

January 31, 2012

“The highest form of warfare is to attack strategy itself.” – Sun Tzu

Ewing Morris believes that regardless of how smart, hard-working or charming we may (or may not) be, our firm has three rare structural advantages that should lead to superior investment returns for our partners:

Our first advantage is size. Asset size is the enemy of investment returns. If you manage \$1 billion, want 40 investments and do not want to own more than 5% of any one company, then the smallest company you could invest in would have a market value of \$500 million. This automatically excludes 4,000 public companies in North America, more than half of the total. Your odds of finding an outstanding investment opportunity correspondingly shrink when you have fewer investments to consider. Since all large funds face this problem they wind up fishing together in overcrowded ponds. In contrast, Ewing Morris currently manages a small amount of capital which allows us to fish in ponds overlooked by others.

Our second advantage is flexibility. Most investment firms, like ice cream parlours, offer many choices (China Fund, Energy Fund, Mid Cap Fund, etc.) so that they always have something to sell. But this means their best ideas are always scattered across multiple funds. In contrast, Ewing Morris manages a single fund containing all of our best ideas and no filler.

Our third advantage is focus. Great investment ideas are scarce and require extensive research to identify. Making an investment with inadequate knowledge is usually more dangerous than having thoughtless diversification. Most funds have at least fifty distinct investments and many have hundreds. With hundreds of small positions in many different businesses, you can't get to know any of them very well. In contrast, Ewing Morris has a limited number of carefully chosen investments because we have no interest in watering the wine with our hundredth best idea.

We believe that any investor possessing these three structural advantages should deliver superior investment results. So why do we think these advantages are unique? In our experience, most investment firms are more concerned with assets under management than producing superior investment results. However, none of these advantages are possible when you pursue an asset gathering strategy. These advantages are only available to firms, like Ewing Morris, that focus on investment returns.

Investment Update

As of January 31, 2012 the Ewing Morris Opportunities Fund has returned approximately 10%¹. The Fund has 70% of its capital invested across eleven long positions, 40% in cash and -10% in eight short positions. We continue to deploy cash methodically while taking advantage of any pullbacks in the market.

Our Founders Circle remains open to early stage investors that commit at least \$500,000 and provides an opportunity to join us without any management fees for 12 months. This is our version of a no-cost introductory offer.

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.

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