



January 22, 2018

To Our Partners:

RE: Juniper Peak Capital Partners LP 2017 Annual Letter

Investment Results

For the three months ended December 31, 2017, the Partnership's gross performance was a gain of 3.4% (before fees) versus 6.6% and 3.3% for the S&P 500 and Russell 2000, respectively. The Partnership's initial year¹ gross performance was a gain of 26.1% (before fees) versus 14.9% and 11.9% for the S&P 500 and Russell 2000, respectively.

We are pleased with the initial year performance of the fund, especially considering our expectations that, relative to the market indexes, we are likely to have higher returns in a bear market than in a bull market, which is typically due to lower availability of undervalued securities during advancing markets, as well as our emphasis on capital preservation when we believe asset levels to be extended. We hope that our partners are equally satisfied with the results. Keep in mind, however, that our focus continues to be on the long-term record, measured in terms of years and decades rather than months and quarters. In other words, our goal is to have long-term, above average returns on capital with minimum risk of permanent loss. So, while our first-year results are certainly positive we remain focused on strategies that will bring about the achievement of our long-term objectives.

The annual, quarterly, and cumulative partnership returns are reproduced and tracked each quarter, and subsequently, each year, in Appendix A. Please note the presentation of Limited Partner Results represents returns *assuming the management fee and incentive allocation were charged as laid out in the Limited Partnership Agreement*, which we believe is a better metric to be used by our limited partners for comparison with their individual statements as well as a better metric for prospective investors when reviewing our results. We invite you to review your individual quarterly statement, which you should have received on Friday, January 19, 2018, for results specific to your individual account.

¹ With the first quarter of the Partnership's existence correlating with the second quarter of calendar year 2017, the Partnership's initial year results include only the nine months ending December 31, 2017.

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Investment Philosophy and Strategy

Those that have read our previous letters have likely recognized a theme that our investment philosophy and strategy is focused on *long-term* returns on capital. While we will continue to emphasize this in future letters, we wish to elaborate more on this subject by sharing with you our thoughts for how Limited Partners can better maximize their share of the Fund's returns over time.

In 1977 Peter Lynch took charge of Fidelity's *Magellan* mutual fund, and over the next thirteen years turned it into the world's largest, delivering an average annual return of 29.2 percent (before fees). While each share of the fund gained twentyfold under his management, Mr. Lynch noted there were eight declines of between ten percent and thirty percent. He observed that a great many investors in the fund actually *lost* money, because they held their shares for an average of only four to five years, often buying at peaks and selling in dips.

Consider also that from December 1, 1999 through November 30, 2009 Ken Heebner's CGM Focus Fund, which was the best performing, diversified, U.S. stock mutual fund during that decade (a period that included the 2000-2002 dot com crash and the 2007-2009 great recession), delivered annualized returns of 18 percent. Despite this the typical investor in the fund actually lost 11 percent per year because they sold during periods of poor performance and bought after periods of strong performance.²

Human nature is largely incompatible with successful investing in the stock market due to the inherent tendency to exit the market during lows and enter the market during highs. Many fund managers, and their investors, are focused so much on this quarter or next quarter, that they do not have the luxury of waiting for next year or the year after that.

At Juniper Peak Capital Partners, we do not seek the best performance record in the industry each and every year. We do, however, seek one of the best performance records over a long period of time. We believe the former is the key to the latter goal. We hope you will understand and support the view that the willingness to underperform in the short-term, on occasion, is often necessary to the more meaningful objective of outperforming in the long-term.

History has shown that outperforming the market over an extended period of time is extremely difficult, and we believe the best way to achieve this goal is: 1) to take unconventional positions, 2) to be correct more-often-than-not when we do so, and 3) to make concentrated bets in these positions. Howard Marks of Oaktree Capital Management L.P. put it best when he said:

“...If your behavior and that of your managers is conventional, you're likely to get conventional results – either good or bad. Only if the behavior is unconventional is your performance likely to be unconventional . . . and only if the judgements are superior is your performance likely to be above average.”

² *The Wall Street Journal*, “Best Stock Fund of the Decade: CGM Focus”, by Eleanor Laise, December 31, 2009.

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Taking an “unconventional position”, or going against the herd, must not be entered into lightly, and we strive to only take such positions when we have an *edge*, or *advantage*, over the person on the other side of the trade. We will discuss this concept in more detail in future letters.

Investment Outlook

When it comes to near-term market predictions we subscribe to the theory that *no* market view is the *best* market view. In other words, we do not pretend to be able to predict near-term stock market movements with any degree of accuracy or consistency. As we enter 2018 asset prices and equities (i.e. stocks) are near record highs, as measured by any number of metrics;³ we do not mean to argue that this market elevation is not currently warranted or supportable. There are any number of factors and confluences of events which would suggest that this time *is* different, in which case the market may well appreciate substantially in the near-to-mid-term. We don’t know. The best we can say is that investors should moderate their expectations for what the S&P 500 can deliver on an annualized basis over the next 10-20 years *from these levels*, though the near-term may well be remarkably bullish.

We don’t view the present as a time to be overly greedy, even though broader market returns tend to be best in the euphoria stage of the short-term debt cycle. We reserve such actions (i.e. greed) for periods when market forecasts are most bleak, and when asset valuations are most depressed. Our current positioning is modestly defensive. For example, at present we wish to fully participate in the market melt-up, but we are avoiding investing in highly leveraged companies which will be most susceptible to a market correction when it does occur and are adhering strictly to our requirements for value and margins of safety. We are also investing in several short-term, special situations with identifiable catalysts, which may result in short-term, realized gains, to avoid sitting on overly large cash balances while searching for the long-term bargains. We also note that international developed markets (DM) and emerging markets (EM) offer more relative value at the present time.

All said, we believe it is a wonderful time in which to have launched an alternative asset management fund. Our small size and broad mandate allow us to look for bargains in situations not readily available to many large funds. By placing emphasis on long-term outperformance rather than on short-term returns, we are best able to ensure the former.

Administrative Notes

We mentioned previously and it is worth mentioning again for new partners, Juniper Peak Capital LLC (the “General Partner”) has engaged Yulish & Associates (“Yulish”) as the Partnership’s fund administrator. Each Limited Partner will receive an annual and quarterly statements of their partnership interests under separate cover. We encourage our partners to watch for their individualized statements and let us know of any questions that may arise.

We strive to send the annual letters out and have your annual statements sent to you as soon as possible following the end of each calendar year. Following the end of the calendar year the Partnership had its annual audit by the accounting firm Spicer Jeffries, LLP. The audit has now been completed and

³ By many measures, equities are trading at valuations only eclipsed in the stock market bubbles of 1929 and 1999.

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pursuant to the Private Placement Memorandum, you are being furnished a copy of the audited financial statements concurrent with this annual letter. Additionally, federal tax information will be provided to the Limited Partners once the IRS has finalized the tax forms for 2017. The federal tax information will be prepared by Spicer Jeffries, LLP as well. Please note that we will work diligently with our service providers to ensure timely completion and delivery of said documents. Please do not hesitate to contact us with any questions or concerns.

Assets Under Management

Again, we restate some of what we wrote previously for the benefit of new Limited Partners. One of the benefits of running a small and relatively concentrated fund is that from time to time we may have access to more bargains than we have capital to deploy into them. This was certainly the case last quarter. This is due to our ability to implement positions that represent larger proportions of our overall portfolio than what is available to larger funds which must take far longer to initiate positions which would be material enough to “move the needle” given their larger assets under management.

We remind our Limited Partners that the Partnership accepts additional capital contributions on a monthly basis. Initial and additional contributions must be received by the third day of each month for inclusion in one’s account for said month.

We also appreciate referrals of *accredited investors* and *qualified clients* which our existing partners believe to be suitable for the Fund’s partnership base and long-term strategy. Importantly, we are interested in accepting “patient money” from investors who can both understand and buy into the Partnership’s long-term, special situation, value-investing strategy.

Conclusion

We wish to welcome the new Limited Partners who have chosen to participate with us and express our sincere appreciation to both new and existing Limited Partners. We recognize the significance and importance of our responsibility to manage a portion of your overall investment portfolios. We strive to remain worthy of your trust and we will continue to work diligently so that all may be successful.

If anything in this letter is unclear, or if you have any questions or concerns not specifically addressed in either this letter or in your annual partnership statement or the annual report and financial statements, please do not hesitate to contact either Robert Stewart (435-720-7943 and rstewart@juniperpeak.com) or Mike Seeley (801-674-8696 and mseeley@juniperpeak.com) at your convenience.

Best Regards,



Juniper Peak Capital LLC
General Partner



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APPENDIX A

Juniper Peak Capital LLC has chosen to use as relative benchmarks the S&P 500 and Russell 2000 Indices; not because either index reflects the investment strategy nor approximates the types of securities held in Juniper Peak Capital Partners LP, but because these two indices have demonstrated the ability to outperform the majority of asset managers, net of fees, and as such, they serve as stable, long-term alternatives for the capital which our partners have chosen to deploy in the Fund. Actual fund returns are reproduced below both on a periodic and on a cumulative basis. We would caution our partners against giving too much weight to the Fund's returns until a period of three years (minimum) to five years (preferable) has passed.

PERIODIC RETURNS (YEAR-TO-DATE)

INVESTMENT RETURNS FOR JUNIPER PEAK CAPITAL PARTNERS LP FROM 04/1/2017 THROUGH 12/31/2017

Period	S&P 500	Russell 2000	Partnership Results (1)	Limited Partner Results (2)
2017 (9mo)	14.9%	11.9%	26.1%	18.4%

- (1) Consists of gross fund level results for the period noted before allocations to the General Partner.
- (2) Computed on basis of preceding column of partnership results after expenses and allowing for any allocations to the General Partner based upon terms of the Limited Partnership Agreement.

PERIODIC RETURNS (QUARTERLY)

INVESTMENT RETURNS FOR JUNIPER PEAK CAPITAL PARTNERS LP FROM 04/01/2017 THROUGH 12/31/2017

Period	S&P 500	Russell 2000	Partnership Results (1)	Limited Partner Results (2)
Q2 2017	3.1%	2.5%	9.2%	6.7%
Q3 2017	4.5%	5.7%	11.7%	8.7%
Q4 2017	6.6%	3.3%	3.4%	2.1%

- (1) Consists of gross fund level results for the periods noted before allocations to the General Partner.
- (2) Computed on basis of preceding column of partnership results after expenses and allowing for any allocations to the General Partner based upon terms of the Limited Partnership Agreement.

DISCLAIMER: Periodic and Cumulative Returns is an historical measure of past performance and is not intended to indicate future performance. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more, or less, than their original cost.

