BARAC CAPITAL MANAGEMENT, LLC

November 17, 2016

Dear All,

This is the Fund's fifteenth 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.

Partly in order to provide an update on any positioning changes resulting from the U.S. election results (and any subsequent market moves) this quarter's letter was somewhat delayed. As such (and because we are now about halfway through Q4) the letter will also provide an update on the Fund's performance through yesterday's close on November 16th of this year.

For the three-months ending September 30, 2016, the Barac Value Fund L.P. (the "Fund" or "Partnership") delivered net returns of 3.34% (after deducting fees and expenses) versus a return of 2.49% for the benchmark[1], resulting in relative outperformance of 85 basis points. For the fourth quarter through November 16, 2016, the Fund delivered net returns of 0.37% (after deducting fees and expenses) versus a return of negative 0.57% for the benchmark, resulting in additional relative outperformance of 94 basis points.

Gross and net annualized returns for the Fund since inception through yesterday's market close (November 16, 2016) amounted to 10.19% and 8.54%, respectively.

	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
YTD through 11/16/16:	5.52	4.07	6.52
Q3 2016:	3.73	3.34	2.49
Q4 through 11/16/16*:**	0.62	0.37	(0.57)
Since inception:	68.62	55.45	55.55
Annualized:	10.19	8.54	8.55

*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.

***Q4 2016 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.

Quarterly Performance

For the most recent quarter ending September 30, 2016, returns for the Fund exceeded the benchmark by 124 basis points on a gross basis and 85 basis points on a net basis after fees. Outperformance for the quarter was primarily driven by individual security positions.

Top individual stock performers included Twitter (+36% for the quarter), Charles Schwab (+25%), and Adidas A.G. (+21%). The worst individual stock performers included AMC Networks (-14%), Amerco/UHAL (-13%), and Wells Fargo (-6%).

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

Overall, the Fund's allocation mix -- being roughly neutral equities and underweight bonds (versus their respective benchmarks) -- had a limited impact on the Partnership's relative performance for the quarter. During the third quarter, the yield on the benchmark 10-year Treasury increased from 1.49% to 1.61% and the bond sub-component[2] of the Fund's benchmark increased slightly by 0.46%. Domestic equities[3], on the other hand, delivered a solid 3.85% return over the course of the quarter (bringing their year-to-date return to 7.84%).

While a small position for the Fund (about 1.2% of assets-under-management ("A.U.M.") going into Q3), Twitter was the highest percentage performer for the Partnership. Because of the speculative nature of the share increase, however, I reduced the Fund's exposure to Twitter by approximately 42% over the course of the quarter. This worked out well, as the subsequent dismissal of the takeover speculation caused the shares to fall back considerably.

AMC Networks ("AMC") was the largest percentage loser for the quarter (falling by about 14% for the quarter and down 31% year-to-date). Considering the price decline, I believed that AMC's shares were quite cheap and the negativity surrounding the company was overdone. Furthermore, I didn't believe that the company's current share price adequately incorporated the substantial upside takeover potential from possible industry consolidation.

As a result, I increased the Fund's position in AMC by approximately 90% during the quarter (at an average price of $52.90 versus yesterday's close of $53.63). After the additions, shares in AMC comprised approximately 3% of the Fund's A.U.M. at quarter-end.

Another sizeable trade for the quarter was with respect to equity in Netflix. Shares of the company sold-off considerably following disappointing Q2 results and I viewed the sell-off as an overreaction and initiated a position at $83.30/share. Unfortunately, it was only a small position when established (less than 1.5% of A.U.M), as shares have subsequently increased by over 38%[4]

[2] As measured by the Barclay's U.S. Aggregate index.

[3] All domestic equity references are as measured by the S&P 500 total return index.

[4] Through yesterday's close on 11/16/2016.

Outlook and Positioning

The Partnership remained substantially underweight fixed-income at quarter-end (22% of A.U.M. versus 40% for the benchmark) and very slightly over-weight equities (62% 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 have fixed maturities of less than 5 years. Cash held by the Fund amounted to 16% of A.U.M. at quarter-end.

Since quarter-end, the yield on the benchmark 10-year Treasury has moved up substantially on speculation about the future increase in federal debt and inflation that could result from Donald Trump's economic policies. The yield is now at 2.25% and it ended the third quarter at 1.61%. Given the Fund's underweight position in fixed income, the increase in yields (and concurrent decrease in bond prices) contributed to the Partnership's outperformance so far during the 4th quarter. Despite these increased interest rates, I still don't view yields on high-grade bonds as attractive (considering inflation and interest rate risks) and I haven't added any exposure to this asset class during the year.

On election night, domestic stock futures were down almost 5%[5], at one point, on the fears and uncertainties surrounding a Trump presidency. Subsequently, domestic equities rebounded (now up about 1.8% from before the election through yesterday's market close) following a more balanced speech from the President-elect and the expectation that his policies could lessen regulatory burdens and favorably impact businesses.

I believe that this Trump relief rally is unjustified and the market is not adequately pricing-in the uncertainties and risks surrounding the still unknown impact of Trump's policies. This is particularly true when considering that stocks were not particularly cheap going into election night. As such, I have used the relief rally as an opportunity to sell some equities. Following these sales, cash held by the Fund increased from 16% of A.U.M. at quarter-end to over 31% as of yesterday's market close.

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 December 31st, 2016 and the next subscription period for the Fund will be on November 30th.

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.

[5] As measured by S&P 500 futures.

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.