EWING
MORRIS
INVESTMENT PARTNERS LTD.

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January 2, 2012

"Stating that you want to earn 15% a year does not tell you a thing about how to achieve it."
– Seth Klarman

Dear partners and friends,

Investment Update

The Ewing Morris Opportunities Fund is currently invested in twenty-four (fourteen long, ten short) understandable and largely unrelated businesses. As of December 31, 2012 the Partnership has returned approximately 18%, net of all fees and expenses, since inception on September 9, 2011.

Commentary

Today, many people are stretching for income by investing in dividend-paying stocks. This trend is logical considering the low interest rate environment. It is only human nature that people will be attracted to stocks that pay a 4% dividend when the current 3-year Government of Canada Treasury Bond is yielding 1.25%.

These same people are also likely to believe they are investing in a conservative manner by purchasing dividend-paying securities. However, as more money floods into dividend-paying stocks the price of the common shares may cease to reflect the underlying value of the business. Therefore, while many investors have experienced success with dividend-paying stocks in the past, we would caution that the blind pursuit of dividends can end in disaster. Consider the following examples:

- General Motors: GM paid a dividend of $1/share in 2008 which yielded 4% in the Q4 of 2008. The company declared bankruptcy in 2009 and the stock price went to zero.

- Washington Mutual: WaMu, a savings bank holding company founded in 1889 was at one time the largest savings and loan association in the US. In Q4 of 2007, WaMu paid a dividend of $0.56/share which yielded over 5%. The company declared bankruptcy in 2008 and the stock price went to zero.

- Yellow Pages Media: Yellow Pages, which own Yellow Pages print directories, paid a dividend of $0.80/share in 2010 which yielded 13% on December 31. Since then the company has cancelled its shareholder dividend and the stock has declined 99%.

At Ewing Morris & Co. we're happy to receive dividends (in fact, 70% of our holdings pay a dividend), but it is not a primary consideration when we make an investment. The reason is that dividends don't actually tell you much about the quality or value of a company. For example, a company with no opportunities to reinvest for growth might pay all of its earnings as dividends. If that company's stock yields 5% than you are paying 20x earnings for a no-growth business – that's expensive and if for any reason the company is forced to cut its dividend, the share price will almost certainly plunge. In contrast, a second business might not pay a dividend because it has lots of profitable reinvestment opportunities. If this company's stock trades at just 10x earnings it's almost

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certainly priced attractively. We would much rather own the attractively priced business with no dividend than the expensive business with a dividend.

Furthermore, the fact that dividends are not a primary consideration in our investment analysis does not mean that we are any less conservative in our investment approach. Our approach to risk is focused on understanding underlying business economics, evaluating management's ability and being vigilant about paying prices well-below what we think a business is worth.

Miscellaneous

We are looking to add a player to our small team in the form of a first-class executive assistant. Please refer to us anyone that you feel is qualified and may be interested.

We are also pleased to welcome the newest addition to the immediate Ewing Morris & Co. family with the birth of Martin (Marty) Connell Morris on December 3, 2012.

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

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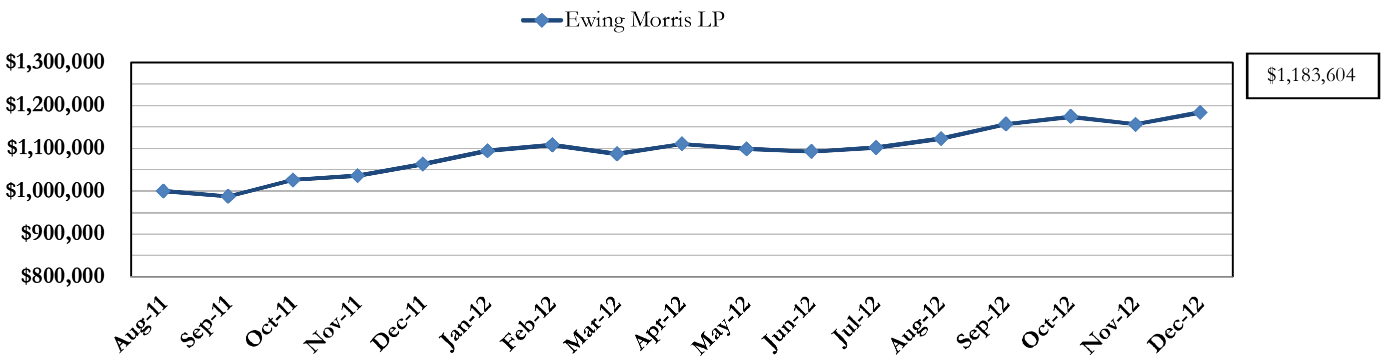
Growth of $1 million invested since inception as of December 31, 2012*



**Inception date, September 9, 2011*

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.

CONTACT INFORMATION:
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