

Financial Statements of

LANDRY LONG/SHORT FUNDS

Period ended December 31, 2013

LANDRY LONG/SHORT FUNDS

Table of Contents

Period ended December 31, 2013

Directory

Independent Auditors' Report

Landry Global Equity Long/Short Fund 1

Landry Adaptive Value Long/Short Fund 12

Notes to Financial Statements..... 18

LANDRY LONG/SHORT FUNDS

Directory

Period ended December 31, 2013

Manager

Landry Investment Management Inc.
1010 Sherbrooke West, Suite 2105
Montreal, Quebec H3A 2R7
Tel: 514-985-1138
Fax: 514-282-1123
www.landryinvest.com

Custodians

J.P. Morgan
383 Madison Avenue
New York, New York 10179
Tel: 212-272-2000
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

Trustee

Computershare Trust Company of Canada
1500 University Street, 7th Floor
Montreal, Quebec H3A 3S8
Tel: 514-982-7888
Fax: 514-982-7635
www.computershare.com

Auditors

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, Ontario M5H 2S5
www.kpmg.ca



KPMG LLP
Bay Adelaide Centre
333 Bay Street Suite 4600
Toronto ON M5H 2S5
Canada

Telephone (416) 777-8500
Fax (416) 777-8818
Internet 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 net assets as at December 31, 2013, the statements of operations and changes in net assets for the applicable periods ended December 31, 2013, the statements of investment portfolio as at 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 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 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 the Funds as at December 31, 2013, and their results of operations and their changes in net assets for the applicable periods ended December 31, 2013 in accordance with Canadian generally accepted accounting principles.

Chartered Professional Accountants, Licensed Public Accountants

March 24, 2014
Toronto, Canada

LANDRY GLOBAL EQUITY LONG/SHORT FUND

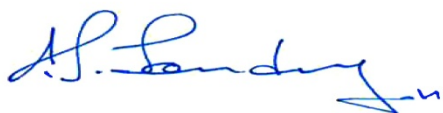
Statement of Net Assets

December 31, 2013, with comparative figures for 2012

	2013	2012
Assets		
Cash and cash equivalents	\$ 13,280,163	\$ 9,282,222
Investments, at fair value	16,524,416	11,882,753
Amounts receivable relating to portfolio assets sold	5,178,032	7,441,275
Amounts receivable relating to accrued income	55,207	71,014
Prepaid expenses	9	9,352
	<u>35,037,827</u>	<u>28,686,616</u>
Liabilities		
Investments sold short, at fair value	14,801,635	8,604,284
Accrued expenses	38,050	28,091
Accrued management fees	9,957	6,560
Liabilities for portfolio assets purchased	4,798,355	8,910,582
Distributions payable	—	526,818
	<u>19,647,997</u>	<u>18,076,335</u>
Total net assets and unitholders' equity	\$ 15,389,830	\$ 10,610,281
Total net assets and unitholders' equity, Series A	\$ 26,674	\$ 22,999
Units issued and outstanding, Series A	4,054	3,950
Net assets per unit, Series A (note 6)	\$ 6.58	\$ 5.82
Total net assets and unitholders' equity, Series B	\$ —	\$ 78,781
Units issued and outstanding, Series B	—	8,435
Net assets per unit, Series B (note 6)	\$ —	\$ 9.34
Total net assets and unitholders' equity, Series F	\$ 11,547,440	\$ 6,861,118
Units issued and outstanding, Series F	1,256,834	854,799
Net assets per unit, Series F (note 6)	\$ 9.19	\$ 8.03
Total net assets and unitholders' equity, Series G	\$ —	\$ 194,849
Units issued and outstanding, Series G	—	20,314
Net assets per unit, Series G (note 6)	\$ —	\$ 9.59
Total net assets and unitholders' equity, Series I	\$ 3,815,716	\$ 3,452,534
Units issued and outstanding, Series I	562,441	589,246
Net assets per unit, Series I (note 6)	\$ 6.78	\$ 5.86

See accompanying notes to 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 GLOBAL EQUITY LONG/SHORT FUND

Statement of Operations

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Investment income:		
Dividend revenue	\$ 292,608	\$ 80,566
Interest revenue	80,163	250,369
Foreign withholding taxes	(51,483)	(48,982)
	321,288	281,953
Expenses:		
Management fees (note 10)	101,832	104,668
Performance fees (note 10)	110	-
Custodial fees	39,326	38,599
Administration fees (note 7)	152,364	139,699
Dividends and interest expense	135,817	-
Short borrow fees	110,308	170,041
Other fees	66,854	217,173
	606,611	670,180
Net investment loss for the year	(285,323)	(388,227)
Realized and unrealized gain (loss) on investments and transaction costs:		
Net realized gain on investments and foreign exchange	2,924,085	1,890,641
Change in unrealized loss on investments	(904,027)	(1,841,945)
Transaction costs	(117,953)	(128,334)
Net income (loss) on investments	1,902,105	(79,638)
Increase (decrease) in net assets from operations	\$ 1,616,782	\$ (467,865)
Increase (decrease) in net assets from operations, Series A	\$ 5,722	\$ (788)
Increase (decrease) in net assets from operations per unit, Series A	0.71	(0.20)
Increase (decrease) in net assets from operations, Series B	\$ 5,354	\$ (1,585)
Increase (decrease) in net assets from operations per unit, Series B	0.64	(0.19)
Increase (decrease) in net assets from operations, Series F	\$ 1,044,210	\$ (410,267)
Increase (decrease) in net assets from operations per unit, Series F	1.08	(0.36)
Increase (decrease) in net assets from operations, Series G	\$ 13,950	\$ (6,590)
Increase (decrease) in net assets from operations per unit, Series G	0.67	(0.24)
Increase (decrease) in net assets from operations, Series I	\$ 547,546	\$ (48,635)
Increase (decrease) in net assets from operations per unit, Series I	0.95	(0.07)

See accompanying notes to financial statements.

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Changes in Net Assets

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Net assets, beginning of year	\$ 10,610,281	\$ 18,656,311
Increase (decrease) in net assets from operations	1,616,782	(467,865)
Capital transactions:		
Proceeds from the issuance of units of the investment fund	5,601,127	2,452,067
Aggregate amounts paid on redemption of units of the investment fund	(2,927,641)	(9,503,414)
Units issued on reinvestment of distributions	489,281	-
Distributions:		
Net investment income	-	(526,818)
Net assets, end of year	\$ 15,389,830	\$ 10,610,281
Net assets, beginning of year, Series A	\$ 22,999	\$ 24,397
Increase (decrease) in net assets from operations, Series A	5,722	(788)
Capital transactions, Series A:		
Aggregate amounts paid on redemption of units of the investment fund	(86,792)	-
Net redesignation of units from other funds	84,135	-
Units issued on reinvestment of distributions	610	-
Distributions:		
Net investment income	-	(610)
Net assets, end of year, Series A	\$ 26,674	\$ 22,999
Net assets, beginning of year, Series B	\$ 78,781	\$ 49,688
Increase (decrease) in net assets from operations, Series B	5,354	(1,585)
Capital transactions, Series B:		
Proceeds from the issuance of units of the investment fund	-	32,499
Net redesignation of units to other Series	(84,135)	-
Distributions:		
Net investment income	-	(1,821)
Net assets, end of year, Series B	\$ -	\$ 78,781
Net assets, beginning of year, Series F	\$ 6,861,118	\$ 13,178,457
Increase (decrease) in net assets from operations, Series F	1,044,210	(410,267)
Capital transactions, Series F:		
Proceeds from the issuance of units of the investment fund	5,051,563	1,583,000
Aggregate amounts paid on redemption of units of the investment fund	(1,931,829)	(7,180,799)
Net redesignation of units from other Series	217,418	-
Units issued on reinvestment of distributions	304,960	-
Distributions:		
Net investment income	-	(309,273)
Net assets, end of year, Series F	\$ 11,547,440	\$ 6,861,118

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Changes in Net Assets (continued)

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
Net assets, beginning of year, Series G	\$ 194,849	\$ 305,161
Increase (decrease) in net assets from operations, Series G	13,950	(6,590)
Capital transactions, Series G:		
Proceeds from the issuance of units of the investment fund	8,000	40,000
Aggregate amounts paid on redemption of units of the investment fund	(5,000)	(135,719)
Net redesignation of units to other Series	(217,418)	-
Units issued on reinvestment of distributions	5,619	-
Distributions:		
Net investment income	-	(8,003)
Net assets, end of year, Series G	\$ -	\$ 194,849
Net assets, beginning of year, Series I	\$ 3,452,534	\$ 5,098,608
Increase (decrease) in net assets from operations, Series I	547,546	(48,635)
Capital transactions, Series I:		
Proceeds from the issuance of units of the investment fund	541,564	796,568
Aggregate amounts paid on redemption of units of the investment fund	(904,020)	(2,186,896)
Units issued on reinvestment of distributions	178,092	-
Distributions:		
Net investment income	-	(207,111)
Net assets, end of year, Series I	\$ 3,815,716	\$ 3,452,534

See accompanying notes to financial statements.

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Investment Portfolio

December 31, 2013

Shares/units	Security	Average cost	Fair value
U.S. equities (+3.6%)			
Long Positions (+45.6%)			
2,000	Aflac Inc.	\$ 142,571	\$ 142,097
2,200	Allstate Corp. (The)	124,892	126,707
2,400	American International Group Inc.	120,218	130,261
600	Apple Inc.	328,820	357,893
5,100	Assurant Inc.	315,126	359,798
2,400	Boeing Co. (The)	310,729	347,950
1,900	Capital One Financial Corp.	140,986	154,756
2,400	CenturyLink Inc.	81,223	81,276
500	CF Industries Holdings Inc.	116,763	123,925
3,100	Cliffs Natural Resources Inc.	82,396	86,452
1,500	DIRECTV	107,374	110,210
2,700	Exelon Corp.	78,015	78,599
3,300	Facebook Inc.	202,372	191,815
7,600	Fifth Third Bancorp	162,138	169,993
2,100	First Solar Inc.	124,210	121,908
12,200	Genworth Financial Inc., Class 'A'	185,167	201,646
600	Goldman Sachs Group Inc. (The)	112,436	113,120
1,500	Health Care REIT Inc.	84,533	85,178
1,300	Henry Schein Inc.	143,658	157,999
2,400	Hess Corp.	185,284	211,716
200	Intuitive Surgical Inc.	79,600	80,502
5,100	Lincoln National Corp.	219,620	279,951
2,200	Lockheed Martin Corp.	312,956	347,268
200	MasterCard Inc., Class 'A'	174,559	177,721
1,300	McGraw Hill Financial Inc. (The)	100,111	102,277
2,300	MetLife Inc.	125,992	131,879
10,500	Micron Technology Inc.	167,957	242,900
300	Netflix Inc.	120,085	117,425
3,300	Newmont Mining Corp. Holding Co.	81,825	80,797
5,100	Nuance Communications Inc.	81,994	82,342
4,100	Peabody Energy Corp.	81,242	85,253
1,400	PNC Financial Services Group Inc.	110,655	115,445
200	Priceline.com Inc.	220,227	244,160
1,900	Raytheon Co.	152,434	178,359
7,400	Regions Financial Corp.	77,795	77,841
1,100	Starbucks Corp.	92,032	91,690
1,700	Teradata Corp.	80,712	82,233
1,700	Tesla Motors Inc.	299,115	271,363
1,000	Travelers Cos. Inc. (The)	92,216	96,160
4,700	Twenty-First Century Fox Inc., CDI B	159,028	172,184
5,800	Unum Group	205,068	216,528
2,500	Wellpoint Inc.	224,859	245,373
10,800	Xerox Corp.	127,049	139,910
		6,536,042	7,012,860
Short Positions (-42.0%)			
(14,100)	iShares S&P 100 ETF	(1,033,290)	(1,257,328)
(13,000)	PowerShares QQQ Trust, Series '1'	(952,708)	(1,217,865)
(20,302)	SPDR S&P 500 ETF Trust	(3,170,445)	(3,987,618)
		(5,156,443)	(6,462,811)
		1,379,599	550,049

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Investment Portfolio (continued)

December 31, 2013

Shares/units	Security	Average cost	Fair value
Austrian equities (+4.9%)			
Long Positions (+4.9%)			
10,000	CA Immobilien Anlagen AG	189,652	187,767
6,500	Voestalpine AG	307,331	332,410
13,700	Wienerberger AG	205,182	232,269
		702,165	752,446
United Kingdom equities (+2.9%)			
Long Positions (+2.9%)			
7,000	3i Group PLC	47,883	47,438
2,800	Anglo American PLC	70,469	65,041
3,300	Antofagasta PLC	50,077	47,852
700	AstraZeneca PLC	38,146	44,032
1,500	BHP Billiton PLC	49,732	49,229
5,500	BP PLC	40,495	47,237
41,900	Man Group PLC	63,921	62,637
500	RSA Insurance Group PLC	819	804
3,300	Standard Chartered PLC	79,626	78,978
100	Tullow Oil PLC	1,509	1,505
		442,677	444,753
France equities (+8.7%)			
Long Positions (+8.7%)			
46,484	Alcatel-Lucent, Series 'A'	154,697	221,726
2,200	AXA SA	54,790	65,096
8,500	Beneteau	156,505	168,500
600	Ciments Français SA	48,116	47,568
2,200	CNP Assurances	47,313	47,847
400	Compagnie Générale des Établissements Michelin, Registered, Series 'B'	45,294	45,240
7,000	Crédit Agricole SA	87,859	95,362
600	Eurazeo	50,408	49,948
3,600	Orange SA	52,842	47,436
5,600	PSA Peugeot Citroën SA	87,340	77,380
500	Renault SA	43,256	42,787
700	TOTAL SA	41,033	45,637
2,000	Valeo SA	221,966	235,481
800	Zodiac Aerospace	135,511	150,331
		1,226,930	1,340,339
Swiss equities (+1.3%)			
Long Positions (+1.3%)			
1,300	ACE Ltd.	134,703	135,572
600	Swiss Re Ltd.	45,145	58,779
		179,848	194,351
Belgian equities (+1.3%)			
Long Positions (+1.3%)			
1,400	Ageas NV	46,462	63,438
800	Anheuser-Busch InBev NV	85,949	90,304
1,500	Belgacom SA	48,248	47,227
		180,659	200,969

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Investment Portfolio (continued)

December 31, 2013

Shares/units	Security	Average cost	Fair value
Australian equities (+3.2%)			
	Long Positions (+3.2%)		
12,200	Bank of Queensland Ltd.	139,141	140,323
59,000	Challenger Financial Services Group Ltd.	324,693	347,717
		463,834	488,040
Ireland equities (+2.1%)			
	Long Positions (+2.1%)		
50,700	Henderson Group PLC	185,900	200,486
3,800	XL Group PLC	124,164	128,606
		310,064	329,092
Italian (+0.7%)			
	Long Positions (+0.7%)		
301,600	Banca Monte dei Paschi di Siena SPA	77,045	77,274
3,900	Finmeccanica SPA	25,841	31,433
		102,886	108,707
Sweden equities (+0.3%)			
	Long Position (+0.3%)		
1,300	Investor AB, Series 'B'	31,081	47,571
		31,081	47,571
Spain equities (+1.1%)			
	Long Positions (+1.1%)		
1,500	Acciona SA	90,721	90,919
11,500	Banco de Sabadell SA	31,892	31,855
7,200	Banco Popular Espanol SA	46,870	45,960
		169,483	168,734
Netherland equities (+0.3%)			
	Long Positions (+0.3%)		
3,200	ING Groep NV	47,558	47,178
		47,558	47,178
Bermuda equities (+0.4%)			
	Long Positions (+0.4%)		
1,300	SeaDrill Ltd.	62,978	56,372
		62,978	56,372

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Investment Portfolio (continued)

December 31, 2013

Shares/units	Security	Average cost	Fair value
Japan (+10.0%)			
Long Position (+10.0%)			
500	Central Japan Railway Co.	65,126	62,524
12,000	Fuji Electric Co. Ltd.	51,388	59,562
42,700	iShares MSCI Japan ETF	547,458	550,893
5,300	Japan Airport Terminal Co. Ltd.	125,377	127,246
3,400	Kakaku.com Inc.	64,809	63,379
800	KDDI Corp.	43,084	52,243
15,000	KUREHA Corp.	78,446	81,428
6,400	KYUDENKO Corp.	46,520	46,000
11,000	Maeda Corp.	77,612	77,283
7,900	Minebea Co. Ltd.	56,235	61,413
1,100	Nippon Telegraph & Telephone Corp.	60,106	62,827
5,500	Showa Shell Sekiyu K.K.	60,100	59,269
500	Softbank Corp.	40,289	46,451
1,500	Sumitomo Mitsui Financial Group Inc.	73,907	82,034
13,000	Tosoh Corp.	50,019	64,131
4,600	Yokohama Rubber Co. Ltd. (The)	48,576	47,989
		1,489,052	1,544,672
Greece equities (+0.5%)			
Long Position (+0.5%)			
5,700	OPAP SA	46,099	80,948
		46,099	80,948
German equities (+6.9%)			
Long Positions (+6.9%)			
1,500	Aareal Bank AG	63,859	63,474
300	Allianz AG, Registered	50,331	57,252
700	Continental AG	146,896	163,361
700	Daimler AG, Registered	65,208	64,463
6,100	Drillisch AG	185,695	187,815
500	Hochtief AG	46,105	45,430
200	Muenchener Rueckversicherungs-Gesellschaft AG, Registered	44,228	47,011
10,100	Nordex AG	93,809	141,542
21,000	QSC AG	128,271	132,236
9,200	Sky Deutschland AG	110,076	107,796
200	Volkswagen AG	57,825	57,655
		992,303	1,068,035

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Investment Portfolio (continued)

December 31, 2013

Shares/units	Security	Average cost	Fair value
Canadian equities (+4.5%)			
Long Positions (+17.2%)			
19,900	Advantage Oil & Gas Ltd.	83,562	91,739
7,500	Athabasca Oil Corp.	47,074	48,525
14,900	Bankers Petroleum Ltd.	47,346	64,964
5,700	BlackBerry Ltd.	44,933	44,973
1,500	Canadian Imperial Bank of Commerce	132,729	136,065
4,100	Canadian Western Bank	158,215	158,424
500	Constellation Software Inc.	101,596	112,375
11,800	Detour Gold Corp.	49,631	48,262
7,900	Eldorado Gold Corp.	48,225	47,558
4,700	Genworth MI Canada Inc.	172,015	171,973
8,400	Gran Tierra Energy Inc.	63,600	65,100
13,400	IAMGOLD Corp.	49,363	47,302
10,000	Kinross Gold Corp.	47,174	46,400
17,900	Legacy Oil + Gas Inc., Class 'A'	111,053	109,727
2,900	Magna International Inc., Class 'A'	231,762	252,503
3,500	Methanex Corp.	200,164	219,800
900	Metro Inc., Class 'A'	59,367	58,329
1,900	National Bank of Canada	163,140	167,941
15,500	Nevsun Resource Ltd.	59,618	54,715
8,700	New Gold Inc.	48,048	48,372
1,800	Norbord Inc.	59,958	60,858
5,100	Penn West Petroleum Ltd.	46,158	45,237
1,600	Stantec Inc.	109,859	105,376
6,100	Teck Resources Ltd., Class 'B'	179,471	168,421
7,500	Transcontinental Inc., Class 'A'	98,701	109,650
7,000	TransGlobe Energy Corp.	62,286	62,160
13,400	Turquoise Hill Resources Ltd.	47,349	46,900
5,000	Yamana Gold Inc.	46,666	45,700
		2,569,063	2,639,349
Short Position (-12.7%)			
(63,000)	iShares MSCI Canada ETF	(1,869,944)	(1,957,269)
		(1,869,944)	(1,957,269)
German bonds (0.0%)			
Short Position (0.0%)			
(2,747)	Global PVQ SE, 6.75%, 2015/10/21	(267)	(5,116)
(285)	Q-Cells SE, Convertible, Callable, 6.75%, 2015/10/21	(28)	(531)
		(295)	(5,647)
Other equities (-41.4%)			
Short Position (-41.4%)			
(89,100)	iShares MSCI EAFE ETF	(6,048,035)	(6,375,908)
		(6,048,035)	(6,375,908)
Total long positions		15,552,722	16,524,416
Total short positions		(13,074,717)	(14,801,635)
Transaction costs		(33,266)	—
Total investment portfolio (11.3%)		\$ 2,444,739	1,722,781
Cash and cash equivalents (86.2%)			13,280,163
Other assets less liabilities (2.5%)			386,886
Net assets at fair value (100.0%)			\$ 15,389,830

See accompanying notes to 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, 2013 and 2012 in valuing the fund's financial assets and liabilities carried at fair value:

	2013			2012		
	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	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
Financial assets:						
Equities	\$ 15,973,523	\$ -	\$ -	\$ 11,602,127	\$ -	\$ -
Exchange traded funds	550,893	-	-	280,626	-	-
Total financial assets	16,524,416	-	-	11,882,753	-	-
Financial liabilities:						
Equities	-	-	-	(3,594)	-	(17,845)
Exchange traded funds	(14,795,988)	-	-	(8,578,236)	-	-
Bonds	-	(5,647)	-	-	(4,609)	-
Total financial liabilities	(14,795,988)	(5,647)	-	(8,581,830)	(4,609)	(17,845)
Total financial assets and liabilities	\$ 1,728,428	\$ (5,647)	\$ -	\$ 3,300,923	\$ (4,609)	\$ (17,845)

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.

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 GLOBAL EQUITY LONG/SHORT FUND

Fair Value of Financial Instruments (continued)

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:

2013:

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

2012

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

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Net Assets

December 31, 2013

Assets

Cash and cash equivalents	\$ 1,182,781
Investments, at fair value	2,967,816
Amounts receivable relating to accrued income	9,051
	<hr/>
	4,159,648

Liabilities

Investments sold short, at fair value	858,484
Accrued expenses	6,793
Accrued management fees	3,963
	<hr/>
	869,240

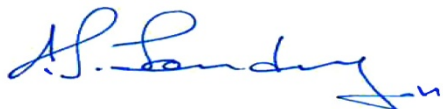
Total net assets and unitholders' equity	\$ 3,290,408
--	--------------

Total net assets and unitholders' equity, Series F	\$ 2,743,276
Units issued and outstanding, Series F	258,413
Net assets per security, Series F	\$ 10.62

Total net assets and unitholders' equity, Series I	\$ 547,132
Units issued and outstanding, Series I	51,329
Net assets per security, Series I	\$ 10.66

See accompanying notes to 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

Statement of Operations

Period from February 6, 2013 (commencement of operations) to December 31, 2013

Investment income:	
Dividend revenue	\$ 29,512
Interest revenue	6,105
	<hr/> 35,617
Expenses:	
Management fees (note 10)	12,336
Performance fees (note 10)	13,155
Custodial fees	645
Administration fees (note 7)	8,987
Dividend expense on short positions	8,220
Short borrow fees	1,518
	<hr/> 44,861
Net investment loss for the period	(9,244)
Realized and unrealized gain on investments and transaction costs:	
Net realized gain on investments and foreign exchange	18,852
Change in unrealized gain on investments	136,872
Transaction costs	(9,643)
Net income on investments	146,081
Increase in net assets from operations	<hr/> \$ 136,837
Increase in net assets from operations, Series F	\$ 103,751
Increase in net assets from operations per security, Series F	0.81
Increase in net assets from operations, Series I	\$ 33,086
Increase in net assets from operations per security, Series I	1.05

See accompanying notes to financial statements.

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Changes in Net Assets

Period from February 6, 2013 (commencement of operations) to December 31, 2013

Net assets, beginning of period	\$	–
Increase in net assets from operations		136,837
Capital transactions:		
Proceeds from the issuance of units of the investment fund		3,154,560
Aggregate amounts paid on redemption of units of the investment fund		(989)
Net assets, end of period	\$	3,290,408
Net assets, beginning of period, Series F	\$	–
Increase in net assets from operations, Series F		103,751
Capital transactions, Series F:		
Proceeds from the issuance of units of the investment fund		3,141,060
Aggregate amounts paid on redemption of units of the investment fund		(495)
Net redesignation of units to other funds		(501,040)
Net assets, end of period, Series F	\$	2,743,276
Net assets, beginning of period, Series I	\$	–
Increase in net assets from operations, Series I		33,086
Capital transactions, Series I:		
Proceeds from the issuance of units of the investment fund		13,500
Aggregate amounts paid on redemption of units of the investment fund		(494)
Net redesignation of units from other funds		501,040
Net assets, end of period, Series I	\$	547,132

See accompanying notes to financial statements.

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Investment Portfolio

December 31, 2013

Shares/units	Security	Average cost	Fair value
Canadian equities (+64.2%)			
Long Positions (+90.3%)			
Financials (30.7%)			
3,000	AGF Management Ltd., Class 'B'	\$ 38,564	\$ 39,810
1,300	Bank of Montreal	87,093	92,027
2,000	Bank of Nova Scotia	123,525	132,800
600	Brookfield Office Properties Inc.	10,665	12,264
1,200	Canadian Imperial Bank of Commerce	99,908	108,852
700	CI Financial Corp.	22,396	24,731
900	Genworth MI Canada Inc.	28,039	32,931
500	Home Capital Group Inc.	35,979	40,420
900	Industrial Alliance Insurance and Financial Services Inc	40,026	42,237
900	Laurentian Bank of Canada	41,349	42,228
2,300	Manulife Financial Corp.	40,585	48,185
1,300	National Bank of Canada	110,707	114,907
600	Power Financial Corp.	22,007	21,594
2,300	Royal Bank of Canada	153,589	164,174
2,000	Sun Life Financial Inc.	67,102	75,040
300	TMX Group Ltd.	15,054	15,300
		936,588	1,007,500
Energy (22.3%)			
8,600	Advantage Oil & Gas Ltd.	36,009	39,646
2,600	Athabasca Oil Corp.	16,326	16,822
6,700	Bankers Petroleum Ltd.	22,004	29,212
3,200	Canadian Natural Resources Ltd.	102,728	114,944
1,300	Canadian Oil Sands Ltd.	27,155	25,961
2,400	Encana Corp.	45,154	45,960
1,500	Enerflex Ltd.	20,829	22,485
3,100	Gran Tierra Energy Inc.	23,706	24,025
1,000	Husky Energy Inc.	29,961	33,690
900	Imperial Oil Ltd.	41,239	42,309
5,000	Legacy Oil + Gas Inc., Class 'A'	30,791	30,650
900	Pacific Rubiales Energy Corp.	19,358	16,452
2,100	Penn West Petroleum Ltd.	19,270	18,627
1,300	Precision Drilling Corp.	11,947	12,909
3,900	Savanna Energy Services Corp.	30,430	33,150
4,100	Suncor Energy Inc.	143,767	152,561
3,700	Talisman Energy Inc.	46,614	45,695
3,400	TransGlobe Energy Corp.	29,382	30,192
		696,670	735,290
Materials (10.8%)			
400	Agrium Inc.	37,638	38,860
5,500	Capstone Mining Corp.	13,130	16,445
6,900	Centerra Gold Inc.	29,010	29,808
3,500	Detour Gold Corp.	13,920	14,315
2,800	Eldorado Gold Corp.	16,563	16,856
1,500	First Quantum Minerals Ltd.	27,716	28,680
800	Goldcorp Inc.	23,601	18,392
4,800	IAMGOLD Corp.	22,069	16,944
3,600	Kinross Gold Corp.	16,843	16,704
3,000	Lundin Mining Corp.	13,693	13,770
1,800	Major Drilling Group International Inc.	15,373	13,824
300	Methanex Corp.	18,591	18,840
3,000	Nevsun Resource Ltd.	11,831	10,590
700	Norbord Inc.	23,699	23,667
600	Potash Corp. of Saskatchewan Inc.	19,746	21,000
1,400	Teck Resources Ltd., Class 'B'	38,387	38,654
4,700	Turquoise Hill Resources Ltd.	16,490	16,450
		358,300	353,799

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Investment Portfolio (continued)

December 31, 2013

Shares/units	Security	Average cost	Fair value
Canadian equities (+64.2%)			
Long positions (+90.3%)			
Consumer Discretionary (9.7%)			
400	Canadian Tire Corp. Ltd., Class 'A'	38,919	39,788
500	Cogeco Cable Inc.	23,911	23,990
800	Dorel Industries Inc., Class 'B'	32,237	32,368
300	Gildan Activewear Inc.	14,536	16,980
300	Linamar Corp.	8,752	13,236
600	Magna International Inc., Class 'A'	46,439	52,242
1,300	Quebecor Inc., Class 'B'	30,824	34,333
1,000	RONA Inc.	11,372	13,170
1,000	Shaw Communications Inc., Class 'B'	25,126	25,850
1,700	Thomson Reuters Corp.	61,860	68,272
		293,976	320,229
Industrials (9.2%)			
1,200	Aecon Group Inc.	15,389	19,296
2,700	Air Canada, Class 'B'	14,730	20,007
1,700	CAE Inc.	23,171	22,950
1,200	Canadian National Railway Co.	63,670	72,648
500	Stantec Inc.	25,967	32,930
3,700	Transcontinental Inc., Class 'A'	49,791	54,094
500	TransForce Inc.	10,226	12,625
700	Wajax Corp.	25,479	25,522
1,500	WestJet Airlines Ltd.	38,932	41,775
		267,355	301,847
Consumer Staples (2.9%)			
300	Alimentation Couche-Tard Inc., Class 'B'	19,035	23,955
2,500	Jean Coutu Group (PJC) Inc. (The), Class 'A'	45,956	46,025
400	Metro Inc., Class 'A'	26,762	25,924
		91,753	95,904
Information Technology (2.5%)			
2,400	BlackBerry Ltd.	24,505	18,936
1,800	Celestica Inc.	18,152	19,872
100	Constellation Software Inc.	18,136	22,475
200	Open Text Corp.	19,554	19,512
		80,347	80,795
Telecommunications (1.4%)			
1,300	TELUS Corp.	45,041	47,528
		45,041	47,528
Health Care (0.8%)			
200	Valeant Pharmaceuticals International Inc.	20,787	24,924
		20,787	24,924
Short Positions (-26.1%)			
Exchange Traded Funds (-26.1%)			
(43,600)	iShares S&P/TSX 60 Index Fund	(812,348)	(858,484)
		(812,348)	(858,484)
Total long positions		2,790,817	2,967,816
Total short positions		(812,348)	(858,484)
Transaction costs		(6,012)	—
Total investment portfolio (64.2%)		<u>\$ 1,972,457</u>	2,109,332
Cash and cash equivalents (35.9%)			1,182,781
Other assets less liabilities (-0.1%)			(1,705)
Net assets at fair value (100.0%)			<u>\$ 3,290,408</u>

See accompanying notes to financial statements.

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Fair Value of Financial Instruments

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

	Level 1 quoted prices in active markets for identical assets
Financial assets:	
Equities	\$ 2,967,816
Total financial assets	2,967,816
Financial liabilities:	
Exchange traded funds	(858,484)
Total financial liabilities	(858,484)
Total financial assets and liabilities	\$ 2,109,332

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 period presented. In addition, there were no investments or transactions classified in Level 3 for the period ended December 31, 2013.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements

Period ended December 31, 2013

1. Establishment of the Funds:

The Landry Global Equity Long/Short Funds 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 December 19, 2012. 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 8, 2013 (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 Funds in the preparation of these financial statements:

- (a) Valuation of financial instruments:

The Funds measure 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;

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

2. Significant accounting policies (continued):

- 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
- 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 Funds (as prescribed by the Offering Documents) 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 Funds may need to borrow the security for delivery to the buyer. While the transaction is open, the Funds will also incur a liability for any paid dividends or interest which is due to the lender of the security.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

2. Significant accounting policies (continued):

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.

(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 period. 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 statement 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 fee, are recognized as expenses in the statement of operations based on the trade date.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

2. Significant accounting policies (continued):

(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.

(g) Net assets per unit:

Net assets per unit represents net assets by series divided by the number of units outstanding by series at period end.

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

Increase (decrease) in net assets from operations per unit in the statement of operations represents the increase (decrease) in net assets from operations by series, divided by the average number of units outstanding by series during the period.

(i) Cash and cash equivalents:

Cash and cash equivalents consist of cash and investments in Government of Canada Treasury Bills ("T-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 Funds will publish their first annual audited financial statements in accordance with IFRS for the year ending December 31, 2014, with comparatives for the period ended December 31, 2013, and prepare an opening IFRS statement of net assets as at January 1, 2013, as applicable. The Funds will also be publishing unaudited interim financial statements in accordance with IFRS for the six-month period ending June 30, 2014.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

3. Future accounting standards (continued):

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 Funds' adoption of IFRS (see commentary below). The criteria contained within International Accounting Standard ("IAS") 32, Financial Instruments - Presentation, may require unitholders' equity to be classified as a liability within the Funds' statement of net assets, unless certain conditions are met. The Manager is currently assessing the Funds' unitholder structure to confirm the appropriate classification in accordance with IFRS.

IFRS is also expected to affect the overall presentation of financial statements, such as the inclusion of a statement of cash flows in the financial statements. Overall, enhanced disclosure requirements are expected.

Upon adoption of IFRS the Funds will apply IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 defines fair value, sets out a single IFRS framework for measuring fair value and requires disclosure about fair value measurements. It applies when other IFRS require or permit fair value measurement. If an asset or a liability measured at fair value has a bid price and an ask price, it requires valuation to be based on a price within the bid-ask spread that is most representative of fair value. It 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. This may result in eliminating the difference between the NAV per unit and net assets per unit under current Canadian GAAP.

In October 31, 2012, the IASB published Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), which provides an exemption from consolidation of subsidiaries under IFRS 10, Consolidated Financial Statements, for entities which meet the definition of an investment entity. A qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investing activities. The consolidation exception is mandatory, not optional.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

4. 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 period. The risks of the Funds remain, 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.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

4. Financial instruments and risk management (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 period 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:

Fund	Reference index	Impact on net assets (in thousands of Cdn. dollars)*	
		2013	2012
Landry Global Equity Long/Short Fund	S&P500 Total Return Index	\$ (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.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

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 the Funds will fluctuate due to changes in exchange rates. As at December 31, 2013 and 2012, the Landry Global Equity Long/Short Fund had currency exposure, while the Landry Adaptive Value Long/Short Fund did not. 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:

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

December 31, 2013:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net assets
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)

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

4. Financial instruments and risk management (continued):

December 31, 2012:

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 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, 2013 and 2012, 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.

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

4. Financial instruments and risk management (continued):

(f) Liquidity risk:

Liquidity risk is the risk that the Funds will encounter difficulty in meeting obligations associated with financial 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. In accordance with securities regulations, the Funds must maintain at least 90% of their assets in liquid investments. The Funds also have access to bank overdrafts, some of which were being utilized as at December 31, 2013.

5. Unitholders' equity:

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 assets. 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. Series A and Series F units are available to all investors. Series I 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)

Period ended December 31, 2013

5. Unitholders' equity (continued):

The change in the number of units is as follows for the applicable periods ended December 31, 2013 and 2012:

Landry Global Equity Long/Short Fund:

Funds	Year	Beginning of period	Purchases	Reinvestments	Redemptions	Net transfer	End of period	Average number of units
Series A	2012	3,950	–	–	–	–	3,950	3,950
	2013	3,950	–	–	–	–	3,950	8,059
Series B	2012	5,019	3,416	–	–	–	8,435	8,277
	2013	8,435	–	–	–	–	8,435	8,435
Series F	2012	1,536,403	183,265	–	(864,869)	–	854,799	1,128,004
	2013	854,799	–	–	–	–	854,799	968,284
Series G	2012	29,723	4,155	–	(13,564)	–	20,314	27,365
	2013	20,314	–	–	–	–	20,314	20,895
Series I	2012	811,387	130,913	–	(353,054)	–	589,246	740,487
	2013	589,246	–	–	–	–	589,246	576,364

Landry Adaptive Value Long/Short Fund:

Funds	Period	Beginning of period	Purchases	Reinvestments	Redemptions	Net transfer	End of period	Average number of units
Series F	2013	–	308,463	–	(50,050)	–	258,413	127,615
Series I	2013	–	51,379	–	(50)	–	51,329	31,472

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

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 NAV for purposes of unitholders' purchases, switches and redemptions is calculated in accordance with the valuation rules set out in the Funds' 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 Funds is as follows:

Landry Global Equity Long/Short Fund:

	As at December 31, 2013 per security			As at December 31, 2012 per security		
	NAV	Section 3855 adjustment	Net assets	NAV	Section 3855 adjustment	Net assets
Series A	\$ 6.61	\$ (0.03)	\$ 6.58	\$ 5.85	\$ (0.03)	\$ 5.82
Series B	–	–	–	9.38	(0.04)	9.34
Series F	9.24	(0.05)	9.19	8.06	(0.03)	8.03
Series G	–	–	–	9.63	(0.04)	9.59
Series I	6.82	(0.04)	6.78	5.89	(0.03)	5.86

Landry Adaptive Value Long/Short Fund:

	As at December 31, 2013 per security		
	NAV	Section 3855 adjustment	Net assets
Series F	\$ 10.63	\$ (0.01)	\$ 10.62
Series I	10.67	(0.01)	10.66

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

7. Expenses and brokerage commissions:

(a) Expenses:

For the applicable periods ended December 31, 2013 and 2012, administration 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 Global Equity Long/Short Fund	1.06%	1.06%	1.06%	1.06%	1.06%	1.06%
Landry Adaptive Value Long/Short 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 administration costs include valuation and recordkeeping expenses and those related to the services of the transfer agent, including processing purchases and sales of the units of the Funds and calculation of the price of units along with other costs of the Funds.

(b) Brokerage commission:

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, 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 period:

	Transaction costs paid by the Funds	Goods and services received by the Funds
2013		
Landry Global Equity Long/Short Fund	\$ 117,953	\$ 128,334
Landry Adaptive Value Long/Short Fund	9,643	—

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

7. Expenses and brokerage commissions (continued):

2012	Transaction costs paid by the Funds	Goods and services received by the Funds
Landry Global Equity Long/Short Fund	\$ 128,334	\$ 183,758

8. Distributions:

Unitholders are entitled to distributions at period 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 period, divided by the number of units outstanding, and multiplied by the number of units held by the unitholder at fiscal period end.

9. Income tax status:

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

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

9. 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					
		2028	2029	2030	2031	2032	2033
Landry Global Equity Long/Sort Fund	\$ 13,373,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Landry Adaptive Value Long/Short Fund	-	-	-	-	-	-	1,983

10. 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% and Series F units is 1% (2012 - Series B units is 2.25% and Series G units is 1.5%), calculated on a daily basis to the NAV of the Global Equity Long/Short Funds and payable monthly. No management fee is charged to Series I units; instead a negotiated fee is paid by these unitholders to the Manager directly.

The management fee with respect to Series F units is 1.5%, calculated on a daily basis to the NAV of the Adaptive Value Long/Short Fund.

(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 has 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)

Period ended December 31, 2013

10. Related party transactions (continued):

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 5% (2% for Class I units, three-month Canada T-Bills for Class A and Class F)
Landry Adaptive Value Long/Short Fund	Three-month Canada T-Bills (2% for Class F, Class I and Class J)

(c) Other:

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

	2013	2012
Landry Global Equity Long/Short Fund	10.21%	21.52%
Landry Adaptive Value Long/Short Fund	32.11%	—

11. 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 it sustains or incurs in or about or in relation to the affairs of the Funds and the execution of the Trustee's and Manager's duties; and

LANDRY LONG/SHORT FUNDS

Notes to Financial Statements (continued)

Period ended December 31, 2013

11. Responsibility of the Trustee (continued):

- (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.