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Annual Report to Limited Partners as of December 31, 2012

Investment Results

Year	Ewing Morris LP Class A	S&P/TSX Index with Dividends Included	S&P 500 Index with Dividends Included, priced in Canadian Dollars
2011	6.3	(3.5)	7.8
2012	11.5	4.0	13.4
Total Overall Gain	18.5	0.4	22.2

Note: 2011 data is from September 9, the date the Ewing Morris LP began investment operations. Results are net of all fees and expenses.

For 2012, the Class A Master Series of the Fund returned 11.5% net of all fees and expenses. Your personal results may differ depending on Unit Class and date of investment but all Limited Partners experienced a positive return that exceeded the hurdle rate for the period. It should be noted that many investment firms show returns gross of fees which we believe is misleading. You should keep this in mind when you are comparing our results to others.

For context, during 2012 the S&P/TSX Composite Index increased 4.0% and the S&P 500, in Canadian dollars, gained 13.4%. It is important to remember that our Fund has a flexible mandate and our investment portfolio is very different from each of these indices. While there are no perfect benchmarks these indices have the advantage of being widely followed and reasonably reflect common investment alternatives for Limited Partners.

We believe our results have been achieved with minimal risk as 36% of the Fund's net assets have been held in cash, on average, since inception. Our cash position would have provided a cushion if our other investments had declined in value, but instead acted as a drag on our positive results.

Instead of focusing on the results from any one year (good or bad) we think an investment manager should be evaluated over a multi-year period that includes periods of both rising and declining markets. In the meantime, we think you should focus on evaluating our ***process***, ***approach to risk*** and ***incentives***.

Process

Our approach of applying fundamental business analysis to investments in public companies is unchanged. We apply a common sense approach to investing in a limited number of carefully-chosen, well-researched companies that are run by able management. This is a sensible and proven way to generate long-term results. We also continue to benefit from three structural advantages: size, flexibility and focus.

Size is the enemy of returns. Investing a relatively small pool of capital allows us to consider investment opportunities that are too small to attract interest from larger funds. The easiest competition to win is the one where the competition fails to even show up. According to Capital IQ, there are 6,900 publicly-traded companies in North America. If a large fund has one billion dollars under management and wants to invest in 25 equally-weighted companies but cannot own more than 10% of a company (these are standard conditions) then it cannot invest in a company worth less than $400 million. This limits the large fund to just 3,300 companies, less than half of the total. This means the billion dollar fund will ignore the smallest 3,600 companies, regardless of their investment merits. In contrast, Ewing Morris is able to invest in any of the 6,900 alternatives.

A flexible investment mandate allows us to seek opportunity where others cannot. We are focused on analyzing smaller companies because that is where the likelihood of finding mispriced investment opportunities is greatest, but we also have the option to invest in both very large and very small companies. As of December 31st, the median market capitalization of companies in the Partnership was $400 million with the largest company having a market cap greater than $30 billion and the smallest company having a market cap of $10 million.

We are focused on exploring North America because those are the markets we know best, but we have the ability to invest across different geographies. At year-end we had investments in Canada and the United States and have subsequently made our first international investment, a small enterprise software company based in the United Kingdom. This is consistent with our approach of investing outside North America only when we are familiar with the economics of a business and comfortable with the political and cultural landscape.

We also maintained our focus with 54% of the Fund invested in our five largest holdings and 79% of the Fund invested in our ten largest holdings. This is consistent with our goal of not watering the wine with lower conviction investment ideas. But it should be noted that this degree of focus can lead to increased short-term volatility.

Approach to Risk

We continue to manage risk at three levels: the investment level, the portfolio level and the firm level.

At the investment level, we minimize risk by paying appropriate prices for businesses, avoiding businesses subject to industry change and by avoiding companies with leverage.

At the portfolio level, we minimize risk by holding a disciplined cash position (36% on average), abstaining from leverage, investing in unrelated businesses and by shorting broken businesses.

At the firm level, we further minimize risk by partnering with best-in-class service providers, surrounding ourselves with strong advisors, and maintaining a strong balance sheet. Our Board of Advisors includes Avie Bennett, Martin Connell, Linda Haynes, Vahan Kololian, John MacIntyre, David Peterson, and David Wilson. Finally, we continue to stress test our corporate balance sheet and remain confident in its strength.

Incentives
Investment managers that are compensated exclusively based on assets under management are rewarded by growing the size of their funds. In contrast, our interests are aligned with yours because we are compensated primarily for investment results. Furthermore, we have essentially all of our net worth invested in the Fund on the same terms as all other limited partners.

Investment Overview
To help better understand our method of operation, let's review a successful "Cheap Asset" investment. In early 2012 we invested in a company called EGI Financial. EGI is an insurance company specializing in non-standard (i.e. higher risk drivers) policies in Ontario as well as insurance for motorcycles, antique and classic vehicles, trailers, motor homes and recreational vehicles.

EGI went public at $10 per share in late 2005 with a book value per share of $7.33. This meant the stock began trading at 1.4x book value per share. Similar companies to EGI usually trade between 1-2x book value, but in early 2012 EGI stock was trading at just 0.6x book value. The company had grown its book value to $12.85 per share but was trading below $7.50.

Although the core non-standard auto business remained strong, the stock price was depressed because losses in ancillary businesses were masking profitability. We thought that if the company could demonstrate a commitment to returns, rather than chasing growth, it was likely that the stock would again trade above book value so the return potential was at least 80%.

In the past year, management responded to shareholders' interests and returned their attention to profitability. The stock price has responded and now trades around $11. We have recently reduced our investment in EGI, maintaining our discipline to be aggressive sellers of Cheap Assets when they rise.

Mistakes

The most significant mistake made during 2012 was our investment in Canada Bread. We made the investment because we expected the company's multi-year restructuring initiatives were likely to result in a significant and permanent increase in earning power that would ultimately translate into a higher stock price.

Any business that uses an oven for production involves substantial operating leverage. Essentially, the cost to heat the oven is the same regardless of whether you bake one, two or three batches of bread. If sales volumes decline when costs are fixed, profit margins plummet. Beginning in early 2012, we realized that negative publicity about gluten appeared to be impacting demand for fresh bread. If this trend were to continue the earnings impact would cancel the gains from restructuring and reduce the company's investment potential. Consequently, we decided to sell.

Our initial research did not identify gluten awareness' potential to impact demand for bread. The ability to identify potential risks is our single most important responsibility and with Canada Bread we failed. Luckily, this mistake did not cost us any money and we actually earned a small profit. Our research remains focused on identifying risks before we make investments.

Current Portfolio

The Fund currently has 91% invested in fifteen long positions offset by 20% in nine short positions resulting in net investment of 71% and a current cash position of 29%. The division of our portfolio among categories is largely determined by availability of ideas and "Great Capital Allocators" remains the largest category at 47%. The Fund investments were concentrated in Canada over the period and we continue to allocate a large percentage of assets in smaller capitalization companies where we can take advantage of our relatively smaller pool of capital. It is important to remember that our efforts are focused on uncovering attractive investment opportunities and not market trends. We are constantly working to improve the portfolio by finding new opportunities that offer similar return potential with less risk or superior return potential with similar risk.

Our Goal

We believe that we need to have a ***pre-determined*** and ***agreed upon*** standard of measurement. It is important for us to agree on these standards in advance so that you, the Limited Partners, will evaluate us on known criteria and the opportunity for us to rationalize performance will be eliminated.

The fundamental measure of our success will be the wealth we create for our partners over the long term. This will be a direct result of our goal to double the money invested in the Partnership in a reasonable timeframe while minimizing the risk of permanent loss. We

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define a reasonable timeframe as five to seven years which translates into annual returns of 10-15%. This can be considered an ambitious goal as the average annual return for the S&P 500 during the last fifty years, including reinvested dividends, is 6.4%.

An appropriate timeframe for measurement is at least three and preferably five years. More importantly, the time period should include a variety of market conditions. For instance, a three-year period including 2008 and 2009 (which had large positive and negative market returns) is a more much useful measurement period than the nine year period from 1991-1999 in which the market only advanced upwards.

Please note this section is labeled "Our Goal" not "Our Guarantee". We simply cannot guarantee results. However, what we do promise is that we will not take excessive risks, we will continue to sustain our personal level of investment on the same terms as our clients and we will focus our professional efforts entirely towards achieving investment success on behalf of our Limited Partners.

Conclusion

In creating our firm and structuring the Ewing Morris Opportunities Fund LP, our guiding principle has been to build the firm of which we would want to be clients. Primarily, this means creating enduring wealth. It remains too soon to give any serious weight to the Partnership's investment track record, but if you believe in our approach then being aboard in the early stages of our firm's existence is likely to offer the greatest return over time. If you have any questions or comments or there is anything in this letter that is unclear, please do not hesitate to contact us.

Cordially,

John Ewing

John Ewing
Co-Founder

Darcy Morris

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Co-Founder