BARAC CAPITAL MANAGEMENT, LLC

July 27, 2015

Dear All,

This is the Fund's tenth 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 June 30, 2015, The Barac Value Fund L.P. (the "Fund" or "Partnership") delivered net returns of negative 0.32% (after deducting fees and expenses) versus a return of negative 0.51% for the benchmark[1], resulting in relative outperformance of 19 basis points.

Since the Partnership's inception (on July 14, 2011), the Fund has delivered net returns of 57.02% (after deducting fees and expenses) versus a return of 45.32% for the benchmark, resulting in relative outperformance of approximately 1,170 basis points.

The Partnership's returns amount to gross and net annualized returns since inception of 13.76% and 12.05%, versus 9.88% 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
Year-to-date:	2.24	1.47	0.79
Q2 2015:* **	0.06	(0.32)	(0.51)
Since inception:	66.75	57.02	45.32
Annualized:	13.76	12.05	9.88

*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.

***Q2 2015 performance is preliminary and has not yet been verified by the fund administrator.

PAST PERFORMANCE IS NO INDICATION OF FUTURE RESULTS.

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

Performance Overview

For the most recent quarter ending June 30, 2015, returns for the Fund outperformed the benchmark by 56 basis points on a gross basis and 19 basis points on a net basis after fees. The fund benefitted from being slightly overweight stocks and substantially underweight bonds, as equities outperformed fixed-income for the quarter.

Top individual stock performers included Entravision (+30% for the quarter), Stanley Black & Decker (+10%), and Charles Schwab (+7%). The worst individual stock performers included Twitter (-28%), Xerox (-17%), and Union Pacific (-12%).

Year to-date, the Fund has delivered gross and net returns of 2.24% and 1.47%, respectively, versus a 0.79% return for the Fund's benchmark. The Funds year-to-date performance has also outperformed both the benchmark's equity (up 1.23% year-to-date)[2] and fixed-income (down 0.10%)[3] subcomponents.

Gross and net returns for the Fund since inception amounted to 67% and 57%, respectively, versus a return of 45% for the benchmark. To put that in perspective, a $1,000 investment at inception (in July of 2011) delivered net returns of $570 versus $453 for the benchmark (26% more in net returns over less than 4 years).

As always, it is also important to restate that the Fund's returns were generated without leverage (either direct or effective leverage through options), without taking highly concentrated positions, and with the headwinds of 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.

Quarterly Commentary

It was looking like a solid quarter for domestic stocks until the last week of the quarter when the S&P 500 index fell by almost 3.0% as a result of fears surrounding the Greek debt crisis. I often view the substantial fluctuations resulting from headline news surrounding the Greek situation as overreactions and (on the sell-offs) potential buying opportunities. Bear in mind that the economy of Greece accounts for only about 2% of the Eurozone economy (about the size of the economy of Louisiana). While there are clearly contagion risks beyond Greece, I still believe that the degree to which news flow on the Greek crisis impacts the U.S. and other global equity markets is often overdone.

Since the Fund doesn't trade in and out of stocks with great frequency (for many reasons, including tax efficiency), perceived market over-reactions must be viewed as substantial before it prompts investment action. This was seldom the case during the most recent quarter. I would have loved to have put more of the Fund's cash position to work but, alas, the Greek-driven sell-offs generally weren't of sufficient size. It may seem strange to be welcoming a sell-off, but this can definitely be the case (especially when holding a substantial cash balance) in instances when the sell-off is viewed as both temporary and unjustified.

[2] As measured by the S&P 500 total return index (including dividends).
[3] As measured by the Barclay's aggregate bond index.

Twitter was one of the worst performers for the quarter (after being one of the best performers last quarter). Though Twitter is a small position for the Fund, the holding warrants some explanation as it is not the type of stock (i.e. speculative with substantial growth priced in) typically targeted by the Partnership.

The Fund 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 stock price increased 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 (at least, in the short-term). Less than a month after selling the partial position, the stock fell by around 30% following a disappointing earnings report. I viewed this particular earnings-related sell-off as an overreaction and (again) believed that risk/reward was attractive and I increased the holding commensurately (to the level that the Fund owns today).

The purpose of detailing the Twitter investment (perhaps in too much chronological detail!) is also to demonstrate the following:

1.) While the Fund's general investment strategy is focused on long-term buy-and-hold (and trading is limited), the Partnership's positions are actively followed and managed in a dynamic manner (depending on news flow, valuation changes, downside risks, and tax considerations).
2.) Even a more speculative stock can be considered a good investment at the right valuation and under the right circumstances. At the end of the day, it's about finding superior risk/reward opportunities with positive expected value.
3.) Speculative investments will be sized appropriately small relative to their risks. Twitter has been a profitably investment for the Fund and I currently view the beaten down shares as attractively priced. Nonetheless, the shares are speculative and, therefore, accounted for less than 2.0% of assets under management (A.U.M.) at quarter-end.

Outlook

Since last quarter-end, not much had changed over the period with respect to domestic equity and bond valuations (nor for my outlook for these asset classes). I remain positive on domestic equities relative to bonds and I continue to believe that long-term bonds are substantially overvalued and don't adequately compensate investors for interest rate and inflation risks.

While I don't deny the possibility that interest rates and credit spreads could remain depressed for a further extended period of time (although that is not my expectation), I don't feel that fixed-income investors are adequately compensated for the potential or likelihood that they don't. Furthermore, at current bond yields, the opportunity cost of sitting on the sidelines with cash remains very limited.

The Fund's international exposure fared less positively than the domestic positions. For example, the Spanish and German indexes (both markets in which the Fund has exposure) were down 7% and 9%, respectively, over the course of the quarter. I view these international positions as attractive long-term holdings and international stocks amounted to 14% of the Fund's equity exposure at quarter-end.

The Partnership remained substantially underweight fixed-income at quarter-end (12% of A.U.M. versus 40% for the benchmark) and slightly overweight equities (64% of A.U.M. versus 60% for the benchmark). 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 23% 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 September 30, 2015 and the next subscription period for the Fund will be July 31, 2015.

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 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.