BARAC CAPITAL MANAGEMENT, LLC

October 29, 2015

Dear All,

This is the Fund's eleventh 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 September 30, 2015, The Barac Value Fund L.P. (the "Fund" or "Partnership") delivered net returns of negative 6.66% (after deducting fees and expenses).

Since the Partnership's inception (on July 14, 2011), the Fund has delivered net returns of 46.56% (after deducting fees and expenses) versus a return of 40.39% for the benchmark[1], resulting in relative outperformance of approximately 617 basis points.

The Partnership's returns amount to gross and net annualized returns since inception of 11.16% and 9.49%, versus 8.38% 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:	(4.22)	(5.28)	(2.62)
Q3 2015:*	(6.32)	(6.66)	(3.39)
Since inception:	56.22	46.56	40.39
Annualized:	11.16	9.49	8.38

*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 for details on the benchmark and the underlying comparative methodology.

Performance Overview

For the most recent quarter-ending September 30, 2015, the Partnership returns were negative 6.32% on a gross basis and negative 6.66% on a net basis after fees, compared to a negative 3.39% return for the benchmark. Relative performance was adversely impacted by direct exposure to European equities and the media and oil and gas sectors (all of which substantially underperformed the large-cap S&P 500 index, upon which the Fund's benchmark is largely derived).

Top individual stock performers included Amerco/UHAL (+20% for the quarter), Best Buy (+14%), and D.R. Horton (+7%). The worst individual stock performers included Viacom (-32%), Twitter (-26%), and the Energy Sector E.T.F. XLE (-19%).

As discussed before, an under-performing quarter is never desirable, but it is expected from time-to-time. The value investment philosophy of the Fund entails identifying and buying undervalued assets and holding them until they approach fair value. While I believe that the Fund's strategy of identifying and holding under-valued assets reliably improves the odds of outperformance over all time periods, short-term price movements are inherently unpredictable. As such, caution should be used when evaluating short-term performance and I hold the most conviction for the Partnership's investment strategy over the longer-term.

The long-term performance for the Partnership remains strong with gross and net returns for the Fund since inception (in July of 2011) of 56% and 47%, respectively, versus a return of 40% for the benchmark. This demonstrates the long-term value that the Partnership has delivered and the absolute effect of the compounding of the Fund's historically[2] higher annualized returns. Going forward, the objective is obviously to improve on that performance (on both a cumulative and annualized basis) as the Fund's strategies are allowed further time to play out.

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

The equity holdings of the Fund performed poorly during the third quarter -- most notably for European equities and the media and oil and gas sectors. While the Funds positions are concentrated domestically and diversified across sectors, under-performance in those sectors was substantial enough to materially impact the Fund's relative performance for the quarter.

For example, the broad based oil and gas E.T.F.s XLE and XOP (both securities in which the Fund had exposure) fell by 19% and 30%, respectively, over the quarter. Similarly, the Partnership's media holdings in Viacom Inc., Discovery Communications, and AMC Networks fell by 32%, 22%, and 11%, respectively.

[2] Past performance is no indication of future results.

My response to these price developments was varied. I absolutely believed that there was some validity to the negative market reaction to the second quarter results announcements of media content providers and the heightened "cord-cutting" concerns (i.e. worries about Pay-TV subscribers leaving for streaming services and other alternatives). As a result, I re-allocated exposure towards what I believed was the stronger media content provider and the stock for which I felt that the sell-off was considerably overdone.

More specifically, I sold out of both AMC and Discovery (for an aggregate capital gain) and increased exposure to Viacom -- whose shares had fallen by over 38% at their low point during the quarter. During the three weeks following Viacom's second-quarter results, I added considerable exposure at an average cost of $42.71/share. This incremental investment has been profitable, as Viacom's shares are now trading 20% above those acquisition prices (to $51.33 as of today's market close).

Twitter was also one of the worst performers for the quarter. As with Viacom, I felt that the sell-off following Twitter's Q2 results was overdone and added exposure at an average price of $26.69/share during the quarter. Shares have subsequently increased approximately 9% from those levels (to $29.06/share as of today's market close). While the returns for Twitter have been very volatile, I believe that risk/reward dynamics for the company's shares remains attractive. Nonetheless, it remains a more speculative positon and, thus, amounts to less than 2.5% of assets-under-management ("A.U.M."; as of today's close).

As opposed to the sell-offs in Twitter and Viacom, I did not see the sell-off in the oil and gas sector as a buying opportunity. Despite lowered valuations for oil and gas stocks, I felt that the risk/reward dynamics for the sector were less positive than I originally believed -- as supply/demand visibility was very poor. I lowered the Fund's exposure to the sector commensurately and direct oil and gas exposure was reduced to approximately 3.5% of A.U.M. at quarter-end (compared to almost 6% of A.U.M. at the end of the prior quarter).

Outlook

Over the course of the quarter, industry benchmark 10-year Treasury yields declined by 28 basis points (from 2.34% to 2.06%) and lower bond yields, more broadly, led to an increase in the value of the bond index[3] by 1.23%. Domestic equities, on the other hand, fell substantially with the S&P 500 equity index[4] falling by 6.44% over the quarter.

I have often stated that I ultimately expect to reallocate the Partnership's cash into more wealth-producing assets as bond yields and equity valuations shift such to warrant such a re-allocation. I believe that another good opportunity to do just that occurred during the quarter when the benefit of holding a sizeable cash balance was realized. While absolute declines in the domestic equity markets for the quarter were considerable, interim declines during the quarter were even more substantial (as volatility increased).

For example, the S&P 500 index fell by over 11% during the week of August the 18th through the 25th. I saw these declines as a good buying opportunity and put a considerable amount of cash

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

to work that week by purchasing S&P 500 index exposure (through the SPY ETF at an average cost of $192.73/share). The equity market has subsequently rebounded and those shares have increased by over 8% above the aggregate cost basis of those purchases (to $208.83/share as of today's market close).

On an aggregate basis at current valuations, I continue to view domestic equities as fairly valued with select individual/idiosyncratic opportunities that offer considerable value. I also continue to view bond yields as relatively unattractive relative to equities -- particularly longer-dated bonds. As such, the Fund remains overweight equities and underweight bonds. Furthermore, 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.

As a result of the equity index purchases during the quarter, equity exposure for the Fund increased substantially (up to 76% of AUM[5] versus 64% of A.U.M. at prior quarter-end and 60% of A.U.M. for the Fund's benchmark). Cash balances decreased commensurately and amounted to 11% of AUM (down from 23% at the prior quarter-end). The Partnership remained substantially underweight fixed-income at quarter-end (at 13% of A.U.M. versus 40% for the benchmark).

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 30, 2015 and the next subscription period for the Fund will be October 30, 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

[5] Unless stated otherwise, all AUM figures are for September 30, 2015.

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.