Far View Capital Management
225 North Mill St- Suite 110
Aspen, CO 81611
646-838-4401
info@farviewcapitalmgmt.com

January 22nd, 2018

Dear Partner,
Welcome to the performance update of Far View Partners L.P. for the half-year ended December 31, 2017.

Portfolio Performance

During H2 2017, Far View Partners generated a return of +12.36% net of all fees and expenses, which was comprised of +5.29% in Q3 2017 and +6.62% in Q4 2017. For the year ended December 31, 2017, Far View's net return was +28.76%. Since inception on July 1, 2011, Far View Partners has generated a cumulative net return of +169.22%.

Far View generated solid returns throughout the portfolio in H2 2017. More specifically, the fund benefitted from gains in UK wine retailer Majestic Wines whose shares rallied after its online retailer Naked Wines delivered better than expected results. Far View also enjoyed strong returns from US dropship software provider CommerceHub and US chemical producer AdvanSix (described in detail below).

In H2 2017, Far View suffered losses in only one equity, a micro-cap US software company (Company A). Far View initially invested in Company A in 2011 and has since used the volatility of the company's lumpy license sales to opportunistically adjust its position size. After a period of strong results, I materially cut Company A's weighting in Far View's portfolio in late 2016 and have used the 2017 weakness to reestablish a larger position. I believe Company A has several interesting opportunities to greatly increase the scope of its business driving significant earnings growth and strong returns. Furthermore, the company's strong balance sheet and attractive but lumpy existing business provide solid downside support near current prices. I will not disclose Company A's name at this point due to my desire to add to the position on further weakness and the stock's illiquidity.

Far View's performance was also hampered by the Partnership's large cash position at the end of H1 2017 which acted as an anchor in a rising market. Far View's cash position is not the result of a top-down macro prediction but the result of the decisions to buy or sell individual securities. In periods like 2017 when existing positions exit faster than new positions enter, the Partnership's cash balance grows.

Far View sailed with the wind at our backs in 2017 as most global asset classes delivered strong returns. At some point, investment conditions will become more challenging. This statement is **not** a prediction of the near-term performance of global markets or Far View's portfolio. Rather, it is a reminder that we have benefited from a supportive environment in the past 12 months and navigating future markets may be more challenging. It is also a reminder that because the portfolio is not immune to global market conditions, Far View's short-term returns would most likely suffer in a significant downturn. As always, my sole focus remains discovering attractive opportunities that will generate strong long-term returns for Far View, and I remain confident in the portfolio's long-term outlook.

On December 31, 2017, the Partnership's portfolio consisted of long equity investments in North America and Europe as well as a large cash position.

Process: Inflections

When a business's performance undergoes a material inflection, this dramatic change can generate potential opportunities. Because investors often fixate on a company's recent performance and tend to think in terms of incremental, linear change, they often misprice a business whose future will be dramatically different from its past.

Far View took advantage of a business inflection with our investment in AdvanSix (ASIX), a US based chemical company that is the leading producer of nylon-6 (resin for carpet, textiles and plastics), ammonium sulfate fertilizer, and their intermediate chemical components.

In May 2016, US conglomerate Honeywell (HON) spun off ASIX in an effort to streamline its business. This transaction had the potential for mispricing given ASIX's small size relative to that of HON. This size difference can generate forced selling from investors who cannot not own a smaller company, especially one that is not included in the same indices as its parent. Furthermore, ASIX's business had been struggling as a result of significant market overcapacity in both nylon-6 and ammonium sulfate, causing ASIX's 2015 EBITDA to decline by almost 60% from 2012 levels.

Because of those recent results, most investors expected ASIX to continue generating weak earnings going forward. However, these bearish investors misunderstood the pending impact of a major decrease in supply in the North American nylon-6 market, which would eliminate the overcapacity.

In July 2016, an ASIX competitor Fibrant announced that it would close its Augusta plant which represented 20-25% of North American nylon-6 capacity. This closure dramatically improved industry supply-demand dynamics and allowed ASIX and other players to regain pricing power.

As a result of this closure, the nylon-6 market tightened, and the industry began to announce significant price increases. This improved pricing drove a massive inflection in nylon-6 profitability for ASIX and its peers. ASIX's results improved throughout 2017 as the company benefitted from the attractive pricing environment. 2017 EBITDA is projected to increase to more than 50% above the 2015 lows and far above investor expectations at the time of the spin-off.

The inability of investors to understand the impact of this business inflection created an attractive risk-reward. Far View purchased ASIX shares in Q4 16 just as the pricing environment improved and the company's earnings began to grow dramatically. As result of these improved earnings, ASIX's share price increased almost 3x and the Partnership exited the position in Q4 2017.

The Partnership

Far View successfully relocated to Colorado in Q3 2017. Despite some minor shipment problems (two desks arrived in pieces), the move went well, and the office is running smoothly. As mentioned previously, the relocation should have minimal day-to-day impact on Far View's limited partners. My phone number and email address remain the same, and Far View has retained most of its service providers. During the move, I worked with Colorado law firm Bryan Cave LLP on the transition to a new state regulator. Impressed by their skill and responsiveness, I decided to engage the firm as Far View's legal counsel going forward. I would like to thank Foley Hoag LLP for all the firm's help with Far View's launch and first six years.

I remain the largest investor in Far View and it comprises the clear majority of my net worth. I am excited about the future of the Partnership and believe it is well positioned for continued, long-term success. I appreciate your ongoing trust and support. As always, please don't hesitate to contact me if you have any questions or concerns.

Sincerely,

Brad Hathaway

Brad Hathaway
Managing Partner

Disclaimer

This letter is provided on a confidential basis for informational purposes only and does not constitute the provision of investment advice.

Certain information presented herein constitutes “forward-looking statements” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “project,” “continue” or “believe” or the negatives thereof or other variations thereon or comparable terminology. Any projections, market outlooks or estimates in this letter are forward-looking statements and are based upon certain assumptions. Due to various risks and uncertainties, actual market events, opportunities or results or strategies of the Fund may differ materially from those reflected in or contemplated by such forward-looking statements and any such projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur.

This letter includes indications of past performance of certain investments of Far View Partners L.P. (the “Fund”). Past performance is not a reliable indicator of, and is no guarantee of, future results. Investment returns will fluctuate with market conditions and every investment has the potential for loss as well as profit. The value of investments may fall as well as rise and investors in the Fund may not get back the amount invested.

All performance figures are estimated and unaudited. A partner’s actual returns may vary due to, among other things, the timing of a partner’s investment and any special terms granted to a partner.

The source for all information included in this letter is Far View Capital Management, unless stated otherwise. While all the information prepared in this letter is believed to be accurate, Far View Capital Management may have relied on information obtained from third parties and makes no warranty as to the completeness or accuracy of information obtained from such third parties, nor can it accept responsibility for errors of such third parties, appearing in this letter.

This letter does not constitute the offer of any securities or interest in the Fund.