2017 Semi-Annual Letter

Dear Investors,

US markets continued their strong run in the first half of 2017. Globally, equity markets were also very strong. As of June end, S&P 500 was up 9.3% while Motiwala Capital accounts on an aggregate basis returned 2.7%.

Year	S&P 500	Motiwala Capital
2017 1H	9.34%	2.72%
2016	11.95%	13.27%
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	108.46%	92.48%
Annualized	**12.3%**	**10.9%**

* Since March 4, 2011.

Portfolio Composition

Our portfolio is divided into two sections. The 'Generals' are undervalued equity investments. The rest of the portfolio is invested in special situations (investments where specific event(s) can unlock value) and cash. Our cash levels have reduced from the start of the year after purchasing several new positions.

Top 10 Positions

Company name	% of portfolio
Hennessy Advisors	3.3%
Linamar Corp	3.3%
CVS Health	3.1%
Hostess Brands	3.0%
Tetragon Financial Group	3.1%
Vanguard Financials ETF	3.1%
Vistra Energy	3.2%
Alphabet	2.8%
Contura Energy	2.7%
New York REIT	2.6%

Portfolio Activity

Special Situations:

We participated in a few special situations. While four of the six investments were profitable, the contribution to portfolio performance was not material.

Generals: Portfolio exits: Positions sold included: Gilead Sciences (GILD), Viacom (VIAB) and Oracle (ORCL).

Gilead's Hepatitis C business declined sharply during our ownership and its HIV business was not able to offset this decline. This negated a key element of my investment case and I decided to exit the position with a small loss.

Viacom was a mistake. Its media business has been in decline for a while along with the drama around the now former CEO and founding family. Free cash flow has declined significantly while debt remains high. In hindsight, the debt fuelled share repurchases were a big mistake. After two years of pain, I eventually exited the position when shares moved up in early 2017. Since our sale, shares have declined further.

Oracle was held for almost three years with mediocre results. Oracle is transitioning its on premise database business to the cloud. Since our purchase, free cash flow declined slightly and Oracle used significant cash and cash flow to fund acquisitions and share repurchases. As the valuation increased, I decided to close the position with a small gain.

Generals: New Positions:

Hostess Brands (TWNK) is a packaged food company well known for its sweet baked products such as Twinkies, HoHos, donetttes and CupCakes. TWNK became a listed company last fall by merging with an already public entity (referred to as a SPAC Special Purpose Acquisition Company). During its tenure as a privately held company, the company went through a major transformation with improvements to its distribution and manufacturing process, reduction in the number of plants and employees and improved capital structure. As a result, TWNK has industry leading margins and is re-gaining lost market share. TWNK still has quite a bit of debt but it can pay down debt with free cash flow. Our position is via the warrants.

Tetragon Financial Group (TFG) is a closed-end investment company that invests in range of assets such as real estate, bank loans, equities, credit and infrastructure. It also has its own alternative asset management business. TFG has a NAV of $20.5 and the shares are trading at $12.5 for a 40% discount to NAV. TFG average ROE has been 12.5% since its 2007 IPO. TFG pays a growing dividend yielding 5.4% at current prices. Principals and employees own 26% of the shares.

Contura Energy (CNTE) is a US based thermal and met coal producer. CNTE emerged from Alpha Natural Resources (ANR) bankruptcy last summer with a much better balance sheet with significantly reduced debt and liabilities. CNTE kept most of the good operations of ANR. CNTE has shown good operating results in the last one year, refinanced debt and paid a large

$100 million dividend. While coal is a very cyclical business, the shut down of many US based coal plants and CNTE's extremely low valuation made me interested enough to take a position.

Vistra Energy (VST) is an integrated Texas based power business. The company operates through two segments, Wholesale generation and Retail electricity. The Wholesale Generation segment engages in the electricity generation, wholesale energy sales and purchases, commodity risk management activities, fuel production, and fuel logistics management activities. The Retail Electricity segment is involved in the retail sale of electricity and related services to residential, commercial, and industrial customers under the TXU Energy brand. VST emerged from Chapter 11 with a strong balance sheet and cheap valuation on an absolute and relative basis. VST has already up listed on NYSE and is considering plans for capital allocation as it generates solid free cash flow.

Alphabet (GOOG) shares were valued cheaper in early 2017 than when I bought them in 2015 at $500. GOOG has grown revenues and profits at 20% annual rates from a large base. Selling the shares after a 50% run from 2015 to 2016 was a mistake, as the valuation was reasonable and the fundamentals were good.

Fortress Investment Group (FIG) is an investment manager. FIG shares were trading at a large discount to NAV while it paid a growing dividend, bought back shares aggressively and insiders owned a large stake. Just a few days after our purchase, FIG entered into a transaction to be acquired by Softbank Group for a ~50% premium to our purchase price. We have sold our shares.

Retail Holdings (RHDGF) is a holding company that owns large stakes in its public subsidiaries in Srilanka, Bangadesh and India. These companies distribute consumer products and provide consumer credit. RHDGF trades at a discount to the value of its underlying investments. Management has been aggressively buying back shares as well as paying return of capital dividends for the last 5+ years and has provided a timeline for the eventual liquidation of the company.

Linamar (TSX:LNR) is a Canadian auto parts manufacturer. Its main business is manufacturing parts for the powertrain/driveline for automobiles. It also has a smaller industrial division that is growing rapidly. The founder family owns 30% and is in charge of managing the business. Linamar has been growing rapidly over the last several years and has made some acquisitions along the way to improve vertical integration, widen and diversify its customer base and technology. Shares traded at a discount to peers as well as on absolute basis despite the stronger balance sheet and growth profile.

McKesson (MCK) is the largest pharmaceutical and medical supply distributor in the US. McKeesson, Amerisource Bergen (ABC) and Cardinal Health (CAH) form an oligopoly in the industry. We also own ABC. MCK shares have been depressed for over a year on various reasons such as increasing deflationary pressure on generic drug prices as well as lower price increases on branded drugs. MCK generates solid free cash flow and was purchased at a 10% free cash flow yield. The free cash flow allows the company to invest in the business, make acquisitions while continuing its regular share repurchases and dividend increases.

Big Lots (BIG) is discount retailer. Big Lots has performed reasonably well in a tough retail environment, cutting costs, closing poorly performing stores and improving operating margins. BIG generates solid free cash flow, which it has returned to shareholders via dividends and aggressive buybacks. BIG was purchased at a 10% free cash flow yield.

New York REIT (NYRT) is a real estate investment trust that is liquidating its real estate assets. NYRT owns properties in Manhattan, NY. NYRT plans to liquidate over the next 12-18 months and return capital to shareholders.

Generals: Reduced positions:

I sold most of the shares of Mind CTI (MNDO) as it reached close to my target price.

Generals: Increased positions:

During the quarter, I added to several existing positions such as CVS Health (CVS), Syntel (SYNT) and Hennessy Advisors (HNNA). Several of the new positions were also increased in size.

Japan deep value

I am finding companies at extremely attractive valuations in Japan. Many of these companies are trading below cash and investments on the balance sheet. These companies are profitable and have been paying regular dividends. Some companies trade at P/E of 3-8 while on an enterprise value basis their multiples are even lower. I have managed a personal account investing in these types of companies for four years with very attractive results. I plan to invest a portion of our accounts in such companies. If you wish to have a separately managed account focused on this strategy or want to learn more about it, please reach out to me.

Sincerely,

Adib Motiwala

Adib Motiwala
Portfolio Manager
Phone: 817.689.5115

This commentary candidly discusses a number of individual companies. These opinions are current as of the date of this commentary but are subject to change. All information provided is for information purposes only and should not be considered as investment advice or a recommendation to purchase or sell any specific security. While the information presented herein is believed to be reliable, no representations or warranty is made concerning the accuracy of any data presented. This communication may not be reproduced without prior written permission from us.

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 and generated using our custodian's reporting functionality. 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 4, 2011 to Dec 30, 2011. The same period was used for S&P 500 and Motiwala Capital.