1/10/2014

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Performance Summary

	Sosin Partners LP		
	Gross*	Net**	SPY***
Q4 2012***	18.06%	14.00%	-1.52%
2012******	**18.06%**	**14.00%**	**-1.52%**
Q1 2013	21.26%	16.46%	10.50%
Q2 2013	15.58%	12.29%	2.93%
Q3 2013	14.37%	11.54%	5.25%
Q4 2013	16.73%	13.67%	10.51%
2013	**87.11%**	**65.79%**	**32.30%**
Inception to Date	120.91%	89.00%	30.29%
IRR Since Inception	90.74%	67.97%	24.06%

** Performance net of expenses but before fees and performance allocation.*
*** Performance net of fees, expenses and performance allocations based on 2 & 20 fee election.*
**** Includes dividends reinvested.*
***** Sosin Partners LP launched 10/9/2012; performance for both the fund and SPY shown from that date.*

To My Partners:

As shown in the table above, Sosin Partners LP reported gains on a mark to market basis net of expenses but before fees and performance allocations of 16.73% and 87.11% during the three and twelve months ended December 31, 2013, respectively. Depending on their choice of fee structure, partners will have different returns net of management fees and performance allocations. The broad market as represented by the SPY ETF was up 10.51% and 32.30% respectively including dividends during those periods.

Since its inception on October 9, 2012, Sosin Partners LP has reported gains on a mark to market basis net of expenses but before fees and performance allocations of 120.91%. The SPY ETF is up 30.29% including dividends during that period.

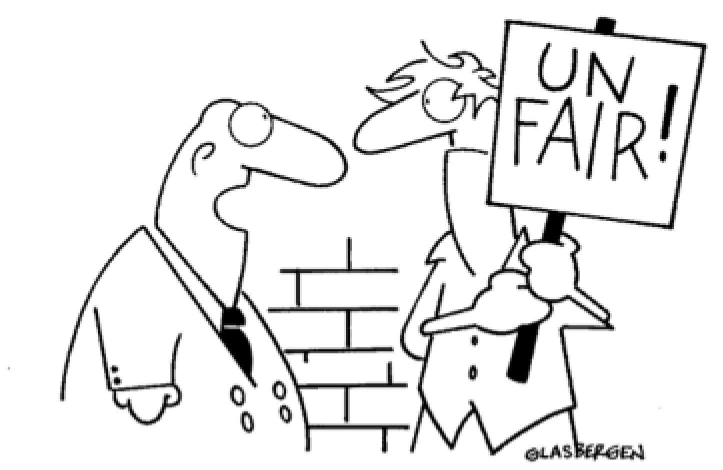
Market Performance

While we've had unusually good performance thus far, my aspiration over time is unchanged. I still hope to outperform the market by approximately ten percentage points per year (net of expenses but before fees) on average over time. This ambition is lofty; our odds of succeeding are low, and I will be satisfied to outperform by even just a few percentage points per year on average over time.

What's more, even if we do succeed, it is certain that over the life of the Partnership we will have a mix of good and bad years. Just as it would be easy to get unduly excited over this year's unusually good performance, in the future it may be all too easy to get unduly despondent over that year's bad performance. It is important that we all keep an even keel through both the ups (as we have experienced recently) and the inevitable downs.

Intrinsic Value Performance

A company's profits in any one year are not a good indicator of its intrinsic value. However, over the long term, profits are the primary driver of intrinsic value. If we are successful in buying investments for less than they are worth, we should expect the earnings power of the underlying assets in the portfolio to increase faster than the earnings power of a similar investment in the S&P 500 over time (although by no means in a straight line).



"It's not fair that I make a lot more money than you, but you're younger, taller and thinner than me and that's not fair either!"

As measured in this fashion, our performance to date has been excellent, as the growth in the underlying profit earning capacity of our investments has accounted for the vast majority of our market price performance. Based on 2014 profit expectations an investor who made a $1 million investment in the SPY at the inception of the Partnership on October 9, 2012 should benefit in 2014 from approximately $84,000 of profits earned by the underlying companies on his behalf[1]. On the other hand net of expenses but before fees, if 2014

[1] At the inception of the Partnership on October 9, 2012 the SPY traded for $145.64. $1,000,000 invested in the ETF would have bought the investor 6,866 shares. By reinvesting dividends, as of December 2013, an

works out as expected, an investor who made a $1 million investment in the Partnership on October 9, 2012 should benefit economically from about $175,000 which the underlying businesses will hopefully earn on his/her behalf.

Over time, if we are successful, we should expect to see this difference continue to expand either because of the superior prospects of the companies in which we are invested, or because we are successful in finding still more superior investments.

Outlook

While I do not expect performance such as we have had over the past 15 months to repeat itself, I am optimistic with regards to our holdings over the next several years.

Margin of safety can exist as a result of buying companies with average prospects at well below average prices or as a result of buying companies with well above average prospects at average prices. Over my career, I have invested successfully in both ways. Our portfolio currently skews heavily towards companies with meaningfully above average prospects that trade at average or even slightly below average prices.

The S&P 500 trades for ~15-16x 2014E profits and can be reasonably expected to double profits (with dividends reinvested) in the next six to twelve years. By comparison, our aggregate holdings trade for somewhere between ~11.0-13.5x 2014E profits and I believe can double profits in the next 3-5 years and continue to outgrow the broader market for many years to come thereafter. Obviously forecasts are prone to error but even if the businesses we are invested in perform a fraction as well as we expect, we should have satisfactory results.

2013 Market Performance

More than a few of you have expressed surprise at this year's market performance and I believe some context is helpful in appreciating its significance.

Since December 30, 1949, an investment in the S&P 500 has compounded at 11.14%. Put another way, a $1.00 investment on that date would be worth $865 today (1950 was a good year to buy stocks)[2]. This heady result, however, was delivered in a most unsteady fashion. As you can see

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investor would have accumulated 7,054 shares. If the constituents of the S&P 500 earn roughly what is expected next year, the owner of the ETF will receive the economic benefit of roughly $11.85 per share or $83,589, which will be either paid through dividends or saved on the investor's behalf by the companies through investment in the underlying businesses, acquisitions or share repurchases.

[2] With reinvested dividends, excluding any fees expenses or taxes.

in the table, in 16 of the 64 past years (including 2013) the market was up 25% or more during the year, including one year (1954) when the market was up 51%. On the other hand, in 14 of the past 64 years the market was down, including two years when the market was down by 25% or more.

S&P 500 1 Year Return Dispersion

1 Yr. Return	Number of Years	Avg. Return
<0%	14	-12.3%
0-25%	34	13.5%
>25%	16	33.1%
All Years	**64**	**11.1%**

Viewed in this light this year's 32% return for the S&P 500 while higher than average, is fairly unremarkable. Also viewed in this light a year where the market was down would be similarly unremarkable.

With this data in mind and looking forward, it is probably fair to assume that the market has a 25% chance of being down next year, a 25% chance of being up 25% or more and a 50% chance of coming out somewhere in the middle. Regardless of how the market does, we'll aspire to do better. However, owing to our concentration we should expect our results to be more volatile.

<u>The Balance Sheet</u>

We ended the quarter with six similarly sized stock positions on the long side of the balance sheet totaling 108% of equity capital, and one stock position on the short side of the balance sheet totaling 4% of equity capital. We also have a short position in 10-year Treasuries in the amount of 2% of equity capital.

<u>Goals and Process</u>

We have had some new investors join the Partnership over the past few months and look forward to continuing to grow the investor base over time. To that end, I've laid out a little more about my goals and investing process both to ensure that there are no misunderstandings and because upon reviewing my letters to date, I realized that while I had described all the pieces, I had never described the process in its entirety.

The goal of the Partnership is to generate returns compounded in excess of the broader market over the long term. We endeavor to achieve this goal by making investments in businesses we understand (equity or debt) where the prospects for the business over time are in all likelihood far better than necessary to justify the price.

We maintain a long term focus, which means we focus our energy on understanding why businesses succeed and fail and how business owners become rich and poor over time. We do not focus our energy on understanding what other investors might believe about an investment in the future. The one exception to this rule is shorting stocks, where we do require a catalyst that we believe will cause the market price of the stock to decline.

We hope that over time, our exclusive focus on the long term drivers of business and investing success and failure, and our investors' willingness to give us the flexibility to pursue the business in this manner, will make us more successful in evaluating long term business/ investment outcomes and thus create a small but important competitive advantage, that will ultimately benefit performance.

We have no magic formula by which to source investment ideas. In general, finding exceptional investments is a laborious process requiring that we study and monitor many potential investments in order to find just a few. When studying a potential investment, we seek to first develop a theory-based understanding of the business, which we call a framework. We then use this framework to evaluate the business's long term prospects, and finally, we attempt to validate the framework through diligence.

In developing our framework, we try to draw from a diverse intellectual toolkit using theories that have been validated across a wide range of fields. We try to apply these validated theories to develop an understanding of the mechanisms at work which create a business's end demand and, more importantly, which give the business a competitive advantage over its current and future competitors. (I wrote about this topic in my July 2013 letter and used the Partnership's investment in Herbalife as an example.)

With our framework in hand, we consider the long term prospects for the business and compare the prospects to the price. We are looking to make investments that are bargains. Specifically "bargain" means an investment in a business that based on our understanding of the business's ultimate drivers:

- is likely to make a great deal of money relative to the cost of the investment over the next few years,
- is likely to grow profits at a high rate for a long time,
- is able to return a large portion of their profits to their owners while still growing at a high rate, and
- is likely to endure for many years.

(I wrote about this topic in my April 2013 letter and used the Partnership's investment in United Rentals as an example.)

Once we believe we have identified a potential bargain, we endeavor to test our views, making use of the scientific method of hypothesis testing. Namely, we consider the consequences if our framework for understanding a company is correct and seek data/ observations that agree or disagree with the predictions of the framework. A framework that makes a lot of predictions which prove to be accurate is more likely to be right; one that makes predictions which are inaccurate is wrong.
(I wrote more about this topic in my October 2013 letter and used the Partnership's investment in Mattress Firm as an example.)

Since owning more of one investment means owning less of another, we try to own more of the securities in which we have the greatest expectation of gains, greatest confidence in achieving those gains, and greatest confidence in avoiding losses. To practically achieve this balance, we rank our current and potential holdings by expected profits and attempt to optimize the portfolio based on quantitative and qualitative considerations. In this manner, as an investment's market price goes up (down), absent any important positive (negative) business developments its quality as viewed in our rankings goes down (up) and we are inclined to decrease (increase) our holdings.

In monitoring the portfolio, we are constantly alert for information that may indicate a flaw in our analysis or previously unforeseen risks to a company's business model. Consistent with our long term horizon, we do not concern ourselves with understanding or predicting changes in market prices. In this vein, we try to manage risk by only investing in situations we understand where we have a great deal of margin of safety, by catching our mistakes early, and by avoiding excessive leverage. We do not use other risk management tools such as portfolio hedging or stop losses.

Administrative

CAS Investment Partners recently moved offices. The new address is 1745 Broadway FL 17, New York City, NY 10019. The new phone number is (212) 804-7660.

We also recently engaged Constellation Investment Consulting headed by Boris Onefater to work as the Partnership's outsourced CFO. Boris and his team come extremely highly recommended and have already shown tremendous value in helping me to manage the administrative and compliance aspects of the Partnership as well as serving as trusted advisors related to the business's development.

The Agreement of Limited Partnership requires that I disclose whether my investment in Sosin Partners, LP represents over 50% of my liquid net worth. I am pleased to say it does. In fact, it represents over 80% of my entire net worth including some unvested deferred compensation with my prior employer. In addition, the Agreement of Limited Partnership requires that I disclose whether I have any other significant income generating activities. I do not. The management of the Partnership is my sole occupation and source of income.

The Partnership has $41 million of assets under management and 22 Limited Partners. As such, I will be increasing the Partnership's minimum investment to $1,000,000 from $500,000 for subscriptions effective March 1, 2014 or later. Investors who wish to invest under the current minimum must submit their subscription applications and wires by January 31st in order to be invested in the Partnership on February 1.

Conclusion

I am excited for the prospects of our Partnership. While I expect our short term results will be volatile, I am confident that profits over time will be worth the volatility.

While massive size is an anchor to performance, we are nowhere near that point. In fact, our Partnership is substantially under-scaled relative to the exciting opportunities in front of us. We could easily deploy 12x as much capital with little change in the composition of the portfolio and/or expected returns. To that end, I'd like to remind you that the Partnership is open and introductions to new investors are always welcome, as are additional subscriptions from existing investors.

I appreciate your continued trust in me. As always, feel free to call or drop by the office if you'd like to chat.

Sincerely,

Clifford Sosin

CAS Investment Partners, LLC

The information contained in this report is intended for informational purposes only and is qualified in its entirety by the more detailed information contained in the Sosin Partners, LP offering memorandum (the "Offering Memorandum"). This report is not an offer to sell or a solicitation of an offer to purchase any investment product, which can only be made by the Offering Memorandum. An investment in the Partnership involves significant investment considerations and risks which are described in the Offering Memorandum.

The material presented herein, which is provided for the exclusive use of the person who has been authorized to receive it, is for your private information. CAS Investment Partners, LLC is soliciting no action based upon it. It is based upon information which we consider reliable, but neither CAS Investment Partners LLC nor any of its managers or employees represents that it is accurate or complete, and it should not be relied upon as such.

Performance information presented herein is historic and should not be taken as any indication of future performance. Among other things, growth of assets under management of CAS Investment Partners LLC may adversely affect its investment performance. Also, future investments will be made under different economic conditions and may be made in different securities using different investment strategies.

The comparison of the Partnership's performance to a single market index is imperfect because the Partnership's portfolio may include the use of margin trading and other leverage and is not as diversified as the Standard and Poor's 500 Index or other indices. Due to the differences between the partnership's investment strategy and the methodology used to compute most indices, we caution potential investors that no indices are directly comparable to the results of the Partnership.