

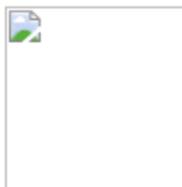
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**Subject:** Eagle's View Capital Management, LLC- October 2013 Performance Update...

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## Eagles View Capital Management LLC October 2013 Performance Update

**November 10, 2013**

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**Have we ever witnessed a Black Swan event- highly unlikely!**

Dear Partners/Friends,

Eagle's View Capital Partners, L.P. is estimated at +1.30% for October with YTD performance estimated at +5.65% net of all fees and expenses.

Eagle's View Offshore Fund, Ltd. Class G is estimated at +0.65% for October with YTD performance estimated at +4.69% net of all fees and expenses.

As stated in our prior commentary, it is our goal and intention to enhance our return profile while maintaining the core tenets of our offering which are wealth preservation, lack of correlation to mainstream markets, low volatility, and prudent risk taking. To that end, October was a successful month in that regard.

During the month of October, roughly 70% of our Managers were positive. Gains were led by Algorithmic Pattern Recognition, European Power Trading, and Equity Statistical Arbitrage. Option Volatility Arbitrage, Fixed Income Relative Value, and FX Statistical Arbitrage suffered contained losses.

The Eagle's View Funds seek to provide investors with a truly uncorrelated source of alpha versus the equity markets, bond markets, and other alternative investment products. With the equity markets in the US gaining over 20% YTD, we are pleased that we are largely keeping pace with the hedge fund industry and Fund of Funds industry in terms of our return profile. Broadly speaking, the hedge fund industry and Fund of Funds do have a high correlation to equities.

In our view, this reinforces the notion that Eagle's View is able to generate returns without taking on directional equity risk, coupled with substantially lower volatility and drawdowns. As such, we believe the quality of the returns that Eagle's View generates are much more favorable from a risk/adjusted return profile. In an environment when

markets are rallying unabated, this fact seems to become lost and dismissed as irrelevant. However, during less heady times, this lack of correlation and more favorable risk/adjusted return profile is highly coveted and desirable.

During many of our commentaries, we attempt to discuss a topic that might be of interest or relevance to the broader hedge fund community. The topic of Black Swan events came up during an investor conversation this week and I thought it would be an interesting topic to address from our perspective. A Black Swan event has been defined as an event or occurrence that deviates beyond what is normally expected of a situation and that would be extremely difficult to predict. This term was popularized by Nassim Taleb's book "The Black Swan: The Impact of the Highly Improbable".

In his book, Nassim Taleb does not specifically define the number of standard deviations from the mean constituting a "Black Swan" event. Rather, based upon our anecdotal experience and conversations with market participants, Black Swan events have most commonly been associated with events that are perceived to be roughly 6-10+ standard deviations from the mean of the so-called "normal distribution curve". If we accept this as relatively accurate by industry convention, it is highly unlikely that we have EVER witnessed a Black Swan event.

This topic is relevant because many Wall Street risk-management models are built off of this so-called "normal distribution curve" and hence, major banks, hedge funds, and various Wall Street participants are managing risk and effectuating positions based upon their creation of a normal distribution curve and the various probabilities associated with that.

According to the 68-95-99.7 rule (Wikipedia), a 6 standard deviation move happens 1 in 506,797,346 or once every 1.38 million years (history of mankind). Furthermore, a 7 standard deviation event happens 1 in 390,682,215,445 observations or once every 1.07 billion years. However, when using the standard "normal distribution curve" of prices and events that have occurred during the history of markets, one might assume that Black Swan events happen with much greater regularity.

In fact, just going back to recent history, the crash of 1987, the implosion of Long-Term Capital Management (and the subsequent events of 1998), the Sept. 11 attacks, the failure of Lehman, the events of 2008, and the flash crash of 2010 are likely all simply events that are well within the 'normal distribution curve' and should be expected to happen with regularity as we have witnessed to be the case these past years.

At best, our feeling is that these events may be characterized as 'fat tail' events possibly roughly 3 standard deviations from the mean or even less. Simply put, mankind and certainly market history have not accumulated enough data points to draw an accurate and true representation of a normal distribution curve. In fact, it is our belief, that the only Black Swan event that may have ever been observed is the mere existence of mankind. Even that, in our view, one has to make the rather unlikely assumption that of all the countless planets, stars, and universes intelligent life is an extreme rarity rather than more common than generally assumed.

In any case, how does this pertain to Eagle's View and how do we make money on this? In short, we do not. This pertains more to risk-management than proactive position taking. In short, we reject the notion of the widely accepted normal-distribution curve as containing a non-statistically relevant sample size of data. As such, we keep an wide open mind and our only assumption is that the unexpected is simply the norm. All market actively is largely uncharted territory and quantitative analysis based upon a very

small sample size of non-statistically relevant data and should merely be used as a simple tool and is no substitute for absolute stop-loss and qualitative judgment. In fact, many of the 'survivors' in our industry have not necessarily been the brilliant mathematicians who rely upon their mathematical models as the gospel, rather, it has been those individuals who have maintained a truly open mind, understand that history is being written every day, assume that the only thing that is assured is the unexpected, and have maintained the discipline to execute upon stop losses despite what their models may signal. We do fear that the Wall Street industry relies far too heavily upon non-statistically relevant quantitative analysis to model and manage risk. This in itself may be the cause of the next fat-tail or even the truly elusive Black Swan event.

Eagle's View is invested in strategies that attempt to exploit market inefficiencies and maintain a positive expectancy throughout all types of market environments. We strongly believe in the value of providing investors with a return stream that is a unique source of alpha versus their other more traditional investments.

We are pleased to announce our new office location at 135 East 57th St, 23rd Floor, New York, NY 10022.

We are accepting new clients within our Fund of Funds product 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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