Mott Capital Management, LLC
101 Seventh Street
Garden City, NY 11530

1/7/16

With 2015 behind us we can take a look back and reflect. 2015 was setup to be a promising year for the market. However, things just didn't materialize the way the picture was framed. With an ECB easing and easy money here in the US we should have a relatively good equity environment. The market was fixated on global events that it could not pick up enough steam to move ahead. Instead, we gyrated between red and green all year, basically finishing the year flat, a very stressful flat.

Non-Annualized Performance 1/1/15 – 12/31/15

MCM All-Cap Growth Composite	S&P 500 Total Return Index
+1.52*	+1.38%

*Net of Fees and Transaction Cost

The S&P recovered most of its 3Q'15 losses in 4Q'15. Our portfolio for the most part performed well. Most of the companies we are invested in continue on the path we expect to reach our long term investment objective.

This letter will be broken down into two parts, the first part we will briefly review 4Q'15 and then move on to the year as whole.

MCM Top 3 Winners & Loser for 4Q'15

Alkermes (ALKS) +35.30%	Hain Celestial (HAIN) -21.72%
General Electric (GE) +23.51%	Sierra Wireless (SWIR) -13.99%
Raytheon (RTN) +16.46%	Skyworks Solution (SWKS) -8.45%

ALKS and GE continue to sit atop the leader board as they did during Mid-4Q'15 letter update sent to you in November and have continued to improve upon those gains. The newcomer is RTN, whose performance improved during the quarter because of strong results and analyst upgrades. Additionally, RTN continues to add new defense contracts from countries looking to upgrade their existing weapons systems.

SWKS replaced shares of Tesla on the worst performer list for the quarter, despite having a solid earnings report and forward guidance. Unfortunately, this occurred because there is fear that Apple might report a shortfall in there iPhone deliveries for the upcoming 4Q report. This pressured not only shares of Skyworks but other Apple suppliers as well. SWIR, as mentioned in the last update, has been removed from the portfolio. We continue to believe HAIN will perform better in the coming year as the nut-butter recall issues move further behind the company.

<u>MCM Top 3 Winners & Losers for 2015</u>

Starbucks (SBUX) +46.33%	Xenoport (XNPT) -43.56%
Alkermes (ALKS) +35.55%	Sierra Wireless (SWIR) -34.30%
General Electric +23.27%	Hain Celestial (HAIN) -30.71%

As I mentioned at the beginning, 2015 really did not play out the way we expected. The markets fixation with Greece, China, the Fed and Oil drove trading. In the first half of the year, it was only Greece. The second half of the year China, the Fed and Oil dominated headlines. Going into 2016 China, the Fed and Oil will continue to dominate headlines as many of those scenarios are still unfolding. Unfortunately, until these things are settled or at least diminished in the eyes of the market they will still be a focus. Additionally, the market will begin to focus on slower earnings growth as well in 2016. With Oil being down it is has put pressure on the earnings of all energy related companies. This in turn will put pressure on the corporate earnings outlook. The argument, (based on past experience) will become is the S&P 500 overvalued.

As we have written on The Street and Forbes, 2016 will be a stock picker's year and will likely mirror that of the last three months of 2015. The name of the game will be volatility, the questions is how do you minimize volatility and earn a return.

Mott Capital Management, LLC
101 Seventh Street
Garden City, NY 11530

We started this process in August with the sale of XOM and CVX, primarily because of the uncertainty in the price of oil and the pressures these companies were facing. We no longer felt comfortable with the position, with the biggest fear being safety of the dividend. We continued that process in September with the sale of XNPT. The drug ('829) which we had written about for 3 quarters failed to meet expectations and we shed the name. Finally, we sold SWIR because we could not see a path toward future growth.

When we added names back into the portfolio we considered this "new" environment and how we should prepare for it. We did this by taking some of the more volatile or higher beta names out, and replacing them with names that had relatively less beta. We also thought more about shifting the balance of the portfolio from aggressive growth to core growth. We did this by adding Skyworks (SWKS), Celgene (CELG), Raytheon (RTN) and Vodafone (VOD). These names carry less beta to them, while providing a strong long term growth story.

2016 will be an exciting year for some of our companies, while others are expected to continue their growth story we have come enjoy watching materialize. 2016 will be filled with speedbumps, twist and turns and unexpected events. We feel that our portfolio is best positions to handle this "new" environment and stand ready for the challenge.

Thank you for giving us the opportunity to work with you. Looking forward to a wonderful 2016.

Regards,

Michael Kramer, MS

Member

Mott Capital Management, LLC

516-642-5788

<u>Disclosure: Mott Capital Management, LLC ("Mott")</u> *claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Mott has not been independently verified. Mott Capital Management, LLC is an independent registered investment* *adviser. The firm maintains a list of composite descriptions, which is available upon request. The All-Cap Growth Composite is a blend strategy of different market capitalizations, which is approximately divided equally among three sectors. The Core Growth sector includes large multi-national companies, the Growth Sector includes mid- to large-cap companies, and the Aggressive Growth sector includes small- to mid-cap companies. The strategy is concentrated, and typically includes approximately 20 positions, and 5% cash. The strategy only invests in stocks, ADRs, and ETFs denominated in USD. The All-Cap Growth Composite was created June 2015. The S&P 500 is a free-float capitalization-weighted index of 500 large-cap common stocks actively traded in the United States. The index is shown as a general market indicator, and may not reflect the same exposures as the composite. The investment management fee schedule for the composite is 2% on the first $250,000, 1.5% on the next $750,000, and 1.0% on the remainder. Actual investment advisory fees incurred by clients may vary. Further information regarding investment advisory fees is described in Part 2 of the firm's Form ADV. Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Performance shown represents total returns that include income, realized and unrealized gains and losses. Net of fee performance was calculated using actual fees. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. The annual composite dispersion presented is an asset-weighted standard deviation calculated using accounts in the composite the entire year. The 3-Year Standard Deviation represents the annualized standard deviation of actual composite and benchmark returns, using the rolling 36-months ended each year-end. The 3-Year ex-post Standard Deviation of composite and benchmark returns is not presented because the composite strategy has less than three years of history.*