EWING MORRIS
INVESTMENT PARTNERS LTD.

Ewing Morris & Co. Investment Partners Ltd.
1407 Yonge Street, Suite 500
Toronto, ON M4T 1Y7

telephone. 416 640.2791
www.ewingmorris.com

January 4, 2017

Dear Friends and Partners,

Investment Update

We have now completed our fifth full-year of investment operations. The following table summarizes our investment performance, net of all fees and expenses, as well as the performance of well-known and widely-followed investment alternatives for our limited partners.

Year	**Ewing Morris Opportunities LP Class A**[1]	S&P/TSX Index with Dividends Included	S&P 500 Index with Dividends Included
2016	**18.9%**	21.1%	12.0%
Total (Annualized Since Inception)	**11.0%**	7.2%	15.7%
	Ewing Morris Flexible Fixed Income LP Class P[2]	iShares U.S. High Yield Bond Index ETF (CAD-Hedged)[3]	iShares Canadian Corporate Bond Index ETF[3]
2016	**14.4%**	16.8%	3.6%

Investment Commentary

In 2016, the best returning sectors of the S&P/TSX Index were materials (+41%), energy (+36%) and financials (+24%). Over the same period, we owned some energy-related businesses, no banks and no mining companies. Currently, our ten largest investments represent 81% of the Fund with a median market cap of $550 million and approximately 10% of the Opportunities Fund is invested in fixed income securities. Both the Opportunities Fund and the S&P/TSX Composite delivered great results in 2016, but the rising tide of the TSX index had little to do with the results of the Opportunities Fund.

While we are cautious on the overall market, we remain optimistic about our portfolio. We do not own "the market", rather, we own a concentrated portfolio of quality small businesses that we know well and are priced reasonably.

A Word about "The Market"

The S&P 500 currently trades at 21x trailing earnings[4], a substantial premium to the long-term average of approximately 15x. In our view, it is unrealistic to count on the earnings multiple to expand from here. This means that investors in a portfolio which resembles this index should expect, at best, mid-to-high single digit returns over the next several years. If the earnings multiple

[1] Results are estimates as of December 31, 2016 and are net of all fees and expenses. Fund inception was September 9th, 2011.
[2] Results are estimates as of December 31, 2016 from February 1st, the date the Ewing Morris Flexible Fixed Income Fund LP began investment operations, and are net of all fees and expenses.
[3] Note: Low-cost, index tracking funds; representative of an individual's opportunity cost in fixed income.
[4] Bloomberg, December 2016.

were to return to normal levels, the return would be about zero. It is also possible that a prolonged recession would likely cause both earnings and earnings multiples to fall, resulting in a negative return for the stock market. A similar, albeit less extreme, situation exists today in bond markets with spreads (versus treasury bonds) on both investment grade and high yield bonds currently lower than historical averages. The above scenario analysis is offered to provide context and should not be confused with a market prediction. Identifying an asset as expensive is of no use in timing when it may reprice.

A Word about Interest Rates and the Flexible Fixed Income Fund

From June 30 to December 31, 2016, the yield on the 10-year US Treasury bond rose from 1.5% to 2.5%. Since bond prices fall when yields rise, the price of a 10-year Treasury bond fell more than 8% in the last six months, in effect, *wiping out 5-years of interest income*. Investment grade bonds lost 0.6% in the same period compared to a positive gain of 5.5% for high yield bonds. In the same period, our Flexible Fixed Income Fund returned 5.8%. This outcome is consistent with two messages we have been delivering since Randy Steuart joined our team in late 2015:

1. High yield bonds do not have the same rate sensitivity as other fixed income assets, due to their performance being primarily tied to company credit fundamentals; and,

2. We do not own "the market". We own a portfolio of fixed income securities designed to protect capital in all environments and produce modest (i.e. 5-7%) net returns.

New Fee Classes for the Opportunities Fund

Effective, February 1, 2017, we are adding two new, longer term-oriented fee classes available to existing and prospective investors in the Ewing Morris Opportunities Fund LP:

1. Long-Term Class - 1.00% management fee + profit allocation; 24-month notice period.

2. Mid-Term Class - 1.25% management fee + profit allocation; 12-month notice period.

These classes will be in addition to our original fee class of 1.50% management fee + profit allocation; 15-day notice period. The profit allocation of 20% over a hard hurdle of 4% will remain unchanged for each class.

In addition to the obvious advantage of a lower management fee, we think the new fee options provide two important benefits for all of our investors: reduced risk and enhanced returns.

Many of our investors have told us that, while they know that they will not panic and redeem during a market correction, they do not know how other investors will behave. To date, we have addressed this issue with careful investor screening. We can address this concern and strengthen our position by providing longer notice periods.

In periods of broad market declines, even the most loyal limited partners could be forced to redeem to fulfill other financial commitments. By having longer-term committed capital, we will be better able to invest with a longer-term time horizon. This will provide us a competitive advantage in the short-term oriented public markets.

Today, our portfolio is well-positioned (i.e. cash, hedges, takeout candidates, strong management teams, solid valuations and low leverage) and we have solid, like-minded clients. Ewing Morris insiders, collectively representing ~18% of our capital, will be switching into the new longer-term oriented classes in the coming months.

We have been advised that the roll-over of investments in the current Fund to the new lower fee classes will amount to a tax-free transaction. We are pleased to discuss this further on an individual basis with any interested limited partner.

Miscellaneous

Please be reminded that 2016 RRSP contributions are due by the end of February 2017. The annual RRSP dollar limit is $26,010. There is no deadline for contributions to a TFSA as the unused contribution room is carried forward. Total TFSA contribution room, since the program was launched in 2009, will be at $52,000 in 2017. Please let us know if we facilitate your 2016 RRSP or TFSA investment.

We would like to thank Eric Kim and Emily McConnell, our most recent interns, for their excellent work since September and will welcome our eighteenth intern this month.

The Opportunities Fund LP and the Flexible Fixed Income Fund LP remain open to new investors. If you or someone you know is interested in learning more about our approach, we would be pleased to speak with them.

As always, please do not hesitate to contact us if you have any questions or if there is anything unclear in this letter.

Yours sincerely,

John Ewing

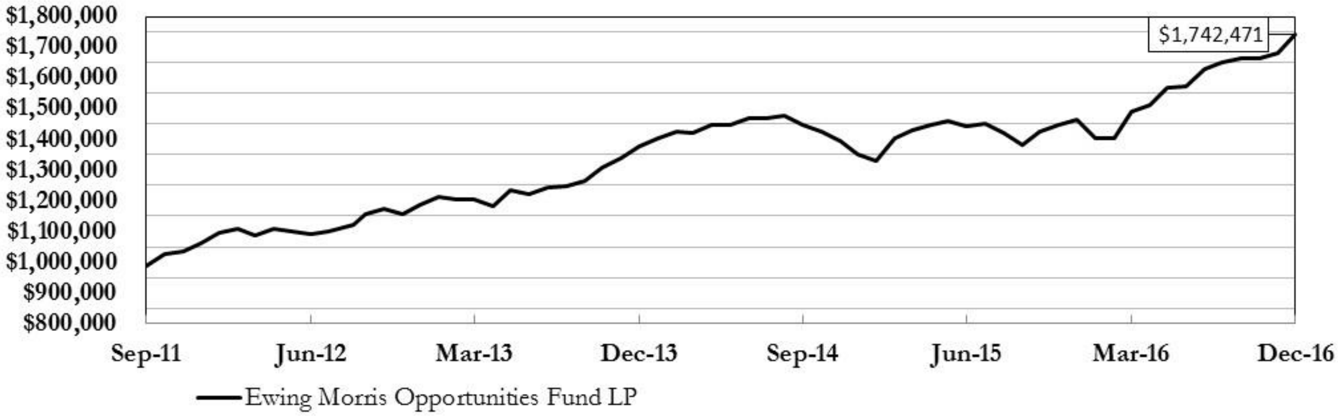
John Ewing
Co-Founder

Darcy Morris

Darcy Morris
Co-Founder

EWING MORRIS INVESTMENT PARTNERS LTD.

Growth of $1,000,000 invested since inception* of LP as of December 31, 2016



**September 11, 2011, net of fees and expenses*

About Ewing Morris:

Ewing Morris & Co. Investment Partners Ltd. is a value driven Canadian investment firm established in September 2011 by John Ewing and Darcy Morris. Our aim is to achieve preservation and growth of capital for our limited partners by focusing on inefficient markets. We do this by relying on fundamental analysis, high conviction and the use of flexible capital. We manage two distinct strategies with a focus on small and mid-cap companies. We manage investments for individuals as well as charitable organizations, institutions and corporations.

CONTACT INFORMATION:

Ewing Morris & Co. Investment Partners Ltd.
1407 Yonge St., Suite 500
Toronto, ON M4T 1Y7
Canada
info@ewingmorris.com
416.640.2791