March 31, 2014

Annual Report to Limited Partners as of December 31, 2013

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
2013	**16.2**	9.6	30.3
Total (Cumulative)	**37.7**	10.0	59.3
Total (Annualized)	**14.7**	4.2	22.1

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

In 2013, the Class A Master Series of the Partnership returned 16.2% net of all fees and expenses. Your personal results may differ depending on date of investment but all Limited Partners experienced a positive return that exceeded the hurdle rate for the period. Since inception, our annualized net returns are 14.7%, which is consistent with our goal of achieving between 10-15% annualized net returns over time. It should be noted that many investment firms show returns gross of fees, which we believe is misleading.

For context, during 2013 the S&P/TSX Composite Index increased 10.0% and the S&P 500, in Canadian dollars, gained 30.3%. It is important to remember that our Partnership 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 33% of the Partnership's net assets have been held in cash, on average, since inception.

An investment manager should be evaluated over a multi-year period that includes periods of both rising and declining markets. We have not yet seen a period of declining markets since our inception in September 2011 and you will not be able to properly evaluate our performance until we do so. In the meantime, we recommend you hold your applause (or the tomatoes) until then.

Tax considerations should not be ignored, although they are unreported in these financial statements. Our patient investment approach involves very little trading and multi-year holding periods. In fact, 85% of our long investments were in companies we owned at the end of 2012 and over 50% of assets were in companies we owned at the end of 2011. Therefore, the bulk of our profits are in the form of unrealized capital gains. No client will pay taxes in 2013 on their Ewing

Morris investment, so the 16.2% return is not only net of all fees and expenses, but is net of taxes too. An identical pre-tax return of 16.2% generated with a frequent trading strategy would have resulted in a lower after-tax return when compared to the Ewing Morris Opportunities Fund LP. Tax implications are rarely obvious in your statements and can be difficult to quantify over time, but they still count.

Investment Overview - NTS, Inc.

A bittersweet success in 2013 was our investment in NTS, Inc.

NTS owns a cable television and high-speed internet access business in Lubbock, Texas. In 2009, as part of the American Recovery and Reinvestment Act (aka Stimulus Bill), several billion dollars were earmarked for loans and grants for the construction of rural internet infrastructure. This was modelled after the Rural Electrification Act of 1935 which provided federal funds for the installation of electrical distribution systems in rural America.

In 2010, NTS was awarded contracts to build a $100,000,000 broadband network in two dozen small communities in Texas and Louisiana (average population 15,000) financed by $50,000,000 of 20-year, non-recourse debt at 2% and a $50,000,000 grant. Since these rural markets were historically too small to justify any privately financed infrastructure, NTS was effectively awarded a permanent monopoly on high-speed internet access in these communities.

Construction was due for completion in late 2013 and we conservatively estimated that NTS would sign-up about 40% of households within three years. At that point, the company would have been worth at least $3.00 per share. We began buying shares in June 2013 at $1.30 per share and eventually invested 5% of the Partnership's assets in NTS at an average cost of $1.50 per share.

In October 2013, just as construction was being completed, but before new customers had begun generating revenue, the CEO offered to buy the entire company at $2 per share. We think his timing was highly opportunistic and we voted against the takeover. However, most other shareholders were satisfied and the offer was recently approved.

When we began purchasing NTS, the market capitalization of the company was $56,420,000 of which 35% was tightly held by management and the Board of Directors. Considering size and ownership structure, in many ways NTS conducted business as though it were a privately-owned company. While other professional investors may have been equally as capable of spotting this undervalued asset, only those managing relatively small pools of capital would have been able to execute on the investment opportunity.

The final point of significance regarding NTS, is that while a 30% gain over six months is a nice return, absent the CEO takeover, we would have likely realized a 100% return over a three-year period. Great investment ideas are scarce and finding a new investment that rivals the NTS, Inc. opportunity will be challenging but remains our primary goal.

Investment Overview - BlackPearl Resources

In September 2011, we invested 5% of the Partnership's assets in BlackPearl Resources, a mid-sized Canadian oil company, at about $5 per share. BlackPearl has three primary properties at various stages of development and was producing about 7,000 barrels of oil per day. Management is generally well-regarded and they have high ownership stakes in the company themselves.

BlackPearl needed between $100,000,000-$400,000,000 of external financing in order to develop their properties and increase production. At the time of our investment, the company had no debt and management had five different financing options: existing cash flow, debt, joint ventures, asset sales or new equity. We assumed the worst option would be selling shares to raise capital and diluting existing shareholders. However, we estimated the company was worth still more than $10 per share after selling enough stock to fund development.

Today, the assets are the same and the stock trades near $2.50 per share and traded as low $1.50 per share in July 2013. So what happened?

A few things went against us after we made our investment. Transportation bottlenecks caused Canadian oil to trade at steep discounts to global benchmarks which dampened interest in Canadian oil assets and made it harder to raise outside capital and/or sell assets. Simultaneously, the corresponding decline in BlackPearl's cash flow meant more outside capital was required than we originally anticipated. Then, in 2012, the Canadian government changed the rules regarding foreign investment which further limited BlackPearl's financial options by making it harder to attract a foreign joint venture partner. Despite these setbacks, persistently low interest rates meant low-cost debt was still available. However, BlackPearl waited too long and comments made by Ben Bernanke sent interest rates higher rendering BlackPearl's planned bond financing too expensive. At this point, BlackPearl was out of options. The company has now deferred its Blackrod project and subdivided its Onion Lake project into a smaller, more manageable size that can be funded with bank debt. So while the assets have retained their value, our rate of return has declined as the timeline to realize value has lengthened.

We now think a more reasonable estimate of fair value is $6.50 per share. This is still in excess of our initial cost and a good reminder of the importance of investing with a margin of safety. Further, we bought more stock as the price declined so our average cost is only $3.10 per share, well below our initial purchase price of $5 per share.

Ultimately, the mistake we made was assuming that management's operational expertise would translate into financial expertise. These are two very different skills and our inability to make this distinction has cost us all money.

Current Portfolio

The current positioning of the portfolio is outlined in the table below:

Ewing Morris Playbook	# of Positions	% of Portfolio
Great Business	4	18
Great Capital Allocators	4	42
Cheap Asset	10	23
Total Longs	**18**	**83**
Broken Business	11	(17)
Hedge & Arbitrage	1	(8)
Total Shorts	**12**	**(25)**
Unrestricted Cash		17
Cash From Shorts		25
Total Cash		**42**
Net Investment		**58**
Total		**100**

The Partnership currently has 83% of net assets invested in eighteen long positions which leaves 17% of unrestricted cash. This is offset by twelve short positions that account for 25% of net assets. As a reminder, when we short a company, we sell the stock high, and then set aside (i.e. restrict) the cash proceeds to buy back the stock at a lower price in the future. This means that today we have a total of 42% of net assets in cash, but only 17% of that is available for investment. Another 5% is currently invested in a company subject to a takeover that has already received shareholder approval. This investment now represents a cash equivalent so our long positions more accurately account for 78% of net assets with 22% in unrestricted cash. This means that our net exposure to the market is 53%. Our net exposure indicates that if the broad market declined by 10%, our investments would be expected to decline by only 5.3% or less if we've chosen our investments wisely.

The division of our portfolio among categories is largely determined by availability of ideas and "Great Capital Allocators" remains the largest category within the Ewing Morris Playbook at 42%. The Partnership's investments were 70% 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.

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.

Currently, our cash position is larger than it has been since inception. This is not a call on the market. We do not charge in when we "like the market" and retreat when we do not. The price of several of our investments advanced rapidly late in 2013 and we subsequently reduced their size. We are tenaciously looking for new investment opportunities, but they have unfortunately proven scarce. We will continue holding cash until we find attractively priced opportunities.

Our Goal

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, not our guarantee, to double your investment in a reasonable timeframe while minimizing the risk of permanent loss. We 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 6.6%.

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 much more useful measurement period than the nine-year period from 1991-1999 in which the market only advanced upwards.

We will undertake not to take excessive risks and will continue to sustain our personal level of investment on the same terms as our clients. We will focus our professional efforts entirely towards achieving investment success on behalf of our Limited Partners.

Conclusion

When we launched the Ewing Morris Opportunities Fund LP in September 2011, we were managing just $5,000,000 with a good story about how we were going to protect capital and achieve above-average returns for people. Today, Ewing Morris & Co. is still young, but we are much more established. The Partnership now has net assets of $63,600,000 and a strong foundation of 80 Limited Partners. Our first hires, Matt Irwin and Jill Hamblin, were brought on to support our operations and have brought strength to our organization. Our corporate balance sheet remains strong with enough retained capital to withstand any prolonged market downturn as well as finance growth initiatives for the firm. Most importantly, the investment story is unchanged, but now there are results to back it up.

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. 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

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Darcy Morris

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