31, 2013 and January 1, 2013, and their financial performance and their cash flows for the years ended December 31, 2014 and December 31, 2013 in accordance with International Financial Reporting Standards.

*KPMG LLP\**

March 26, 2015

Montréal, Canada

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Financial Position  
(In Canadian dollars)

December 31, 2014 and 2013 and January 1, 2013

	December 31, 2014	December 31, 2013	January 1, 2013
<b>Assets</b>			
Current assets:			
Investments	\$ 35,652,400	\$ 16,560,984	\$ 11,912,328
Cash and cash equivalents	32,468,685	13,280,163	9,282,222
Amounts receivable relating to portfolio assets sold	–	5,178,032	7,441,275
Amounts receivable related to accrued dividends	29,645	55,207	71,014
Prepaid expenses	19,292	9	9,352
	<u>68,170,022</u>	<u>35,074,395</u>	<u>28,716,191</u>
<b>Liabilities</b>			
Current liabilities:			
Investments sold short	32,733,788	14,756,748	8,586,463
Liabilities for units redeemed	19,619	–	–
Accrued expenses	104,781	38,050	28,091
Accrued management fees	80,096	9,957	6,560
Liabilities for portfolio assets purchased	–	4,798,355	8,910,582
Distributions payable	–	–	526,818
	<u>32,938,284</u>	<u>19,603,110</u>	<u>18,058,514</u>
Net assets attributable to holders of redeemable units	<u>\$ 35,231,738</u>	<u>\$ 15,471,285</u>	<u>\$ 10,657,677</u>

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Financial Position (continued)  
(In Canadian dollars)

December 31, 2014 and 2013 and January 1, 2013

	December 31, 2014	December 31, 2013	January 1, 2013
Represented by:			
Class A:			
Net assets attributable to holders of redeemable units	\$ 27,261	\$ 26,815	\$ 23,102
Securities issued and outstanding, Series A	4,055	4,055	3,950
Class B:			
Net assets attributable to holders of redeemable units	–	–	79,133
Securities issued and outstanding, Series B	–	–	8,435
Class F:			
Net assets attributable to holders of redeemable units	16,801,677	11,608,559	6,891,766
Securities issued and outstanding, Series F	1,768,131	1,256,834	854,799
Class G:			
Net assets attributable to holders of redeemable units	–	–	195,719
Securities issued and outstanding, Series G	–	–	20,314
Class H:			
Net assets attributable to holders of redeemable units	14,349,885	–	–
Securities issued and outstanding, Series H	1,407,685	–	–
Class I:			
Net assets attributable to holders of redeemable units	4,052,915	3,835,911	3,467,957
Securities issued and outstanding, Series I	571,165	562,441	589,246
	<b>\$ 35,231,738</b>	<b>\$ 15,471,285</b>	<b>\$ 10,657,677</b>
Net assets attributable to holders of redeemable units per unit:			
Class A	\$ 6.72	\$ 6.61	\$ 5.85
Class B	–	–	9.38
Class F	9.50	9.24	8.06
Class G	–	–	9.63
Class H	10.19	–	–
Class I	7.10	6.82	5.89

The accompanying notes are an integral part of these financial statements.

Approved on behalf of Landry Investment Management Inc.:



Jean-Luc Landry  
President & Chief Executive Officer



Benoît Perraton Brillon, CFA  
Chief Investment Officer & Director



# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Comprehensive Income  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Revenue:		
Dividend revenue	\$ 98,166	\$ 292,608
Interest revenue	164,552	80,163
Short-term trading fees	547	–
Foreign withholding taxes	(96,337)	(51,483)
Foreign exchange gains (losses)	291,418	(96,444)
Net realized gain on investments	1,131,177	3,020,529
Net change in unrealized gain (loss) on investments	102,775	(869,968)
Total revenue	1,692,298	2,375,405
Expenses:		
Management fees (note 11)	180,750	101,832
Performance fees (note 11)	46,259	110
Custodial fees	25,945	39,326
Administrative costs (note 8)	245,193	152,364
Transaction costs	160,422	117,953
Dividends and interest expense	–	135,817
Short borrow fees	149,736	110,308
Other fees	147,964	66,854
Total operating expenses	956,269	724,564
Increase in net assets attributable to holders of redeemable units	\$ 736,029	\$ 1,650,841

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Comprehensive Income (continued)  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Increase in net assets attributable to holders of redeemable units:		
Class A	\$ 447	\$ 5,760
Class B	–	5,002
Class F	341,239	1,074,679
Class G	–	13,080
Class H	234,884	–
Class I	159,459	552,320
Increase in net assets attributable to holders of redeemable units per unit:		
Class A	\$ 0.11	\$ 0.72
Class B	–	0.60
Class F	0.21	1.10
Class G	–	0.62
Class H	0.30	0.96
Class I	0.18	–

The accompanying notes are integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Balance, beginning of year	\$ 15,471,285	\$ 10,657,677
Increase in net assets attributable to holders of redeemable units	736,029	1,650,841
Redeemable unit transactions:		
Issue of redeemable units	22,997,358	5,601,127
Reinvestments of distributions	–	489,281
Redemption of redeemable units	(3,972,934)	(2,927,641)
Net increase from redeemable unit transactions	19,024,424	3,162,767
Balance, end of year	\$ 35,231,738	\$ 15,471,285

Class A	2014	2013
Balance, beginning of year	\$ 26,815	\$ 23,102
Increase in net assets attributable to holders of redeemable units	447	5,760
Net transfer of units from other funds	–	84,135
Redeemable unit transactions:		
Issue of redeemable units	(1)	–
Reinvestments of distributions	–	610
Redemption of redeemable units	–	(86,792)
Net decrease from redeemable unit transactions	(1)	(86,182)
Balance, end of year	\$ 27,261	\$ 26,815

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, Continued  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

Class B	2014	2013
Balance, beginning of year	\$ –	\$ 79,133
Increase in net assets attributable to holders of redeemable units	–	5,002
Net transfer of units to other funds	–	(84,135)
Balance, end of year	\$ –	\$ –

Class F	2014	2013
Balance, beginning of year	\$ 11,608,558	\$ 6,891,767
Increase in net assets attributable to holders of redeemable units	341,239	1,074,679
Net transfer of units from other funds	–	217,418
Redeemable unit transactions:		
Issue of redeemable units	8,248,302	5,051,563
Reinvestments of distributions	–	304,960
Redemption of redeemable units	(3,396,422)	(1,931,829)
Net increase from redeemable unit transactions	4,851,880	3,424,694
Balance, end of year	\$ 16,801,677	\$ 11,608,558

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units, Continued  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

Class G	2014	2013
Balance, beginning of year	\$ –	\$ 195,719
Increase in net assets attributable to holders of redeemable units	–	13,080
Net transfer of units to other funds	–	(217,418)
Redeemable unit transactions:		
Issue of redeemable units	–	8,000
Reinvestments of distributions	–	5,619
Redemption of redeemable units	–	(5,000)
Net increase from redeemable unit transactions	–	8,619
Balance, end of year	\$ –	\$ –

Class H	2014	2013
Balance, beginning of year	\$ –	\$ –
Increase in net assets attributable to holders of redeemable units	234,884	–
Redeemable unit transactions:		
Issue of redeemable units	14,115,001	–
Reinvestments of distributions	–	–
Redemption of redeemable units	–	–
Net increase from redeemable unit transactions	14,115,001	–
Balance, end of year	\$ 14,349,885	\$ –

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

Class I	2014	2013
Balance, beginning of year	\$ 3,835,912	\$ 3,467,956
Increase in net assets attributable to holders of redeemable units	159,459	552,320
Redeemable unit transactions:		
Issue of redeemable units	634,056	541,564
Reinvestments of distributions	–	178,092
Redemption of redeemable units	(576,512)	(904,020)
Net increase from redeemable unit transactions	57,544	184,364
Balance, end of year	\$ 4,052,915	\$ 3,835,912

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statements of Cash Flows  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Increase in net assets attributable to holders of redeemable units	\$ 736,029	\$ 1,650,841
Adjustments for:		
Foreign exchange (gain) loss on cash	(291,418)	96,444
Net realized gain from investments	(1,131,177)	(3,020,529)
Net change in unrealized (appreciation) depreciation from investments	(102,775)	869,968
Dividend revenue	(98,166)	(292,608)
Interest revenue	(164,552)	(80,163)
Prepaid expenses	(19,283)	9,343
Accrued expenses	66,731	9,959
Management fees accrued	70,139	3,397
Portfolio assets sold receivable	5,178,032	2,263,243
Portfolio assets purchased payable	(4,798,355)	(4,112,227)
Proceeds from sale of investments	81,522,348	61,451,552
Purchase of investments	(81,402,772)	(57,779,362)
Dividends received	123,728	308,415
Interest received	164,552	80,163
	(146,939)	1,458,436
Financing activities:		
Proceeds from issuance of redeemable units	22,997,358	5,601,127
Payments on redemption of redeemable units	(3,953,315)	(2,927,641)
Distributions paid	—	(37,537)
	19,044,043	2,635,949
Net increase in cash and cash equivalents	18,897,104	4,094,385
Cash and cash equivalents, beginning of year	13,280,163	9,282,222
Effect of exchange rate fluctuations on cash and cash equivalents	291,418	(96,444)
Cash and cash equivalents, end of year	\$ 32,468,685	\$ 13,280,163
Cash and equivalents comprised of:		
Cash	\$ 29,973,594	\$ 14,296,348
Cash equivalents	2,495,091	(1,016,185)
	\$ 32,468,685	\$ 13,280,163

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>U.S. equities (-4.4%)</b>			
Long Positions (+34.2%)			
4,700	Allstate Corp. (The)	\$ 309,972	\$ 383,036
7,800	Altria Group Inc.	459,553	445,833
4,900	American International Group Inc.	289,947	318,388
1,000	Anthem Inc.	95,020	145,790
6,700	Apple Inc.	681,546	857,947
2,600	Assurant Inc.	209,803	206,403
3,600	AT&T Inc.	139,268	140,284
2,200	Berkshire Hathaway Inc., Class B	329,377	383,216
4,000	C.H. Robinson Worldwide Inc.	358,598	347,519
2,900	Capital One Financial Corp.	237,823	277,722
3,000	CenturyLink Inc.	133,227	137,750
4,500	Chesapeake Energy Corp.	105,758	102,164
1,200	Chubb Corp. (The)	146,059	144,043
3,600	Costco Wholesale Corp.	605,005	591,999
3,200	CVS Health Corp.	364,237	357,533
18,100	Denbury Resources Inc.	175,033	170,712
2,600	Dollar Tree Stores Inc.	212,506	212,284
3,400	First Solar Inc.	188,329	175,898
5,300	Freeport-McMoRan Inc., Class B	140,391	143,630
14,400	Genworth Financial Inc., Class A	141,763	141,996
600	Goldman Sachs Group Inc. (The)	125,725	134,917
4,100	Hess Corp.	434,046	351,118
13,600	Hewlett-Packard Co.	537,568	633,145
14,100	Intel Corp.	532,189	593,610
2,400	JPMorgan Chase & Co.	175,266	174,238
5,100	Lincoln National Corp.	243,952	341,205
4,500	Lowe's Cos. Inc.	355,507	359,167
1,900	Macy's Inc.	141,844	144,925
5,800	Marriott International Inc., Class A	422,013	525,031
3,900	MetLife Inc.	237,262	244,724
7,900	Micron Technology Inc.	201,071	320,859
3,200	Newfield Exploration Co.	103,919	100,678
2,300	O'Reilly Automotive Inc.	523,692	513,954
100	Priceline Group Inc.	133,436	132,276
1,800	Quest Diagnostics Inc.	143,249	140,033
21,700	ResMed Inc.	144,047	142,745
4,300	Union Pacific Corp.	498,514	594,271
4,300	Unum Group	163,523	173,996
3,800	Verizon Communications Inc.	203,537	206,224
5,000	Wells Fargo & Co.	284,292	317,983
13,000	Xerox Corp.	185,314	209,027
		11,113,181	12,038,273
Short Positions (-38.6%)			
(24,800)	SPDR S&P 500 ETF Trust	(4,823,996)	(5,912,331)
(26,200)	iShares S&P 100 ETF	(2,284,775)	(2,764,086)
(20,600)	iShares U.S. Financials ETF	(1,867,622)	(2,155,604)
(23,100)	PowerShares QQQ Trust, Series 1	(2,136,736)	(2,766,924)
		(11,113,129)	(13,598,945)
		52	(1,560,672)



# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>Austrian equities (+4.3%)</b>			
Long Positions (+4.3%)			
2,700	Andritz AG	\$ 176,201	\$ 172,898
9,700	CA Immobilien Anlagen AG	198,120	210,722
1,900	Flughafen Wien AG	184,586	204,566
4,600	Lenzing AG	325,634	340,019
4,400	Oesterreichische Post AG	245,029	249,014
3,800	OMV AG	119,347	117,222
9,900	Verbund AG	217,000	212,222
		1,465,917	1,506,663
<b>United Kingdom equities (+4.7%)</b>			
Long Positions (+4.7%)			
7,500	Amec Foster Wheeler PLC	121,003	115,539
5,800	Anglo American PLC	157,093	125,750
5,700	BG Group PLC	91,207	89,045
7,000	BHP Billiton PLC	248,424	175,534
37,400	BP PLC	328,265	277,608
4,800	EnSCO PLC	173,564	166,776
5,300	Fiat Chrysler Automobiles NV	72,712	71,209
3,100	IMI PLC	72,390	70,710
47,000	Legal & General Group PLC	192,099	211,017
3,500	Rio Tinto PLC, Registered	214,963	189,630
10,400	SEGRO PLC	72,385	69,551
5,300	Standard Chartered PLC	92,236	92,177
		1,836,341	1,654,546
<b>France equities (+9.4%)</b>			
Long Positions (+9.4%)			
6,400	AXA SA	171,473	172,266
6,600	CNP Assurances	142,733	136,209
11,200	Crédit Agricole SA	159,228	168,902
9,700	Établissements Maurel et Prom	107,482	105,483
4,000	Genfit	198,986	211,240
600	Hermes International	250,421	247,904
2,600	Ingenico SA	289,140	318,049
2,300	Ipsen SA	140,353	138,612
36,000	Natixis	281,009	276,748
8,200	Numericable Group SA	327,578	470,508
13,800	Orange SA	246,836	273,679
87,100	PagesJaunes Groupe SA	70,686	71,047
4,700	Peugeot SA, Warrants, 2017/04/29	8,778	9,281
6,600	PSA Peugeot Citroën SA	103,217	94,537
2,700	SCOR SA	93,470	95,342
2,200	SR.Teleperformance	177,336	173,996
1,700	Technip SA	120,651	117,737
2,200	Total SA	146,616	131,106
2,800	Vallourec SA	90,419	89,278
		3,126,412	3,301,924
<b>Swiss equities (+2.5%)</b>			
Long Positions (+2.5%)			
2,400	ACE Ltd.	264,016	319,853
600	Swiss Life Holding AG, Registered	163,459	165,336
1,400	Swiss Re Ltd.	126,311	136,510
6,300	Transocean Ltd.	139,939	134,118
6,300	Transocean Ltd.	138,908	133,967
		832,633	889,784

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>EAFE equities (-41.8%)</b>			
Short Position (-41.8%)			
(199,400)	iShares MSCI EAFE ETF	(14,252,234)	(14,073,736)
(24,900)	iShares MSCI Europe Financials ETF	(677,729)	(636,080)
		(14,929,963)	(14,709,816)
<b>Belgian equities (+0.6%)</b>			
Long Positions (+0.6%)			
2,500	Ageas NV	\$ 104,984	\$ 103,381
2,400	Belgacom SA	88,429	101,247
		193,413	204,628
<b>Australian equities (+2.3%)</b>			
Long Positions (+3.8%)			
14,200	Caltex Australia Ltd.	394,399	460,450
1,700	CSL Ltd.	140,043	139,672
23,300	Lend Lease Corp. Ltd.	333,944	362,194
159,600	Qantas Airways Ltd.	352,295	363,066
		1,220,681	1,325,382
Short Positions (-1.5%)			
(20,400)	iShares MSCI Australia ETF	(522,978)	(524,676)
		(522,978)	(524,676)
<b>Ireland equities (+0.9%)</b>			
Long Positions (+0.9%)			
2,600	Seagate Technology	149,785	200,581
2,600	XL Group PLC	96,927	103,669
		246,712	304,250
<b>Italian (+0.8%)</b>			
Long Positions (+0.8%)			
130,000	Banca Monte dei Paschi di Siena SPA	85,657	85,634
4,300	Eni SPA	89,632	87,446
9,200	Saipem SPA	117,147	113,017
		292,436	286,097
<b>Sweden equities (+0.8%)</b>			
Long Position (+0.8%)			
6,600	Investor AB, Series B	265,233	278,015
<b>Spain equities (+0.2%)</b>			
Long Positions (+0.2%)			
1,700	ACS Actividades de Construcción y Servicios SA	74,739	69,024
<b>Netherland equities (+0.5%)</b>			
Long Positions (+0.5%)			
4,300	Royal Dutch Shell PLC, Class B	182,208	173,411

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>Bermuda equities (+0.5%)</b>			
Long Positions (+0.5%)			
7,100	Nabors Industries Ltd.	103,814	106,912
6,500	SeaDrill Ltd.	91,702	86,808
		195,516	193,720
<b>Japan (+10.8%)</b>			
Long Position (+10.8%)			
47,900	Aozora Bank Ltd.	\$ 174,088	\$ 173,065
13,000	Asahi Kasei Corp.	137,830	138,836
600	Central Japan Railway Co.	91,504	105,145
14,000	Hokuetsu Kishu Paper Co. Ltd.	71,280	69,517
5,500	INPEX CORP.	81,315	71,490
55,000	iShares MSCI Japan ETF	735,794	717,174
17,000	Keisei Electric Railway Co. Ltd.	243,761	241,909
4,000	Kikkoman Corp.	118,799	114,613
34,000	Kobe Steel Ltd.	59,695	68,648
4,100	Meiji Holdings Co. Ltd.	419,987	436,086
29,100	Minebea Co. Ltd.	393,815	507,143
16,000	Mitsubishi UFJ Financial Group Inc.	104,358	102,711
7,400	Mitsui & Co. Ltd.	124,264	115,918
42,000	Nippon Light Metal Holdings Co. Ltd.	71,685	70,193
1,700	Nippon Telegraph & Telephone Corp.	110,762	102,003
30,100	Resona Holdings Inc.	180,022	177,930
26,400	Shimizu Corp.	234,078	209,896
14,400	SUMCO Corp.	247,720	243,306
16,000	Tokyo Electric Power Co. Inc. (The)	71,588	76,048
6,000	Yokohama Rubber Co. Ltd. (The)	67,982	64,049
		3,740,327	3,805,680
<b>German equities (+9.2%)</b>			
Long Positions (+9.2%)			
5,200	Aareal Bank AG	242,208	242,858
1,400	Allianz AG, Registered	252,631	269,502
1,500	Daimler AG, Registered	139,848	144,996
4,600	Deutsche Annington Immobilien SE	181,777	180,647
8,700	Dialog Semiconductor PLC	278,605	357,571
3,400	E.ON SE	69,258	67,643
1,400	Hannover Rueckversicherungs SE	131,886	147,103
2,900	KUKA AG	184,711	239,560
2,400	LEG Immobilien GmbH	177,865	208,381
600	Muenchener Rueckversicherungs-Gesellschaft AG, Registered	135,693	139,383
3,618	Nemetschek AG	384,101	426,553
882	STRATEC Biomedical AG	57,819	56,548
6,500	Symrise AG, Bearer	418,806	456,685
3,900	Talanx AG	143,796	139,088
3,500	TUI AG, Registered	69,071	67,694
400	Volkswagen AG, Preferred	108,694	103,518
		2,976,769	3,247,730
<b>German equities (-0.1%)</b>			
Short Position (-0.1%)			
(142)	Puma SE	(44,838)	(34,402)

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>Singapore equities (+1.4%)</b>			
	Long Position (+1.4%)		
5,700	Avago Technologies Ltd.	389,138	490,117
<b>Canadian equities (+2.7%)</b>			
	Long Positions (+13.7%)		
6,400	Alimentation Couche-Tard Inc., Class B	\$ 306,292	\$ 311,616
12,800	Amaya Inc.	394,561	365,440
1,600	Bank of Nova Scotia	106,336	106,096
7,000	Baytex Energy Corp.	137,943	135,240
1,300	Brookfield Asset Management Inc., Class A	67,032	75,686
10,300	Calfrac Well Services Ltd.	102,326	103,103
1,800	Canadian Imperial Bank of Commerce	173,747	179,712
5,000	Canadian National Railway Co.	389,806	400,100
9,500	Canadian Oil Sands Ltd.	140,945	98,990
12,400	Centerra Gold Inc.	75,334	74,896
2,000	Cogeco Cable Inc.	123,829	143,280
4,900	Crescent Point Energy Corp.	137,477	131,859
5,300	Dollarama Inc.	315,956	314,820
10,900	Encana Corp.	171,890	176,253
8,300	Fortis Inc.	324,171	323,368
2,500	Husky Energy Inc.	67,584	68,750
4,000	Jean Coutu Group (PJC) Inc. (The), Class A	86,335	113,240
46,900	Legacy Oil + Gas Inc.	103,611	101,304
1,000	Linamar Corp.	71,670	70,950
600	Magna International Inc., Class A	52,203	75,534
4,500	Manulife Financial Corp.	91,151	99,810
3,100	Metro Inc., Class A	284,251	289,230
1,300	National Bank of Canada	60,467	64,272
14,400	Precision Drilling Corp.	102,234	101,664
3,500	Royal Bank of Canada	281,100	280,840
4,800	Suncor Energy Inc.	185,052	177,120
9,000	Teck Resources Ltd., Class B	139,329	142,920
2,400	Vermilion Energy Inc.	138,425	136,800
2,100	WestJet Airlines Ltd.	63,539	70,056
8,800	Whitecap Resources Inc.	103,282	100,672
		4,797,878	4,833,621
	Short Position (-11.0%)		
(63,000)	iShares MSCI Canada ETF	(3,768,370)	(3,860,299)
		1,029,508	973,322
<b>Luxembourg (+2.3%)</b>			
	Long Position (+2.3%)		
7,000	ArcelorMittal SA	91,052	89,160
27,100	Gagfah SA	596,924	705,283
		687,976	794,443
<b>Norway (+0.5%)</b>			
	Long Position (+0.5%)		
4,600	DNB ASA	91,779	78,666
5,000	Statoil ASA	103,790	101,341
		195,569	180,007

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
	<b>Portugal (+0.2%)</b>		
	Long Position (+0.2%)		
62,000	Portugal Telecom SGPS SA, Registered	87,284	75,085
	<b>German bonds (-0.1%)</b>		
	Short Position (-0.1%)		
(2,747)	Global PVQ SE, 6.75%, 2015/10/21	(267)	(5,120)
(285)	Q-Cells SE, Convertible, Callable, 6.75%, 2015/10/21	(28)	(530)
		(295)	(5,650)
Total long positions		\$ 33,920,363	\$ 35,652,400
Total short positions		(30,379,573)	(32,733,788)
Transaction costs		(74,386)	-
Total investment portfolio (8.3%)		<u>\$ 3,466,406</u>	2,918,612
Cash and cash equivalents (92.2%)			32,468,685
Other assets less liabilities (0.4%)			(155,559)
Net assets at fair value (100.0%)			\$ 35,231,738

The accompanying notes are an integral part of these financial statements.

# LANDRY GLOBAL EQUITY LONG/SHORT FUND

## Fair Value of Financial Instruments

The following is a summary of the inputs used as of December 31, 2014, December 31, 2013 and January 1, 2013 in valuing the fund's financial assets and liabilities carried at fair value:

	December 31, 2014		December 31, 2013		January 1, 2013		
	Level 1 quoted prices in active markets for identical assets	Level 2 units that are valued based on inputs other than quoted prices that are observable, either directly as prices or indirectly as derived from prices	Level 1 quoted prices in active markets for identical assets	Level 2 units that are valued based on inputs other than quoted prices that are observable, either directly as prices or indirectly as derived from prices	Level 1 quoted prices in active markets for identical assets	Level 2 units 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
<b>Financial assets:</b>							
Equities	\$ 34,935,226	\$ –	\$ 16,009,683	\$ –	\$ 11,631,702	\$ –	\$ –
Exchange traded funds	717,174	–	551,301	–	280,626	–	–
<b>Total financial assets</b>	<b>35,652,400</b>	<b>–</b>	<b>16,560,984</b>	<b>–</b>	<b>11,912,328</b>	<b>–</b>	<b>–</b>
<b>Financial liabilities:</b>							
Equities	(32,693,743)	–	–	–	(4,547)	–	(17,845)
Exchange traded funds	–	–	(14,751,101)	–	(8,559,465)	–	–
Bonds	–	(40,045)	–	(5,647)	–	(4,606)	–
<b>Total financial liabilities</b>	<b>(32,693,743)</b>	<b>(40,045)</b>	<b>(14,751,101)</b>	<b>(5,647)</b>	<b>(8,564,012)</b>	<b>(4,606)</b>	<b>(17,845)</b>
<b>Total financial assets and liabilities</b>	<b>\$ 2,958,657</b>	<b>\$ (40,045)</b>	<b>\$ 1,809,883</b>	<b>\$ (5,647)</b>	<b>\$ 3,348,316</b>	<b>\$ (4,606)</b>	<b>\$ (17,845)</b>

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.

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 \$17,845.

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

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Financial Position  
(In Canadian dollars)

December 31, 2014 and 2013

	2014	2013
<b>Assets</b>		
Current assets:		
Investments	\$ 7,712,360	\$ 2,969,400
Cash and cash equivalents	1,446,197	1,182,781
Amounts receivable relating to accrued dividends	16,213	7,644
Amounts receivable relating to accrued income	—	1,407
Prepaid expenses	1,760	—
	<u>9,176,530</u>	<u>4,161,232</u>
<b>Liabilities</b>		
Current liabilities:		
Investments sold short	2,472,955	858,484
Accrued expenses	22,696	6,793
Accrued management fees	8,996	3,963
	<u>2,504,647</u>	<u>869,240</u>
Net assets attributable to holders of redeemable units	<u>\$ 6,671,883</u>	<u>\$ 3,291,992</u>

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Financial Position (continued)  
(In Canadian dollars)

December 31, 2014 and 2013

	2014	2013
Represented by:		
Class F:		
Net assets attributable to holders of redeemable units	\$ 6,119,643	\$ 2,744,596
Securities issued and outstanding, Series F	579,751	258,413
Class I:		
Net assets attributable to holders of redeemable units	552,240	547,396
Securities issued and outstanding, Series I	51,329	51,329
	<u>\$ 6,671,883</u>	<u>\$ 3,291,992</u>
Net assets attributable to holders of redeemable units per unit:		
Class F	\$ 10.56	\$ 10.62
Class I	10.76	10.66

The accompanying notes are an integral part of these financial statements.

Approved on behalf of Landry Investment Management Inc.:



Jean-Luc Landry  
President & Chief Executive Officer



Benoit Perraton Brillon, CFA  
Chief Investment Officer & Director



# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Comprehensive Income  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Revenue:		
Dividend revenue	\$ 86,565	\$ 29,512
Interest revenue	23,971	6,105
Short term trading fees	1,000	–
Foreign exchange loss	(14,750)	–
Foreign withholding taxes	(532)	–
Net realized (loss) gain on investments	(31,692)	18,852
Net change in unrealized gain on investments	9,015	138,456
Total revenue	73,577	192,925
Expenses:		
Management fees (note 11)	103,922	12,336
Performance fees (note 11)	31,046	13,155
Custodial fees	1,305	–
Administrative costs (note 8)	66,131	8,987
Other fees	2,500	8,220
Short borrow fees	10,767	1,518
Transaction costs	23,306	9,643
Independent Review Committee fees	–	645
Total operating expenses	238,977	54,504
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (165,400)	\$ 138,421

The accompanying notes are an integral part of these financial statements.

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Comprehensive Income (continued)  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
(Decrease) increase in net assets attributable to holders of redeemable units:		
Class F	\$ (170,245)	\$ 108,890
Class I	4,845	29,531
Increase in net assets attributable to holders of redeemable units per unit:		
Class F	\$ (0.31)	\$ 0.85
Class I	0.10	0.93

The accompanying notes are integral part of these financial statements.

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Balance, beginning of year	\$ 3,291,992	\$ –
(Decrease) increase in net assets attributable to holders of redeemable units	(165,400)	138,421
Redeemable unit transactions:		
Issue of redeemable units	4,723,903	3,154,560
Reinvestments of distributions	–	–
Redemption of redeemable units	(1,178,612)	(989)
Net increase from redeemable unit transactions	3,545,291	3,153,571
Balance, end of year	\$ 6,671,883	\$ 3,291,992

The accompanying notes are an integral part of these financial statements.

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (continued)  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

Class F	2014	2013
Balance, beginning of year	\$ 2,744,597	\$ –
(Decrease) increase in net assets attributable to holders of redeemable units	(170,245)	108,890
Redeemable unit transactions:		
Issue of redeemable units	4,723,903	3,137,242
Reinvestments of distributions	–	–
Redemption of redeemable units	(1,178,611)	(495)
Net increase from redeemable unit transactions	3,545,292	3,136,747
Net transfer of units to other Funds	–	(501,040)
Balance, end of year	\$ 6,119,644	\$ 2,744,597

Class I	2014	2013
Balance, beginning of year	\$ 547,395	\$ –
Increase in net assets attributable to holders of redeemable units	4,845	29,531
Redeemable unit transactions:		
Issue of redeemable units	–	17,318
Reinvestments of distributions	–	–
Redemption of redeemable units	(1)	(494)
Net (decrease) increase from redeemable unit transactions	(1)	16,824
Net redesignation of units from other Funds	–	501,040
Balance, end of year	\$ 552,239	\$ 547,395

The accompanying notes are an integral part of these financial statements.

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statements of Cash Flows  
(In Canadian dollars)

Years ended December 31, 2014 and 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (165,400)	\$ 138,421
Adjustments for:		
Foreign exchange loss	14,750	–
Net realized loss (gain) from investments and derivatives	31,692	(18,852)
Net change in unrealized appreciation (depreciation) from investments and derivatives	(9,015)	(138,456)
Accrued expenses	15,903	6,793
Dividend revenue	(86,565)	(29,512)
Interest revenue	(23,971)	(6,105)
Prepaid expenses	(1,760)	–
Accrued management fees	5,033	3,963
Proceeds from sale of investments	4,298,333	1,921,579
Purchase of investments	(7,449,499)	(3,875,187)
Dividends received	77,996	21,868
Interest received	25,378	4,698
	(3,267,125)	(1,970,790)
Financing activities:		
Proceeds from issuance of redeemable units	4,723,903	3,154,560
Payments on redemption of redeemable units	(1,178,612)	(989)
Distributions paid to holders of redeemable units	–	–
	3,545,291	3,153,571
Net increase in cash and cash equivalents	278,166	1,182,781
Cash and cash equivalents, beginning of year	1,182,781	–
Effect of exchange rate fluctuations on cash and cash equivalents	(14,750)	–
Cash and cash equivalents, end of year	\$ 1,446,197	\$ 1,182,781
Cash and equivalents comprised of:		
Cash	\$ 2,221,107	\$ 1,182,557
Cash equivalents	(774,910)	224
	\$ 1,446,197	\$ 1,182,781

The accompanying notes are an integral part of these financial statements.

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Schedule of Investment Portfolio  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
<b>Canadian equities (+65.9%)</b>			
Long Positions (+103.7%)			
Financials (37.6%)			
3,800	Bank of Montreal	\$ 299,116	\$ 312,284
3,400	Bank of Nova Scotia	223,005	225,454
500	Boardwalk REIT	34,729	30,770
1,500	Brookfield Asset Management Inc., Class A	73,427	87,330
1,500	Canadian Apartment Properties REIT	37,593	37,695
2,200	Canadian Imperial Bank of Commerce	201,952	219,648
1,500	Genworth MI Canada Inc.	49,757	55,470
1,100	Home Capital Group Inc.	45,971	52,789
1,000	Industrial Alliance Insurance and Financial Services Inc.	47,929	44,430
600	Laurentian Bank of Canada	30,453	29,982
11,400	Manulife Financial Corp.	242,211	252,852
2,600	National Bank of Canada	114,459	128,544
1,800	Power Financial Corp.	63,659	65,124
5,600	Royal Bank of Canada	424,873	449,344
5,100	Sun Life Financial Inc.	196,110	213,792
4,700	Toronto-Dominion Bank (The)	262,837	260,897
1 600	Brookfield Property Partners LP	33,397	42,320
		2,381,478	2,508,725
Energy (23%)			
7,300	Bankers Petroleum Ltd.	28,012	23,798
2,100	Baytex Energy Corp.	39,625	40,572
2,500	Calfrac Well Services Ltd.	25,551	25,025
6,100	Canadian Natural Resources Ltd.	231,080	219,112
4,900	Canadian Oil Sands Ltd.	83,303	51,058
2,600	Crescent Point Energy Corp.	70,068	69,966
4,200	Encana Corp.	64,167	67,914
6,500	Gran Tierra Energy Inc.	51,304	28,990
3,000	Husky Energy Inc.	95,386	82,500
900	Imperial Oil Ltd.	48,586	45,045
1,200	Inter Pipeline Ltd.	40,872	43,128
800	Keyera Corp.	70,245	64,856
15,500	Legacy Oil + Gas Inc.	63,313	33,480
1,800	Pacific Rubiales Energy Corp.	38,023	12,942
1,400	Pembina Pipeline Corp.	67,797	59,276
2,600	Precision Drilling Corp.	19,081	18,356
4,400	Savanna Energy Services Corp.	35,000	14,872
8,200	Suncor Energy Inc.	312,651	302,580
7,200	Talisman Energy Inc.	66,363	65,520
2,700	TransCanada Corp.	152,586	154,170
2,500	Veresen Inc.	46,987	45,900
600	Vermilion Energy Inc.	31,784	34,200
2,700	Whitecap Resources Inc.	32,592	30,888
		1,714,376	1,534,148
Balance carried forward		4,095,854	4,042,873

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 4,095,854	\$ 4,042,873
	<b>Canadian equities (+65.9%)</b>		
	Long Positions (+103.7%)		
	Materials (7.5%)		
1,400	Agnico Eagle Mines Ltd.	58,743	40,488
900	Agrium Inc.	87,868	99,000
4,100	Barrick Gold Corp.	83,075	51,332
300	CCL Industries Inc., Class B	37,153	37,761
7,800	Centerra Gold Inc.	39,187	47,112
4,500	First Quantum Minerals Ltd.	92,170	74,295
7,000	Lundin Mining Corp.	42,476	40,040
11,000	OceanaGold Corp.	29,078	22,220
4,300	Teck Resources Ltd., Class B	83,721	68,284
4,400	Yamana Gold Inc.	19,351	20,636
		572,822	501,168
	Consumer Discretionary (8.1%)		
900	Amaya Inc.	31,739	25,695
500	Canadian Tire Corp. Ltd., Class A	54,559	61,370
1,600	Cogeco Cable Inc.	91,870	114,624
1,000	Dollarama Inc.	46,569	59,400
1,100	Linamar Corp.	57,920	78,045
1,200	Magna International Inc., Class A	116,940	151,068
1,500	Quebecor Inc., Class B	35,699	47,910
		435,296	538,112
	Industrials (10.1%)		
4,600	Air Canada	35,771	54,602
28,500	Bombardier Inc., Class B	114,442	118,275
2,700	Canadian National Railway Co.	186,219	216,054
700	Canadian Pacific Railway Ltd.	140,969	156,625
1,100	Toromont Industries Ltd.	28,425	31,361
2,000	Transcontinental Inc., Class A	27,657	33,120
2,000	WestJet Airlines Ltd.	54,433	66,720
		587,916	676,757
	Consumer Staples (5.9%)		
1,100	Alimentation Couche-Tard Inc., Class B	38,884	53,559
600	Empire Co. Ltd., Class A	48,095	52,572
2,300	Jean Coutu Group (PJC) Inc. (The), Class A	48,602	65,113
1,500	Loblaw Cos. Ltd.	76,969	93,255
500	Metro Inc., Class A	40,021	46,650
2,400	Saputo Inc.	78,028	83,808
		330,599	394,957
	Information Technology (6.4%)		
7,300	Blackberry Ltd.	88,191	93,002
6,200	Celestica Inc.	78,229	84,630
2,900	CGI Group Inc., Class A	112,298	128,441
100	Constellation Software Inc.	21,589	34,544
1,800	Thomson Reuters Corp.	65,681	84,366
		365,988	424,983
	Balance carried forward	6,388,475	6,578,850

# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Schedule of Investment Portfolio (continued)  
(In Canadian dollars)

December 31, 2014

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 6,388,475	\$ 6,578,850
	<b>Canadian equities (+65.9%)</b>		
	Long Positions (+103.7%)		
	Telecommunications (3.2%)		
2,400	BCE Inc.	117,470	127,872
2,000	TELUS Corp.	79,006	83,780
		196,476	211,652
	Utilities (1.9%)		
1,200	Capital Power Corp.	31,626	31,200
1,400	Emera Inc.	52,786	54,096
1,000	Fortis Inc.	38,102	38,960
		122,514	124,256
	Short Positions (-37.1%)		
	Financial Services (-37.1%)		
(14,500)	iShares CDN S&P/TSX Capped Composite Index Fund	(335,056)	(336,690)
(99,500)	iShares S&P/TSX 60 Index ETF	(2,028,575)	(2,136,265)
		(2,363,631)	(2,472,955)
		4,343,834	4,441,803
	<b>U.S. equities (+12%)</b>		
	Long Positions (+12%)		
	Mutual Fund Corp. & Trust (12%)		
3,700	iShares S&P 100 ETF	375,238	390,349
3,400	PowerShares QQQ Trust, Series 1	385,175	407,253
		760,413	797,602
	Total long positions	7,467,878	7,712,360
	Total short positions	(2,363,631)	(2,472,955)
	Transaction costs	(12,524)	-
	Total investment portfolio (78.5%)	<u>\$ 5,091,723</u>	5,239,405
	Cash and cash equivalents (21.7%)		1,446,197
	Other assets less liabilities (-0.2%)		(13,719)
	<b>Net assets at fair value (100.0%)</b>		<b>\$ 6,671,883</b>

The accompanying notes are an integral part of these financial statements.



# LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Fair Value of Financial Instruments  
(In Canadian dollars)

The following is a summary of the inputs used as of December 31, 2014 in valuing the fund's financial assets and liabilities carried at fair value:

	December 31, 2014	December 31, 2013
	Level 1 quoted prices in active markets for identical assets	Level 1 quoted prices in active markets for identical assets
Financial assets:		
Equities	\$ 6,914,759	\$ 2,969,400
Exchange traded funds	797,601	–
Total financial assets	7,712,360	2,969,400
Financial liabilities:		
Exchange traded funds	(2,472,955)	(858,484)
Total financial liabilities	(2,472,955)	(858,484)
Total financial assets and liabilities	\$ 5,239,405	\$ 2,110,916

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 year presented. In addition, there were no investments or transactions classified in Level 2 and Level 3 for the year ended December 31, 2014.

# LANDRY LONG/SHORT FUNDS

## Notes to Financial Statements

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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### 1. Establishment of the Funds:

The Landry Global Equity Long/Short Fund and the Landry Adaptive Value Long/Short Fund (collectively the "Funds") were established on April 15, 2003 and December 31, 2012, respectively, under the laws of the Province of Ontario. The Landry Adaptive Value Long/Short Fund commenced operations on February 6, 2013. The Funds are governed by an Amended and Restated Trust Agreement dated April 12, 2013. Landry Investment Management Inc., a company duly incorporated under the *Canada Business Corporations Act*, is the manager (the "Manager") of the Funds, and Computershare Trust Company of Canada is the trustee (the "Trustee").

During the year, the Canadian Adaptive Value Long/Short Fund changed its name to the Landry Adaptive Value Long/Short Fund.

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

- (a) Landry Global Equity Long/Short Fund invests in a market neutral portfolio of primarily large capitalization issuers in Canadian, U.S. and other developed markets.
- (b) Landry Adaptive Value Long/Short Fund invests in Canadian issuers and will use short positions to reduce the overall risk of the Fund.

Units of the Funds are offered pursuant to a Confidential Offering Memorandum dated April 17, 2014 (the "Offering Documents").

### 2. Basis of presentation and adoption of IFRS:

- (a) The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS"). This is the first time that the Funds have prepared their financial statements in accordance with IFRS, and IFRS 1 (*First-Time Adoption of International Financial Reporting Standards*) has been applied. The Funds adopted this basis of accounting in 2014 as required by Canadian securities legislation and the Canadian Accounting Standards Board. Previously, the Funds prepared their financial statements in accordance with Canadian generally accepted accounting principles as defined in the Part V of the *CPA Canada Handbook* ("Canadian GAAP"). The comparative information has been restated from Canadian GAAP to comply with IFRS. The Funds have consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2013 and throughout all periods presented, as if these policies had always been in effect. Note 13 discloses the impact of the transition to IFRS on the Funds' reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Funds' financial statements for the year ended December 31, 2013, prepared under Canadian GAAP.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 2. Basis of presentation and adoption of IFRS (continued):

(a) (continued):

These financial statements for the fiscal year ended December 31, 2014 and 2013 and as at January 1, 2013 were authorized for issuance by the Manager on March 26, 2015.

(b) Basis of measurement:

The financial statements have been prepared on a historical cost basis except for investments and derivatives, which are measured at fair value.

(c) Functional and presentation currency:

The financial statements of Landry Global Equity Long/Short Fund and Landry Adaptive Value Long/Short Fund are presented in Canadian dollars, which are the Funds' functional currency.

## 3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Financial instruments:

(i) Recognition:

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Investments and derivatives are measured at fair value through profit or loss ("FVTPL"), including certain investments in debt securities, which have been designated at FVTPL.

Redeemable units are designated as financial liabilities at FVTPL and measured at redemption amount.

All other financial assets and liabilities are measured at amortized cost. Financial assets and liabilities are shown at the amount required to be received or paid, and discounted when appropriate, at the contract's effective interest rate. Fair value of investments and derivatives are measured using the same accounting policies as those used to measure the net asset value ("NAV") transactions with unitholders.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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### 3. Significant accounting policies (continued):

#### (a) Financial instruments (continued):

##### (ii) Fair value measurement:

For financial reporting purposes, investments are valued at their fair value. Investments held that are traded in an active market through recognized public stock exchanges, over-the-counter markets, or through recognized investment dealers are valued at their last traded market price where the last traded market price falls within the day's bid ask spread. In circumstances, where the last traded price is not within that day's bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on specific facts and circumstances. Investments held include equities, exchange traded funds and bonds. The Funds' policy is to recognize transfers into and out of their fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

Investments held that are not traded in an active market are valued based on the results of valuation techniques - using observable market inputs where possible, on such basis and in such manner established by the Manager. Investments in other pooled funds are valued at the net asset value per unit reported by each pooled fund. See Note 4 for more information about the Funds' fair value measurements.

##### (iii) Investments in associates, joint ventures and subsidiaries:

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing them with investment management services, its business purpose is to invest funds solely for returns from capital appreciation, income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. Subsidiaries are all entities, including investment in other investment entities, over which the Funds have control. The Funds control an entity when they are exposed to, or have rights to, variable returns from their involvement with entity and have ability to affect those returns through their power over the entity. The Funds have determined that they are an investment entity and as such they account for their subsidiaries at fair value.

##### (iv) Impairments of financial assets:

At each reporting date, the Funds assess whether there is objective evidence that financial assets at amortized cost is impaired. If such evidence exists, the Funds recognize an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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### 3. Significant accounting policies (continued):

(b) Investment income:

Interest income is recognized on an accrual basis using the effective interest method. Dividend income is recognized on the date that the right to receive payment is established, which for quoted equity securities is usually the ex-dividend date. Portfolio transactions are recorded on 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 comprehensive income as an unrealized gain (loss) on investments.

(c) Foreign currency:

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.

(d) Cash:

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.

(e) Increase (decrease) in net assets attributable to holders of redeemable units per unit per series:

Increase (decrease) in net assets attributable to holders of redeemable units per unit per series in the statements of comprehensive income is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding per series during the period.

(f) Unitholder transactions:

The value at which units are issued or redeemed is determined by dividing the net asset value of the series by the total number of units outstanding of that series on the valuation date. The valuation date is any day that the Toronto Stock Exchange is open for business. Amounts received on the issuance of units and amounts paid on the redemption of units are included in the statements of changes in net assets attributable to holders of redeemable units.

(g) Redeemable units:

The Funds classifies redeemable units issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. As indicated in Note 13 (d), all units and all classes of the Funds have been classified as financial liabilities.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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### 3. Significant accounting policies (continued):

(h) Net asset value attributable to holders of redeemable units per unit:

A separate NAV is calculated for each series of units of each Fund by taking the series' proportionate share of the Funds' common assets less that series' proportionate share of the Funds' common liabilities and deducting from this amount all liabilities that relate solely to a specific series. The NAV per unit for each series is determined by dividing the NAV of each series by the number of units of that series outstanding on the valuation date.

(i) Transaction costs:

For financial instruments classified as fair value through profit or loss, 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 comprehensive income based on the trade date.

(j) New standards and interpretations not yet adopted:

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements. None of these will have a significant effect on the financial statement of the Funds, with the possible exception of IFRS 9, *Financial Instruments*.

The IFRS 9 deals with recognition, derecognition, classification and measurement of financial statements and its requirements, and represents a significant change from the existing requirements in IAS 39, *Financial Instruments: Recognition and Measurement*, in respect of financial assets. The standard contains two primary measurement categories for financial assets: amortized cost and fair value. A financial asset would be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables.

The effective date of this standard has not yet been determined, but early adoption is permitted. The Funds' Manager is currently in the process of evaluating the potential effect of this standard. The standard is not expected to have a significant impact on the financial statements since the Funds' financial assets are currently measured at fair value or amortized cost.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 4. Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

### *Fair value measurement of derivatives and securities not quoted in an active market*

The Funds hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources. Broker quotes obtained from the pricing sources may be indicative and not executable. Where no market data is available, the Funds may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk, volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Funds consider observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. See Note 6 for more information on the fair value measurement of the Funds' financial statements.

### *Classification and measurement of investments and application of the fair value option*

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds are to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39, *Financial Instruments - Recognition and Measurement* ("IAS 39"). The most significant judgments made include the determination that certain investments are held-for-trading and that the fair value option can be applied to those that are not.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 5. Financial instruments and risk management:

### (a) Risk management:

The Funds' investment activities expose them to a variety of financial risks. The Manager seeks to minimize potential adverse effects of these risks for the Funds' performance by employing professional, experienced portfolio advisors, by daily monitoring of the Funds' 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 Funds' investment activities and monitors compliance with the Funds' stated investment strategy, internal guidelines and securities regulations.

Landry Global Equity Long/Short Fund's investment objective is to seek 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). Landry Adaptive Value Long/Short Fund's investment objective is to seek long-term capital appreciation by investing mostly in equity of Canadian issuers and will use short positions to reduce overall risk of the Fund (refer to Note 1).

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

The investment manager monitors on a daily basis the concentration of risk for equity. For the Landry Global Equity Long/Short Fund, it is based on counterparties, industries and geographic location. For the Landry Adaptive Value Long/Short Fund based on counterparties and industries. Refer to the Schedule of Investment Portfolio for each Fund equity investments concentration of risk.

### (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.



# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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

### (b) Other market price risk (continued):

Because the Landry Global Equity Long/Short Fund is 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 attributable to holders of redeemable units of each Fund could possibly have increased or decreased by the amount shown in the table below:

Fund	Reference index	Impact on net assets attributable to holders of redeemable units (in thousands of CDN dollars)*		
		December 31, 2014	December 31, 2013	January 1, 2013
Landry Global Equity Long/Short Fund	S&P500 Total Return Index	\$ 1,829	\$ (249)	\$ 161
Landry Adaptive Value Long/Short Fund	S&P/TSX Composite Index Total Return	–	(119)	–

\* This estimate is based on the Funds' 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. The monetary impact on the increase (decrease) in net assets attributable to holders of redeemable units from operations of the respective Funds would be similar.

The Funds strategy for the management of market risk is driven by the Funds' investment objective. Depending on each Fund's risk rating, the Funds will invest in a diversified portfolio of investments with more or less volatility. The market risk is monitored on a daily basis.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 5. 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 the Funds will fluctuate due to changes in exchange rates. As at December 31, 2014 and 2013 and as at January 1, 2013, the Landry Global Equity Long/Short Fund had currency exposure while the Landry Adaptive Value Long/Short Fund did not. Consequently, the Landry Global Equity Long/Short Fund is exposed to the risk that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the fair value of the future cash flow of the Funds. The Fund's policy with respect to managing its currency risk is to limit its net foreign currency exposure to less than 15% of the Funds' net assets attributable to holders of redeemable units. The Funds' currency risk is managed on a daily basis by the investment manager in accordance with policies and procedures on place.

The following tables illustrate the effect on net asset attributable to holders of redeemable units if the respective currency had strengthened or weakened by 5% in relation to all other currencies, with all other variables held constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material. The monetary impact on the increase (decrease) in net asset attributable to holders of redeemable units from operations of the respective Funds would be similar.

Landry Global Equity Long/Short Fund (in Canadian dollars):

December 31, 2014:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net asset attributable to holders of redeemable units
AUD	\$ 1,468,127	\$ (1,292,548)	\$ 175,579	\$ 8,779
CHF	435,964	200,650	636,614	31,831
DKK	–	12,692	12,692	635
EUR	9,516,752	(6,684,229)	2,832,523	141,626
GBP	1,589,973	(196,574)	1,393,399	69,670
HKD	–	75,695	75,695	3,785
ILS	–	68	68	3
JPY	3,088,508	(855,225)	2,233,283	111,664
KRW	–	10	10	1
MXN	–	11	(11)	(1)
NOK	266,816	(272,758)	(5,942)	(297)
SEK	278,016	(155,014)	123,002	6,150
TWD	–	20	(20)	(1)
USD	(18,577,744)	11,662,335	(6,915,409)	(345,769)

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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

(c) Currency risk (continued):

December 31, 2013:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net asset attributable to holders of redeemable units
AUD	\$ 488,040	\$ (279,390)	\$ 208,650	\$ 10,432
CHF	194,351	80,646	274,997	13,750
DKK	–	12,451	12,451	623
EUR	4,096,448	(1,467,650)	2,628,798	131,440
GBP	444,753	394,582	839,335	41,967
HKD	–	2	2	–
ILS	–	65	65	3
JPY	1,544,672	(134,751)	1,409,921	70,496
KRW	–	9	9	–
MXN	–	(11)	(11)	(1)
NOK	–	(57,680)	(57,680)	(2,884)
SEK	47,571	(45,062)	2,509	125
TWD	–	(18)	(18)	(1)
USD	(7,783,128)	540,897	(7,242,231)	(362,112)

January 1, 2013:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net asset attributable to holders of redeemable units
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

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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

### (d) Interest rate risk:

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

### (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 Funds. Credit risk typically arises out of exposure to debt instruments, such as bonds or derivatives. As at December 31, 2014 and 2013 and as at January 1, 2013, the Funds had no significant investments in debt instruments. Credit and counterparty risk is managed by dealing with counterparties the Manager believes to be creditworthy. As at December 31, 2014, December 31, 2013 and January 1, 2013, amounts receivable to portfolio assets sold at year-end were concentrated only among a few brokers, which credit risk is considered small due to short settlement period involved and their high credit quality.

### (f) Liquidity risk:

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial liabilities. The Funds' exposure to liquidity risk is equal to the carrying amount of liabilities. Aside from financial liabilities that arise from its normal investing activities, the Funds have no other significant financial liabilities.

The Funds' most significant potential exposure to financial liabilities is the daily cash redemptions of redeemable units. The Funds liquidity risk is managed on a daily basis by the investment manager. The policies of the Funds regarding liquid assets is in accordance with securities regulations. The Funds are subject to restrictions concerning illiquid assets. Per the regulation, a Fund must not purchase an illiquid asset if, immediately after the purchase, more than 10% of its net asset value would make up of illiquid assets. A Fund must also not have invested, for a period of 90 days or more, more than 15% of its net asset value in illiquid assets. The Funds' investments in listed entities are considered to be readily realisable because they are traded on major stock exchange markets.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 6. Fair value measurement:

The Funds classify fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

Level 1: Fair value based on unadjusted quoted prices in active markets for identical assets or liabilities that the Manager has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs based on at least one significant non-observable input that is not supported by market data. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

If inputs of different levels are used to measure an asset's or liability's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. The fair value hierarchy table presents information about the Funds' assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2014, December 31, 2013 and January 1, 2013 at the end of each Funds' schedule of investments.

## 7. Redeemable units:

The Funds' 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 asset attributable to holders of redeemable units. Units of the Funds are redeemable at the option of the holder in accordance with the provisions of the Trust Agreement. On April 8, 2013, Class B and Class G units of the Landry Global Equity Long/Short Fund were redesignated as Class A and Class F units, respectively, at a ratio of the net asset value per unit. Class A and Class F units are available to all investors. Class I and Class H 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 Funds.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 7. Redeemable units (continued):

The change in the number of units is as follows for the applicable years ended December 31, 2014 and 2013:

Landry Global Equity Long/Short Fund:

Funds	Year	Beginning of year	Purchases	Reinvestments	Redemptions	Net transfer	End of year	Average number of units
Series A	2013	3,950	–	105	(13,521)	13,521	4,055	8,059
	2014	4,055	–	–	–	–	4,055	4,055
Series B	2013	8,435	–	–	–	(8,435)	–	8,435
	2014	–	–	–	–	–	–	–
Series F	2013	854,799	561,888	37,825	(222,945)	25,267	1,256,834	968,284
	2014	1,256,834	872,991	–	(361,694)	–	1,768,131	1,707,203
Series G	2013	20,314	786	583	(507)	(21,176)	–	20,895
	2014	–	–	–	–	–	–	–
Series H	2013	–	–	–	–	–	–	–
	2014	–	1,407,685	–	–	–	1,407,685	1,292,515
Series I	2013	589,246	82,560	30,260	(139,625)	–	562,441	576,364
	2014	562,441	91,142	–	(82,418)	–	571,165	557,554

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 7. Redeemable units (continued):

Landry Adaptive Value Long/Short Fund:

Funds	Year	Beginning of year	Purchases	Reinvestments	Redemptions	Net transfer	End of year	Average number of units
Series F	2013	–	308,463	–	(50,050)	–	258,413	127,615
	2014	258,413	433,766	–	(112,428)	–	579,751	536,206
Series I	2013	–	51,379	–	(50)	–	51,329	31,472
	2014	51,329	–	–	–	–	51,329	51,329

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 8. Expenses and brokerage commissions:

### (a) Expenses:

As of December 31, 2014, December 31, 2013, and January 1, 2013, administrative fees are accrued daily, paid monthly, and calculated according to a fixed percentage of the NAV of the Funds. As of December 31, 2013 and January 1, 2013, the percentage was of 1.06% for all Series of all Funds. For the year ended December 31, 2014, the percentage was of 1.06% for all Funds until July 31, 2014. From August 1, 2014 to December 31, 2014, the Manager waived a portion of the fees and charged 0.75% to the Funds.

The fees and expenses assumed by Landry Investment Management in exchange for the administrative fees 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 Funds and calculation of the price of the securities; legal fees, auditors' fees; administrative fees and services of trustees; custodial fees; costs related to preparation and distribution of financial reports, simplified prospectuses and other communications with investors that Landry Investment Management is obliged to prepare to comply with applicable laws; and the other fees and expenses that are not otherwise included in the management fees.

### (b) Brokerage commissions:

Commissions paid to brokers in connection with portfolio transactions are disclosed in the Funds' statements of operations. Brokerage business is allocated based on which broker can deliver to the Funds the best results. Subject to these criteria, the Manager 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, 2014 and 2013, 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 years:

	Transaction costs paid by the Funds	Goods and services received by the Funds
2014		
Landry Global Equity Long/Short Fund	\$ 160,422	\$ 51,729
Landry Adaptive Value Long/Short Fund	23,306	9,796



# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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

(b) Brokerage commission:

2013	Transaction costs paid by the Funds	Goods and services received by the Funds
Landry Global Equity Long/Short Fund	\$ 117,953	\$ 54,109
Landry Adaptive Value Long/Short Fund	9,643	10,247

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## 9. Distributions:

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

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

## 10. Income tax status:

Landry Global Equity Long/Short Fund is a mutual fund trust under the *Income Tax Act* (Canada). The Fund is subject to federal and provincial taxes applicable on its assessed income, including taxable capital gains for the fiscal year, so far as those were not distributed to the unitholders. Landry Adaptive Value Long/Short Fund is a unit trust. Unit trusts are subject to alternative minimum tax.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 10. Income tax status (continued):

Tax loss carryforwards:

The Funds have 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.

	Total capital losses	Non-capital losses by expiry date					
		2029	2030	2031	2032	2033	2034
Landry Global Equity Long/Sort Fund	\$ 13,373,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,926
Landry Adaptive Value Long/Short Fund	54,887	-	-	-	-	1,983	83,850

## 11. Related party transactions:

### (a) Management fees:

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

The management fee with respect to Series A units is 2% for Landry Global Equity Long/Short Fund and 2.5% for Landry Adaptive Value Long/Short Fund. For Series F units is 1% for Landry Global Equity Long/Short Fund and 1.5% for Landry Adaptive Value Long/Short Fund. It is calculated on a daily basis to the NAV of the Funds and payable monthly. No management fee is charged to Series H and I units; instead a negotiated fee is paid by these unitholders to the Manager directly.

Refer to the statements of comprehensive income of each Fund for the management fees expenses as at December 31, 2013 and 2014, and to the statements of financial position of each Fund for the management fee payable balance as at December 31, 2014 and 2013 and as at January 1, 2013.

### (b) Performance fees:

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

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 11. Related party transactions (continued):

### (b) Performance fees (continued):

For the Landry Global Equity Long/Short Fund, the Manager will charge a negotiated performance fee for Class H units.

No performance fee will be charged for Class I units of the Landry Adaptive Value Long/Short Fund.

For performance fee calculation purposes, the benchmarks of the Funds are as follows:

Funds	Index
Landry Global Equity Long/Short Fund	Higher of three-month Canada T-Bills or +2% for Series A, Series F, Series B, Series G and Series J (2% for Series I)
Landry Adaptive Value Long/Short Fund	Three-month Canada T-Bills (+2% for Series F)

Refer to the statements of comprehensive income of each Fund for the performance fees expenses and to the statements of financial position of each Fund for the performance fee payable balance.

Performance fees incurred by the Funds in 2014 and 2013 are presented in the statements of comprehensive income. There are no performance fees that remain payable as at December 31, 2014 and 2013.

### (c) Other:

In the normal course of business, transactions between the Funds and officers of the Manager take place. At December 31, 2014 and 2013 and January 1, 2013, the percentages of net asset attributable to holders of redeemable units owned as a result of units held by key management personnel of the managers of the Funds are as follows:

	December 31, 2014	December 31, 2013	January 1, 2013
Landry Global Equity Long/Short Fund	6.08%	10.21%	21.52%
Landry Adaptive Value Long/Short Fund	20.37%	32.11%	–

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 12. Financial instruments by category:

Investments have been designated at FVTPL. Derivatives are being held-for-trading and cash and other receivables are carried at amortized cost. All of the Funds' financial liabilities are carried at amortized cost.

The following tables present the net gains (losses) on financial instruments at FVTPL by category for the years ended December 31, 2014 and December 31, 2013.

Landry Global Equity Long/Short Fund:

	December 31, 2014	December 31, 2013
Financial assets at FVTPL:		
Held for trading	\$ (38,623)	\$ –
Designated at inception	2,957,235	1,804,236
<b>Total</b>	<b>\$ 2,918,612</b>	<b>\$ 1,804,236</b>

Landry Adaptive Value Long/Short Fund:

	December 31, 2014	December 31, 2013
Financial assets at FVTPL:		
Held for trading	\$ (112)	\$ –
Designated at inception	5,239,517	2,110,916
<b>Total</b>	<b>\$ 5,239,405</b>	<b>\$ 2,110,916</b>

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 13. Transition to IFRS:

The effect of the Funds' transition to IFRS is summarized in this note as follows:

(a) Transition elections:

The only voluntary exemption adopted by the Funds upon transition was the ability to designate a financial asset and liability at fair value through profit or loss upon transition to IFRS. All financial assets designated at FVTPL upon transition were previously carried at fair value under Canadian GAAP as required by Accounting Guideline 18, *Investment Companies*.

(b) Statements of cash flows:

Under Canadian GAAP, the Funds were exempt from providing a statement of cash flows. IAS 1 requires that a complete set of financial statements include a statement of cash flows for the current and comparative periods, without exception.

(c) Classification of redeemable units issued by the Fund:

Under Canadian GAAP, the Funds accounted for its redeemable units as equity. Under IFRS, IAS 32 requires that units or shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset be classified as financial liability. The Funds' units do not meet the criteria in IAS 32 for classification as equity and therefore have been reclassified as financial liabilities on transition to IFRS.

(d) Revaluation of investments at FVTPL:

Under Canadian GAAP, the Funds measured the fair values of its investments in accordance with Section 3855, *Financial Instruments - Recognition and Measurement*, which required the use of bid prices for long positions and ask prices for short positions, to the extent such prices are available. Under IFRS, the Funds measure the fair values of its investments using the guidance in IFRS 13, *Fair Value Measurement* ("IFRS 13"), which requires that if an asset or a liability has a bid price and an ask price, then its fair value is to be based on a price within the bid-ask spread that is most representative of fair value. It also allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient for fair value measurements within a bid-ask spread.

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

## 13. Transition to IFRS (continued):

- (e) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS:

Landry Global Equity Long/Short Fund:

Equity	December 31, 2013	January 1, 2013
Equity as reported under Canadian GAAP	\$ 15,389,830	\$ 10,610,281
Revaluation of investments at FVTPL	36,568	29,575
Revaluation of investments sold short at FVTPL	44,887	17,821
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 15,471,285</b>	<b>\$ 10,657,677</b>

	Year ended December 31, 2013
Comprehensive income	
Comprehensive income as reported under Canadian GAAP	\$ 1,616,782
Revaluation of investments at FVTPL	34,059
<b>Increase in net assets attributable to holders of redeemable units</b>	<b>\$ 1,650,841</b>

Landry Adaptive Value Long/Short Fund:

Equity	December 31, 2013
Equity as reported under Canadian GAAP	\$ 3,290,408
Revaluation of investments at FVTPL	1,584
<b>Net assets attributable to holders of redeemable units</b>	<b>\$ 3,291,992</b>

# LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Years ended December 31, 2014 and 2013 and as at January 1, 2013

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## 13. Transition to IFRS (continued):

- (e) Reconciliation of equity and comprehensive income as previously reported under Canadian GAAP to IFRS (continued):

Landry Adaptive Value Long/Short Fund (continued):

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	Year ended December 31, 2013
Comprehensive income	
Comprehensive income as reported under Canadian GAAP	\$ 136,837
Revaluation of investments at FVTPL	1,584
Increase in net assets attributable to holders of redeemable units	\$ 138,421

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## 14. Responsibility of the Trustee:

The Funds 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 sustain or incur in or about or in relation to the affairs of the Funds and the execution of the Trustee's and Manager's duties; and
- (c) any personal liabilities of the Trustee incurred in connection with the failure of the Funds, or the Manager, on behalf of the Funds, 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.