

Financial Statements of

LANDRY PRIVATE FUNDS

Year ended December 31, 2016

LANDRY PRIVATE FUNDS

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LANDRY PRIVATE FUNDS

Directory

Year ended December 31, 2016

Investment Fund 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

Portfolio Managers

Landry Investment Management Inc.
1800 McGill College, Suite 1430
Montréal, Québec H3A 3J6
Tel.: 514-985-1138
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www.landryinvest.com

Razorbill Advisors Inc.
4141 Sherbrook West Street, Suite 420
Westmount, Québec H3Z 1B8
Tel.: 514-508-8526
www.razorbilladvisors.com

Custodians

J.P. Morgan Securities LLC
277 Park Avenue
New York, New York 10172
Tel.: 212-270-6000
www.jpmorgansecurities.com

RBC Prime Brokerage
Royal Bank Plaza
200 Bay Street
Toronto, Ontario M5J 2W7
Tel.: 416-842-2000
www.rbccm.com

CIBC Mellon Trust Company
320 Bay Street
Toronto, Ontario M5H 4A6
Tel.: 416-643-5500
Fax: 416-643-5501
www.cibcmellon.com

Transfer Agent, Registrar and Valuation Agent

CIBC Mellon Global Securities Services Company
320 Bay Street
Toronto, Ontario M5H 4A6
Tel.: 416-643-5500
Fax: 416-643-5501
www.cibcmellon.com

LANDRY PRIVATE FUNDS

Directory (continued)

Year ended December 31, 2016

Trustee

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montréal, Québec H3A 3S8
Tel.: 514-982-7888
Fax: 514-982-7635
www.computershare.com

Auditors

KPMG LLP
KPMG Tower
600 de Maisonneuve West Boulevard, Suite 1500
Montréal, Québec H3A 0A3
Tel.: 514-840-2100
Fax: 514-840-2187
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MANAGER'S 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 Notes 2 and 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.

A handwritten signature in blue ink, appearing to read "J. Landry", with a stylized flourish at the end.

Jean-Luc Landry

President & Chief Executive Officer



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of

Landry Global Equity Long/Short Fund
Landry Adaptive Value Long/Short Fund
Landry Razorbill Income Plus 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, 2016 and 2015, the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, 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 these 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.



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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2016 and 2015, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

*KPMG LLP**

March 29, 2017

Montréal, Canada

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Financial Position
(In Canadian dollars)

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Investments	\$ 11,633,778	\$ 31,892,956
Cash equivalents	10,986,250	31,978,560
Amounts receivable relating to units issued	30,000	-
Amounts receivable relating to portfolio assets sold	4,235,623	2,400,867
Amounts receivable relating to accrued dividends	9,014	17,253
Amounts receivable relating to accrued interest	4,349	17,458
Prepaid expenses	6,578	9,171
	26,905,592	66,316,265
Liabilities		
Current liabilities:		
Bank overdraft	2,356,514	3,247,956
Investments sold short	10,892,533	24,195,567
Accrued expenses	23,536	60,909
Accrued management fees	7,471	9,405
Amounts payable for portfolio assets purchased	1,166,209	4,230,139
	14,446,263	31,743,976
Net assets attributable to holders of redeemable units	\$ 12,459,329	\$ 34,572,289

	2016		2015	
	Number of units issued and outstanding (note 7)	Net assets attributable to holders of redeemable units	Number of units issued and outstanding (note 7)	Net assets attributable to holders of redeemable units
Class A	4,055	\$ 27,335	4,055	\$ 26,925
Class F	779,083	7,597,715	938,896	8,914,989
Class H	-	-	2,005,294	20,658,611
Class I	570,897	4,253,524	600,891	4,308,832
Class J	55,797	580,755	66,170	662,932

	2016	2015
Net assets attributable to holders of redeemable units per unit:		
Class A	\$ 6.74	\$ 6.64
Class F	9.75	9.50
Class H	-	10.30
Class I	7.45	7.17
Class J	10.41	10.02

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 GLOBAL EQUITY LONG/SHORT FUND

Statement of Comprehensive Income
(In Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Dividend revenue	\$ 22,244	\$ 119,296
Interest revenue	294,424	238,027
Short-term trading fees	-	600
Foreign exchange gain	3,884	141,089
Net realized (gain) loss on investments	(85,485)	197,707
Net unrealized gain on investments	10,768	769,720
Total revenue	245,835	1,466,439
Expenses:		
Management fees (note 11)	90,791	142,459
Custodial fees	38,839	22,627
Administrative fees (note 8)	125,589	335,411
Transaction costs	185,268	157,952
Short borrow fees	75,114	293,954
Interest fees	394,250	384,549
Foreign withholding taxes	39,377	116,573
Total operating expenses	949,228	1,453,525
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (703,393)	\$ 12,914
Increase (decrease) in net assets attributable to holders of redeemable units:		
Class A	\$ 410	\$ (336)
Class F	177,466	(76,380)
Class H	(1,080,923)	46,545
Class I	173,497	41,853
Class J	26,157	1,232
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class A	\$ 0.10	\$ (0.08)
Class F	0.21	(0.06)
Class H	(0.54)	0.02
Class I	0.29	0.07
Class J	0.40	0.02

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

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

Year ended December 31, 2016, with comparative information for 2015

2016	Class A	Class F	Class H	Class I	Class J	Total
Balance, beginning of year	\$ 26,925	\$ 8,914,989	\$ 20,658,611	\$ 4,308,832	\$ 662,932	\$ 34,572,289
Increase (decrease) in net assets attributable to holders of redeemable units	410	177,466	(1,080,923)	173,497	26,157	(703,393)
Redeemable unit transactions:						
Issue of redeemable units	-	405,400	-	436,000	34,000	875,400
Redemption of redeemable units	-	(1,842,474)	(19,577,688)	(664,805)	(200,000)	(22,284,967)
Net decrease from redeemable unit transactions	-	(1,437,074)	(19,577,688)	(228,805)	(166,000)	(21,409,567)
Net transfer of units from (to) other units	-	(57,666)	-	-	57,666	-
Balance, end of year	\$ 27,335	\$ 7,597,715	\$ -	\$ 4,253,524	\$ 580,755	\$ 12,459,329

2015	Class A	Class F	Class H	Class I	Class J	Total
Balance, beginning of year	\$ 27,261	\$ 16,801,677	\$ 14,349,885	\$ 4,052,915	\$ -	\$ 35,231,738
Increase (decrease) in net assets attributable to holders of redeemable units	(336)	(76,380)	46,545	41,853	1,232	12,914
Redeemable unit transactions:						
Issue of redeemable units	-	188,800	11,650,000	661,744	-	12,500,544
Redemption of redeemable units	-	(7,337,408)	(5,387,819)	(447,680)	-	(13,172,907)
Net increase (decrease) from redeemable unit transactions	-	(7,148,608)	6,262,181	214,064	-	(672,363)
Net transfer of units from (to) other units	-	(661,700)	-	-	661,700	-
Balance, end of year	\$ 26,925	\$ 8,914,989	\$ 20,658,611	\$ 4,308,832	\$ 662,932	\$ 34,572,289

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

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Statement of Cash Flows
(In Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
(Decrease) increase in net assets attributable to holders of redeemable units	\$ (703,393)	\$ 12,914
Adjustments for:		
Foreign exchange gain	(3,884)	(141,089)
Net realized loss (gain) from investments	85,485	(197,707)
Net unrealized gain from investments	(10,768)	(769,720)
Dividend revenue	(22,244)	(119,296)
Interest revenue	(294,424)	(238,027)
Interest expense	394,250	384,549
Prepaid expenses	2,593	10,121
Accrued expenses	(37,372)	(43,872)
Management fees accrued	(1,934)	(70,691)
Net proceeds from sale of investments assets and liabilities	82,409,108	80,841,993
Net purchases of investments assets and liabilities	(80,426,367)	(82,824,071)
Dividends received	30,482	131,688
Interest received	307,533	220,569
Interest paid	(394,250)	(384,549)
	1,334,815	(3,187,188)
Financing activities:		
Proceeds from issuance of redeemable units	845,400	12,500,544
Payments on redemption of redeemable units	(22,284,967)	(13,192,526)
	(21,439,567)	(691,982)
Net decrease in cash and cash equivalents	(20,104,752)	(3,879,170)
Cash and cash equivalents, beginning of year	28,730,604	32,468,685
Foreign exchange gain on cash and cash equivalents	3,884	141,089
Cash and cash equivalents, end of year	\$ 8,629,736	\$ 28,730,604
Cash and cash equivalents are comprised of:		
Bank overdraft	\$ (2,356,514)	\$ (3,247,956)
Cash equivalents	10,986,250	31,978,560
	\$ 8,629,736	\$ 28,730,604

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, 2016

Shares/units	Security	Average cost	Fair value
Japan equities (net +11.9%)			
Long Positions (+11.9%)			
3,000	Chiba Bank Ltd. (The)	\$ 24,930	\$ 24,732
1,000	Dai-ichi Life Holdings Inc.	19,638	22,375
1,000	Daiichi Sankyo Co. Ltd.	27,292	27,497
2,000	DeNA Co. Ltd.	83,149	58,731
8,000	Fujitsu Ltd.	62,953	59,743
4,688	Fukuoka Financial Group Inc.	26,393	27,975
7,200	iShares MSCI Japan ETF	482,863	472,350
2,000	Kyowa Hakko Kirin Co. Ltd.	36,547	37,161
2,000	Mitsubishi UFJ Financial Group Inc.	16,930	16,561
18,000	Mitsui Mining & Smelting Co. Ltd.	61,571	61,260
700	Mitsui Sumitomo Insurance Group Holdings Inc.	26,358	29,168
10,000	Mizuho Financial Group Inc.	24,844	24,122
9,000	Nippon Yusen Kabushiki Kaisha	23,201	22,455
6,600	Resona Holdings Inc.	38,732	45,493
23,000	Sharp Corp.	51,708	71,402
12,675	Shinsei Bank Ltd.	27,068	28,564
18,900	Sojitz Corp.	62,138	61,716
4,000	SUMCO Corp.	69,294	69,447
564	Sumitomo Mitsui Trust Holdings Inc.	24,415	27,126
14,100	Tokuyama Corp.	66,623	71,981
14,200	Toshiba Corp.	69,187	46,222
6,300	Tosoh Corp.	46,612	59,905
71,000	UNITIKA LTD.	53,841	68,573
9,000	Yahoo Japan Corp.	45,986	46,463
		1,472,273	1,481,022
United Kingdom equities (net +9.6%)			
Long Positions (+9.6%)			
4,900	3i Group PLC	48,716	57,162
4,200	Anglo American PLC	78,774	80,732
6,500	Ashtead Group PLC	174,310	170,181
8,200	Barclays PLC	24,800	30,362
700	Bellway PLC	27,944	28,720
6,500	BP PLC	51,798	54,889
4,700	Capita PLC	40,468	41,355
3,200	Greene King PLC	36,869	37,012
5,100	Howden Joinery Group PLC	32,626	32,435
6,800	HSBC Holdings PLC	69,751	74,020
3,900	IG Group Holdings PLC	32,227	31,932
3,600	Inmarsat PLC	44,471	44,830
7,900	Legal & General Group PLC	32,344	32,413
800	Michael Kors Holdings Ltd.	53,884	46,167
1,900	Petrofac Ltd.	24,806	27,360
18,200	Rentokil Initial PLC	68,940	67,013
1,700	Rio Tinto PLC, Registered	90,155	88,976
10,400	Royal Bank of Scotland Group PLC	39,068	38,706
6,700	Royal Mail PLC	58,516	51,304
2,100	RPC Group PLC	37,636	37,060
1,200	Spirax-Sarco Engineering PLC	88,011	83,198
3,200	UBM PLC	38,617	38,789
		1,194,731	1,194,616
Balance carried forward		2,667,004	2,675,638

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 2,667,004	\$ 2,675,638
	France equities (net +6.9%)		
	Long Positions (+9.0%)		
1,400	Arkema	177,972	184,046
1,000	Atos SE	139,684	141,801
1,000	AXA SA	28,916	33,926
900	BNP Paribas SA	65,199	77,082
8,200	Bollore	38,982	38,856
2,200	CNP Assurances	42,243	54,768
2,100	Crédit Agricole SA	24,919	34,991
1,500	Engie	25,661	25,715
200	Iliad SA	51,354	51,671
400	Ingenico Group	43,170	42,926
200	Kering	60,621	60,341
1,200	Neopost SA	42,516	50,446
2,400	Orange SA	48,354	49,003
4,700	Peugeot SA, Warrants, 2017/04/29	8,778	21,207
500	SEB SA	90,195	91,057
1,000	Société Générale SA	66,044	66,120
300	Technip SA	29,248	28,775
1,000	Total SA	63,793	68,913
		1,047,649	1,121,644
	Short Positions (-2.1%)		
(7,900)	iShares MSCI France ETF	(244,475)	(261,683)
		803,174	859,961
	German equities (net +6.9%)		
	Long Positions (+10.0%)		
1,200	Aareal Bank AG	53,535	60,698
100	Allianz AG, Registered	19,960	22,207
2,000	Covestro AG	155,397	184,249
1,300	Deutsche Bank AG, Registered	32,067	31,720
1,500	Deutsche Post AG, Registered	66,219	66,272
600	Draegerwerk AG & Co. KGaA, Preferred	67,701	68,064
9,500	Evotec AG	99,188	100,002
900	GEA Group AG	48,456	48,591
300	Hannover Rueckversicherungs SE	43,717	43,622
800	K+S AG, Registered	25,436	25,676
400	MTU Aero Engines Holding AG, Registered	62,285	61,742
100	Muenchener Rueckversicherungs-Gesellschaft AG, Registered	25,626	25,411
1,200	Nordex AG	34,675	34,609
600	Norma Group SE	33,842	34,414
3,000	Siltronic AG	167,182	186,817
800	Stada Arzneimittel AG	57,103	55,657
3,600	Suedzucker AG	122,473	115,540
1,400	TAG Immobilien AG	26,442	24,872
1,200	Talanx AG	48,527	53,739
		1,189,831	1,243,902
	Short Positions (-3.1%)		
(11,000)	iShares MSCI Germany ETF	(354,113)	(391,102)
		(354,113)	(391,102)
		835,718	852,800
	Balance carried forward	4,305,896	4,388,399

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 4,305,896	\$ 4,388,399
	Austrian equities (net +3.9%)		
	Long Positions (+3.9%)		
1,600	Conwert Immobilien Invest AG	38,473	36,708
600	Erste Group Bank AG	24,072	23,615
900	Lenzing AG	131,350	146,398
1,700	OMV AG	71,348	80,699
3,400	Raiffeisen International Bank-Holding AG	77,192	83,584
1,900	RHI AG	66,840	65,172
500	Schoeller-Bleckmann Oilfield Equipment AG	54,925	54,125
		464,200	490,301
	U.S. equities (net +3.0%)		
	Long Positions (+29.9%)		
300	American International Group Inc.	24,833	26,308
700	Anadarko Petroleum Corp.	67,425	65,538
800	Apache Corp.	52,090	68,176
500	Assurant Inc.	57,012	62,342
7,400	Bank of America Corp.	202,950	219,585
600	Best Buy Co. Inc.	31,321	34,376
800	Chevron Corp.	107,204	126,429
800	Corning Inc.	26,831	26,070
3,600	CSX Corp.	179,000	173,676
500	CVS Health Corp.	53,577	52,976
1,200	Devon Energy Corp.	75,607	73,585
1,400	Fifth Third Bancorp	36,679	50,698
300	General Dynamics Corp.	71,143	69,549
500	Goldman Sachs Group Inc. (The)	162,970	160,755
2,000	Hewlett Packard Enterprise Co.	60,359	62,140
5,000	HP Inc.	95,356	99,628
700	Johnson & Johnson	109,233	108,285
500	JPMorgan Chase & Co.	46,532	57,931
700	Lincoln National Corp.	43,436	62,287
1,300	Microchip Technology Inc.	114,779	111,974
3,700	Micron Technology Inc.	116,354	108,898
2,600	Morgan Stanley	122,442	147,496
2,200	Navient Corp.	42,209	48,533
2,100	NetApp Inc.	95,209	99,450
2,700	NVIDIA Corp.	119,140	386,963
500	Principal Financial Group Inc.	39,521	38,844
1,000	QUALCOMM Inc.	92,224	87,544
6,100	Regions Financial Corp.	78,233	117,615
500	Stericycle Inc.	52,393	51,721
1,900	SunTrust Banks Inc.	99,880	139,929
3,800	Symantec Corp.	121,677	121,893
1,700	Texas Instruments Inc.	157,479	166,561
300	Travelers Cos. Inc. (The)	42,691	49,312
700	U.S. Bancorp	49,470	48,282
300	United Rentals Inc.	30,475	42,529
700	UnitedHealth Group Inc.	135,038	150,420
1,900	Unum Group	83,311	112,071
900	Walgreens Boots Alliance Inc.	102,568	100,010
		3,198,651	3,730,379
	Balance carried forward	7,968,747	8,609,079

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 7,968,747	\$ 8,609,079
	U.S. equities (net +3.0%) (continued)		
	Short Positions (-26.9%)		
(7,400)	iShares S&P 100 ETF	(812,827)	(986,643)
(6,200)	PowerShares QQQ Trust, Series '1'	(769,644)	(986,315)
(4,600)	SPDR S&P 500 ETF Trust	(1,222,123)	(1,380,615)
		(2,804,594)	(3,353,573)
		394,057	376,806
	Australian equities (net +2.2%)		
	Long Positions (+3.4%)		
5,200	Bendigo and Adelaide Bank Ltd.	64,176	64,179
6,400	Bluescope Steel Ltd.	34,432	57,673
17,100	CSR Ltd.	67,796	76,715
6,300	Downer EDI Ltd.	37,069	37,256
14,000	Fortescue Metals Group Ltd.	73,064	80,073
40,200	South32 Ltd.	108,152	107,350
		384,689	423,246
	Short Positions (-1.2%)		
(5,500)	iShares MSCI Australia ETF	(150,166)	(149,396)
		(150,166)	(149,396)
		234,523	273,850
	Swiss equities (net +1.8%)		
	Long Positions (+1.8%)		
16,100	Glencore PLC	74,310	73,994
7,100	STMicroelectronics NV	108,302	108,462
100	Swiss Life Holding AG, Registered	31,258	38,027
		213,870	220,483
	Ireland equities (net +1.2%)		
	Long Positions (+1.2%)		
200	Allergan PLC	53,774	56,396
2,400	Endo International PLC	52,708	53,074
600	Mallinckrodt PLC	43,388	40,136
		149,870	149,606
	Italian equities (net +1.0%)		
	Long Positions (+1.0%)		
4,700	Davide Campari-Milano SPA	61,653	61,760
56,600	Saipem SPA	42,296	42,832
21,600	Telecom Italia SPA	25,314	25,573
		129,263	130,165
	Chinese equities (net +0.9%)		
	Long Positions (0.9%)		
400	Net Ease Inc., ADR	137,968	115,655
		137,968	115,655
	Balance carried forward	6,029,647	6,145,265

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 6,029,647	\$ 6,145,265
	Spain equities (net +0.4%)		
	Long Positions (+0.4%)		
1,300	ACS Actividades de Construcción y Servicios SA	52,407	55,201
		52,407	55,201
	Netherland equities (net +0.4%)		
	Long Positions (+0.4%)		
800	Koninklijke Ahold Delhaize NV	24,175	22,666
4,100	PostNL NV	28,154	23,731
		52,329	46,397
	Norway equities (net +0.3%)		
	Long Positions (+0.3%)		
1,800	DNB ASA	26,358	36,008
		26,358	36,008
	Sweden equities (net +0.3%)		
	Long Positions (+0.3%)		
4,100	Telefonaktiebolaget LM Ericsson, Series 'B'	32,549	32,380
		32,549	32,380
	Russian equities (net +0.3%)		
	Long Positions (+0.3%)		
300	Randgold Resources Ltd.	30,366	31,890
		30,366	31,890
	Canadian equities (net -0.4%)		
	Long Positions (+9.1%)		
1,300	Bank of Montréal	126,501	125,541
1,600	Bank of Nova Scotia	101,640	119,616
12,200	Baytex Energy Corp.	47,811	80,032
13,900	Bonavista Energy Corp.	34,575	66,859
3,100	Corus Entertainment Inc., Class 'B'	39,264	39,060
2,700	Crescent Point Energy Corp.	48,632	49,275
4,900	Enerplus Corp.	61,692	62,426
3,400	First Majestic Silver Corp.	31,747	34,884
6,100	Husky Energy Inc.	99,288	99,369
2,100	Industrial Alliance Insurance and Financial Services Inc.	115,038	112,119
2,800	Teck Resources Ltd., Class 'B'	14,976	75,236
1,800	TFI International Inc.	62,479	62,802
2,300	TMX Group Ltd.	158,184	164,496
1,700	WestJet Airlines Ltd.	39,334	39,168
		981,161	1,130,883
	Short Positions (-9.5%)		
(33,800)	iShares MSCI Canada ETF	(1,138,195)	(1,186,771)
		(1,138,195)	(1,186,771)
		(157,034)	(55,888)
	Balance carried forward	6,066,622	6,291,253

LANDRY GLOBAL EQUITY LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 6,066,622	\$ 6,291,253
	Other equities (net -44.5%)		
(71,600)	Short positions (-44.5%) iShares MSCI EAFE ETF	(5,530,060)	(5,550,008)
		(5,530,060)	(5,550,008)
	Total long positions	10,758,165	11,633,778
	Total short positions	(10,221,603)	(10,892,533)
	Transaction costs	(28,011)	-
	Total investment portfolio (5.9%)	<u>\$ 508,551</u>	741,245
	Cash and cash equivalents (69.3%)		8,629,736
	Other assets less liabilities (24.8%)		3,088,348
	Net assets attributable to holders of redeemable units at fair value (100.0%)		\$ 12,459,329

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

LANDRY GLOBAL EQUITY LONG/SHORT FUND

Fair Value of Financial Instruments
(In Canadian dollars)

The following is a summary of the inputs used as of December 31, 2016 and 2015 in valuing the fund's investments carried at fair value:

	2016	2015
	Level 1 quoted prices in active markets for identical assets	Level 1 quoted prices in active markets for identical assets
Investments:		
Equities	\$ 11,161,428	\$ 31,347,113
Exchange traded funds	472,350	545,843
Total investments	11,633,778	31,892,956
Investments sold short:		
Equities	—	(3,895,553)
Exchange traded funds	(10,892,533)	(20,300,014)
Total investments sold short	(10,892,533)	(24,195,567)
Total investments, net	\$ 741,245	\$ 7,697,389

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. In addition, there were no investments or transactions classified in Level 3 for the years ended December 31, 2016 and 2015.

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

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Financial Position
(In Canadian dollars)

December 31, 2016, with comparative information for 2015

	2016	2015
Assets		
Current assets:		
Investments	\$ 4,457,939	\$ 3,769,905
Cash equivalents	1,398,250	799,464
Amounts receivable relating to accrued dividends	9,189	12,408
Amounts receivable relating to accrued interest	554	436
Amounts receivable relating to portfolio assets sold	-	1,535,316
Prepaid expenses	1,243	1,098
	5,867,175	6,118,627
Liabilities		
Current liabilities:		
Bank overdraft	80,481	35,228
Investments sold short	1,279,160	1,384,630
Accrued expenses	4,469	15,870
Accrued management fees	6,143	5,101
Amounts payable for portfolio assets purchased	-	706,018
	1,370,253	2,146,847
Net assets attributable to holders of redeemable units	\$ 4,496,922	\$ 3,971,780

	2016		2015	
	Number of units issued and outstanding (note 7)	Net assets attributable to holders of redeemable units	Number of units issued and outstanding (note 7)	Net assets attributable to holders of redeemable units
Class F	343,995	\$ 3,795,216	358,694	\$ 3,458,616
Class I	60,569	701,706	51,329	513,164

	2016	2015
Net assets attributable to holders of redeemable units per unit:		
Class F	\$ 11.03	\$ 9.64
Class I	11.59	10.00

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 Brillion, CFA
Chief Investment Officer & Director

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Comprehensive Income
(In Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Dividend revenue	\$ 58,325	\$ 79,937
Interest revenue	5,310	9,820
Short-term trading fees	-	-
Foreign exchange loss	(747)	(99,981)
Net realized gain (loss) on investments	174,578	(206,206)
Net unrealized gain (loss) on investments	455,220	(79,341)
Total revenue	692,686	(295,771)
Expenses:		
Management fees (note 11)	61,005	83,061
Performance fees (note 11)	2,611	-
Custodial fees	135	255
Administrative fees (note 8)	35,964	46,507
Other fees	847	2,677
Short borrow fees	9,187	20,379
Transaction costs	10,290	18,672
Foreign withholding taxes	274	929
Total operating expenses	120,313	172,480
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 572,373	\$ (468,251)
Increase (decrease) in net assets attributable to holders of redeemable units:		
Class F	\$ 482,507	\$ (429,175)
Class I	89,866	(39,076)
Increase (decrease) in net assets attributable to holders of redeemable units per unit:		
Class F	\$ 1.39	\$ (0.90)
Class I	1.56	(0.76)

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

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

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

Year ended December 31, 2016, with comparative information for 2015

2016	Class F	Class I	Total
Balance, beginning of year	\$ 3,458,617	\$ 513,163	\$ 3,971,780
Increase in net assets attributable to holders of redeemable units	482,507	89,866	572,373
Proceeds from the issuance of units of the investment fund	45,499	98,677	144,176
Redeemable unit transactions: Redemption of redeemable units	(191,407)	-	(191,407)
Balance, end of year	\$ 3,795,216	\$ 701,706	\$ 4,496,922

2015	Class F	Class I	Total
Balance, beginning of year	\$ 6,119,644	\$ 552,239	\$ 6,671,883
Decrease in net assets attributable to holders of redeemable units	(429,175)	(39,076)	(468,251)
Redeemable unit transactions: Redemption of redeemable units	(2,231,852)	-	(2,231,852)
Balance, end of year	\$ 3,458,617	\$ 513,163	\$ 3,971,780

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

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

Statement of Cash Flows
(In Canadian dollars)

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 572,373	\$ (468,251)
Adjustments for:		
Foreign exchange loss	747	99,981
Net realized (gain) loss from investments and derivatives	(174,578)	206,206
Net change in unrealized (loss) gain from investments	(455,220)	79,341
Dividend revenue	(58,325)	(79,937)
Interest revenue	(5,310)	(9,820)
Prepaid expenses	(145)	662
Accrued expenses	(11,401)	(6,826)
Accrued management fees	1,042	(3,895)
Dividends received	61,544	83,742
Interest received	5,192	9,384
Net proceeds from sale of investment assets and liabilities	4,269,217	5,026,481
Net purchase of investment assets and liabilities	(3,603,625)	(3,287,196)
	601,511	1,649,872
Financing activities:		
Proceeds from issuance of redeemable units	144,176	-
Payments on redemption of redeemable units	(191,407)	(2,231,852)
	(47,231)	(2,231,852)
Net increase (decrease) in cash and cash equivalents	554,280	(581,980)
Cash and cash equivalents, beginning of year	764,236	1,446,197
Effect of exchange rate fluctuations on cash and cash equivalents	(747)	(99,981)
Cash and cash equivalents, end of year	\$ 1,317,769	\$ 764,236
Cash and equivalents are comprised of:		
Bank overdraft	\$ (80,481)	\$ (35,228)
Cash equivalents	1,398,250	799,464
	\$ 1,317,769	\$ 764,236

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, 2016

Shares/units	Security	Average cost	Fair value
Canadian equities (net +68.2%)			
Long Positions (+96.6%)			
Financial Services (+34.2%)			
1,500	Bank of Montréal	\$ 118,458	\$ 144,855
3,100	Bank of Nova Scotia	189,194	231,756
1,300	Canadian Imperial Bank of Commerce	129,137	142,428
800	Canadian Western Bank	21,202	24,272
900	Genworth MI Canada Inc.	27,936	30,294
1,200	Industrial Alliance Insurance and Financial Services Inc.	51,586	64,068
5,200	Manulife Financial Corp.	108,386	124,332
900	National Bank of Canada	44,410	49,077
1,300	Power Financial Corp.	44,997	43,628
4,000	Pure Industrial Real Estate Trust	20,980	22,360
3,600	Royal Bank of Canada	266,452	327,132
3,100	Sun Life Financial Inc.	123,579	159,805
500	TMX Group Ltd.	32,341	35,760
2,100	Toronto-Dominion Bank (The)	133,120	139,062
		1,311,778	1,538,829
Energy (+25.9%)			
10100	Baytex Energy Corp.	37,968	66,256
4500	Birchcliff Energy Ltd.	40,917	42,165
11,100	Bonavista Energy Corp.	43,335	53,391
4,100	Canadian Natural Resources Ltd.	128,346	175,439
3,100	Cenovus Energy Inc.	63,793	62,930
3,700	Crescent Point Energy Corp.	62,365	67,525
4,700	Encana Corp.	59,076	74,072
1,100	Enerflex Ltd.	17,620	18,755
1,900	Enerplus Corp.	23,716	24,206
2,600	Ensign Energy Services Inc.	25,275	24,388
7,100	Gran Tierra Energy Inc.	23,369	28,826
4,100	Husky Energy Inc.	63,227	66,789
2,300	Painted Pony Petroleum Ltd., Class 'A'	23,341	21,206
1,700	Raging River Exploration Inc.	14,625	17,952
2,200	Seven Generations Energy Ltd., Class 'A'	63,726	68,882
6,100	Suncor Energy Inc.	215,596	267,790
1,400	TransCanada Corp.	84,602	84,756
		990,897	1,165,328
Industrial (+12.5%)			
2,200	Air Canada	30,773	30,074
6,700	Bombardier Inc., Class 'B'	14,400	14,472
3,400	CAE Inc.	66,666	63,852
1,600	Canadian National Railway Co.	113,624	144,576
500	Canadian Pacific Railway Ltd.	97,285	95,780
600	New Flyer Industries Inc.	24,175	24,504
1,300	SNC-Lavalin Group Inc.	55,700	75,127
600	Stantec Inc.	20,785	20,352
900	TFI International Inc.	29,838	31,401
1,100	WestJet Airlines Ltd.	28,142	25,344
600	Westshore Terminals Investment Corp.	11,246	15,534
500	WSP Global Inc.	23,387	22,345
		516,021	563,361
Balance carried forward		2,818,696	3,267,518

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 2,818,696	\$ 3,267,518
	Canadian equities (net +68.2%)		
	Long Positions (+96.6%)		
	Materials (+10.7%)		
300	Agnico Eagle Mines Ltd.	12,588	16,935
200	Agrium Inc.	20,600	26,992
1,300	Alamos Gold Inc., Class 'A'	5,970	12,038
6,700	B2Gold Corp.	21,641	21,373
2,300	Barrick Gold Corp.	46,603	49,427
200	CCL Industries Inc., Class 'B'	24,769	52,760
1,600	Detour Gold Corp.	27,145	29,264
1,500	Endeavour Mining Corp.	31,220	30,090
2,100	First Quantum Minerals Ltd.	14,604	28,035
5,300	IAMGOLD Corp.	13,872	27,507
2,100	Lundin Mining Corp.	7,664	13,440
7,900	OceanaGold Corp.	20,674	30,889
1,000	Pan American Silver Corp.	21,883	20,250
1,500	Pretium Resources Inc.	16,888	16,680
3,400	Teck Resources Ltd., Class 'B'	31,443	91,358
700	Torex Gold Resources Inc.	13,872	14,553
		331,436	481,591
	Information technology (+6.6%)		
1,600	BlackBerry Ltd.	20,029	14,784
2,000	Celestica Inc.	26,156	31,820
1,000	CGI Group Inc., Class 'A'	50,291	64,440
900	Descartes Systems Group Inc. (The)	21,614	25,767
4,200	DH Corp.	61,148	93,576
300	Enghouse Systems Ltd.	21,410	16,782
600	Open Text Corp.	48,869	49,752
		249,517	296,921
	Consumer discretionary (+3.0%)		
1,200	Corus Entertainment Inc., Class 'B'	13,356	15,120
300	Magna International Inc.	15,447	17,490
1,200	Québecor Inc., Class 'B'	40,044	44,784
900	Sleep Country Canada Holdings Inc.	25,655	25,902
500	Thomson Reuters Corp.	19,737	29,380
		114,239	132,676
	Consumer Staples (+2.6%)		
500	George Weston Ltd.	52,978	56,795
1,300	Saputo Inc.	60,143	61,763
		113,121	118,558
	Utilities (+1.1%)		
3,300	TransAlta Renewables Inc.	44,577	47,322
		44,577	47,322
	Balance carried forward	3,671,586	4,344,586

LANDRY ADAPTIVE VALUE LONG/SHORT FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance brought forward	\$ 3,671,586	\$ 4,344,586
	Canadian equities (net +68.2%)		
	Long Positions (+96.6%)		
	Health care (0.0%)		
700	Concordia International Corp.	65,698	1,995
		65,698	1,995
	Short Positions (-28.4%)		
	Exchange Traded Funds (-28.4%)		
(56,500)	iShares S&P/TSX 60 Index ETF	(1,151,905)	(1,279,160)
		(1,151,905)	(1,279,160)
		2,585,379	3,067,421
	U.S. equities (net +2.5%)		
	Long Positions (+2.5%)		
	Mutual Fund Corp. & Trust (2.5%)		
700	PowerShares QQQ Trust, Series 1	79,301	111,358
		79,301	111,358
	Total long positions	3,816,585	4,457,939
	Total short positions	(1,151,905)	(1,279,160)
	Transaction costs	(9,462)	-
	Total investment portfolio (70.7%)	<u>\$ 2,655,218</u>	3,178,779
	Cash and cash equivalents (29.3%)		1,317,769
	Other assets less liabilities (0.0%)		374
	Net assets attributable to holders of redeemable units at fair value (100.0%)		\$ 4,496,922

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, 2016 and 2015 in valuing the fund's investments carried at fair value:

	2016	2015
	Level 1 quoted prices in active markets for identical assets	Level 1 quoted prices in active markets for identical assets
Investments:		
Equities	\$ 4,346,581	\$ 3,661,535
Mutual fund	111,358	108,370
Total investments	4,457,939	3,769,905
Investments sold short:		
Exchange traded funds	(1,279,160)	(1,384,630)
Total investments sold short	(1,279,160)	(1,384,630)
Total investments, net	\$ 3,178,779	\$ 2,385,275

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 3 and for the years ended December 31, 2016 and 2015.

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

LANDRY RAZORBILL INCOME PLUS FUND

Statement of Financial Position
(In Canadian dollars)

December 31, 2016

Assets

Current assets:	
Investments	\$ 12,347,405
Cash and cash equivalents	1,441,175
Amounts receivable relating to units issued	2,500
Amounts receivable relating to accrued interest	56,744
	<hr/> 13,847,824

Liabilities

Current liabilities:	
Accrued expenses	2,504
Accrued management fees	3,359
Amounts payable for portfolio assets purchased	8,283
	<hr/> 14,146

Net assets attributable to holders of redeemable units	\$ 13,833,678
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	Number of units issued and outstanding (note 7)	Net assets attributable to holders of redeemable units
2016		
<hr/>		
Net assets attributable to holders of redeemable units per unit		
Class F	1,335,314	\$ 13,404,084
Class J	42,784	429,594

Net assets attributable to holders of redeemable units per unit:	
Class F	\$ 10.04
Class J	10.04

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 RAZORBILL INCOME PLUS FUND

Statement of Comprehensive Income
(In Canadian dollars)

Year ended December 31, 2016

Revenue:		
Interest revenue	\$	7,428
Net unrealized gain on investments		89,584
Foreign exchange loss		(2,354)
<hr/>		
Total revenue		94,658
Expenses:		
Management fees (note 11)		3,359
Administrative fees (note 8)		2,504
Transaction costs		1,617
<hr/>		
Total operating expenses		7,480
<hr/>		
Increase in net assets attributable to holders of redeemable units	\$	87,178
<hr/>		
Increase in net assets attributable to holders of redeemable unit:		
Class F	\$	84,984
Class J		2,194
<hr/>		
Increase in net assets attributable to holders of redeemable units per unit:		
Class F	\$	0.17
Class J		0.06

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

LANDRY RAZORBILL INCOME PLUS FUND

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

Year ended December 31, 2016

	Class F	Class J	Total
Balance, beginning of year	\$ -	\$ -	\$ -
Increase in net assets attributable to holders of redeemable units	84,984	2,194	87,178
Redeemable unit transactions:			
Issue of redeemable units	13,319,100	427,400	13,746,500
Reinvestment of distributions	1,427	138	1,565
Net increase from redeemable unit transactions	13,320,527	427,538	13,748,065
Distributions:			
Net investment income	(1,427)	(138)	(1,565)
Balance, end of year	\$ 13,404,084	\$ 429,594	\$ 13,833,678

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

LANDRY RAZORBILL INCOME PLUS FUND

Statement of Cash Flows
(In Canadian dollars)

Year ended December 31, 2016

Cash provided by (used in):

Operating activities:

Increase in net assets attributable to holders of redeemable units	\$ 87,178
Adjustments for:	
Foreign exchange loss	2,354
Net change in unrealized gain on investments	(89,584)
Interest revenue	(7,428)
Accrued expenses	2,504
Accrued management fees	3,359
Purchase of investments	(12,249,538)
Interest received	(49,316)
	<hr/> (12,300,471)

Financing activities:

Proceeds from issuance of redeemable units	13,744,000
--	------------

Net increase in cash and cash equivalents 1,443,529

Cash and cash equivalents, beginning of year -

Foreign exchange loss on cash and cash equivalents (2,354)

Cash and cash equivalents, end of year \$ 1,441,175

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

LANDRY RAZORBILL INCOME PLUS FUND

Schedule of Investment Portfolio
(In Canadian dollars)

December 31, 2016

Shares/units	Security	Average cost	Fair value
Canadian bonds (66.5%)			
Canadian bonds (29.2%)			
200,000	AltaLink L.P., Callable, 4.09%, 2045/06/30	\$ 208,200	\$ 210,327
300,000	Empire Life Insurance Co. (The), Variable Rate, Callable, 3.383%, 2026/12/16	299,610	301,548
250,000	Fairfax Financial Holdings Ltd., Callable, 4.7%, 2026/12/16	249,780	251,475
300,000	Hydro One Inc., Callable, 7.35%, 2030/06/03	420,534	418,299
300,000	Nova Scotia Power Inc., Series '3', Callable, 9.75%, 2019/08/02	356,835	352,830
400,000	RioCan REIT, 2.185%, 2020/08/26	397,160	396,556
400,000	Rogers Communications Inc., Callable, 4.7%, 2020/09/29	437,240	437,488
300,000	Saputo Inc., Callable, 2.827%, 2023/11/21	297,240	299,418
200,000	TELUS Corp., Callable, 4.4%, 2046/01/29	187,300	189,322
500,000	Toronto-Dominion Bank (The), Series 'CBL14', 1.68%, 2021/06/08	493,886	496,020
300,000	TransCanada PipeLines Ltd., 7.31%, 2027/01/15	382,179	386,181
300,000	Wells Fargo & Co., 2.509%, 2023/10/27	292,209	294,045
		4,022,173	4,033,509
Provincial bonds & guaranteed (20.6%)			
600,000	Province of Alberta, 3.5%, 2031/06/01	619,620	626,640
400,000	Province of New Brunswick, 5.65%, 2028/12/27	498,600	502,476
500,000	Province of Québec, 4.5%, 2018/12/01	532,600	532,510
500,000	Province of Québec, 4.5%, 2020/12/01	555,870	556,245
600,000	Province of Saskatchewan, 3.2%, 2024/06/03	634,800	637,026
		2,841,490	2,854,897
Federal bonds & guarantees (8.9%)			
400,000	Government of Canada, 0.75%, 2021/09/01	392,240	393,324
400,000	Government of Canada, 1.5%, 2026/06/01	390,196	392,404
400,000	Government of Canada, 2.75%, 2048/12/01	429,680	439,132
		1,212,116	1,224,860
Municipal bonds (7.8%)			
400,000	City of Toronto, 2.95%, 2035/04/28	364,400	369,556
200,000	Ville de Gatineau, 3.6%, 2021/09/14	210,900	209,430
500,000	Ville de Longueuil, 1.6%, 2019/07/13	496,375	494,480
		1,071,675	1,073,466
Total Canadian bonds		9,147,454	9,186,732
Preferreds (22.8%)			
Preferreds - Financial services (8.7%)			
15,250	Brookfield Asset Management Inc., 4.60%, Preferred, Class 'A', Series '28', Variable Rate, Convertible	231,727	231,952
17,500	Great-West Lifeco Inc., Preferred, Series 'N', Variable Rate, Perpetual, Callable	249,944	250,250
14,900	Intact Financial Corp., Preferred, Series '1', Variable Rate, Convertible, Perpetual	252,217	257,621
17,600	Manulife Financial Corp., Preferred, Series '3', Variable Rate, Convertible, Callable	250,832	251,680
13,600	Sun Life Financial Inc., Preferred, Class 'A', Series '8R', Variable Rate, Perpetual	204,984	211,480
		1,189,704	1,202,983
Balance carried forward		10,337,158	10,389,715

LANDRY RAZORBILL INCOME PLUS FUND

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

December 31, 2016

Shares/units	Security	Average cost	Fair value
	Balance carried forward	\$ 10,337,158	\$ 10,389,715
	Preferreds (22.8%)		
	Preferreds - Energy (7.0%)		
9,000	AltaGas Ltd., Preferred, Series 'A', Variable Rate, Convertible, Callable	158,418	161,100
4,300	Enbridge Inc., Preferred, Series 'B', Variable Rate, Perpetual	73,422	74,304
3,565	Enbridge Inc., Preferred, Series 'F', Variable Rate, Perpetual	61,692	62,566
5,550	Enbridge Inc., Preferred, Series 'J', Variable Rate, Perpetual	163,061	165,061
3,490	Enbridge Inc., Preferred, Series 'L', Variable Rate, Perpetual	102,068	104,498
3,300	Enbridge Inc., Preferred, Series 'P', Variable Rate, Perpetual	57,734	59,070
11,800	Husky Energy Inc., Preferred, Series '1', Variable Rate, Callable	153,030	158,120
9,700	Pembina Pipeline Corp., Preferred, Series '1', Variable Rate, Perpetual	178,274	181,875
		947,699	966,594
	Preferreds - Utilities (3.6%)		
3,995	Canadian Utilities Ltd., 4.50%, Preferred, Series 'CC', Perpetual	83,515	85,733
715	Canadian Utilities Ltd., 4.50%, Preferred, Series 'DD', Perpetual	14,947	15,312
9,000	CU Inc., 3.80%, Preferred, Series '4', Convertible, Perpetual, 3.8%,	119,625	121,725
12,500	Fortis Inc., 4.25%, Preferred, Series 'H', Perpetual	172,345	177,125
4,410	Fortis Inc., 4.75%, Preferred, Series 'J', Callable	96,601	99,754
		487,033	499,649
	Preferreds - Telecommunications services (3.5%)		
18,925	BCE Inc., Preferred, Series 'AK', Variable Rate, Convertible, Perpetual	287,635	288,606
2,100	BCE Inc., Preferred, Series 'AQ', Variable Rate, Perpetual	44,468	44,583
10,600	Shaw Communications Inc., Preferred, Series 'A', Variable Rate, Perpetual	155,445	158,258
		487,548	491,447
	Total preferreds	3,111,984	3,160,673
	Total Canadian bonds and preferreds	12,259,438	12,347,405
	Transaction costs	(1,617)	-
	Total investment portfolio (89.3%)	<u>\$ 12,257,821</u>	12,347,405
	Cash and cash equivalents (10.4%)		1,441,175
	Other assets less liabilities (0.3%)		45,098
	Net assets attributable to holders of redeemable units at fair value (100.0%)		<u>\$ 13,833,678</u>

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

LANDRY RAZORBILL INCOME PLUS FUND

Fair Value of Financial Instruments
(In Canadian dollars)

The following is a summary of the inputs used as of December 31, 2016 in valuing the fund's investments carried at fair value:

	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
Investments:		
Preferred equities	\$ 3,160,673	\$ -
Bonds	-	9,186,732
Total investments	\$ 3,160,673	\$ 9,186,732

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 3 for the year ended December 31, 2016.

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

LANDRY PRIVATE FUNDS

Notes to Financial Statements

Year ended December 31, 2016

1. Establishment of the Funds:

The Landry Global Equity Long/Short Fund, the Landry Adaptive Value Long/Short Fund and the Landry Razorbill Income Plus Fund (collectively the "Funds") were established in Canada, on April 15, 2003, December 31, 2012 and September 28, 2016, respectively, under the laws of the Province of Ontario. The Landry Adaptive Value Long/Short Fund and the Landry Razorbill Income Plus Fund commenced operations on February 6, 2013 and on December 8, 2016, respectively. The Funds are governed by an Amended and Restated Trust Agreement dated April 29, 2015. The address of the Funds' registered office is 1800 McGill College, Suite 1430, Montréal, Québec, Canada. 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").

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.
- (c) The Landry Razorbill Income Plus Fund invests principally in credit products and aims to preserve capital and generate income.

Units of the Funds are offered pursuant to a Confidential Offering Memorandum dated October 25, 2016 (the "Offering Documents").

2. Basis of preparation and presentation:

- (a) The financial statements of the Funds have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements were authorized for issuance by the Manager on March 27, 2017.

- (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, Landry Adaptive Value Long/Short Fund and Landry Razorbill Income Plus Fund are presented in Canadian dollars, which are the Funds' functional currency.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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:

Financial assets and financial liabilities at fair value through profit or loss ("FVTPL") are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognized on the date on which they are originated.

Financial assets and financial liabilities at FVTPL are initially recognized at fair value, with transaction costs recognized as expenses in the statement of comprehensive income. Financial assets or financial liabilities not at FVTPL are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Investments are classified at FVTPL, including certain investments in debt instruments, which have been designated at FVTPL. Derivatives are classified as held-for-trading.

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, which approximates their fair market values. 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 attributable to holders of redeemable units ("NAV") in transactions with unitholders.

(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.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Significant accounting policies (continued):

(a) Financial instruments (continued):

(ii) Fair value measurement (continued):

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) 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.

(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 variation in the market value of investments less their average cost, as recorded at the beginning of the period and at the end of the period, is included in the statement of comprehensive income as a net 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.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Significant accounting policies (continued):

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

Increase (decrease) in net assets attributable to holders of redeemable units per unit, per class in the statement 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 class during the period.

- (f) Unitholder transactions:

The value at which units are issued or redeemed is determined by dividing the NAV attributable to holders of redeemable units of the class by the total number of units outstanding of that class 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 statement of changes in net assets attributable to holders of redeemable units.

- (g) Redeemable units:

The Funds classify redeemable units issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. All units of all classes of the Funds have been classified as financial liabilities at FVTPL and are measured at redemption amount.

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

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

- (i) Transaction costs:

For financial instruments classified as FVTPL, 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 statement of comprehensive income based on the trade date.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

3. Significant accounting policies (continued):

(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, 2016, 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 instruments 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 is for annual periods beginning on or after January 1, 2018, 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.

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.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

4. Critical accounting estimates and judgments (continued):

Fair value measurement of derivatives and securities not quoted in an active market (continued)

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.

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 and 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 or other developed market issuers. 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. Landry Razorbill Income Plus Fund's investment objective is to preserve capital while generating income by investing mainly in credit instruments.

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

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(a) Risk management (continued):

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 it is based on counterparties and industries. For the Landry Razorbill Income Plus Fund, it is based on the credit worthiness of bonds and preferred shares and industries.

As at December 31, 2016 and 2015, the Landry Global Equity Long/Short Fund's investments were concentrated in the following geographic locations, on a net position basis, as a percentage of net assets attributable to holders of redeemable units:

	2016	2015
	%	%
Japan	11.9	6.1
United Kingdom	9.6	1.7
France	6.9	5.4
Germany	6.9	7.7
Austria	3.9	2.8
United States of America	3.0	(4.0)
Australia	2.2	2.3
Switzerland	1.8	2.1
Ireland	1.2	1.7
Italy	1.0	0.2
China	0.9	-
Spain	0.4	-
Netherlands	0.4	1.9
Norway	0.3	0.3
Sweden	0.3	0.6
Russia	0.3	-
Luxembourg	-	0.1
Belgium	-	1.2
Bermuda	-	0.2
Canada	(0.4)	5.7
EAFE (Geographically diversified ETF)	(44.5)	(21.7)
Total, as a percentage of net assets attributable to holders of redeemable units	5.9	22.3

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(a) Risk management (continued):

As at December 31, 2016 and 2015, the Landry Adaptive Value Long/Short Fund's investments were concentrated in the following industries, on a net position basis, as a percentage of net assets attributable to holders of redeemable units:

	2016	2015
	%	%
Financial services	34.2	31.3
Energy	25.9	11.1
Industrials	12.5	11.9
Materials	10.7	10.1
Information technology	6.6	7.8
Consumer discretionary	3.0	6.3
Consumer staples	2.6	6.2
Mutual fund corporation and trust	2.5	2.7
Utilities	1.1	0.5
Telecommunication services	-	2.2
Health care	-	4.7
Exchange traded funds	(28.4)	(34.9)
	70.7	59.9

As at December 31, 2016, the Landry Razorbill Income Plus Fund's investments were concentrated in the following industries as a percentage of net assets attributable to holders of redeemable units:

	%
Canadian corporate bonds	29.2
Provincial government & guaranteed	20.6
Federal bonds & guarantees	8.9
Financial services	8.7
Municipal bonds	7.8
Energy	7.0
Utilities	3.6
Telecommunication services	3.5
	89.3

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(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.

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.

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 year-end, with all other factors remaining constant, net assets attributable to holders of redeemable units of the Funds 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)*	
		2016	2015
Landry Global Equity Long/Short Fund	S&P500 Total Return Index	\$ 607	\$ 1,110
Landry Adaptive Value Long/Short Fund	S&P/TSX Composite Index Total Return	6	421

* This estimate is based on the Funds' historical beta as calculated during the interval between January 1 to December 31 of each year for the Landry Global Equity Long/Short Fund and the Landry Adaptive Value Long/Short Value with its respective reference index (using last prices during the period).

Given that the Landry Razorbill Income Plus Fund only started in late 2016, not enough data was available to be able to determine a reliable beta for the purpose of this exercise.

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 Landry Global Equity Long/Short Fund would be similar.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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, 2016 and 2015, the Landry Global Equity Long/Short Fund had currency exposure while the Landry Adaptive Value Long/Short Fund and the Landry Razorbill Income Plus 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 flows of the Fund. 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 Fund's net assets attributable to holders of redeemable units. The Fund's 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 assets attributable to holders of redeemable units from operations of the Fund would be similar.

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

December 31, 2016:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net assets attributable to holders of redeemable units
AUD	\$ 423,246	\$ (367,993)	\$ 55,253	\$ 2,763
CHF	38,027	119,375	157,402	7,870
DKK	–	12,775	12,775	639
EUR	3,196,068	(2,157,346)	1,038,722	51,936
GBP	1,254,335	(894,985)	359,350	17,968
HKD	–	87,393	87,393	4,370
JPY	1,008,672	(550,655)	458,017	22,901
NOK	36,008	(21,531)	14,477	724
SEK	32,380	113,686	146,066	7,303
USD	(6,378,374)	727,212	(5,651,162)	(282,558)

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(c) Currency risk (continued):

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

December 31, 2015:

Currency	Investments	Cash	Net exposure	Sensitivity impact on net assets attributable to holders of redeemable units
AUD	\$ 665,750	\$ 1,859	\$ 667,609	\$ 33,380
CHF	513,098	447,474	960,572	48,029
DKK	-	13,614	13,614	681
EUR	6,430,685	(3,418,143)	3,012,542	150,627
GBP	681,839	903,599	1,585,438	79,272
HKD	-	90,732	90,732	4,537
ILS	-	81	81	4
JPY	1,598,273	(229,535)	1,368,738	68,437
KRW	-	11	11	1
MXN	-	(11)	(11)	(1)
NOK	101,667	(82,486)	19,181	959
SEK	211,178	(46,843)	164,335	8,217
TWD	-	(23)	(23)	(1)
USD	(7,220,684)	(1,810,692)	(9,031,376)	(451,569)

(d) Interest rate risk:

Interest rate risk arises on interest-bearing financial instruments, such as bonds or debentures. Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market interest rate. The majority of the Landry Global Equity Long/Short Fund's and the Landry Adaptive Value Long/Short Fund's financial assets and liabilities are equity shares, which are non-interest bearing. When there are significant cash and cash equivalent balances, these Funds invest in Canada Treasury bills that have a maturity of less than 90 days. As such, they are not subject to significant amounts of risk due to fluctuations in prevailing levels of market interest rates.

Landry Razorbill Income Plus Fund is exposed to this risk mainly through its investments in bonds. To manage interest rate risk, the Fund aims to maintain a duration of the fixed income and cash portfolio between -five years and +two years compared to the duration of the benchmark (FTSE-TMX).

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(d) Interest rate risk (continued):

The internal procedures require the Manager to manage interest rate risk on a daily basis in accordance with the policies and procedures in place. After having estimated the modified duration for each securities, the entire portfolio is looked at to ensure compliance with the above mentioned duration policy. If the interest rate risk is not in accordance with the investment policy or guidelines of the Fund, then the Manager is required to rebalance the portfolio as soon as possible.

A summary of the Fund's interest rate gap position analyzed by the earlier of contractual repricing or maturity date, is as follows.

2016	1 to 3 years	3 to 5 years	5+ years	Total
Bonds	\$ 1,379,820	\$ 2,489,064	\$ 5,317,847	\$ 9,186,731

The Manager has determined that a fluctuation in interest rates of 100 basis points is reasonably possible, considering the economic environment in which the Fund operates. The table below sets out the effect on the Fund's net assets attributable to holders of redeemable units of a reasonably possible increase or reduction of 100 basis points in interest rates at December 31, 2016. The impact of such an increase or reduction has been estimated by calculating the fair value changes of the bonds. This analysis assumes that all other variables remain constant. The monetary impact on the increase (decrease) in net assets attributable to holders of redeemable units from operations of the Fund would be similar.

Net assets attributable to holders of redeemable units	\$ 690,467
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LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

5. Financial instruments and risk management (continued):

(e) Credit risk:

Credit risk on financial instruments is the risk of a financial loss occurring as a result of the default of a counterparty on its obligation to the Funds. Credit risk typically arises out of exposure to debt instruments, such as bonds or derivatives. As at December 31, 2016 and 2015, the Landry Global Equity Long/Short Fund and the Landry Adaptive Value Long/Short Fund had no significant investments in debt instruments. The Landry Razorbill Income Plus Fund had investments in bonds with the following credit quality, as at December 31, 2016:

Rating:		
AAA	\$ 1,720,880	18.73%
AA	1,633,221	17.78%
A	3,201,630	34.85%
BBB	1,927,090	20.98%
Not rated	703,910	7.66%
Total	\$ 9,186,731	100.00%

Credit and counterparty risk is managed by dealing with counterparties the Manager believes to be creditworthy. As at December 31, 2016 and 2015, the Funds' 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 PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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, in the section "Fair Value of Financial Instruments" of the respective Funds, presents information about the Funds' assets and liabilities measured at fair value within the fair value hierarchy as at December 31, 2016 and 2015 at the end of each Funds' schedule of investments.

7. Redeemable units:

The Funds classify financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

A puttable financial instrument that includes a contractual obligation for the Funds to repurchase or redeem that instrument for cash or another financial asset is classified as equity if it meets all of the following conditions:

- it entitles the holder to a pro rata share of the Funds' net assets in the event of the Funds' liquidation;
- it is in the class of instruments that is subordinate to all other classes of instruments;
- all financial instruments in the class of instruments that is subordinate to all other classes of instruments;
- have identical features;
- apart from the contractual obligation for the Funds to repurchase or redeem the instrument for cash or another financial asset, the instrument does not include any other features that would require classification as a liability; and

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Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Redeemable units (continued):

- the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognized net assets or the change in the fair value of the recognized and unrecognized net assets of the Funds over the life of the instrument.

The Funds' authorized capital consists of an unlimited number of redeemable units of each class without par value. The number of outstanding units of each class is disclosed in the statements of financial position. Units of the Funds are redeemable at the option of the holder in accordance with the provisions of the Trust Agreement. Classes A and F units are available to all investors. Classes H, I and J units are offered only to certain investors at the discretion of the Manager, including institutional investors or other eligible investors.

No class takes priority or preference over another and all classes contribute in proportion to the allocation of the Funds. All classes are the most subordinate classes of financial instruments issued by the Funds and, on liquidation of the Funds, they entitle the holders to the residual net assets. They rank pari passu in all respects. However, they do not have identical features. The redeemable shares provide investors with the right to require redemption for cash at a value proportionate to the investor's share in the Funds' net assets at each daily redemption date and also in the event of the Funds' liquidation.

Since the Funds' redeemable shares do not meet all of the above conditions to be classified as equity, they are classified as financial liabilities.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

7. Redeemable units (continued):

The change in the number of units is as follows for the applicable years ended December 31, 2016 and 2015:

Landry Global Equity Long/Short Fund:

Funds	Year	Beginning of year	Purchases	Reinvestments	Redemptions	Net transfer	End of year	Average number of units during the year
Class A	2015	4,055	–	–	–	–	4,055	4,055
	2016	4,055	–	–	–	–	4,055	4,055
Class F	2015	1,768,131	19,674	–	(779,119)	(69,790)	938,896	1,313,684
	2016	938,896	42,527	–	(196,148)	(6,191)	779,084	831,751
Class H	2015	1,407,685	1,132,057	–	(534,448)	–	2,005,294	2,175,852
	2016	2,005,294	–	–	(2,005,294)	–	–	2,005,294
Class I	2015	571,165	92,612	–	(62,886)	–	600,891	596,049
	2016	600,891	61,553	–	(91,547)	–	570,897	599,942
Class J	2015	–	–	–	–	66,170	66,170	66,170
	2016	66,170	3,293	–	(19,516)	5,850	55,797	65,322

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 during the year
Class F	2015	579,751	–	–	(221,057)	–	358,694	477,379
	2016	358,694	4,367	–	(19,066)	–	343,995	347,862
Class I	2015	51,329	–	–	–	–	51,329	51,329
	2016	51,329	9,240	–	–	–	60,569	57,524

Landry Razorbill Income Plus Fund:

Funds	Year	Beginning of year	Purchases	Reinvestments	Redemptions	Net transfer	End of year	Average number of units during the year
Class F	2015	–	–	–	–	–	–	–
	2016	–	1,335,314	–	–	–	1,335,314	504,219
Class J	2015	–	–	–	–	–	–	–
	2016	–	42,784	–	–	–	42,784	37,256

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Expenses and brokerage commissions:

(a) Expenses:

As of December 31, 2016 and 2015, administrative fees are accrued daily, paid monthly, and calculated according to a fixed percentage of the NAV of the Funds. In 2016 and 2015, the fees were established at 0.80% for the Landry Global Equity Long/Short Fund and Landry Adaptive Value Long/Short Fund and at 0.50% for the Landry Razorbill Income Plus Fund.

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 and auditors' fees; administrative fees and services of trustees; custodial fees; costs related to preparation and distribution of financial reports 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' statement of comprehensive income. 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, 2016 and 2015, the Manager had commission-sharing or "soft dollar" arrangements with certain brokers in which they paid for third-party services. The Landry Razorbill Income Plus Fund had no commission sharing arrangement. The following table outlines the transaction costs, including soft dollars incurred during the years:

	Commissions paid by the Funds	Goods and services received by the Funds
2016		
Landry Global Equity Long/Short Fund	\$ 35,601	\$ 27,717
Landry Adaptive Value Long/Short Fund	10,094	7,860

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

8. Expenses and brokerage commissions (continued):

(b) Brokerage commissions (continued):

2015	Commissions paid by the Funds	Goods and services received by the Funds
Landry Global Equity Long/Short Fund	\$ 157,952	\$ 63,677
Landry Adaptive Value Long/Short Fund	18,672	8,554

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 and Landry Razorbill Income Plus Fund are mutual fund trusts under the *Income Tax Act* (Canada). The Funds are 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. The Landry Adaptive Value Long/Short Fund is a unit trust. Unit trusts are subject to alternative minimum tax.

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

10. Income tax status (continued):

Tax loss carryforwards:

The Funds have accumulated realized capital losses/non-capital losses that are available for utilization against 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			
		2033	2034	2035	2036
Landry Global					
Equity Long/Short Fund	\$ 13,373,000	\$ –	\$ 424,972	\$ 2,786,986	\$ 1,279,092
Landry Adaptive					
Value Long/Short Fund	264,342	1,983	83,850	32,188	–
Landry Razorbill					
Income Plus Fund	2,334	–	–	–	–

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 for Landry Global Equity Long/Short Fund is 2% for Class A units and 1% for Class F units. The management fee for Landry Adaptive Value Long/Short Fund is 2.5% for Class A units and 1.5% for Class F units. For Landry Razorbill Income Plus Fund, the management fee is 0.70% for Class F units. It is calculated on a daily basis to the NAV of the Funds and payable monthly. No management fee is charged to Classes G, H, I and J units; instead a negotiated fee is paid by these unitholders to the Manager directly.

Refer to the statement of comprehensive income of each Fund for the management fees expenses as at December 31, 2016 and 2015 and to the statement of financial position of each Fund for the management fee payable balance as at December 31, 2016 and 2015.

(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 PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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 and for all classes of units of the Landry Razorbill Income Plus Fund.

For all other class of units, the Manager will charge a performance fee to the Landry Global Equity Long/Short Fund and the Landry Adaptive Value Long/Short Fund of 20% of the return of the class of units of these Funds in excess of their respective benchmark return.

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 Treasury bills or +2% for Class A and Class F; 2% for Class I; and three-month Canada Treasury bills plus 2% for Class J units
Landry Adaptive Value Long/Short Fund	Three-month Canada Treasury bills +2% for Class F

Performance fees incurred by the Funds in 2016 and 2015 are presented in the statement of comprehensive income. There are no performance fees that remain payable as at December 31, 2016 and 2015.

(c) Other:

In the normal course of business, transactions between the Funds and officers of the Manager take place. At December 31, 2016 and 2015, the total percentages of net assets attributable to holders of redeemable units owned as a result of units held by key management personnel of the Manager of the Funds are as follows:

	2016	2015
Landry Global Equity Long/Short Fund	4.22%	2.65%
Landry Adaptive Value Long/Short Fund	9.32%	7.07%
Landry Razorbill Income Plus Fund	3.24%	- %

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

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, except investments sold short.

The following tables present the net gains (losses) on financial instruments by category for the years ended December 31, 2016 and 2015.

Landry Global Equity Long/Short Fund:

	2016	2015
Financial assets and liabilities:		
Designated at inception	\$ (74,717)	\$ 1,156,310

Landry Adaptive Value Long/Short Fund:

	2016	2015
Financial assets and liabilities at FVTPL:		
Designated at inception	\$ 629,798	\$ (385,528)

Landry Razorbill Income Plus Fund:

	2016	2015
Financial assets and liabilities at FVTPL:		
Designated at inception	\$ 89,584	\$ -

LANDRY PRIVATE FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2016

13. 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.

14. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year.