BARAC CAPITAL MANAGEMENT, LLC

May 2, 2018

Dear All,

This is the Fund's twenty-first 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, 2018, the Barac Value Fund L.P. (the "Fund" or "Partnership") delivered net returns (after the deduction of management fees) of -1.6% versus a return of -1.0% for the benchmark[1].

Since the Partnership's inception (on July 14, 2011), the Fund has returned 83.1% (after deducting management fees) versus a return of 78.9% for the benchmark, resulting in relative outperformance of 425 basis points.

Gross and net annualized returns for the Fund since inception amounted to 10.6% and 9.4%, respectively, versus a return of 9.0% for the benchmark.

	Barac Value Fund Returns		60% S&P TR/
	Gross %	Net %**	40% Barclay's Agg.
2011*:	(4.40)	(4.40)	(0.39)
2012:	19.65	19.65	11.31
2013:	27.60	26.16	17.56
2014:	11.72	10.04	10.62
2015:	(2.02)	(3.47)	1.28
2016:	7.63	6.01	8.31
2017:	16.33	14.58	14.21
Q1 2018:	(1.41)	(1.64)	(0.97)
Since inception:	97.23	83.14	78.89
Annualized:	10.64	9.43	9.04

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

** No management fee was charged until April 2013, so gross and net results are the same until that date.

** From 4/2013 through 12/2017, the net results reflect the deduction of: (i) an annual asset management fee of 1.5%, accrued monthly.

** As of 1/2018, this management fee has been reduced from 1.5% to 0.95%.

Performance figures include the reinvestment of dividends and other earnings as appropriate.

***Q1 2018 performance is preliminary and has not yet been verified by the fund administrator.

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.

First Quarter Performance

For the first quarter ending March 30, 2018, returns for the Fund amounted to -1.4% on a gross basis and -1.6% on a net basis (after management fees), compared to -1.0% for the benchmark.

Top individual contributors for the period included Netflix (+57% to position exit), Under Armour (+8%), and Target (+7%). The worst individual stock performers included Roku (-40%), Entravision (-34%) and Alaska Communications (-21% to position exit).

As always, it is 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 conservatively holding substantial cash and/or Treasury bond positions. I also continue to "put my money where my mouth is" and most of my liquid net worth also remains invested in the Fund along with the other Partners.

Performance Commentary

Roku was the worst performer this quarter (after being the best performer last quarter). Fortunately, losses in Roku were mitigated by the fact that I had reduced the position by about half (at an average price of $45/share versus our entry price of $27/share) following the big run-up in the stock that occurred last quarter.

Following the recent sell-off, I then re-added to the Roku position during the past quarter (at an average price of $34/share). Roku now accounts for 4% of assets-under-management (up from 2% at the beginning of the quarter). While I expect volatility in the name to continue, the position has been very profitable for the Fund (overall) and I feel very confident about the risk/reward dynamics of the stock at current valuations.

The full investment thesis for Roku is beyond the scope of this letter; however, I wrote a detailed analysis on the stock in March of this year. For those who may be interested, that analysis can be found here:

https://seekingalpha.com/article/4155579-roku-bullish-company-neutral-shares

The negative impact of Entravision's substantial share price decline (the 2nd worst performer) was mitigated by the fact that the Fund had already taken profits in these shares and it was a small position going into the quarter (amounted to less than 1.5% of A.U.M.). Conversely, the positive benefit of Netflix's substantial share increase was also mitigated by earlier profit-taking and the resultant position sizing (it amounted to less than 1.1% of A.U.M. going into the quarter).

While Netflix has been a fantastic performer for the Fund (up 263% from position initiation in July of 2016 to exit), the position size has gradually declined over time -- as the stock's valuation has increased and I have viewed risk/reward dynamics as increasingly less favorable. These periodic sales have culminated in the Partnership completely exiting the position during this most recent quarter.

Over the course of the past quarter, I also sold a large portion of the Fund's position in Target (at price levels 8% above where the shares closed for the quarter). In addition, I substantially increased our position in Under Armour (at price levels 18% below where they closed for the quarter and 33% below yesterday's close). As a result of the favorable timing of these trades, the Fund's returns from both Target and Under Armour were actually much better than their share price increases for the quarter would indicate.

Other notable trades include exiting the Partnership's Wells Fargo and Alaska Communications position (both for gains). The timing of these exits has also proved fortunate, as these stocks have subsequently fallen by 16% and 31%, respectively[2].

The Fund also exited its holdings in Adidas A.G. for a substantial gain (up 147% since the position was initiated in July of 2014). In this instance, the timing of this trade left some money on the table and the company's shares have subsequently continued to increase (up another 20% since the Fund's exit[3]).

While we made many beneficial trades during the quarter, the positive impact of these actions was not enough to offset the impact of the large percentage declines in some names (most notably, Roku and Entravision). Although Roku and Entravision most negatively impacted the Fund's performance this past quarter, it's important to note that both of these stocks have been profitable positions for the Fund (since they were acquired). Furthermore, it should be noted that the active management of these positions (based on changing valuations and news flow) has enhanced the returns of the Partnership.

Outlook and Positioning

Since last quarter-end, not much has changed with respect to domestic equity valuations (nor my outlook for this asset class). Overall, I remain cautious with regard to risk assets (stocks and corporate bonds). As of the end of the quarter, the Partnership remained underweight equities (at 54% of A.U.M. versus 60% for the benchmark) and held a cash balance of 5% of A.U.M.

Yields on 5-year treasury bonds, on the other hand, increased substantially over the past quarter (increasing from 2.21% to 2.56%) -- making their risk/reward dynamics (relative to risk assets) increasingly attractive. As such, I increased the fixed-income allocation from 36% to 40% of A.U.M (in-line with 40% for the benchmark).

In order to mitigate against credit and interest rate risks, all of the Fund's fixed-income positions remain in U.S. Treasuries with maturities of less than 5 years. These Treasury bonds also provide good diversification benefits and tend to be negatively correlated with the prices of stocks.

The Fund remains well diversified with no single-name stock position amounting to more than 5% of A.U.M. at the end of the quarter. Going forward, the 2nd quarter has started out well and I am confident that our current holdings have the Partnership well positioned for future outperformance.

Thank you to everyone for your interest and support and please let me know if there are any questions you may have that I haven't answered. The next quarterly report will be for the quarter-ending June 30th, 2018 and the next subscription period for the Fund will be on April 30th.

Sincerely,

Ted Barac
Managing Member of Barac Capital Management, LLC

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[2] As of yesterday's close.

[3] As of yesterday's close.

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.

2018 Fee Reduction:

As of January 1, 2018, the Partnership's management fee was reduced from 1.5% to 0.95%/annum. This brings the Fund's fees more in-line with Barac Capital's new separately-managed-account offering (launched in April of 2017), which is important in the interest of fairness and consistency. As a result of this change, the net performance figures now reflect actual numbers and no longer incorporate a pro-forma adjustment to add hypothetical fees for the period from inception to April 2013 (a period when no fees were actually charged).

This change was done in order to most accurately reflect actual historic net returns and because of the fact that after removing these pro-forma hypothetical adjustments, the actual net historic results still conservatively overstate the management fee rate (in aggregate since inception) relative to the on-going 0.95%/annum rate.