

Far View Capital Management
575 Madison Avenue-10th Floor
New York, NY 10022-2511
646-838-4401
info@farviewcapitalmgmt.com

July 18, 2016

Dear Partner,

Welcome to the performance update of Far View Partners L.P. for the half-year ended June 30, 2016.

Portfolio Performance

During H1 2016, Far View Partners generated a return of +3.39% net of all fees and expenses, which was comprised of +1.90% in Q1 2016 and +1.46% in Q2 2016. Since inception on July 1, 2011, Far View Partners has generated a cumulative net return of +80.81%.

Far View's H1 2016 performance was achieved by gains in the majority of its North American positions. Especially notable was the performance of capital invested in early 2016 as the significant market turmoil in January and February allowed the Partnership to deploy capital at attractive risk-rewards.

Almost all of Far View's losses year-to-date were driven by our largest position Vertu Motors (VTU), which deserves a more detailed explanation given its negative impact on the Partnership's returns. While this stock has generated significant profits for Far View since inception, it has been a material drag on 2016 performance.

At the beginning of the year, I was optimistic that continued strong operational performance would shrink the gap towards peer margins and drive larger earnings and a higher share price. While the operational performance has been as expected, my share price expectations have been incorrect, due mainly to the impact of Britain exiting the European Union.

For much of 2016, the potential for Brexit has been an overhang on VTU's share price, leading to a YTD decline, even before the vote. Because of my view of the low probability of Brexit and my estimate of VTU's downside protection, I believed the share price was an attractive risk-reward pre-vote. Therefore I repurchased some of the shares I had previously sold at higher prices.

My mistaken probability assessment for Brexit was based on the prediction markets which suggested a high likelihood of a vote to remain. While I am upset that my expectation was wrong, predicting the results of votes is never an area where I am going to have an edge. My bigger mistake was with regard to risk management. As the prediction markets suggested, a vote to remain was the consensus expectation, and I did not properly consider what the impact of a surprise exit vote might entail. As a result, VTU's share price reaction significantly exceeded my downside scenario, suggesting that it was not sufficiently conservative pre-vote. Going forward, I have reevaluated my risk management process in an effort to make sure my downside cases are sufficiently conservative for future investments.

As a result of this decline, I reassessed my investment thesis for VTU to decide whether it remained mispriced post-Brexit. I agree with the bear case that U.K. new car sales could decline significantly in a recession. However, I think this thesis mistakenly focuses on a business that represents a large portion of sales but a much smaller percentage of profits as compared to the more stable used and aftersales business. Based on my experiences investing in U.S. and U.K. auto dealers during the Great Recession, I am confident that even in the event of a severe UK recession, auto dealer profits are much less cyclical than sales. Therefore, earnings should be more stable than some investors fear.

Post Brexit, VTU's downside was very well protected. The company traded at ~9-12x my "recession" EPS and a slight premium to tangible book value, which should provide support for a consistently profitable company with conservatively valued real estate. If the U.K. economy does not enter a recession and the company continues to improve its margins, at post-vote prices, VTU traded at ~4-5x my "normalized" EPS post-Brexit, creating the potential for significant upside. Thus, despite the significant losses generated so far in 2016, I believed that Vertu represented an attractive risk-reward and added to the position.

On June 30, 2016, the Partnership's portfolio consisted of long equity investments in the United States, Europe, Canada, and Mexico, a U.S. Master Limited Partnership, an option position in the U.S., and a moderate cash position.

Five Year Review: Investment Philosophy

July 1 marked the five year anniversary for Far View Partners. As a result of achieving this milestone, I thought it would be useful to review the Partnership's core principles and explain why I believe Far View is set up to achieve our goal of excellent long-term returns.

The investment business is very competitive with a large number of sophisticated and well-resourced professionals seeking to provide exceptional returns. Because of this high level of competition, I believe it is critical for investors to understand the specific factors that give them an edge that will allow them to outperform. For Far View, the Partnership's edge stems from its long-term orientation, flexible mandate, and small size.

Far View invests with a long-term orientation because I believe it provides the Partnership with a competitive advantage compared to the rest of the investment industry. Most professional investors are consistently pressured to outperform on a short-term basis by clients who focus on monthly and even daily returns. As a result of this emphasis on near-term results, most investment firms need to focus on ideas that will perform in a short time period, making these securities more efficiently priced. Far View, on the other hand, can differentiate itself by focusing on longer-term investments. Because they escape the focus of most investors, these securities should be more prone to significant inefficiencies, providing a more fruitful hunting ground for attractive returns.

To reinforce this long-term focus, I have made two specific choices in how I have structured Far View, a three-year lock-up and quarterly reporting. The three-year lock-up provides Far View with the advantages of a stable capital base and helps attract only long-term oriented limited partners who have the proper mindset for the Partnership. Having limited partners with the proper time horizon is also a key asset for me as I try to focus on generating attractive long-term returns.

Quarterly reporting also helps maintain a long-term perspective. Due to its concentrated, eclectic portfolio, Far View can be quite volatile on a short-term basis. As a result of this volatility, I believe that short-term performance results provide more "noise" than "signal" for a limited partner trying to assess the Partnership's capabilities. Furthermore, while I would like to believe that I would behave equally rationally while reporting monthly, I understand that you "manage what you measure." I believe that

monthly reporting might increase my drive to maximize short-term results, possibly to the detriment of Far View's longer-term returns.

Far View's second source of competitive advantage is the Partnership's flexible investment mandate. The Partnership will search globally and in a variety of asset classes for mispriced investments and will allocate capital to whichever securities have attractive risk-rewards.

Since inception, the Partnership has researched potential opportunities globally and has invested in every continent except Africa. This geographic range is not the result of any overarching macro theme, but is instead due to casting a wide net for attractive idea categories and then evaluating the specific securities uncovered. For example, because Far View launched during the beginning of the European crisis, a large portion of the Partnership was comprised of European positions during 2011-13 due to the significant distress in those markets.

Because I am aware of the limits of my local knowledge, I am even more focused on understanding why the security is mispriced and what the Partnership's "edge" is when investing internationally. As a result of this caution, Far View generally avoids businesses that are driven by regional customs or preferences. The Partnership's goal when investing internationally is to find a business with global trends that can be adequately understood and where I can clearly understand Far View's "edge." For securities that fit those characteristics, Far View is generally agnostic about which exchange they are listed on.

While Far View has primarily made equity investments in its first five years, that allocation stems from the lack of significant distress in other asset classes. The Partnership seeks to make investments in other asset classes during periods of severe dislocation when the asset class experts are no longer able to invest rationally. Because sentiment shifts in asset classes and geographies can be even more violent and emotional than in single securities, they can provide very fertile hunting grounds for an opportunistic investor. By being able to provide capital during periods of extreme distress, Far View should be able to find some very attractive risk-rewards in non-equity asset classes. As a recent example, Far View took advantage of the panic in Master Limited Partnerships in early 2016 to acquire a position in an unlevered asset with guaranteed cash flows trading at a very attractive price.

The Partnership's flexible mandate also extends to the construction of its long-biased, concentrated equity portfolio. While Far View will occasionally short to generate alpha or to remove a risk from an investment position, the Partnership generally does not short purely to reach a desired net exposure range. While shorting for portfolio hedging purposes can provide the ability to act during periods of severe market distress, Far View generally achieves that goal by having an unlevered portfolio. Some investors also hedge to reduce short-term volatility. Given the long-term expectation of positive equity market returns, shorting to hedge attains smoother results at the cost of an overall decrease in long-term returns. Personally, I agree with Warren Buffett when he said, "I would much rather earn a lumpy 15% over time than a smooth 12%."¹

Far View also has the flexibility to take concentrated positions in its best ideas. The Partnership generally invests in 10-15 names and its top positions often comprise a disproportionate share of its invested capital. Because great investment ideas are rare, it is important to capitalize on them when they occur and not dilute the most attractive securities with mediocre opportunities. I believe excessive diversification is another choice to reduce short-term volatility at the expense of long-term returns.

Finally, Far View's third advantage comes from the Partnership's small size. While we have invested in companies of all sizes (<100mln market cap to >10bln), our smaller assets under management affords the

¹ <http://www.berkshirehathaway.com/letters/1996.html>

Partnership the ability to look at securities that would be immaterial for institutional funds. Far View seeks to find the most mispriced opportunities which often are securities that fewer funds are able to properly research. As capital continues to flow to the largest investment firms and into index funds, I believe that the ability to take advantage of quirky, smaller securities will continue to provide attractive long-term returns.

The Partnership

Over the past five years, Far View has grown as an investment organization. Since inception, we have added an outsourced CFO and upgraded our administrator. With the help of these firms, the Partnership has greatly improved our reconciliation, NAV preparation, and cash management policies. Going forward, I intend to continue investing resources to improve our processes and add further best practices as warranted.

I want to thank all my limited partners for the trust they have placed in me during Far View's first five years. My investment in the Partnership comprises the vast majority of my net worth, and I am confident about the opportunity set for Far View over the next five years and beyond. As always, it is my goal to work with limited partners who understand and support the Partnership's investment strategy and processes. To that end, please feel free to contact me if you have any questions or thoughts about the Partnership or my investment philosophy. Thank you very much for your continued trust and support.

Sincerely,

A handwritten signature in cursive script that reads "Brad Hathaway".

Brad Hathaway
Managing Partner

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