Motiwala Capital LLC
www.motiwalacapital.com

Fourth Quarter 2015 Letter

Dear Investors,

2015 was a much more volatile year than shown by the flat performance of the S&P 500 index. After hitting the recent peak in summer, the market had two large dips in August and September before the big rally in Q4. Despite all that, the S&P 500 index was nearly flat for the year and dividends pushed it into positive territory. Motiwala Capital had a rough year with consolidated net return (after all fees and expenses) of -6.76%. While absolute performance since inception (+11%) has been good, performance over the last two years has been below my own expectations.

Year	S&P 500	Motiwala Capital
2015	1.37%	-6.76%
2014	13.7%	3.9%
2013	31.9%	33.2%
2012	16.0%	20.3%
2011*	-1.7%	4.9%
Cumulative	70.3%	65.43%
Annualized	**11.7%**	**11.0%**

* Since March 4, 2011.

2015 Performance

Our performance in 2015 was poor. There were more losers than winners with several positions suffering large declines. Some of the positions detracting from performance included Western Digital, Qualcomm, Viacom, International Housewares, Oracle, Mind CTI and Outerwall. Our biggest winners were Google, GameStop, and Hennessy Advisors.

Most of the special situation investments during 2015 were profitable and contributed to portfolio returns. We will continue to invest in this area.

Portfolio Composition

Our portfolios are divided into two sections. The 'Generals' are generally undervalued equity investments that fit the value framework. The rest of the portfolio is invested in special situations (short term investments with a specific event that unlocks value) or cash. Cash balance at the end of 2015 was 68% up from 45% at the end of 2014 and 25% at the end of Q2 2015.

We had 11 regular positions (Generals) in our portfolio at the end of the year. This makes up 32% of the portfolio. The rest of the portfolio is currently in cash (68%).

Portfolio Activity

Special Situations: Share tenders

We participated in five special situations in the quarter that were profitable overall.

Generals: Portfolio exits: We sold out of eight positions in the quarter. Some positions were sold as they hit our price targets, while some were sold when I was concerned about the business or the situation had changed.

Apple Inc. (AAPL): We purchased shares of Apple in Q2 2013 around $57 (pre-split $400). During our holding period, Apple continued to be very profitable, generated lot of free cash flow, paid dividends and bought back billions in shares. After a bumper FY 2014 where revenues grew by 30%+, I worried about tougher comparisons and the possibility that a lot of iPhone demand had been brought forward due to the larger phone. It was a tough decision as the stock looked cheap on a trailing basis. Shares had doubled during our investment and I closed the remaining position around $117. Shares were recently trading around $95.

Google (GOOG): Google shares were purchased in early 2015. Since our purchase, financial results were impressive with solid double-digit revenue growth; expense control driving profits higher and higher free cash flow. We earned a 45% return in a short period of time and I decided to pocket our gains.

Seagate (STX): We purchased Seagate along with Western Digital at the start of 2015. The financial results since our purchase were pretty poor with rapidly declining revenues and profits. I was looking for an exit and got lucky when the shares recovered briefly and was able to sell our shares for a negligible loss around $50. The shares since then have been hammered and STX traded around $30 recently.

Prosafe (PRSEY): We sold our last remaining energy service position. The only positive thing to say about holding Prosafe in 2015 is that we earned a few dividends and sold it higher than the start of the year. After our sale, the stock promptly declined by 70%.

Outerwall (OUTR): I had become worried about the prospects of Outerwall as the year went on. Redbox's DVD rental demand was deteriorating at a rapid rate. Initially the shares kept climbing and I trimmed the position slightly. However, after Q2 results the share price came under pressure. I had sold 2/3rd of the position between $64 and $84 and then the company pre-announced a poor Q4 for Redbox confirming my fears. I sold out of the remaining shares at $44. The investment was a wash for us overall. The shares remain under pressure and were trading around $30 recently.

Generals: New Positions:

I initiated a starter position in a micro cap company.

Generals: Reduced positions:

I trimmed our positions in Western Digital and Viacom as financial results were disappointing.

Generals: Increased positions

During the quarter we slightly increased our positions in two microcaps purchased in the previous quarter.

High Cash levels

Cash in the portfolio grew to 68%. The reason for this is that I was a net seller (net sold: 38%) and bought very little in the last two quarters. It has become increasingly difficult to find attractive investments. However, I continue to look for investments to deploy some of the cash. The start of 2016 has seen a dramatic drop in stock markets around the world. Some stock markets (China, Japan, India, Hong Kong) are already in a bear market (20% drop from peak) while the US market has seen a sharp correction (~10%). Our high cash position gives us the option to purchase investments at better prices.

Please contact me if you are interested in our managed account services.

Sincerely,

Adib Motiwala

Adib Motiwala
Portfolio Manager
400 E Royal Lane Suite 290
Irving TX 75039
817.689.5115