BARAC
CAPITAL
MANAGEMENT, LLC

April 28, 2016

Dear All,

This is the Fund's thirteenth regular quarterly report to provide updates on the Partnership's performance. The Partnership's fund administrator, Fund Associates, LLC, is also generating monthly investment reports for each Partner, by directly and independently accessing the Fund's electronic brokerage data.

For the three-months ending March 31, 2016, The Barac Value Fund L.P. (the "Fund" or "Partnership") delivered net returns of 1.25% (after deducting fees and expenses) versus a return of 2.11% for the benchmark[1].

Since the Partnership's inception (on July 14, 2011), the Fund has returned 51.24% (after deducting fees and expenses) versus a return of 49.11% for the benchmark.

The Partnership's returns amount to gross and net annualized returns since inception of 10.83% and 9.17%, versus 8.84% for the benchmark.

	Barac Value Fund Returns		60% S&P TR/
	Gross %	Net %**	40% Barclay's Agg.
2011*:	(4.43)	(5.08)	(0.39)
2012:	19.69	17.87	11.31
2013:	27.61	25.68	17.56
2014:	11.72	10.04	10.62
2015:	(2.02)	(3.47)	1.28
Q1 2016:	1.64	1.25	2.11
Since inception:	62.42	51.24	49.11
Annualized:	10.83	9.17	8.84

*2011 and inception performance is from the fund's inception on July 14th, 2011

**The net results reflect the deduction of: (i) an annual asset management fee of 1.5%, accrued monthly; (ii) transaction fees and other expenses incurred. Performance figures include the reinvestment of dividends and other earnings as appropriate.

PAST PERFORMANCE IS NO INDICATION OF FUTURE RESULTS.

[1] See appendix, at the end of the letter, for details on the benchmark and the underlying comparative methodology.

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN THE BARAC VALUE FUND, LP (THE "FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

Quarterly Performance

For the most recent quarter ending March 31, 2016, the Fund returned 1.64% on a gross basis and 1.25% on a net basis (after fees), versus 2.11% for the benchmark. Underperformance for the quarter was driven by an underweight position in bonds and an overweight position in stocks (as bonds substantially outperformed equities during the quarter).

Top individual stock performers included Adidas A.G. (+20% for the quarter), Gap (+20%), Target (+14%), and Berkshire Hathaway (+7%). The worst individual stock performers included Twitter (-28% for the quarter), Charles Schwab (-15%), Ralph Lauren (-13%), and Wells Fargo (-10%).

The longer-term performance for the Fund remains solid with gross and net returns since inception of 62.42% and 51.24%, respectively, versus a return of 49.11% for the benchmark.

As always, it is also important to re-state that the Fund's returns were generated without leverage (either direct or effective leverage through options), without taking highly concentrated positions, and while holding substantial cash balances. I also continue to "put my money where my mouth is" and most of my net worth also remains invested in the Fund along with the other Partners.

Performance Commentary

Interest rates declined considerable over the course of the quarter, with the benchmark 10-year Treasury note falling by almost 50 basis points (from 2.27% to 1.79%). Largely as a result of lower interest rates, bonds performed very well during the quarter. In fact, the return of the bond subcomponent[2] of the Fund's benchmark was over twice that of the equity subcomponent[3] (3.03% versus 1.35%). Because the Fund was substantially underweight bonds, the relative performance of the Fund was constrained by this allocation mix.

With respect to individual winners and losers, let's avoid typical investment marketing spin (i.e. highlight the winners and downplay the losers) and focus on the biggest loser. In that regard, Twitter was down 28% for the quarter (and down another 12% this month following a weak earnings announcement this past Tuesday).

So, what has gone wrong with Twitter and has this sell-off created a further buying opportunity? To begin with let's revisit the Fund's history with Twitter, as this is not the not the type of stock typically targeted by the Partnership (i.e. speculative with substantial growth already priced into the shares).

As detailed in an earlier Partnership letter, the Fund first bought shares of Twitter in May of 2014 after the shares had declined by over 50%. At that point, the company's valuation had fallen such that I viewed a small position as an attractively priced option on the company's ability to monetize their user base and/or realize takeover upside. In less than a year after the purchase, the

---

[2] As measured by the S&P 500 total return index (including dividends).

[3] As measured by the Barclay's aggregate bond index.

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN THE BARAC VALUE FUND, LP (THE "FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

stock price increased by over 50% and I became less comfortable with the risk/reward dynamics of the shares (thus, selling a third of the shares at a considerable profit in April of 2015).

Tax considerations temporarily prevented me from selling more (i.e. the position was still a short-term unrealized capital gain) and this proved unfortunate. Since that time, earnings results have disappointed and the share price has fallen considerably. More specifically, as of today's close Twitter's shares are down approximately 58% from the Fund's original entry price (and down approximately 80% from the share's all-time high).

These are huge percentage moves, but let's put it all into perspective. Twitter accounted for about 1.8% of the Fund's assets-under-management ("A.U.M.") going into the 1st quarter. Twitter has always been (and remains) a small position for the Fund and I estimate that combined realized and unrealized losses for Twitter (through today's close) are equal to approximately 1.0% of the Fund's A.U.M.[4].

While this is a material loss and disappointing, it is a relatively small loss in the context of Twitter's substantial share price decline. The reason that Twitter's dramatic fall has not had a larger negative impact on the Fund's performance is because the position was speculative and sized appropriately to the risks.

Moving forward to today, I do not believe that the sell-off has provided an improved investment opportunity because the news flow has actually been as bad or worse as the resultant share price collapse. Sell-offs only provide for opportunity when they are overreactions and I don't believe that to be the case here.

With Tuesday's earnings announcement, Twitter guided for sequential and year-over year revenue growth for the next quarter of only about 1% and 19%, respectively. By way of comparison, sequential and year-over-year revenue growth for the same quarter in 2014 (around the time that the Fund first entered the position) were approximately 25% and 124%, respectively. To be fair, a deceleration of growth was expected and is inevitable for a large and rapidly growing company like Twitter. That said, the degree of the deceleration has been disappointing.

While I do not believe that the sell-off has provided an improved investment opportunity, at Twitter's current $10bn valuation (further diverging from Facebook at $342bn)[5] I still view the shares as a modestly attractive option on the ability of the company to better engage and monetize their user base and/or realize takeover potential. Because of the nature of the current circumstances, however, I believe the shares are even more speculative than before (thus, I sold shares after the Q1 results) and Twitter now accounts for only about 1% of the Fund's A.U.M.

Outlook and Positioning

I believe that domestic stocks remain modestly attractive when considering current earnings valuation multiples and forward growth expectations. I also continue to believe that high-grade bonds are substantially overvalued and don't adequately compensate investors for interest rate and inflation risks.

---

[4] As of quarter-end (3/31/3016).

[5] Twitter and Facebook's valuations are as of 4/28/2016.

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN THE BARAC VALUE FUND, LP (THE "FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

At a yield of 1.84%[6], 10-year Treasuries are yielding less than both the Federal Reserve's inflation target and the dividend yield of the S&P 500. Hardly bargain pricing. In fact, absent the diversification and short-term hedging benefits (vis-a-vis equities), I believe that there is little incentive to own high-grade bonds.

The Partnership remained substantially underweight fixed-income at quarter-end (22% of A.U.M. versus 40% for the benchmark) and equal-weight equities (60% of A.U.M. versus 60% for the benchmark). In order to mitigate credit and interest rate risks, the majority of the Fund's fixed-income investments are in U.S. Treasuries and most of the positions have fixed maturities of less than 5 years.

Given my bearish long-term view for bonds and the continued risk of a material pull-back in equities, I continue to believe that a substantial cash position is prudent. As such, cash held by the Fund amounted to 18% of A.U.M. at quarter-end.

Thank you to everyone for your interest and support and please let me know if there are any questions you may have that I have not answered. The next quarterly report will be for the quarter ending June 30th, 2016 and the next subscription period for the Fund will be April 29th.

Sincerely,

Ted Barac
Managing Member of Barac Capital Management, LLC

Appendix:

About The Benchmark:

As a multi-asset fund whose objective is to seek investment opportunities across different asset classes (e.g. stocks, bonds, etc.), the benchmark used for the Fund is a mix of 60% attributed to the S&P 500 index (including dividends paid) and 40% attributed to the Barclays aggregate bond index. The S&P 500 is a commonly used index of 500 U.S. large capitalization stocks while the Barclays aggregate index is a commonly used index of U.S. high-grade bonds.

The reason for using this specific benchmark is because it is comprised of two very commonly followed indexes for the two major investment classes (stocks and bonds) in the 60%/40% ratio mix, which has been a common allocation ratio recommended for long-term investors. In addition, both of these indexes can be easily purchased through low-fee and highly-liquid index funds, providing an easy alternative for investors. Long-term outperformance versus these

[6] As of the close of business on 4/28/2016.

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN THE BARAC VALUE FUND, LP (THE "FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

indexes is necessary to justify an investment in the Fund and, therefore, this is the yardstick to which the Fund will be compared.

To be clear, the benchmark is chosen only to provide an easy and simplistic comparison to how one's investments might have performed if invested in low-fee index funds allocated in the commonly prescribed mix of 60%/40% (equities/bonds). The Fund does not endorse or make any attempt to follow such an allocation and in periods when I view equities as substantially over-valued, the equity allocation may be much less than 60% and vice-versa. In addition, the Fund will also hold other asset classes, outside the scope of the benchmark, which may include cash, small-cap. equities, foreign equities, and high-yield bonds, among others. Overall, the investment strategy of the Fund is about finding the best value across different asset classes and geographies while sizing positions to best optimize risk/reward.

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN THE BARAC VALUE FUND, LP (THE "FUND"). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.