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

April 1, 2015

"Markets can remain irrational a lot longer than you and I can remain solvent." – John Maynard Keynes

Dear Friends and Partners,

Investment Update

Since launching in September 2011, the Fund has returned approximately 43%, or 10.5% annually, as of March 31st, 2015. For the past quarter the Ewing Morris Opportunities Fund LP returned 5.5%.

Commentary

In previous letters we have explained that investment risk should be considered as the *chance of permanent capital loss, not volatility*. However, there are certain circumstances when market volatility *can* lead to a permanent loss of capital. We have identified three of these situations:

1. ***Investing with borrowed money.*** In the early 1920s, one could have argued that General Motors Corporation represented an attractive investment opportunity; per capita car ownership was rising rapidly and would double in the next decade. Nobody could have appreciated this opportunity better than William Durant, the founder, CEO and largest shareholder of General Motors.

   Based on his conviction, he began to aggressively purchase additional GM shares during the 1920 market selloff by borrowing against shares he already owned. Unfortunately, the stock market continued to decline as Durant kept buying, with GM's share price falling from $42 per share in March 1920 to $15 per share in October 1920. The stock price decline led to a reduction in the value of his collateral which eventually forced him to sell his shares at depressed prices and lose control of the company.

   In hindsight, we know that Durant's outlook was correct as GM stock rose to trade at $210 per share by 1926. Yet, because of leverage, Durant lost most of his net worth in just seven months. To put the magnitude of this loss into a modern context, imagine Larry Page or Sergey Brin were forced to sell their Google stock when the price fell from $300 to $150, before ultimately climbing above $600. Just as excessive leverage can jeopardize the survival of a good operating business, imprudent leverage can create a permanent loss of capital for an investor. At Ewing Morris, we are very reluctant to use any leverage and are restricted from leverage above 25% of assets.

2. ***Short selling.*** Short selling involves borrowing shares from a broker that are then sold into the market with expectations that they will be repurchased at a lower price and then returned to the broker. As can be expected, brokers provide this service for a fee that is referred to as a "borrow cost" and is charged based on the *value* of shares borrowed. This means that as the share price of the shorted stock appreciates, the borrow cost goes up. Furthermore, a rapid rise in the stock price can result in fewer shares available for borrow leading the broker to ask for the shares back at the worst possible time.

Thus when executing on our "Broken Business" investments we are conscious of the fact that while we might have the right investment thesis, our investment can still result in permanent loss of capital due to high borrow costs and/or being forced to cover our position. We can't forecast or control stock price volatility so we must rely on conservative position sizing to manage this risk. Therefore our average individual short positions will always be much smaller than our average long positions. We can further reduce our exposure by reducing the time during which we are exposed to the short position.

3. ***Wrong Clients.*** We intend to compound capital within the Partnership for many years by making investments with multi-year horizons. It is important that you, our partners, share this objective and time horizon. However, we also realize that our limited partners have the right to withdraw capital with very little notice (as little as 15 days). It is also true that redemptions are more likely to take place during a period of underperformance when a number of our investments are selling at bargain prices (think of the GM example above). Such a sale is likely to result in a permanent loss of capital. Some funds have chosen to mitigate this risk by instituting "lockups" that restrict client withdrawals during a given period of time.

   An alternative approach is to exercise extra care in selecting the right limited partners who understand the manager's investment approach, share similar investment horizons and understand that stock price volatility equals opportunity for those that are prepared and have the mental fortitude to act. Our clients will recognize that we have chosen the second approach. We consider ourselves fortunate to have such an intelligent, even-tempered group of limited partners that collectively help reduce the risk of permanent loss of capital.

<u>Miscellaneous</u>

We have successfully reached 150 accounts, the number mandated by the Canadian Revenue Agency, in the Ewing Morris Opportunities Trust Fund. This would certainly not have happened without the strong work of Matt Irwin and Jill Hamblin. We have added investors from across the country and brought aboard a solid core of young up-and-coming Canadian investors. With now over 90 limited partners and 150 investors in the Trust, you can understand that our operational complexities have increased substantially.

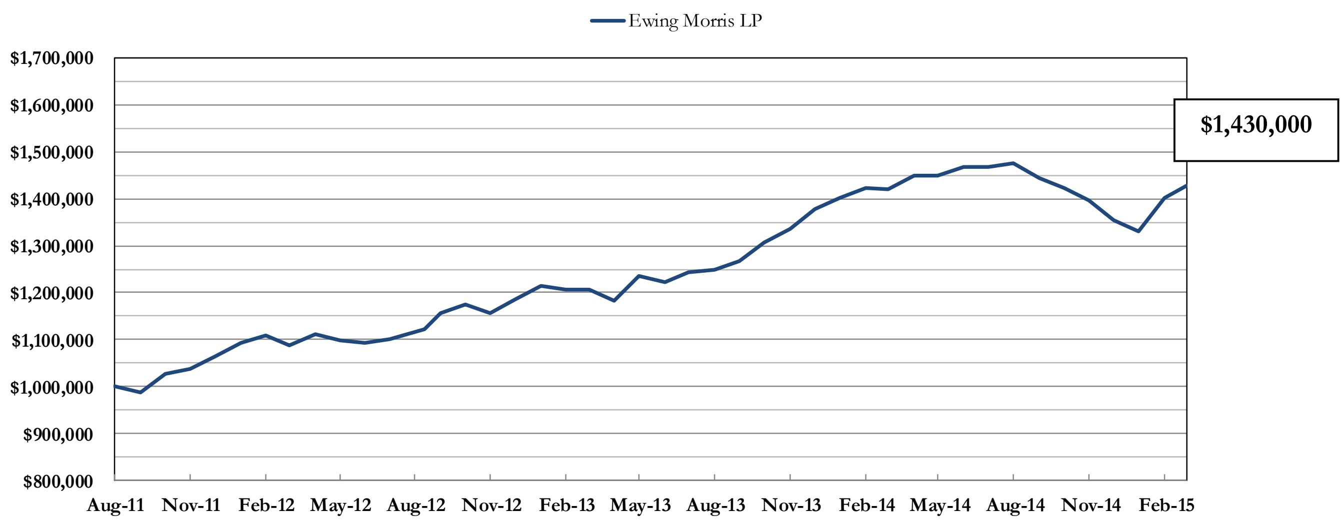
PwC have completed their audit of the Partnership's 2014 financial statements. The financials, along with our Annual Letter to Limited Partners, have been mailed. Please let us know if you have not already received your T5013 or RRSP tax slips by mail.

As always, please call us directly at 416-640-2791 if you have any further questions. Cordially,

John Ewing
Co-Founder

Darcy Morris
Co-Founder

Growth of $1,000,000 invested since inception* of LP as of March 31, 2015



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

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