Far View Capital Management
575 Madison Avenue- 10th Floor
New York, NY 10022-2511
212-605-0117
info@farviewcapitalmgmt.com

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Dear Partner,
Welcome to the performance update of Far View Partners L.P. for the quarter ended September 30, 2014.

Portfolio Performance
During Q3 2014, Far View Partners generated a return of +0.18% net of all fees and expenses. For the first nine months of 2014, the Partnership produced a total net return of +5.52%. While U.S. large-capitalization stocks (as represented by the S&P 500) advanced during the quarter, small-capitalization stocks (represented by the Russell 2000) suffered a severe decline and have generated losses year-to-date as investors have sought to reduce risk. International equity markets also fell during the quarter, driven by fears of a slowing global economy. This weak performance was exacerbated by the significant decline of most currencies versus the U.S. dollar leaving many international equity markets with a negative result for the first nine months of 2014 when measured in U.S dollar terms.

Far View's portfolio generated mixed results during the quarter as losses from dry-bulk shipper Star Bulk and a US small-capitalization position offset gains from two special-situation investments. The Partnership also suffered losses as the portfolio's currency hedges were unable to completely offset its foreign currency exposure.

During the quarter, Far View started new positions in a small Norwegian spin-off with the potential for dramatic earnings growth and a Canadian software company with a strong, underappreciated SAAS platform. These positions will remain anonymous as the Partnership has continued to acquire shares during Q4 2014. The Partnership also took advantage of intra-quarter volatility to add to core positions whose prices declined to attractive levels and exited three smaller positions where the initial investment thesis was no longer valid. At the end of Q3 2014, the Partnership's portfolio consisted of long equity positions in North America, Europe and Japan, put and call options in the U.S. and a moderate cash balance.

Process: Differentiated Thesis
To generate superior returns, an investor needs to find securities that have been mispriced by the market. To find these mispriced investments, it is critical to generate insights that differ from the consensus opinion as well as being correct. As Howard Marks notes when he evaluates an investment thesis, "The first question I always ask is the same: Who doesn't know that? That is really the question. When you think you know something, the question is whether the market knows it too. And if it does, then your idea has no relative superiority." [i] If a thesis merely reflects the views of investors at large, then it is unlikely that the security is mispriced as that prevailing wisdom has already been incorporated into its current valuation.

While researching a possible idea, Far View looks for the potential to generate a unique opinion. Investment theses driven by readily apparent valuation metrics ("XYZ is just too cheap") and/or widely appreciated qualitative judgments ("XYZ is a great business") are avoided unless it is apparent that these factors are not appropriately appreciated by the investment community. A more attractive thesis for Far View presents the consensus opinion for the security's current price and then explains why that prevailing wisdom is incorrect and provides a range of more accurate values for the security.

To help evaluate a potentially differentiated thesis, Far View spends a great deal of time reading analyst reports and speaking with other investors and sell-side analysts to determine the consensus opinion. If a source of variance is not readily apparent, then the investment is discarded. If a differentiated thesis is uncovered, then the due diligence process continues to determine whether it is correct. Finally, before initiating a position, Far View's standard investment write-up is completed which includes a clear description of why the security is trading where it is (consensus opinion) and what the Partnership's edge is in this security (why Far View's opinion is both different and correct). By focusing on differentiated investment theses, Far View is more likely to generate superior returns.

Portfolio Investment: Sky Perfect JSAT

In Q2 2014, Far View initiated a position in Sky Perfect JSAT, the leading Japanese provider of multichannel pay-TV and satellite services. When Far View began researching Sky Perfect, consensus opinion appeared to be that the stock was fairly priced because it traded at an average P/E multiple relative to its next fiscal year EPS, a popular metric in the Japanese equity market.

While Sky Perfect did not appear quantitatively cheap on reported numbers, Far View's research suggested that current results significantly understated the company's normalized earnings power. Sky Perfect was undertaking an expensive investment to transition its pay-TV subscriber base from standard-definition to high-definition television. Once this costly upgrade was completed, pay-TV results would move from sizeable losses to significant profits. This business turnaround would give Sky Perfect the potential to almost double EPS, driving significant share price appreciation without any expansion in valuation multiples.

Far View also believed that investor focus on pay-TV's current losses was obscuring the significant value of Sky Perfect's satellite business. As Asia's largest satellite company (#5 globally), Sky Perfect was well-positioned in an industry that has normally attracted large valuation multiples from the investment community. However, because investors ignored this business to focus on pay-TV and the consolidated valuation, Sky Perfect's share price valued its satellite business at multiples that were less than half the level of global peers while also providing zero value to the pay-TV business.

By focusing on what the pay-TV business could earn in the future as well as looking at the value of the under-appreciated satellite business, Far View generated an investment thesis about Sky Perfect that was different from the existing investor consensus. After further research supported the Partnership's higher range of values for Sky Perfect, Far View initiated a large position in the company.

The Partnership

Far View also believes that a differentiated approach with regards to the structure of the Partnership can help generate superior results. For example, while many investment firms face pressures as a result of their decision to report short-term performance and allow frequent investor liquidity, Far View has been structured to foster a long-term perspective by only reporting results quarterly and employing a three-year lockup for investor funds. While these restrictions make Far View less attractive to many potential partners, they help preserve the Partnership's focus on generating excellent long-term returns by eliminating distractions from investors with a short-term mindset.

Far View's goal is to continue to generate superior investment performance for limited partners who understand and support the Partnership's investment strategy and processes. As Far View's largest investor, I remain very excited for its long-term outlook. 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,

Brad Hathaway

Brad Hathaway
Managing Partner

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[i] Marks, Howard. Interview by The Manual of Ideas. 2012 European Investing Summit.