

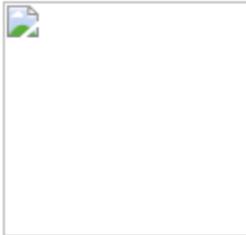
**From:** Neal Berger <[REDACTED]>

**To:** jeevacation@gmail.com

**Subject:** Eagle's View Capital Management, LLC- April 2017 Performance Update...

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## Eagles View Capital Management, LLC April 2017 Performance Update

**May 15, 2017**

### **Low Levels of Realized Volatility Challenges Trading Oriented Strategies**

Dear Partners/Friends,

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Performance of Eagle's View Capital Partners, [REDACTED] is estimated at -0.70% for April with YTD performance estimated at +4.59% net of all fees and expenses.

Performance of Eagle's View Offshore Fund, Ltd. Class G is estimated at -1.10% for April with YTD performance estimated at +3.55% net of all fees and expenses.

Performance of Eagle's View Offshore Fund, Ltd. Class B ("High Alpha") is estimated at -1.33% for April with YTD performance estimated at +4.48% net of all fees and expenses. This Share Class seeks to generate substantially higher returns through a more concentrated portfolio of some of our historically higher return opportunities. Investors in this Class should have a willingness to accept increased volatility and risk in exchange for the potential for higher returns.

Performance of Spearhead Insurance Solutions IDF Series E/Eagle's View Insurance Dedicated Fund is estimated at -0.62% for April with YTD performance estimated at +4.36% net of all fees and expenses.

Performance of Eagle's View Partners, Ltd. is estimated at +0.72% for April with YTD performance estimated at +2.55% net of all fees and expenses. Eagle's View Partners, Ltd. is our 'niche-oriented', multi-strategy hedge fund which is focused on strategies that have positive expectancy, lack correlation to broader markets, and, take advantage of the structural alpha in terms of the efficiency of capital usage inherent within the multi-strategy hedge fund model.

The Fund does not attempt to compete against the larger multi-strategy hedge funds. Rather, the Fund seeks to hire traders/strategies that focus on more niche-oriented and capacity constrained opportunities that are too small for the larger multi-strats to care about. Eagle's View Partners, Ltd. has been profitable in 100% of all months after fees and expenses since inception on Nov. 1, 2016. Currently, we are deploying Electricity Trading (non-directional congestion trading in California and the Midwest US), Natural Gas Basis Trading, Closed-End Fund Arbitrage, Dual-Share Class Arbitrage, Option Volatility trading, Quantitative Equity and Event (commodity index rebalance trades, seasonal tendencies, etc.). There is roughly \$10 Million left within the Founder's share class at this time.

Beta-oriented investors (long only or long-biased), have experienced very little stress as the equity market continues to march higher ignoring any and all events that in the past may have caused turbulence in broader price movement. As regular readers are aware, Eagle's View is one of the few Funds that shuns 'risk on' or directionally biased positioning. Simply put, we are in the absolute return business for better or for worse. One of the rationales behind this is that we feel investors do not need hedge funds to obtain risk-on exposure since that exposure is widely available through cheaper, simpler, and more liquid offerings such as ETFs and passive index Funds. However, most investors appreciate a level of diversification and recognize that times may not always be as rosy as they are today. This is the niche that Eagle's View seeks to fill- provide non-correlated, absolute returns to our investors.

Eagle's View is focused on market neutral actively trading oriented strategies that we believe have positive expectancy and capitalize upon inefficiencies in the markets. To be sure, we have a substantial portion of our Fund allocated to inefficiencies in non-mainstream markets such as trading within the electricity space capitalizing upon congestion across the US electricity grid, seeking to capitalize upon inefficiencies in shipping derivatives, IPO flipping, etc. In short, we are in the business of finding inefficiencies in liquid securities effectuated in a directionally neutral manner.

Trading oriented strategies thrive upon volatility. Without volatility, nobody can make money. Markets must move in order to generate opportunity. Despite the seemingly high level of geopolitical and economic risks on a macro basis, volatility across a variety of products has dampened substantially. In fact, on both an implied and realized basis, market volatility is near all-time lows. Why?

According to May 4 commentary released by JP Morgan, selling of volatility is one of the key parts of risk premia/smart beta programs. According to the JP Morgan estimate, approximately 20% of risk premia strategies are allocated to selling volatility across asset classes (and about half of volatility selling is via Equity options). Selling of volatility is a yield generating strategy that can be benchmarked against bond yields. Increased supply of options also suppresses realized market volatility through hedging activity. Indirectly, central banks have managed market volatility over the past decade through increased asset purchases which coincided with dampening market volatility we believe.

In plain English, in a desperate search for solutions to provide yield to their clients, the banks have created products that utilize option selling to generate cash and therefore create a synthetic yield for those investors who purchase those structured products. We are not in the prediction business, but, one can easily see how this could lead to an unfavorable outcome.

What could catalyze a reversal of volatility? Most likely, this reversal will be caused by something nobody is contemplating at the moment. Markets have a tendency to surprise. However, setting aside the geopolitical risks such as North Korea, Syria, Russia, Iran, which all certainly have that potential, we note the possibility for a confluence of events upcoming with respect to monetary policy. 1Q US GDP grew at 0.70% (slowest rate in 3 years), monthly non-farm payrolls are averaging less than 200k during 2017, and, average hourly earnings are increasing at a relatively tepid pace. Despite this, it appears highly likely that the Fed will continue along its course of raising rates. Furthermore, as articulated within the March FOMC minutes, the Fed has a desire to start shrinking its balance sheet later this year through changes to its reinvestment policy.

If one believes in the time-tested adage, "don't fight the Fed", and, one believes that a major contributor to the stabilization and increase of asset prices since the 2008 crisis has been an expansion of the Fed balance sheet, there may be reason to believe that the current placid market environment may be in the twilight of its existence. Understandably, it's hard to contemplate this at the moment as the markets seem to march ever higher in a smooth and stress-free manner. Experience suggests that while this condition can last longer than anticipated, it will not last forever.

As many readers are aware, the hedge fund Elliott Associates raised \$5 Billion over the course of 24 hours. Famed Manager Paul Singer likened markets to a "coiled spring", distorted by more than eight years of economic stimulus programs by central banks in the United States and other developed countries.

Eagle's View is not in the prediction business. However, one thing that we will predict is that the world and consequently the markets will not be as rosy and serene as they are today. To that end, we are pleased to be able to provide investors a product that offers a haven during those times as well as a pretty decent return even during less turbulent environments.

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managers in multiple strategies. The minimum investment in a Fund of Funds may be lower than an investment in an individual hedge fund or managed account. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers. PLEASE NOTE: The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. It is important to note that investing in hedge funds involves risks. Please request and read the Private Placement Memorandum for a complete description of the risks of hedge fund investing. Hedge fund investing may involve, in addition to others, the following risks: the vehicles often engage in leveraging and other speculative investments which may increase the risk of investment loss; they can be highly illiquid; hedge funds are not required to provide periodic pricing or valuation information to investors; they may involve complex tax structures and thus delays in distributing important tax information may occur; hedge funds are not subject to the same regulatory requirements as mutual funds and they often charge high fees. Opinions contained in this Newsletter reflect the judgment as of the day and time of the publication and are subject to change without notice. Eagle's View Capital Management, LLC provides investment advisory services to clients other than the Funds, and results between clients may differ materially. Eagle's View Capital Management, LLC believes that such differences are attributable to different investment objectives and strategies between clients. Past performance is not a guarantee of future results. If you are not the intended recipient or have received this communication in error please notify the sender immediately and destroy this communication. Any unauthorized copying, disclosure or distribution of the material in this communication is strictly forbidden.

Kindest regards,

Neal Berger  
President  
Eagles View Capital Management LLC  
212.421.7300

Eagles View Capital Management LLC, 135 East 57th St., 23rd Floor, New York, NY 10022

[SafeUnsubscribe™\\_jeevacation@gmail.com](mailto:SafeUnsubscribe™_jeevacation@gmail.com)

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