EWING MORRIS
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"As soon as there is life there is danger." – Ralph Waldo Emerson

Dear partners and friends,

We recently met with a distinguished professor of Economic History and Macroeconomics and explained our investment approach using the Ewing Morris & Co. Investment Playbook (see our November 2011 letter) and company-specific case studies. As our meeting concluded, the professor told us he found it refreshing that we did not once mention macroeconomic issues.

Unlike the professor, most people we meet ask us what we think about the broad economy, issues in Europe or some other reason to justify minimizing their investments in equities. We always give the same answer – we don't know. This is not because we think the questions are unimportant but rather believe that the answers to these questions are unknowable. Instead of providing a speculative guess we attempt to solve this problem of inherent uncertainty in a different way.

Consider the approach of the engineer: when designing a bridge intended to carry a thousand ton load, the engineer recognizes that, in nature, the unexpected (i.e. floods, earthquakes, hurricanes, etc.) happens and therefore includes an extra "margin of safety" that ensures the bridge can actually hold a much larger load, perhaps two thousand tons. The appropriate margin of safety depends on the situation – for example a bridge in an earthquake zone like San Francisco would require a larger margin of safety than a similar bridge in Saskatchewan.

We apply the same margin of safety principle when we make investment decisions. We feel secure in our decisions because we recognize the inevitability of unpredictable events such as economic crises, natural disasters, political events and new technologies. Instead of trying to predict *when* the next crisis or recession will occur, we simply assume that it *will happen soon* and prepare accordingly. One factor that is within our control is the price we pay to own a business. If an investment's success requires nothing less than perfect conditions, the price is too expensive to be of interest.

This approach does not guarantee investment success but it is the best method we know to avoid losses and preserve capital, which is the first step towards making money.

Investment Update

As of December 31, 2011 the Ewing Morris Opportunities Fund returned +6.3%[1], despite an average net investment exposure of less than 50%. This compares with a -5.8% return for the S&P/TSX Index and +6.1% for the S&P 500 Index during the same period. The family of limited

[1] *Class A Units; since inception on September 9, 2011, net of fees*

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partners invested in the Ewing Morris Opportunities Fund continues to grow and we are proud to say that all have obtained positive results to date.

Our largest single stock holding is currently 10% of the Fund with 8 positions larger than 4.5%. We continue to believe that a concentrated portfolio of smaller-cap companies managed by people with directly aligned incentives should lead to superior investment results.

Limited partners should plan to receive their year-end statements within the week and 2011 tax slips will be mailed out by the end of February. Once PricewaterhouseCoopers completes their audit, the fund financial statements and our "report card" will also be available for your review.

As always, if you have any questions regarding this letter or our business, please do not hesitate to call or email us.

Cordially,

John Ewing
Co-Founder

Darcy Morris
Co-Founder

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.