

September 1, 2016

Dear Friends and Partners,

As of August 31st, the Flexible Fixed Income Fund has returned 11.6%, net of fees and expenses, since inception. The Fund returned 0.9% in August.

August was a fairly quiet month for both the Fund and credit markets generally, with the high yield market gradually appreciating through the month. Activity in your Fund was quite low, with our attention mainly being dedicated to new idea generation and realizing profits on positions purchased earlier in the year.

As of August 31, the Fund is 90% invested and carries a yield of 5.5%. In addition to having more than 10% in cash, the Fund also has equity hedges of 3.3% and has low exposure (12%) to bonds held by exchange traded funds. From a fundamental perspective, the Fund maintains a high quality bias and has relatively low exposure to the resource sectors, which can be more volatile. The average equity value of our portfolio companies remains around \$8B and these businesses have more than 60% of their market value in the form of equity. This implies a meaningful amount of asset coverage for our debt investments. As a result of these factors, we believe the Fund is positioned well to preserve capital, as well as take advantage of new opportunities as we move forward into the fall.

Starting in September, we will be writing to you on a quarterly basis, instead of our current monthly frequency. This will align the communication format and frequency of the Flexible Fixed Income Fund with the Opportunities Fund after our upcoming Annual Investor Day. Of course, we are available for questions and comments anytime. To this end, please contact Darcy Morris, Jenna Gillies or me if you wish to meet with us or otherwise desire to have a conversation about the Fund or our investment process.

Thank you for your investment in the Ewing Morris Flexible Fixed Income Fund LP.

Cordially,

Randy Steuart



Randy Steuart  
Flexible Fixed Income Fund Portfolio Manager

**About Ewing Morris & Co. Investment Partners Ltd.:**

Ewing Morris & Co. is a value driven Canadian boutique investment firm established in 2011. The Ewing Morris Flexible Fixed Income Fund LP invests in carefully selected, primarily high yield, fixed income securities while controlling risk through cross-capital structure hedging.

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*This letter does not constitute an offer to sell or the solicitation of an offer to buy any interest in the Ewing Morris Flexible Fixed Income Fund LP. Such an offer to sell or solicitation of an offer to buy interests may only be made by way of a definitive subscription agreement and are only available to investors who meet legal requirements for investor suitability and sophistication.*