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

July 4, 2016

"When companies with outstanding businesses and comfortable financial positions find their shares selling far below intrinsic value in the marketplace, no alternative action can benefit shareholders as surely as repurchases."
– Warren Buffett

Dear Friends and Partners,

Investment Update

Today, there are a lot of reasons to be uncertain about the future: the Chinese economy, ISIS, "Brexit" and the prospect of President Trump, among others. However, the future is always uncertain and the ability to enumerate a long list of problems *does not* make the world a scarier place.

At Ewing Morris, we address this uncertainty, not by making macroeconomic forecasts, but by investing in a limited number of carefully chosen, well-researched and conservatively financed companies run by trustworthy managers that are purchased at attractive prices. We think this is the best way to protect and grow capital over time, regardless of the direction of the broader market.

The following table summarizes our investment performance, net of all fees and expenses, as well as 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 (YTD)	**7.0%**	9.8%	3.8%
Total (Annualized)	**9.8%**	5.8%	15.6%
	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 (YTD)	**7.7%**	10.7%	3.9%

The Ant and the Grasshopper

In the fable of "The Ant and the Grasshopper", an industrious ant stores food for winter while a carefree grasshopper enjoys summer leisure only to struggle and beg through the winter. Like these insects, all companies eventually face adversity. Some prepare like the ant, others like the grasshopper.

[1] Results are estimates as of June 30, 2016 and are net of all fees and expenses. Fund inception was September 9th, 2011.
[2] Results are estimates as of June 30, 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.

We often stress that a CEO's most important job is capital allocation. Quite often, the greatest capital allocation decisions are made in times of uncertainty when a well-prepared CEO has the mental fortitude and financial resources to act.

Like the grasshopper, Devon Energy, an Oklahoma-based producer of oil and gas, enjoyed the sunny weather when oil traded above $80 per barrel[1], spending lavishly on share buybacks in 2010-2011 at high prices. Today, Devon is now struggling with low energy prices and had to sell shares in February 2016 at prices more than 70% below what they paid just a few years before. Having failed to prepare for a decline in energy prices, Devon was forced to dilute its loyal shareholders and destroyed shareholder value with this "buy high, sell low" behavior.

In contrast, Bob Dhillon, the CEO of Mainstreet Equity, an owner of apartment buildings in Western Canada, personifies the ant. Mainstreet has traditionally kept a reserve in the form of cash and undrawn credit lines secured by clear title properties. With Alberta's economy struggling due to weak energy prices, Mainstreet saw its stock decline about 35% to a level well below its private market value. In March 2016, Mainstreet offered to repurchase 11.8% of its stock, repeating a pattern formed in February 2009 when the company repurchased more than 25% of its shares. The recent buyback will likely prove to be a tremendously value-enhancing action for long-term shareholders.

Most managers in which we have our largest investments believe in repurchasing shares when there is a large disconnect between stock price and underlying value. This capital allocation decision is valuable in that it can create immediate and significant shareholder value without the execution risk of acquisitions. More importantly, it indicates management's ability to prepare for adversity and a preference for per-share wealth creation rather than grow-at-all-costs expansion.

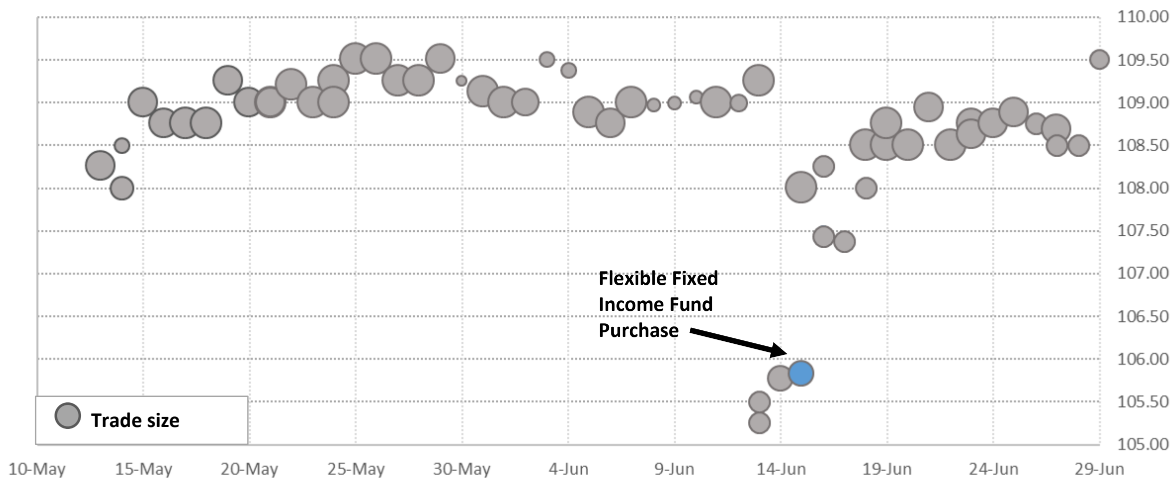
Flexible Fixed Income Fund LP Commentary

Over the last month, there were several periods of uneven buying and selling causing upward and downward swings in the 1% range in the high yield market. Despite these fund-flow and "Brexit"-induced swings, the market ended the month of June 1.1% higher, while the Fund was up 0.6% and saw meaningfully lower intra-month volatility.

A fascinating development in the high yield market is the volatility created by the growing presence of Exchange Traded Funds ("ETFs") combined with the absence of market making. Periodic redemptions from high yield ETFs is causing forced selling of the bonds the ETF owns. Historically, the trading desks of large investment banks would have bought, for inventory, from the forced sellers. This exercise is known as "market making". However, regulatory changes in response to the 2008 Financial Crisis have made it more difficult and expensive for investment banks to make markets leaving only funds to act as the buyers. When ETF's are redeemed, it typically leads to simultaneous selling of many different bonds. Fund managers cannot always react to every offer simultaneously compared to the way a trading floor would. This means that, occasionally, some of these bonds fall through the cracks.

[1] WTI

This phenomenon benefitted the Flexible Fixed Income Fund in June when bonds of Builders Firstsource ("Builders") went on sale. We have been following Builders' bonds since 2015, when the Ewing Morris Opportunities Fund invested in Builders' equity. The bonds had been trading at about 109 but on June 14, 2016, amid heavy selling pressure in the market and an absence of market making, Builders' bonds became available under 106, where we purchased a 3% weight. The bonds have already recovered, despite Brexit, and again trade back at 109.



While volatility is the friend of the well-informed investor, we still respect the importance of capital preservation as the central focus of this Fund. Consequently, we generally avoid owning bonds that are held by large high yield ETFs (currently just 12% of Fund assets).

<u>Miscellaneous</u>

The Opportunities Fund LP and the Flexible Fixed Income Fund 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.

Yours sincerely,

John Ewing | Darcy Morris | Randy Steuart

John Ewing	Darcy Morris	Randy Steuart
Co-Founder	Co-Founder	Partner

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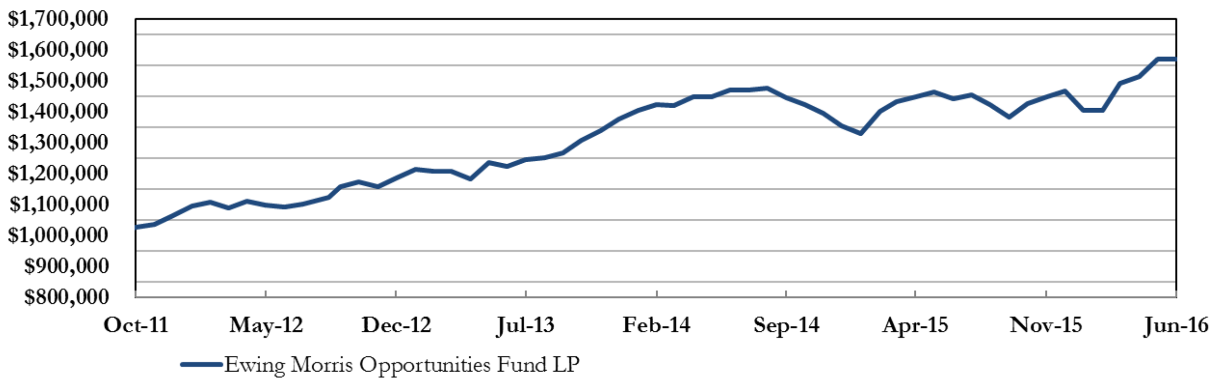
INVESTMENT PARTNERS LTD.

Growth of $1,000,000 invested since inception* of LP as of June 30, 2016



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

About Ewing Morris:

Ewing Morris & Co. Investment Partners Ltd. is a value driven Canadian boutique 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 North American small-capitalization companies and high yield bonds. 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