EWING
MORRIS
INVESTMENT PARTNERS LTD.

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October 4, 2016

Dear Friends and Partners,

Investment Update

We commenced investment operations in September 2011. Over the following five years, a dollar invested in the Partnership has now grown to $1.66, net of all fees and expenses. This equates to an annualized net rate of return of 10.5%.

Year	**Ewing Morris Opportunities LP Class A[1]**	S&P/TSX Index with Dividends Included	S&P 500 Index with Dividends Included
2016 (YTD)	**13.4%**	15.8%	7.8%
Compounded annual return (2011-2016)	**10.5%**	6.6%	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)	**12.4%**	15.9%	5.7%

Opportunities Fund LP Commentary

We have had a few questions from limited partners relating to the number of positions we currently hold in the Opportunities Fund LP. For some, the number of positions doesn't align with their vision of a concentrated portfolio. We thought we would expand on our approach to position sizes.

As a reminder, our framework is that Great Businesses and Great Capital Allocators should be 10% weights. The reason is because these are investments where we will compound returns over time and therefore should have a meaningful amount of money behind them. In contrast, we target 3-5% weights in our Cheap Assets because these tend to be more cyclical and lower quality businesses, albeit available to own at a cheap price. Rather than compounding in value, Cheap Assets tend to rely on the emergence of a catalyst to realize shareholder value.

The table below compares the current allocation by Ewing Morris Play with the average allocation since inception:

Play	September 30, 2016	Average Since Inception
Great Business	19.9%	22%
Great Capital Allocator	25.5%	39%
Cheap Asset	53.2%	28%

We have struggled to identify reasonably-priced Great Businesses and Capital Allocators in the current market environment. This has resulted in the portfolio skewing towards Cheap Assets. Our

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

compounder investments represent ~40% of capital today compared to ~60% historically. Since Cheap Assets are sized smaller than compounders, it should be less surprising to see the number of securities in the portfolio expand modestly.

Investment ideas vs Security positions

At September 30, there were 30 long securities and our ten largest investments, as reported, represented 69% of assets. This figure has ranged, since inception, between 52-85% with an average of 68%. So concentration in our ten largest investments is unchanged historically. However, as we view them, there were really in effect 21 long investments with the ten largest representing 81%.

What does "as we view them" mean? In several circumstances, we view multiple securities in the same space as representing a single investment. A few examples:

> **New Zealand retirement villages.** We own two separate New Zealand based retirement village companies as a single investment (one is 8.2% of assets, the other 3.8%; for a combined weight of 12% of Partnership assets). Both companies have almost identical business models with slightly different track records (e.g. one is less established), growth opportunities (e.g. one is focused on Auckland; the other Melbourne, Australia) and valuations (e.g. the larger weight is cheaper). One key risk we identified is the "bad apple" scenario that could damage reputation (e.g. video of a nurse abusing a patient). In that scenario, the cost to one would be the benefit to the other. We think a 12% weight split between both is superior to a 12% weight in one operator alone.
>
> **Energy**. We own common stock in a small cap energy company but also participated in a convertible bond financing and own common shares in an acquisition target. These three securities effectively comprise a single 4.2% weight in this one energy company.

Regardless of definition, we continue to concentrate our capital on our best ideas.

Toehold Positions

Our opinion of management is often critical to compounder investments. Evaluating people is difficult and takes time. We have a few investments where our initial view of management was positive, but we needed more time and track record to fully complete our assessment. These investments should be expected to either grow or be eliminated over time. For example, our investment in Boyd Group started at 2% and grew to 8% within six months.

Our general approach to selling is:

1. If we believe our original thesis is wrong, sell immediately.
2. Otherwise:
    a. Be an aggressive seller of Cheap Assets. These stocks tend to be lower quality businesses with finite upside that are also prone to round-trips.
    b. Be a reluctant seller of Great Businesses & Great Capital Allocators. These stocks tend to be higher-quality businesses that consistently surprise on the upside (e.g. additional acquisitions, new products, new geographies, etc.)

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This approach has resulted in us lightening our positions as they approach full value while still retaining stub positions.

Flexible Fixed Income Fund LP Commentary

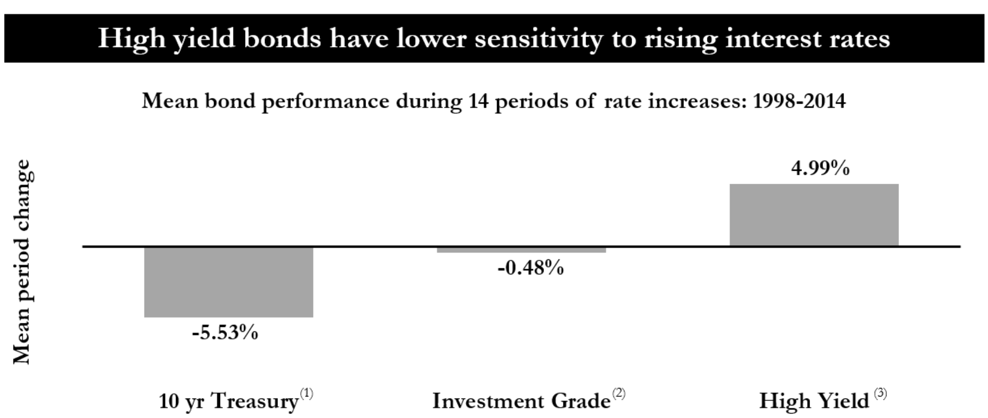
The high yield market currently yields 6.25%, down from 10% in February, and valuations appear fair to full. We are still finding new ideas but, given our primary goal of capital preservation, have become increasingly defensive. We are maintaining a high quality credit profile while allowing cash to build to 10% of the portfolio.

With the 10-year Canadian Government Bond yield below 1%, many of you may be wondering what will happen to fixed income portfolios if interest rates rise and what we are doing to protect capital in this scenario. While interest rates drive the fixed income asset class as a whole, they do not drive all areas of fixed income equally nor necessarily in the same direction.

The focus of the Flexible Fixed Income Fund is on high yield bonds, which tend to move in the *opposite* direction of government bonds. This is because the return of high yield bonds is driven disproportionately by company factors rather than by movements in interest rates.

For instance, an unexpectedly strong economy could trigger inflation fears leading to higher interest rates and thus lower government bond prices. Conversely, a strong economy may strengthen the credit quality of marginal (i.e. high yield) borrowers, thereby justifying a lower credit premium and *higher* prices for high yield bonds. The performance history of high yield bonds demonstrates that the benefits of favourable economic and corporate developments usually outweigh the headwinds created by rising interest rates.

To provide a historical perspective on the experience high yield has had with rising rates, we highlight a long-term study conducted by TIAA CREF. This study summarizes the returns for different fixed income asset classes during periods where interest rates rose more than 0.5%. It demonstrates high yield bonds' success in rising rate environments:



Sources: TIAA-CREF Asset Management; "The Enduring Case for High Yield Bonds", May 2015.
(1) BofA Merrill Lynch 10-year US Treasury Index.
(2) BofA Merrill Lynch US Corporate Index.
(3) BofA Merrill Lynch US Cash Pay High Yield Index.

Looking at recent trends, we see that the high yield market has been bearing little sensitivity to interest rates. On July 7th, the 10 year US Treasury Note carried a yield of 1.35%. Over two months, this yield moved upward to more than 1.7%, causing a price loss of more than three points on the Note. Investors who were comfortable owning Treasuries for a 1.35% yield ***ended up losing almost three years' worth of income in a span of two months***. Over this same period, the high yield bond market and the Flexible Fixed Income Fund returned more than 3%. This is consistent with the evidence from the TIAA CREF study above, and serves as a good reminder that a triple-A credit rating does not necessarily produce a triple-A return.

It is much easier to prepare for rather than predict the timing of rising interest rates. We believe our portfolio's focus on high yield bond investments provides a solid base to withstand the prospect of rising rates. Furthermore, we will continue to monitor the portfolio and respond appropriately if we believe the Fund begins to bear any unwanted interest rate exposure.

Miscellaneous

Another reminder that we will be hosting our 5th Annual Investor Day on October 12th at the Petroleum Club in Calgary and October 19th at the Toronto Reference Library in Toronto. We look forward to seeing many of you there.

Jenna Gillies learned that she passed the Level III CFA exam and was awarded the CFA charter this past quarter. No one was surprised internally, but we congratulate her on the deserved achievement.

We are also pleased to announce the launch of our new website. We would like to thank our friends at Array of Stars for the excellent work in redesigning the site (which is now mobile compatible). We invite you to have a read: www.ewingmorris.com

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.

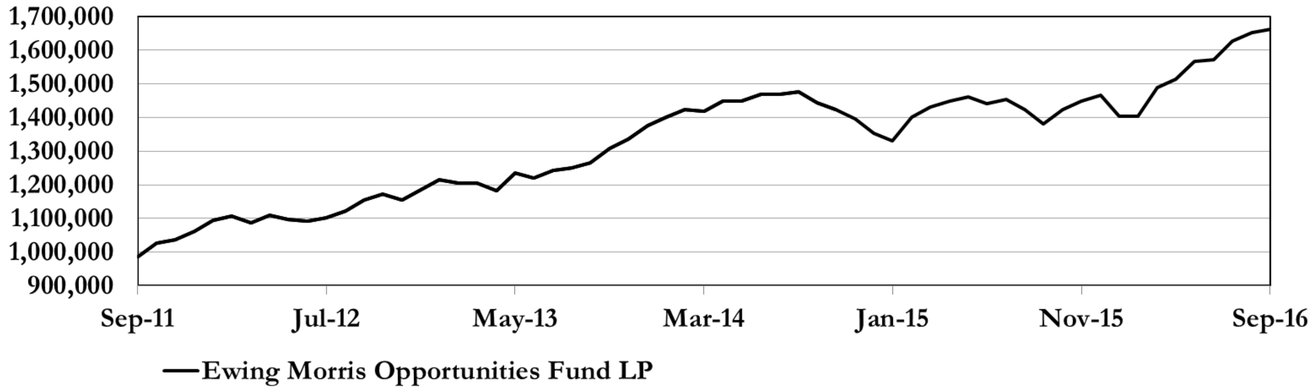
Yours sincerely,

John Ewing Darcy Morris Randy Steuart

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

Growth of $1,000,000 invested since inception* of LP as of September 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.

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