Teton Capital Partners, L.P.

January 15, 2019

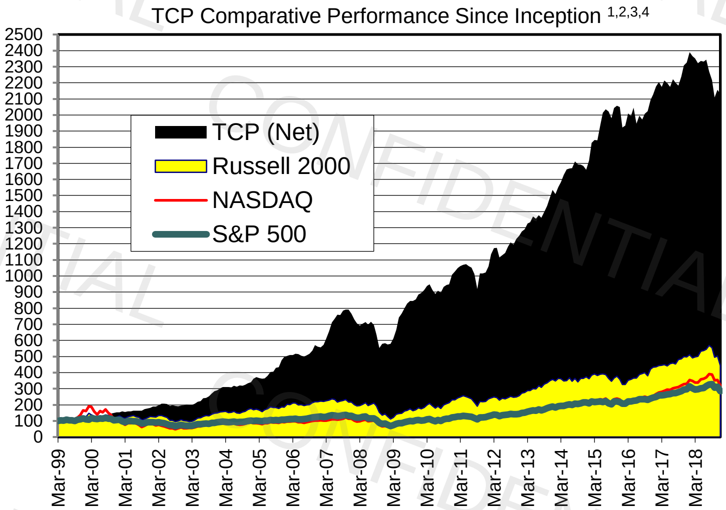
2018 Year End Report

Dear Investor:

For the month ended December 31, 2018 Teton Capital Partners, L.P. (TCP) returned -1.19% gross and -1.19%[1,2,3] net to its investors.

TCP Performance [1,2,3]

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
TCP (Net) [1,2,3]	18.8%	8.8%	47.6%	16.9%	46.3%	12.7%	36.5%	-23.9%	52.0%	13.8%	1.5%	22.2%	22.9%	8.1%	23.5%	3.8%	9.3%	-8.4%
S&P 500 [4]	-11.9%	-22.1%	28.7%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%	2.1%	16.0%	32.4%	13.7%	1.4%	11.9%	21.8%	-4.4%
Russell 2000 [4]	2.6%	-20.4%	47.3%	18.4%	4.6%	18.4%	-1.6%	-33.8%	27.2%	26.9%	-4.2%	16.3%	38.8%	4.9%	-4.4%	21.2%	14.6%	-11.0%



All performance estimates are calculated using a 20% performance fee subject to a "high water mark" calculation. The "high water mark" is calculated based on a single limited partner of the Partnership that remained invested throughout each annual or partial year period shown that has made no additional contributions or withdrawals.

TCP Equity Allocations
(% of Ending Equity)

Fund Equity	$1,029 mill
Gross U.S. Long %	53%
Gross Int'l Long %	34%
Total Gross Long %	87%
Gross Short %	23%
Net Long %	64%

Monthly Gross Return Breakdown

U.S. Longs	-4.32%
Int'l Longs	1.29%
Shorts	2.08%
Other	-0.24%
Gross Return	-1.19%

Other Exposure (% of Ending Equity)[5]

Foreign Currency Long	3.1%
Foreign Currency Short	-5.3%
Notional Corporate and Sovereign Credit	-7.6%

YTD Gross Return Breakdown[6]

U. S. Longs	-0.8%
Int'l Longs	-9.0%
Shorts	0.3%
Other	2.5%
Gross Return	-7.0%

Statistics (since 4/99)	TCP (Net)	R-2000	S&P 500
# of Up Months	165	143	151
# of Down Months	72	94	86
Largest Drawdown	-30.2%	-52.0%	-50.9%
Comp. Ann. Return	16.8%	7.8%	5.4%

Five Largest Equity Positions
(% of Ending Equity)

Position 1	12.52%
Position 2	10.96%
Position 3	8.60%
Position 4	7.44%
Position 5	5.61%

Rolling 12 Month Returns (%)

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sept-18	Oct-18	Nov-18	Dec-18
TCP (Net)[1,2,3]	2.80	-1.04	-0.60	-1.22	0.58	-0.22	0.55	-3.15	-2.37	-4.81	2.22	-1.19
S&P 500[4]	5.72	-3.69	-2.54	0.38	2.41	0.62	3.72	3.26	0.57	-6.84	2.04	-9.03
Russell 2000[4]	2.61	-3.86	1.29	0.86	6.07	0.72	1.74	4.31	-2.41	-10.86	1.58	-11.88

TCP 2018 Year End Review

The Fund's conservative positioning was finally rewarded in December with Fund performance of -1.2% vs. -9.0% for the S&P 500 during the month. For the year, however, Fund performance was disappointing with Hanssem and E-Mart together dragging down Fund performance by -8%. Both names will be discussed below in the Worst Longs section.

We are encouraged by the recent jump in U.S. stock market volatility. Volatility is the friend of the long-term, fundamental investor providing brief moments of irrationality for us to capitalize upon. As we are, and always will be, net long-biased investors, our favorite periods of volatility are months like December where the S&P 500 was down, at one point, 15% peak to trough before bouncing hard off the December 24th low. We expect 2019 to include more episodes of heightened volatility than 2018 and 2017, and we look forward to taking advantage of temporal dislocations in stock prices.

We are concerned that Global and U.S. economic growth will decelerate materially in 2019. While the recent market turbulence has discounted some economic softening, we remain conservatively exposed with the intention of increasing net exposure during material sell-offs.

500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440

2018 Performance Review
Equity performance before performance and management fees breaks down as follows:

	2018*
U.S. Long $:	$ (5.0)
International Long $:	$ (102.2)
Short $:	$ 2.4
Total $	$ (104.8)

*Figures in millions. Excludes performance and management fees, non-investment expenses, currency gains/losses, interest income/expense on currency, and gains/losses from non-equity derivatives such as credit default swaps and currency forwards.

Best Longs – Below is a list of the top three longs by absolute $ profit contributions during 2018.

BEST LONGS

Company Name	Schibsted	Fossil	Interactive Brokers
2018 $'s of Profit	$19.2 mill	$18.1 mill	$6.9 mill
% Gain on 1/1/18 MV + Buys	19%	148%	5%

Schibsted – We have owned Schibsted since October 2016. The company is a collection of online real estate, auto and generalist classified websites located primarily in Europe and Latin America. Our basic initial investment thesis was that we could buy into a group of online classified businesses growing revenue on average at mid-teens % per year with EBITDA growth higher than that at roughly a 50% discount to Net Asset Value (NAV). We foresaw several potential ways for management to close the discount to NAV, while the underlying revenue and EBITDA grew nicely during our waiting period. Sure enough, in September of 2018, Schibsted management disclosed a plan to spin-off the southern European and Latin American classified assets into a separate company. As a result of the spin-off announcement, as well as consistent growth in EBITDA, the shares have appreciated to a point where our estimated trading discount to NAV has shrunk to approximately 25%. We have, in turn, decreased our position size in Schibsted from 8% at 1/1/18 to 3% as of 1/9/19.

Fossil – While we talk a lot about our desire to own great businesses with great managers, Fossil was a good example of what we now call "value trading". Fossil owns several watch brands and it is the licensor of several other watch brands. The company had quite a difficult 2017 as a result of general weakness in the watch market as well as difficulty rolling out several new smart watch models. Our initial investment thesis revolved around the idea that Fossil had a leading position in the Android smartwatch market combined with a rock bottom valuation. The stock traded at 25% of revenue near the 2017 lows. We had modeled a potential scenario where, as growth in smartwatch revenue eventually overtook the decline in analog watch revenue, margins could rebound materially. Our target of 10% EBIT margins in 2020 made the stock look very cheap at 2.5x potential 2020 EBIT. The stock rose from $8/share at year end 2017 to $30/share in June 2018. Along the way up we sold the full position with our last stock sale at $28.17/share. When the reward-to-risk is high enough, we will continue to get involved in these types of value trades with the idea that position sizes will be limited, and our trigger fingers will be active.

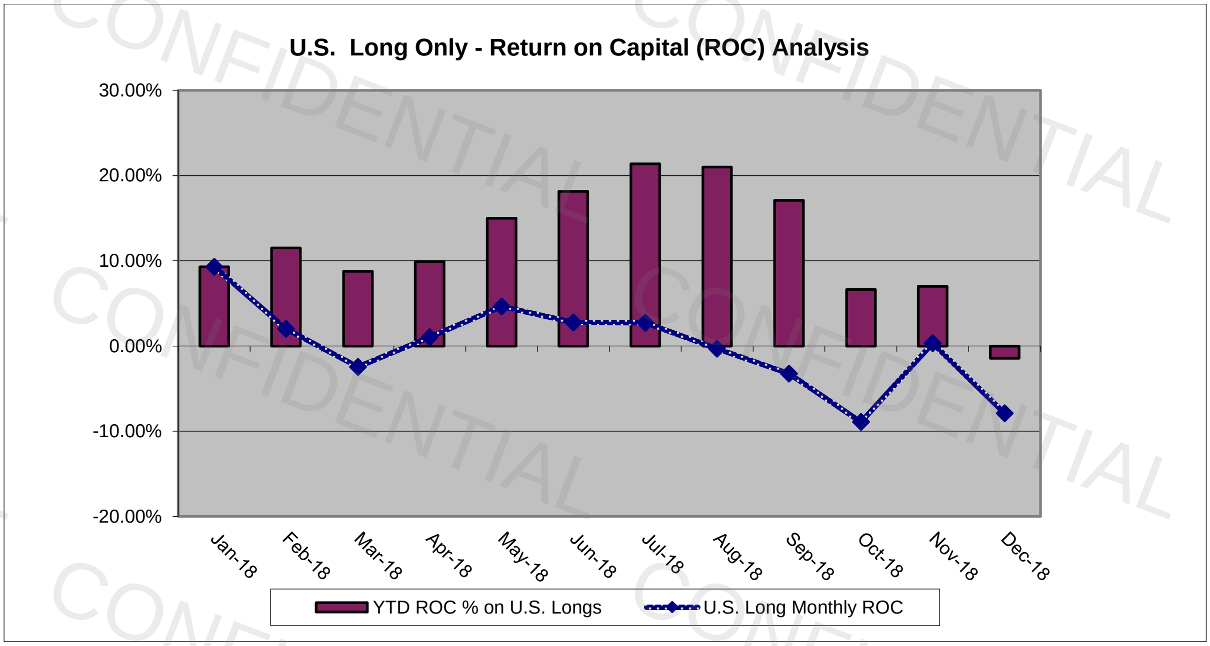
New Positions in 2018: We initiated 6 new positions during 2018 that have not previously been discussed. 4 of the 6 positions could best be described as value trades. Of the other 2 new positions, one is most definitely a long-term compounder. We would like this position to be a larger size (currently 2.5%) but are concerned about immediate cyclical headwinds. As either the stock price declines to offset our cyclical concerns and/or our cyclical concerns prove overly conservative, we would expect to add materially to this position.

The largest of the new positions, at 3.5%, is a manufacturer and installer of wind turbines. We are bullish on the long-term prospects for wind energy primarily because wind is now the cheapest source of electricity, on a new-build basis, across large portions of the globe. Further, the wind turbine industry structure is concentrated with 3 manufacturers controlling roughly 65% of industry new-build output. We paid less than 10x forward free cash flow for the leading turbine manufacturer and installer. The balance sheet is pristine with net cash equal to 20% of our purchase price. We believe there is room for this position to be larger and are eagerly awaiting temporary stock price weakness to add to the position size.

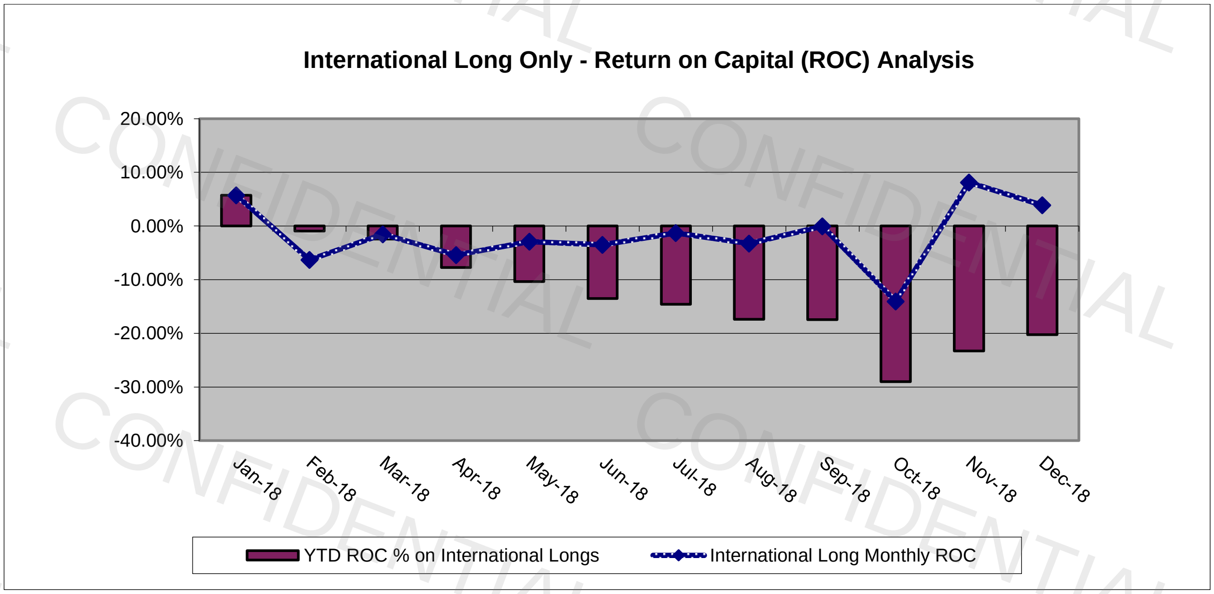
U.S. Long Only Return on Capital Employed – Below is a chart summarizing the monthly return on capital figures for the long side of the U.S. portfolio. The calculation is Monthly Return on Capital = Monthly Long Profits/Average Capital Employed on Long Positions during Month. The Year to Date (YTD) calculation is a compounding of the Monthly Return on Capital figures.

For the year ended December 31, 2018, the portfolio lost $5.0 million on its U.S. long investments on an average long-only invested capital base of $572.0 million, for a 2018 ROC of -1.5%.

500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440



International Long Only Return on Capital Employed – For the year ended December 31, 2018, the portfolio lost $102.2 million on its international long investments on an average long-only invested capital base of $445.0 million, for a 2018 ROC of -20.3%.



The poor performance of the international long portfolio was dominated by losses in Hanssem and E-Mart. We discuss both positions in the Worst Longs section below.

Worst Longs – Below is a list of the bottom three longs by absolute $ profit contributions during 2018.

WORST LONGS

Company Name	Hanssem	E-Mart	Zillow
2018 $'s Lost	-$72.2 mill	-$30.4 mill	-$18.6 mill
% Loss on 1/1/18 MV + Buys	-38%	-18%	-18%

Hanssem - We have discussed Hanssem many times in the past as we have owned the name in differing sizes since October 2009. 2018 demonstrated that a confluence of a large cyclical pothole and an elevated valuation can prove disastrous to a business's market valuation. Lead by property tax increases and mortgage availability restrictions imposed by President Moon's government, South Korea saw owner occupied housing transaction volumes decline an estimated 30+% in 2018 vs. 2017. As demand for Hanssem's home remodeling business is driven, in large part, by housing transaction volumes, Hanssem was negatively affected

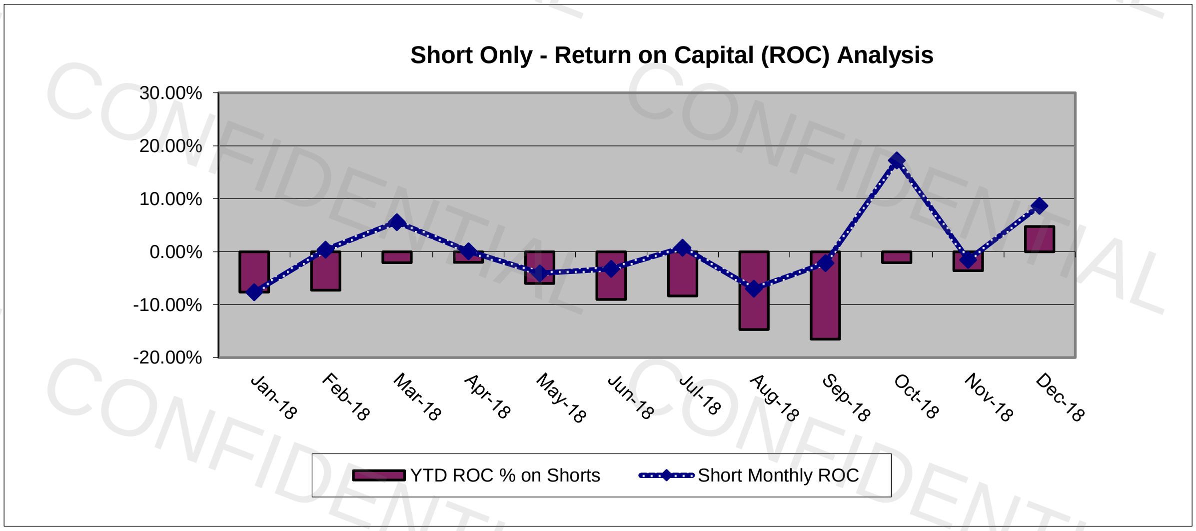
500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440

by the transaction volume weakness. By our estimates, the furniture and home remodeling industries contracted 10% and 40% respectively in 2018 vs. Hanssem revenue decline of 5% in 2018. Hanssem is clearly gaining share rapidly. However, the market contraction has been painful. The revenue and EBIT weakness at Hanssem proved painful for a stock that started the year trading at 22x trailing EBIT. In hindsight, our mistakes with Hanssem were not appreciating the political will of President Moon to suppress the housing market, and then, once we appreciated the effect on transaction volumes, a failure to sell down the position more aggressively.

As of today, Hanssem trades for 55% of TTM revenue. We estimate that Hanssem has 8-10% market share in South Korea for its current product and service offerings. That gives it plenty of room to continue taking market share for the foreseeable future as Hanssem's price/value proposition is materially better than its industry competitors most of which are small business operations. We forecast revenue to bottom in Q1 2019 then grow close to 20% per year + the growth rate in housing transaction volumes. We believe a sustainable EBIT margin of roughly 9% is reasonable. On our estimates, Hanssem is currently trading at 4X 2021 EBIT. We believe the multiple should be closer to 15x given the high incremental ROIC and market share growth opportunities.

E-Mart – E-Mart was the best performing stock in 2017 and ended 2017 as a 14% position. We had started to sell down the position slowly toward the end of 2017 as the reward/risk had deteriorated meaningfully. However, in hindsight, we were much too timid in our stock sales. Not only had the reward/risk deteriorated, but the implementation of a material minimum wage increase created a 2018 cost headwind that we failed to accurately model. Further, intensified off and online grocery competition, along with continued sub-par capital allocation, all converged in 2018 to drive the stock down 40% from its early 2018 highs. We treated E-Mart like a long-term compounder when really it should have been viewed as a value trade with significantly lower position sizing near the stock price highs. Today, at a 30% lower price than year-end 2017, E-Mart is a much more appropriate 3.9% position size. We won't make the same mistake twice.

Short Only Return on Capital Employed – For the year ended December 31, 2018, the portfolio gained $2.4 million on our short investments on an average short only invested capital base of $338.6 million. The monthly compounded ROC figure was 4.8%.



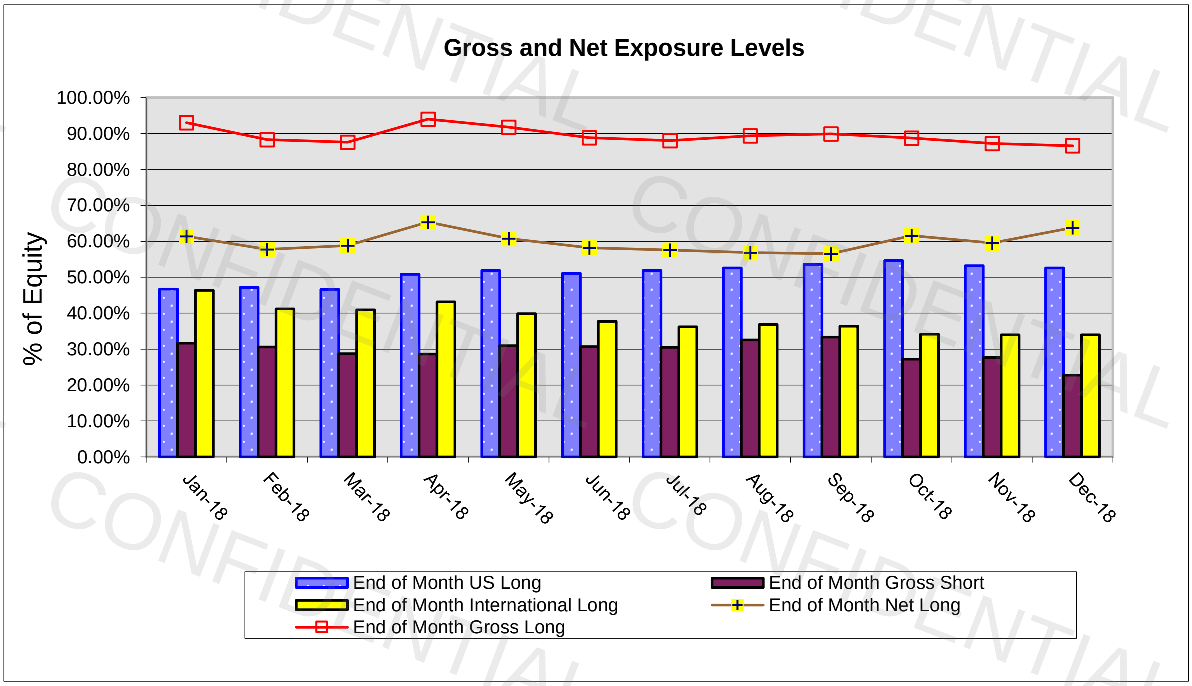
Through the first three quarters of 2018, the performance on the short side was shaping up to be another disappointing year. However, October and December performance from the short portfolio pulled the ROIC into positive territory.

One name on the short side that had plagued us for the first three quarters of 2018 but proved very rewarding in Q4 2018 was TelemedX (not the real name). TelemedX is a tele-medicine company with a highly promotional management team that has obscured slowing organic growth and minimal operating leverage with two acquisitions over the last two years. It was and continues to be our thesis that revenue growth in the core tele-medicine business will slow as competition increases in 2019 and the market saturates. Without material revenue growth the operating leverage in the core business will disappoint in 2019. At the peak in September 2018, TelemedX traded for 16x revenue with negative EBITDA. We believe EBITDA margins for the current set of businesses will peak at roughly 20% (ignoring SBC) many years from now. We also believe organic revenue growth rates will drop to a high-teens % during 2019. At 20x our 2019 EBITDA estimate the stock would trade for $20/share vs. $55/share today.

500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440

Fund Exposure Review

Below is a graph detailing Fund exposure during the year.



Gross and net exposure did not vary much during 2018. Including the 1/1/19 capital inflows, net exposure is back down to the 60% range. We look forward to 2019 potentially being a year where we can increase net exposure above the 70% level and perhaps even higher depending on the opportunities provided by Mr. Market.

2018 Tax Effectiveness Review

Our internal calculations show an estimated effective tax rate of -51.9% for the Fund as a whole for 2018. The unusual and painful tax result for 2018 is the result of Interactive Brokers and E-Mart sales earlier in the year with both names having material long-term unrealized gains. These tax results are painful, especially for the portfolio manager/largest direct tax paying L.P. However, the sales of both names proved to be correct decisions and should have, in hindsight, been even larger. Below is a breakdown of an estimate of the Fund's effective tax rate for 2018. The calculations below are just broad **estimates** and **will surely differ** from your actual K-1's, which are currently being prepared by the accounting firm KPMG out of Dallas.

2018 Estimated Effective Tax Rate

	Unrealized Loss	ST Realized Gain	LT Realized Gain	Ordinary Income*	Total $ Loss
2018 $ Gain/Loss	-$259.9 mill	$8.8 mill	$136.9 mill	$24.9 mill	-$89.3 mill
Tax Rate	0%	40.8%	23.8%	40.8%	
Tax Dollars Due	$0	$3.6 mill	$32.6 mill	$10.1 mill	$46.3 mill
		Effective Tax Rate			**-51.9%**

***Includes net interest income, net dividend income, Section 988 gains, other, management and professional fees**

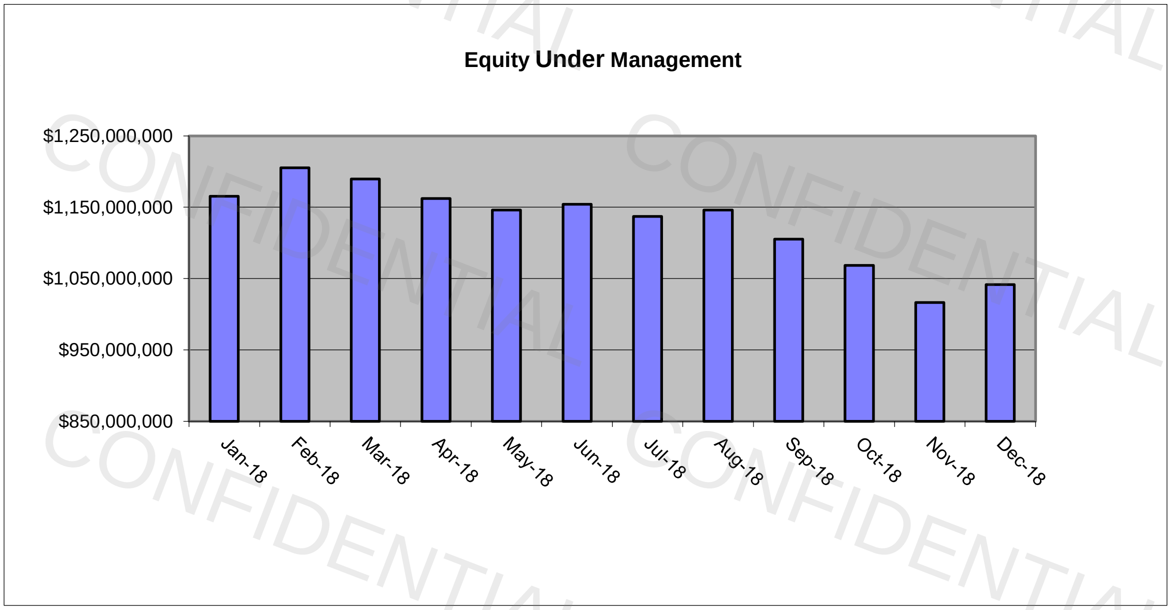
Below is a chart detailing the Fund's effective after-tax returns over the last eighteen years. The compounding of these **estimated** after-tax returns over the past eighteen years is 13.1%/year.

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Pre-Tax Net Return*	18.8%	8.8%	47.6%	16.9%	46.3%	12.7%	36.5%	-23.9%	52.0%	13.8%	1.5%	22.2%	22.9%	8.1%	23.5%	3.8%	9.3%	-8.4%
Estimated Effective Tax Rate	13%	29%	5.1%	13.0%	14.0%	15.2%	19.2%	-1.7%	20.2%	7.8%	48.5%	11.0%	10.6%	26.3%	20.0%	7.0%	-14.0%	-51.9%
After-Tax Net Return	16.4%	6.3%	45.2%	14.7%	39.8%	10.8%	29.5%	-24.3%	41.5%	12.7%	0.8%	19.8%	20.5%	5.9%	18.8%	3.5%	10.7%	-12.7%

***Assumes 20% performance fee and 1.5% management fee**

Equity Under Management

We began the year with $1,188 mill in equity under management and ended the year with $1,029 mill ($1,113 mill of equity under management as of January 1, 2019). We were successful in our fund-raising effort during Q4 and anticipate limiting gross new capital contributions to offset future capital withdrawals.



Personnel

The full-time staff remains the same as it was at year end 2017. We don't anticipate any further net full time employee additions.

The fourth quarter conference call will be held on January 30th, 2019, at 3:30 p.m. CST. If you are interested in participating, please email info@tetoncapital.net or call 512-351-4440. Please feel free to submit questions prior to the call.

As always, if you have any questions or comments feel free to call.

Sincerely,
Investment Team
Ancient Art, L.P.

This letter neither intends nor constitutes an offer to sell any securities to any person nor is it a solicitation of any person of any offer to purchase any securities or interests in Teton Capital Partners, L.P. ("the Partnership"). Such offer or solicitation will only be made by a Private Placement Memorandum of Teton Capital Partners, L.P. No person should rely on any information in this letter, but should rely exclusively on the Private Placement Memorandum in considering whether to invest in the Partnership.

While many of the thoughts expressed above are stated in a factual manner, the discussion reflects only the Investment Manager's beliefs about the securities markets in which the Partnership's assets are invested. The investment objectives and methods summarized above represent the Investment Manager's current intentions. Nevertheless, depending on conditions and trends in securities markets and the economy generally, the Investment Manager may pursue any objectives, employ any techniques or purchase any type of security that it considers appropriate and in the best interests of the Partnership.

PRIVACY NOTICE

The Partnership collects nonpublic personal information about its Subscribers from the following sources: 1) Information the Partnership receives from a Subscriber in the Subscription Documents or other related documents or forms; 2) Information about a Subscriber's transactions with the Partnership, its affiliates, or others; and 3) Information the Partnership may receive from a consumer reporting agency. The Partnership does not disclose any nonpublic personal information about its prospective, existing or former Subscribers to anyone, except as permitted by law and regulation.

The Partnership restricts access to nonpublic personal information about its Subscribers to those employees and agents of the Partnership who need to know that information in order to provide services to its Subscribers. The Partnership may also disclose such information to its affiliates and to service providers and financial institutions that provide services to the Partnership. The Partnership will require such third-party service providers and financial institutions to protect the confidentiality of the Subscribers' nonpublic personal information and to use the information only for purposes for which it is disclosed to them. The Partnership maintains physical, electronic, and procedural safeguards that comply with

500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440

federal standards to safeguard the Subscribers' nonpublic personal information and which the Partnership believes are adequate to prevent unauthorized disclosure of such information.

---

[1] The net return includes a 20% performance allocation and a 1.5% annual management fee (0.375% per quarter). The performance allocation is subject to a "high water mark" limitation. The management fee is accrued at the beginning of each fiscal quarter.

The "high water mark" is calculated based on a single limited partner of the Partnership that remained invested throughout each annual or partial year period shown that has made no additional contributions or withdrawals and has paid the standard performance allocation and management fees.

[2] The results portrayed above are intended to show the investment performance that would have been experienced by a single unrestricted limited partner of the Partnership who remained invested throughout each annual or partial year period shown, after the reinvestment of interest, dividends, and other earnings, and the deduction of costs, the management fee payable to Ancient Art, L.P. (the "Investment Manager"), and the profit allocation that Whitney, L.P. (the "General Partner") would have accrued as of the end of each month. The management fee is payable in advance at the beginning of each fiscal quarter based on the net asset value of each limited partner's capital account on the first day of that fiscal quarter.

Annual results are unaudited but are based on the Partnership's audited financial statements only for the years 2002 through 2017. Year to date results for the current year are based on the Partnership's internal books and are subject to adjustment following the year-end audit of its financial statements for the current year.

Future investments may be made under different economic conditions and in different securities and using different investment strategies than were used during the time discussed herein. Furthermore, the performance discussed herein reflects investment of limited funds for a limited period of time and does not reflect performance in different economic or market cycles. It should not be assumed that future investors will experience returns, if any, comparable to those of the Partnership discussed herein. The information given above is historic and should not be taken as any indication of future performance.

[3] The monthly performance results listed above were compiled by the General Partner and represent the unaudited data supplied by the Partnership's fund administrator. None of the monthly performance results have been compiled, reviewed or audited by an independent accountant.

[4] Performance data of the S&P 500 Index and the Russell 2000 Index is included to facilitate comparisons between the Partnership's returns and overall market performance. The Partnership's portfolio may contain equity (including restricted securities) and fixed income investments, foreign securities, short sales of securities and margin trading and is not as diversified as any of those indices. Due to the differences among the Partnership's investment strategies and the securities that compose the S&P 500 and Russell 2000 indices, the General Partner cautions potential investors that no such index is directly comparable to the Partnership's investment strategy. All index performance results were derived from Bloomberg data and include the reinvestment of dividends.

[5] The net foreign currency long and short exposure amounts disclosed include both stock and direct foreign currency exposure. Beginning in September 2015, the geographical location is determined by the country where the greatest percentage of revenue is generated.

[6] Due to the inherent rounding errors in this calculation, the methodology of this calculation was changed in January 2016 to allocating the YTD CAGR percentage points. It was not anticipated, however, that during periods with close to zero performance, the formula provided irrational results. Beginning in September 2016, the initial calculation of compounding each return will be used and a smoothing formula applied.

500 W. 5th St., Suite 1110 | Austin, TX 78701
Telephone (512) 351-4440