EWING MORRIS
INVESTMENT PARTNERS LTD.

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August 31, 2012

Dear partners and friends,

We like to describe our investment strategy using the analogy of a sport's playbook. A team with only one play can often be stopped, but a winning team will have perfected several plays so that they can score in any situation. Ewing Morris' most unique investment strategy is the "Great Capital Allocator" play.

The impact of having a Great Capital Allocator at the helm of a company is best illustrated with the example of Berkshire Hathaway. Berkshire was a textile manufacturer when Warren Buffett took control in 1965. Textile manufacturing is highly competitive and characterized by low profit margins and low returns on capital. Berkshire was further disadvantaged by operating in New England, the highest cost region in the industry. If you were to examine the company at the time, you would likely have concluded that Berkshire Hathaway was worth less than its stated net asset value.

In retrospect, however, if you had paid ***10 times*** the asset value of Berkshire Hathaway in 1965 your investment would have compounded at over 15% for the next 50 years – an outstanding return despite the expensive entry price. Buffett, the quintessential capital allocator, accomplished this feat by purchasing the company cheaply and successfully reinvesting the meager profits into excellent businesses such as American Express, Coca-Cola, and Geico. Like character, capital allocation skills are hard to quantify but very valuable. Stock prices frequently fail to reflect great capital allocation ability, thereby creating investment opportunity.

Unfortunately, Great Capital Allocators are rare. Allocating capital requires specific skills and experience developed from continuous practice. It is not necessarily *difficult* but it is very *different* from business management. We know of very few good investors who also happen to be good business operators. Few CEO's qualify as Great Capital Allocators because the Darwinian process does not filter Great Capital Allocators into corner offices.

Large multi-national companies like Pepsi or General-Electric hire high-potential young people into departments like sales, operations and finance. They work relentlessly and usually the most talented and successful employees are promoted up the ladder while others stagnate or fall away. Eventually, the "fittest" employee will become CEO. Upon becoming CEO, he or she is responsible for allocating company profits to attractive reinvestment opportunities such as acquiring other companies, buying back stock and paying dividends. However, since the CEO has been appointed based on past success in functions such as sales, operations or finance, they are unlikely to have practiced capital allocation prior to becoming CEO. Expecting this person to be a good capital allocator is like expecting an experienced cyclist to win a triathlon without having swum before.

So it is not surprising that Great Capital Allocators are rarely found at the helm of large multi-national companies. A better place to look is a small or medium sized businesses still being run by its founder. Starting (or buying) that business is probably the largest investment the founder has ever made and the current size of the company suggests the founder has had at least one successful investment. Our focus on smaller companies with meaningful management ownership and a history of successful investments means we are well positioned to find more Great Capital Allocators.

Update

The Ewing Morris Opportunities Fund is currently invested in twenty-four (thirteen long, nine short) understandable and largely unrelated businesses. As of August 31, 2012 the Partnership has returned approximately 12%, net of all fees, since inception on September 9, 2011.

This month we successfully tested our business continuity plan. This provides us a roadmap for continuing operations under adverse conditions (i.e. interruption from natural or man-made hazards).

We are pleased to welcome two new partners into the Partnership this month. We now have partners residing in Ontario, Alberta and British Columbia. If you are aware of someone that may be interested in joining us, we would be pleased to hear from them.

Another reminder that we will be hosting our inaugural Limited Partner Day on September 27th at the Toronto Reference Library at 11:45am where we look forward to answering your questions. Partners are welcome to submit questions in advance.

As always, please do not hesitate to contact us if there is anything unclear in this letter.

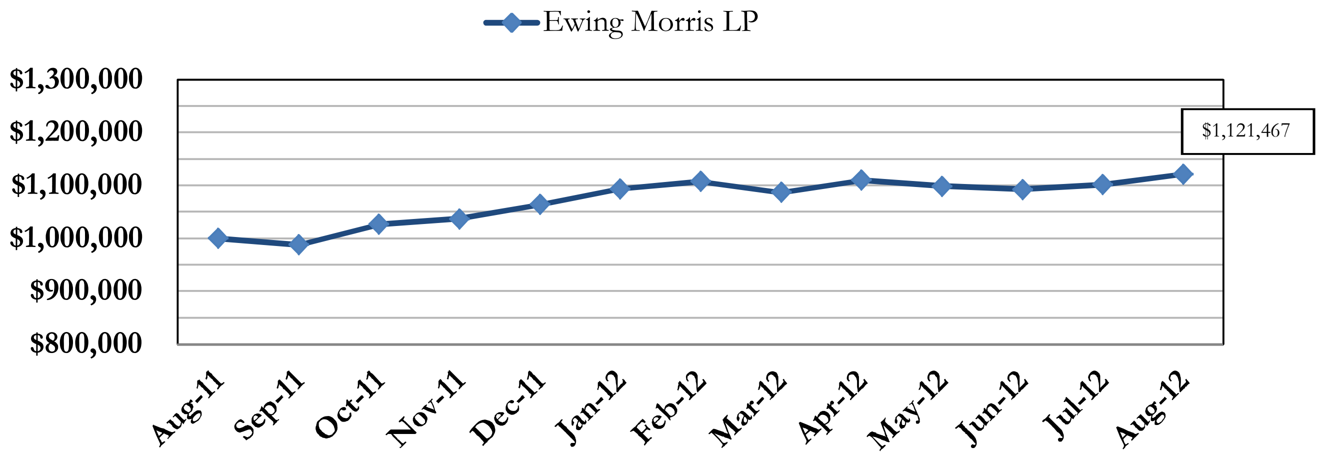
Cordially,

John Ewing
Co-Founder

Darcy Morris
Co-Founder

EWING MORRIS
INVESTMENT PARTNERS LTD.

Growth of $1 million invested since inception (9/9/11) as of August 31, 2012



About the Ewing Morris Opportunities Fund LP:

The Ewing Morris Opportunities Fund LP was established by John Ewing and Darcy Morris in September 2011 to achieve preservation and growth of capital through superior securities selection. The Partnership invests in securities that are inefficiently priced based on a number of factors. The Partnership is focused on North American-based small-capitalization companies.

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This letter does not constitute an offer to sell or the solicitation of an offer to buy any interest in the Ewing Morris Opportunities Fund LP. Such an offer to sell or solicitation of an offer to buy interests may only be made by way of a definitive subscription agreement and are only available to investors who meet legal requirements for investor suitability and sophistication.