

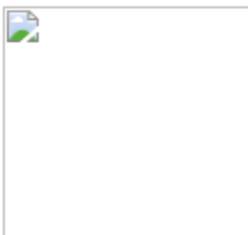
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**Subject:** Eagle's View Capital Management, LLC- March 2015 Performance Update...

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## Eagles View Capital Management, LLC March 2015 Performance Update

**Apr 19, 2015**

### **Prospective Investor Q&A:**

[Click here to view our most recent investor tearsheet](#)

Dear Partners/Friends,

Performance of Eagle's View Capital Partners, L.P. is estimated at +1.25% for March with YTD performance estimated at +1.42% net of all fees and expenses.

Performance of Eagle's View Offshore Fund, Ltd. Class G is estimated at +0.70% for March with YTD performance estimated at -0.84% net of all fees and expenses.

Performance of Eagle's View Offshore Fund, Ltd. Class B ("High Alpha") is estimated at +0.90% for March with YTD performance estimated at -0.83% 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 of higher returns.

As Eagle's View has expanded, we are pleased to announce some additional hires for the Firm. First, we are pleased to welcome John Peashey who has joined our Due Diligence team with a specific emphasis on operational due diligence of underlying our underlying Managers. John comes to us from Hermes BPK which was the \$3 Billion hedge fund investment arm of British Telecom. John was a Due Diligence Analyst at Hermes and he has already hit the ground running here at Eagle's View.

We'd also like to welcome Matt Sacchi who joins us in our operations department reporting to our Chief Operating Officer, Joel Rudin. Matt joins us from Royal Bank of Scotland where he performed operational roles including daily cash and position reconciliations. We are very

happy to welcome Matt as part of the team. Matt has also contributed nicely to Eagle's View thus far and we feel pleased to have him join our organization.

On a different note, we've been in discussions with some institutional investors with respect to our offering. One of those investors sent us a few insightful questions that I believe assist in capturing the spirit of what Eagle's View is all about. I believe the responses help answer some high-level questions about our Firm. Although the meeting was done in person, I have paraphrased the Q&A below as I believe it will assist other prospective investors in understanding Eagle's View's business:

- **What are the strengths of your firm? Why do investors hire you? What should we not hire you to do?**

Our Firm specializes in non-correlated, often 'niche-oriented', under the radar strategies that have positive expectancy and an edge. We have an expertise in sourcing, diligencing and managing a portfolio of non-correlated hedge fund investments. The Portfolio Manager and Head of Due Diligence are former traders which we believe provides us an edge in the active management of the portfolio. Although we are very strong in sourcing, due diligence, industry knowledge, we believe unique portfolio construction is our greatest attribute.

Investors hire us to provide a non-correlated source of alpha. Our return stream has historically been uncorrelated to equities, fixed income, commodities, and the broader hedge fund industry. In short, our return stream has provided investors with alpha that they could not generate elsewhere.

We are not wealth advisors, asset allocators, or financial planners. We specialize in hedge funds with a particular emphasis on non-correlated, under the radar strategies that generate unique sources of alpha.

- **Track record**

Please refer to the link above for the track record of Eagle's View Capital Partners, L.P.

- **Types of clients**

Currently high-net worth and Registered Investment Advisers. We have not focused any marketing efforts on pension funds, endowments, etc. That said, we are very familiar with rules and compliance associated with Plan assets (ERISA), etc. We have not had formal marketing until very recently and our asset raising has mainly been word of mouth and personal relationships.

- **Types of mandates and services: do you have any mandates other than your flagship fund of funds?**

Yes, we have an active advisory business that creates bespoke portfolios of hedge funds for clients based upon their individual return expectations, tolerance for risk/volatility, needs to

liquidity, and other mandates. We have also sourced talent and advise on Managers based upon specific requests from underlying investors.

In addition to our flagship Fund of Funds, Eagle's View Capital Partners, L.P., we run two "Fund of Ones" both for Independent RIAs (one on the East Coast and one on the West Coast) with a similar mandate. We also have Eagle's View Offshore Fund, Ltd. Class B, E, and G which is for non-US investors or non-taxable US investors.

- **How do you think of risk? How do you define it, measure it, monitor it, manage it?**

We define risk as permanent loss of capital. This differs somewhat from volatility, however, volatility can be a marker for the possibility of a permanent loss of capital. We look at risk with a holistic approach. If you visualize a funnel into which all risks such as investment risk, operational risk, fraud risk, liquidity risk, etc. are input, we come out with a rough risk assessment on a particular opportunity. We are equally concerned with operational risk and other risks as we are investment risk. Once we have a rough risk assessment, we look at the anticipated expectancy of the opportunity and we examine the risk/reward profile of the opportunity. If we consider it favorable and the opportunity is additive, we consider the sizing of the opportunity in the context of its risk/reward profile and the mandate of the client in terms of their return expectations and willingness to accept volatility.

Although we do not believe volatility immediately equates to risk, we believe there are certain volatility guidelines in liquid strategies that a prudent risk Manager should adhere to. While there are some exceptions for unknown events (such as earthquakes, unexpected Swiss Central Bank moves, etc.), as a guideline we generally believe that a prudent risk Manager in liquid strategies should not lose more than 25-33% of their annual return expectation within a specific month. Furthermore, as a guideline, we believe that a prudent risk Manager in a liquid strategy should not draw down more than 60-70% of their annual return expectations on a peak to trough basis. Again, these are guidelines and we evaluate each situation individually.

Implicit within the above, is an ability to make an assessment of risk, volatility, and return expectations. As former traders, I think this is where we have some edge. These assessments are mainly qualitative while utilizing a Manager's prior track record as a data point on a quantitative basis. That said, we believe that Managers do not have a statistically relevant sample size of data from which we can draw absolute quantitative conclusions about their future risk and return expectations and therefore, we use a combination of qualitative and quantitative analysis to make these determinations.

We are human beings and inherent within the human condition is the likelihood that we will be wrong in our assessments. We do not view being wrong as 'sinful'. Rather, like any good trader, once we determine we are wrong, the situation has changed, the 'edge' has dissipated, it is incumbent upon us to act as rapidly as possible to mitigate the issue and make the necessary changes to the portfolio. This is our focus in terms of managing risk in the context of the above.

- **Selection of hedge funds: Criteria? Any knockouts? Operational due diligence? Approval process?**

When we are evaluating a Manager from the investment side, we want to understand the following answers when looking for positive expectancy investments:

- What is your 'edge' and/or what gives your strategy a positive expectancy?
- Who is providing that 'edge' in a zero-sum game of absolute return?
- How long do we expect the 'edge' to be present?
- Under what conditions will the 'edge' dissipate?
- What will it look like to us when the 'edge' does dissipate (i.e. will we need to lose 20% to realize that there is no more edge, or, will it be a slow degradation of the return profile)
- Are you as a Manager capable and experienced enough to capitalize upon the edge or inefficiency you are seeking to capitalize upon?

With respect to knock-outs, we will not invest with a Manager who does not meet our due diligence criteria. It's a non-starter if a Manager does not have a credible third-party administrator, a credible auditor, etc.

With respect to our operational due diligence process, we were recently successfully vetted by Mercer the premier operational due diligence Firm within the industry in our opinion.

Regarding the approval process, once a Manager passes our investment criteria and due diligence, that Manager goes to the investment team which makes a final determination on allocation, sizing, timing, etc.

- **Portfolio construction**

We seek to 'normalize' the portfolio for risk and volatility. The minimum criteria is that the Manager has positive expectancy, sufficiently robust returns to be additive to our portfolio, as well as enhance our portfolio from a diversification and risk/adjusted return profile. That said, we do all of this in the context of the stated mandate that we are working with that has been provided by the investor or within the mandate of our Fund if we are considering for a Fund allocation. Generally speaking, we allocate less to a Manager with higher volatility, and a higher risk assessment (which would very likely coincide with a higher expected return profile), and more to a Manager with lower volatility, a lower risk assessment (which often coincides with a lower expected return profile). We also consider liquidity, and the possibility of changing liquidity under differing regimes vis-a-vis the investor's mandate in terms of our portfolio construction if engaged in an advisory capacity.

- **Tactical / timing decisions?**

We are not in the prediction business. We don't spend 10 minutes per year thinking about where the markets are going, whether or not the Fed is going to tighten and if so, when. How QE will impact European equities, etc. Simply put, we don't believe we, or anyone else, has an edge in figuring these things out. Obviously, some people are going to get it right for a period, while some will get it wrong. Overall, we feel it's a losing battle to try to predict these things and it's not a game we want to play. It does not factor into our decision making process as we seek to capitalize upon structural inefficiencies in the markets.

We are in the observation business and we observe how the world and markets are evolving around us. We seek to be at the forefront of investing in strategies where the

inefficiencies are robust or becoming more robust, and, get out of strategies where the inefficiencies are dissipating or are otherwise saturated. In short, we do not chase returns, rather, we chase edge and inefficiency.

- **Monitoring portfolios**

We believe the ongoing monitoring process is of equal or greater importance than the initial due diligence process. Hedge funds are businesses that are constantly evolving and their strategies are more or less robust and potentially evolving. We communicate with our underlying Managers multiple times per month, meet with them regularly, monitor their businesses and strategies in the context of the changing market environments. We conduct substantial and regular ongoing due diligence with respect to all of our investments. We monitor both from the investment side as well as the operational side of their businesses.

- **How actively do you re-balance a portfolio? How much turnover do you have in a portfolio?**

We think about our portfolios and their investment every single day. Ideally, we'd love to never have the need to re-balance the portfolio or turnover Managers. That would mean that everything was going exactly as we had hoped. Of course, this is completely unrealistic and we consider ourselves portfolio managers of hedge fund securities. I would suggest that on average, we've turned over 20% of the portfolio annually, but, we don't believe this figure should be relied upon. If necessary, we move very quickly to make adjustments to the portfolio as the world changes or underlying opportunities change. If we had to wipe the slate clean and redo the entire portfolio, our ego would not stand in our way of doing so. However, that is also a very unlikely scenario. More likely, we are continually tweaking and monitoring the portfolio for changes that may be necessary and we take action accordingly without allowing our ego to prevent us from admitting mistakes, or, embarrassment preventing us from making changes as frequently as necessary. We are not seeking to be 'fast money' and to change with the wind, and, as mentioned, our ideal would simply be to never have to make changes in the portfolio. However, history has suggested that this is just not practical and we do what is necessary dependent upon changing edges/inefficiencies in the market and the evolution of our underlying Manager's businesses.

- **What are the common reasons for significantly reducing or fully redeeming from a fund?**

Non-exhaustive list:

- Manager hits our stop loss
- Manager experiences style drift
- We simply get it wrong
- Manager is not delivering upon expectations
- Inefficiency/Edge of the strategy has degraded or dissipated
- Key Man turnover/loss

- AUM has grown beyond what we deem to be capacity for the strategy and either degrades returns substantially or increases liquidity risk
- **Client interaction / client service**

We are happy to speak with clients as frequently as they wish. We are also happy to be fully transparent, to allow complete information flow into our underlying portfolio for clients, and to allow access to the underlying Managers as long as we feel protected for our efforts. In short, we provide as much contact and client service as desired by the client.

Broadly speaking, Eagle's View is in the business of seeking to capitalize upon market inefficiencies without regard to the overall direction of markets.

We are accepting new investment within our Fund of Funds products as well as within our Advisory business. Please contact me with further interest in our products/services.

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Kindest regards,

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