EWING
MORRIS
INVESTMENT PARTNERS LTD.

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March 31, 2016

Dear Friends and Partners,

Investment Update

For the first three months of 2016, the Ewing Morris Opportunities Fund LP returned 1.3%, net of all fees and expenses, while the TSX has returned 4.5% and the S&P 500 has returned 1.4%. Since launching in September 2011, the Fund has returned approximately 48.5%, or 9.0% annually, as of March 31, 2016.

The start of 2016 has been a turbulent period for markets amid a narrative dominated by fears of a slowdown in China, declining energy prices, the Fed and the U.S. Presidential cycle. We have been uncomfortable with the general market for some time and have avoided buying businesses in the U.S. over the past several years at what we deemed were expensive valuations. We continue to review our "Wish List" of companies based in the U.S. – these are companies we would love to own if they were available at an attractive price – and we have yet to see many bargains.

While there are always reasons to be concerned about the broad markets, it is important to remember that we do not "own the market", but rather we own a handful of businesses that we believe have a high probability of becoming more valuable over time, regardless of near-term market fluctuations. In light of the recent market volatility, we have continued to re-allocate capital towards our highest conviction holdings and now have 60% of Partnership assets in our top five investments, 80% in our top 10 and only 18 unique investments (excluding shorts). Over the quarter, two of our top five investments carried out capital allocation strategies which have been favourable for our investors; a 60% dividend increase with an additional special dividend and a 12% share buyback at a 15% premium. With visibility into additional catalysts in our portfolio, we continue to believe this to be an opportunistic time for our partners to consider investing additional capital into the Opportunities Fund LP.

We have seen solid demand for our Flexible Fixed Income Fund having launched with $21 million on February 1st. Not only does our Flexible Fixed Income Fund provide our investors with a safety-first capital preservation vehicle, but our timing appears opportunistic with the high yield market trading at 5-year lows in February. Since launching on February 1st, the Flexible Fixed Income Fund has deployed 62% of its assets and returned 4.4%, net of fees and expenses.

Opportunities Fund LP Commentary

Most investment firms, like ice cream shops, offer a wide variety of funds for every taste; China Fund, Large Cap Fund, REIT Fund, etc. This strategy helps gather assets because at least one fund, through probability alone, will be performing well at any given time. This means there is always something to sell to performance-chasing clients.

We believe that flexibility is an important advantage for Ewing Morris that is not available to most investment firms. One example is the ability to invest throughout a company's capital structure.

Sometimes it is possible to achieve equity-like returns with the safety provided by moving up the capital structure and owning debt securities, a choice not commonly available to equity managers.

When we purchase bonds, we do so as Cheap Asset investments where we seek to achieve a 15% IRR within a 5-year time horizon with significant downside protection. Approximately 10% of the portfolio is currently invested in bonds of three different issuers. The weighted average cash yield is 14.4%. This compares with the 5-year Government of Canada bond yielding just 0.7%. This large difference in yield implies the market is clearly concerned about these companies' ability to repay these bonds at maturity. Based on our analysis, the collateral is well in excess of the market value of our bonds which should protect our capital. Since the bonds all trade at a meaningful discount to their principal owed (weighted average price = 56% of par), there is substantial upside potential beyond the 14% cash yield.

There are two key advantages of a bond relative to other Cheap Asset investments. The first is the built-in catalyst of a maturity date and the second is that you are paid a coupon while you wait. A cheap stock can stay cheap forever, but every bond has a day of reckoning - maturity. Either our analysis is right, and the bond will be repaid, or the company will default and bondholders will become owners of the company.

Flexible Fixed Income Fund LP Commentary

Since the Fund's launch on February 1st, 2016, we have been gradually building the portfolio. As of March 31st, 2016, the portfolio is 62% invested among 28 securities. The portfolio continues to be well-diversified by sector, credit quality, term and investment "play".

In March, the high yield market moved sharply higher, continuing its rally from the lows it made in mid-February – a level at which the market was offering a yield in excess of 10%. We believe that this breach above 10% may have rung a Pavlovian bell of sorts, with investors firmly stepping into the high yield market. This strong investor response resulted in five consecutive weeks of capital inflows into the high yield asset class. It is not surprising that on the back of this demand for high yield, the Bank of America High Yield Index returned 4.4% in the month of March. The magnitude of this performance is not unprecedented, but one has to look back to October of 2011 to find a calendar month when high yield returned more than it did this past month. In October 2011, high yield returned 6.0%. In November of 2011, the market gave back some of this gain, falling to 2.2%. Given this history, it would not be surprising to us to see the high yield market take a breather after its recent sprint.

Despite the fact the Flexible Fixed Income Fund held a cash balance averaging 50% in March, Fund performance kept pace with the strong returns seen in the market. Meaningful contributors to this performance were investments made in the energy sector and telecommunications space, where our exposure was largely focused on securities of investment grade companies. In addition to our high cash balance and our bias to higher quality credits (30% of our investments have an investment grade average credit rating), we controlled risk in a targeted manner through a collection of 9 equity hedges, totalling 8% at month end. We believe this portfolio construction demonstrates that we are taking great efforts to protect your capital as we navigate through a reasonably turbulent financial environment.

Miscellaneous

PricewaterhouseCoopers have completed their year-end audit of the Opportunities Fund LP 2015 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.

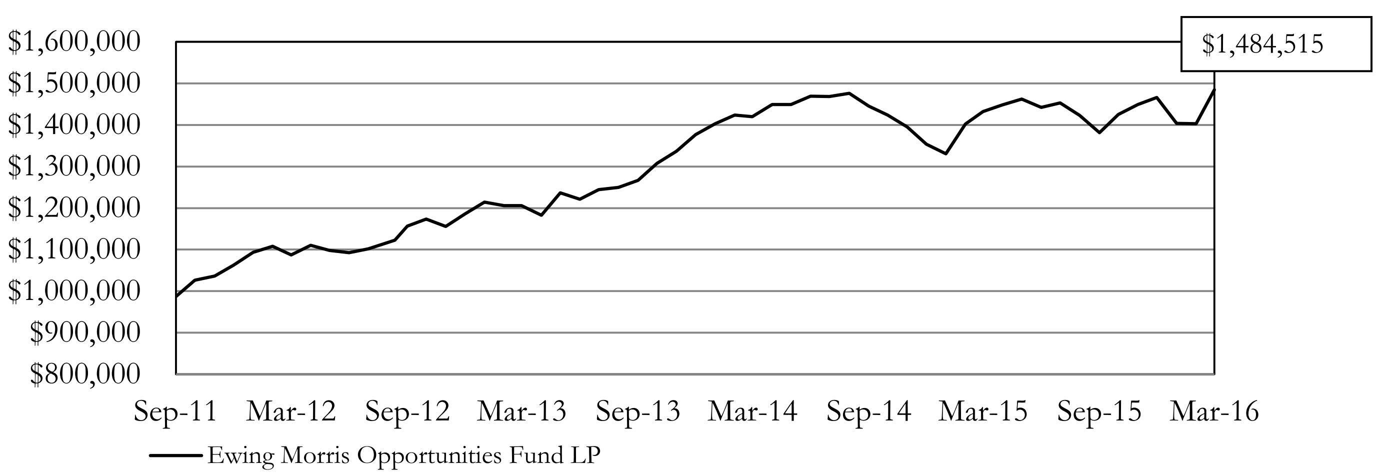
As always, please do not hesitate to contact us if you have any questions.

Yours sincerely,

John Ewing
Co-Founder

Darcy Morris
Co-Founder

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



*September 11, 2011, net of fees and expenses

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About the Ewing Morris & Co. Investment Partners Ltd:

Ewing Morris & Co. Investment Partners Ltd. is a value driven Canadian boutique investment firm established in 2011. The firm manages two distinct strategies and primarily invests in public equities focused on the North American small-cap market. The firm manages investments for individuals as well as charitable organizations, institutions and corporations.

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