

Motiwala Capital LLC
www.motiwalacapital.com

Third Quarter 2014 Letter

Dear Investors,

US Markets were mixed in the recently ended quarter with increased volatility. On an aggregate basis, accounts managed by Motiwala Capital returned -2% in the third quarter and 5.1% year to date. The performance information is shown in the table below:

Year	S&P 500	Motiwala Capital
2011*	-1.7%	4.9%
2012	16.0%	20.3%
2013	31.9%	33.2%
Q1-Q3 2014	8.3%	5.1%

See important notes at the end of the letter for more information.

Portfolio Activity

Special Situations:

We participated in six new special situations in the quarter. One of the investments that were nicely profitable was the CBS / CBSO split off and tender offer.

Generals:

Portfolio exits: We sold out of two positions in the quarter.

Tesco Plc (TSCDY): We sold our entire position in the UK based retailer Tesco Plc. Tesco's business continued to remain under pressure from competition. The results have been poor since we purchased the shares over two years ago. Our thesis of a turnaround in business did not work out. We were lucky with the timing of our sale around \$15. The stock price has declined significantly since our sale. Most client accounts showed a mid single digit gain over the two-year holding period owing mostly to the dividends earned.

We also sold a closed end fund that specialized in recent spin-offs. I came to the conclusion that it would be difficult to determine when to sell and hence decided to exit the position with a measly gain.

New positions:

Qualcomm Inc (QCOM): Qualcomm is the leader in technologies related to wireless communication. It earns royalty income on its huge patent portfolio and also manufactures chipsets for mobile devices. QCOM has a rock solid balance sheet with \$32 billion in cash and investments and produced free cash flow of \$8 billion last year with a market cap of \$123 billion. We paid ~11x this free cash flow (ex-cash) which is an attractive price for this high quality company.

International Housewares Retail (HKG: 1373): IHR is a Hong Kong listed housewares retail chain with primary operations in Hong Kong, Singapore and Malaysia. We purchased our shares after selling pressure caused by the reduction in stake by the Private Equity owners. IHR has a market cap of HKD 1.8 billion. We purchased shares at 12x P/E (not backing out the cash on the balance sheet) and a dividend yield of 2%.

Generals: Reduced positions: We continued selling down our profitable position in Hess Corp (HES) on price appreciation. We also reduced our position in Vodafone (VOD) as its business performance continues to weaken further. All of our sales so far this year looked poor while the equity markets were going up straight. After the recent 4-week slide in stock prices, our sales do not look so bad.

Generals: Increased positions: During the quarter we increased our positions in Outerwall (OUTR), Blucora (BCOR), Prosafe (PRSEY), North Atlantic Drilling (NADL), CTC Media (CTCM), Oracle (ORCL) and a microcap on share price declines.

I am grateful to everyone who has entrusted me with their capital and appreciate all the referrals. Please contact me if you are interested in our managed account services.

Sincerely,

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Past performance is no guarantee of future results. Motiwala Capital performance is computed on a before-tax time weighted return (TWR) basis and is net of all paid management fees and brokerage costs. Performance figures are unaudited. Performance of individual accounts may vary depending on the timing of their investment, the effects of additions, and the impact of withdrawals from their account. 2011 performance is from the period March 14, 2011 to Dec 31, 2011. The same period was used for S&P 500 and Motiwala Capital.