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Cable Car Capital LLC Summer 2018 Letter

Dear Friends,

As Cable Car transitions from managing separate accounts to a fund, the Cable Car Composite is wrapping up on a high note, returning +24.0% net in 2018 through August.

I am pleased to announce Cable Car's new investment vehicle, The Funicular Fund, LP. The Funicular Fund will have a similar mandate, continuing the firm's long/short metaphor by seeking to achieve a measured ascent and descent over the hills and valleys of the market.

Performance

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	CCC	ACWI
2013											+4.2	(0.3)	**+3.8**	+3.9
2014	(3.3)	+3.9	+1.9	+1.6	+3.3	(0.5)	(1.6)	(0.5)	(6.2)	+4.7	(1.6)	+5.8	**+7.2**	+4.2
2015	(3.8)	(0.9)	+17.5	+4.6	+24.9	(6.1)	(2.9)	+4.5	(1.7)	+3.5	+1.9	(4.2)	**+38.4**	(2.4)
2016	(5.5)	+5.1	+0.9	+1.6	+5.1	(1.7)	+1.2	(0.7)	+8.5	(1.3)	+1.6	(0.1)	**+14.8**	+7.9
2017	(0.7)	(1.9)	+4.4	(1.1)	(5.8)	(2.2)	+1.8	+6.5	(0.8)	+3.1	+16.4	(5.3)	**+13.2**	+24.0
2018	(2.0)	+1.4	+2.6	+8.9	+3.7	(1.3)	+2.4	+6.6					**+24.0**	+3.4
Annualized since inception (November 8, 2013)													**+20.8**	+8.2

Positioning

Cable Car has been gradually reducing gross exposure over the course of the year thanks to fortuitous market movements, which will also minimize the tax impact of contributions to the fund for current clients. Exposure for the representative account is currently 60% long and 20% short and is likely to stay below historical norms for the first few months of the new fund.

The five largest long positions are Insignia Systems (ISIG), Pangaea Logistics (PANL), NetDragon Websoft (777 HK), Nexpoint Strategic Opportunities Fund (NHF), and Dell Technologies Class V (DVMT). Significant performance impact by issuer for the representative account in the five months since last report (April 2018 – August 2018) was as follows, expressed in basis points (bps) on beginning-of-period assets:

Contributors		**Detractors**	
Position	*Performance (bps)*	*Position*	*Performance (bps)*
Long ISIG	+713	Long 777 HK	(113)
Long RTRX	+476	Long 1528 HK	(91)
Short SNCR	+282	Short Company J	(53)
Long PANL	+244	Short CANN	(43)
Long DVMT	+243	Short TSLA	(33)
*Long, then Short RENN	+157	Short INSE	(32)
*Long SDI	+155	*Long BHACR	(29)

*Denotes fully closed positions. Please see important disclosures on last page. Attribution includes position-level stock loan costs.

Recent months offered the rare confluence of new opportunities and several things going right at once. Misjudging the trading dynamics around a tender offer in Red Star Macalline (1528 HK) was an unforced error, but otherwise the period was unusually productive. Core long positions reported strong financial results that for the most part supported share price increases. Standard Diversified (SDI) finally reflected the underlying performance of its majority interest in Turning Point Brands. Michael Dell proposed a transaction that many argue undervalues DVMT but nevertheless erased earlier declines. There were even multiple opportunities presented by one of the very few stocks I've both owned and shorted on occasion, Renren (RENN), which has almost always been mispriced in one direction or another since its 2011 IPO. After years of undermanagement and mooted take-private attempts, it traded earlier this year below the cash value of a special dividend, only to be priced well above the value of the remaining assets afterwards.

A trading opportunity presented by the exchange suspension of Synchronoss Technologies (SNCR) was the most personally satisfying investment during the period. Market uncertainty regarding the volume of forced selling by passive holders and the precise timing of the company ceasing to be listed or quoted on the NASDAQ made SNCR a very compelling short sale candidate. Thanks to last year's Wins Finance debacle, I had developed a nuanced understanding of the complex rules governing index removal and exchange delisting. Previously, that knowledge had done nothing to contribute to returns, and had perhaps even detracted by encouraging miscalculations about how exchange staff would treat companies engaged in wrongdoing. It was gratifying to see results directly attributable to learning from experience.

Relatedly, in anticipation of trying to do something constructive about the impact of the annual FTSE Russell reconstitution process discussed in my previous letter and avoid miscues of my own, I took the extreme step this year of closing all positions that were to be affected by the process. In the absence of any conflict of interest, I provided FTSE Russell with a great deal of very specific feedback regarding the impact of rebalancing on particular securities with limited or manipulated public float. Among the suggestions I made was that future reconstitutions exclude reverse mergers during the restricted period for the newly issued securities. I am told that this proposal, among others, will be incorporated into next year's reconstitution or possibly a public consultation beforehand.

The Funicular Fund, LP

The fund and its offshore feeder, The Funicular Fund (BVI), Ltd., will begin accepting subscriptions on October 1 and on a monthly basis thereafter. In order to accommodate a handful of close friends and family who are not accredited investors, interests in the fund will initially be offered on a private basis under rule 506(b). After the private offering concludes, the fund may make a general solicitation, which would be available only to verified accredited investors. Until then, I can only share further details of the offering privately. In addition, there are certain international markets where Cable Car can only accept clients on a reverse solicitation basis. While I anticipate eventually reaching out to all mailing list subscribers with whom I have a prior relationship, if you have interest in learning more about the new fund, please contact me.

Cable Car will remain registered as an investment adviser, but I have not yet determined whether and in what form to continue sharing investor letters publicly. I'm sure this is not the last you'll hear from me, but it may be the last "quarterly" letter for a little while. Thank you as always for reading.

Jacob Ma-Weaver, CFA

Important advertising disclosures

Please be aware that because this letter is shared with non-clients, it may be considered an advertisement under Rule 206(4) of the Advisers Act. It is therefore subject to GIPS guidelines regarding advertising disclosure and SEC guidelines regarding references to past specific recommendations.

The SEC requires that references to past specific recommendations, including attribution calculations, be based on a reference account and that at least ten holdings be disclosed. Cable Car's largest account serves as the reference account. Detailed computation methodology and a list of all holdings' contribution to the account's performance are available upon request. The holdings identified in this letter do not represent all securities purchased or sold for advisory clients, and past performance is no guarantee of future results.

Please note that Cable Car maintains a selective public disclosure policy regarding positions that may be competitively sensitive, difficult to borrow, or otherwise unlikely to benefit from publicity. Clients retain full portfolio transparency, and Cable Car will generally disclose subject securities to non-clients upon request.

Cable Car Capital LLC ("Cable Car" or the "firm") is a limited liability company with principal place of business in San Francisco, CA. The Cable Car Composite reflects the performance of the firm's concentrated, hedged value investing strategy. The composite contains all fully discretionary accounts managed by the firm, and it is the firm's only composite. Cable Car claims compliance with the Global Investment Performance Standards (GIPS). To obtain a compliant performance presentation and composite description, contact Jacob Ma-Weaver at jacob@cablecarcapital.com or (415)857-1965. Verification and performance examination reports are also available upon request.

ACWI is a trademark of MSCI, Inc. "The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets." ACWI total returns are presented including dividends net of withholding taxes. Composite returns are presented net of all expenses and fees, including accrued but unpaid performance fees. Returns are expressed in USD.

Cable Car implements its strategy in part through short sales and makes limited use of derivatives and leverage. Gross exposure is limited to 200% and portfolios maintain a net long bias. Additional disclosures regarding the risks associated with the firm's investment approach are contained in the firm's brochure on Form ADV. The firm's list of composite descriptions and additional information regarding valuation policies, performance calculation, and performance presentation is available upon request.

The performance of individual client accounts can vary significantly from the performance of the composite, particularly due to the inclusion of retirement accounts which cannot accommodate short sales. The timing of cash flows, type of account, base currency, fee arrangement, and the availability of investment opportunities for each account may lead to significant divergence from composite returns. In 2014, net returns of accounts funded for the full year ranged from 6-10%. The range was 22-55% in 2015, 11-29% in 2016, and 5-21% in 2017. For the three-year period from 2015-2017, the annualized monthly standard deviation of the composite was 22.9% versus 10.5% for the ACWI. While the composite is benchmarked against the ACWI in order to compare performance to broad market equity returns, client portfolios are not managed to any particular benchmark, and performance is likely to vary from the performance of any given index.