TRANSITIONAL FUNDING PARTNERS LP

601 Carlson Parkway
Suite 1125
Minnetonka, MN 55305
(952-847-2450)

November 13, 2014

Dear Investor:

Transitional Funding Partners L.P. (the "Fund"), managed by its general partner TF Managers LLC, recorded a gain, including accrued interest, of 1.27% for the third quarter of 2014. The Net Asset Value of the Fund was approximately $9.8 million as of October 1, 2014. The Fund held $2.3MM of cash at quarter end. This was the result of a payoff of phase 1 of a larger note that will redraw next year. The failure to close on Sep 1 of a larger loan we had identified was disappointing. However, we have a number of opportunities currently in progress and expect to get all existing capital plus available draws to work by year-end.

Enclosed please find your Limited Partner Statement for third quarter 2014 issued by Alternative Strategy Advisers LLC ("ASA") in its capacity as administrator of the Fund. Limited Partners who have so requested should have received an electronic version of the enclosed statement via email. Any investor who did not receive his/her statement electronically should contact ASA immediately to correct this problem.

<u>The Lending Environment</u>

Nothing we said at the end of last quarter has really changed and it does not particularly surprise us that the investing world now seems to be recognizing their may be a growth deficit on the horizon. This would be moving to a belief in our more likely scenario: "…one huge Japan with too much debt, lots of zombie organizations, an inability to innovate rapidly, an aging, entitled population, and global central banks constantly trying to combat deflation, including, over the longer term, asset deflation." This would likely look something akin to the recently defrocked Bill Gross's 'New Normal'...or perhaps somewhat uglier. For risk asset prices to remain at current levels, though, there must still be a substantial number of investors who expect the much rosier scenario: "Ever so slowly normalizing rates with modest inflation pickup and some exogenous source of growth in GDP." This is contrary to what the global rates markets are telling us, though one might dismiss their predictive power because they have been largely manipulated by global central banks for the past six years.

Still, the low rate environment is undoubtedly allowing the perception of a potential future pickup in growth to remain. This, in turns feeds into even more risk appetite and the consequent elevated levels of risk assets – equities, corporate credit, questionable sovereign debt, real estate, and increasingly, even specialty finance/lending markets. This can be seen in both higher collateral valuations and lower rates, neither of which are particularly to our liking! Consequently, we are being pretty selective in the assets we do put on the books and continue to look for out of the way gems or collateral that is perhaps not as market sensitive.

Portfolio Composition

No new loans were added to the portfolio in Q3. The Park City development borrower paid off in early September as expected and will return as a substantial borrower early in 2015. Consequently, the portfolio looks similar to last quarter, thought there are some dynamics happening within existing transactions that should provide excess returns for the Fund in coming months:

I) First lien on land and second lien on an estate home in Jackson Wyoming. The loan was purchased in a loan auction in December 2012.
   Loan Balance: $1,878,759
   Annual mortgage rate: 5.75%
   Maturity: 11/16/2014
   Guarantees: personal guarantee of Borrower
   Payment: Monthly
   Purchase price: $1,511,000 (17% yield)
   Status: Performing
   Default rate: 18%

II) First lien on a commercial building in Washington DC – U Street Corridor. The loan was originated by TFP in February 2013.
   Loan Balance: $775,000
   Annual mortgage rate: 14%
   Maturity: 02/15/2014 extended to 8/15/14 for 1 point
   Guarantees: personal guarantee of Borrower
   Payment: Monthly
   Funds in escrow: $43,403
   Status: Performing
   Default rate: 16%

III) First lien on a luxury home in Amagansett, NY (Long Island). The loan was originated by TFP in December 2013 as a line of credit.
   Loan Balance: $1,480,000
   Annual mortgage rate: 1 point + 14% running
   Maturity: 12/15/2014
   Guarantees: personal guarantee of Borrower
   Payment: Quarterly
   Status: Performing
   Default rate: 18%

IV) US Government contract factoring – Discount factoring of US government contracts. We are confident in our processes and expect this area to grow as a percentage of assets. Returns are high and it also serves as a good short term place to put capital until longer term opportunities present themselves.

Real Estate Owned (foreclosure completed March 4, 2014):

V) 90 room, 65,000 sq. ft. hotel in Wichita Falls, TX rebranded to Choice/Mainstay in June. We also maintain the right to pursue a judgment against the former borrowers for between $860,000 and $1.8MM. The loan was purchased for $2.6MM in a loan auction in December 2013.

Individual Credit Review

I) This loan will come due in Q4 and will likely maturity default as a sale before maturity is highly unlikely. We anticipate either penalty interest for the Fund or a credit guarantee fee as part of a refinancing. In either event, we expect it to continue to be a good loan for TFP and remain very comfortable with the underlying collateral.

II) As expected, this loan is now in maturity default and is accruing at 16%. While we would be very happy to own the collateral at our loan value, we anticipate final payoff around year end.

III) Nothing has changed here. The loan is performing as anticipated and the collateral is very sound. The good news is that the Borrower is leaving the loan out longer than we expected at 14% running.

IV) At time of writing, we are negotiating a deal that would get much of the Fund's capital at work for the next ninety days at quite attractive rates with US Government contracts as the collateral.

V) We are in the early stages of a sale of this asset. Focus continues to be on top line growth, which will be critical to achieving either a satisfactory sale or a cash out refinancing. We expect to complete one or the other by summer 2015. If a sale occurs, it will be executed to achieve long term capital gains tax treatment.

Supply Pipeline and Outlook

It was disappointing that borrowers we had identified backed out at the last minute on a $3.5MM commercial loan we planned to close Sep 1. This would have deployed current capital and allowed us to draw additional capital at that time. Nonetheless, we have one or two opportunities in front of us right now and are cautiously optimistic a rocky fourth quarter and year-end financing needs will provide ample opportunity to get all capital to work productively. Shortly after the New Year begins, the Park City development loan will help us redeploy most of the capital from any maturing loans in a timely fashion. It will then be incumbent upon us to convince investors we can deploy another $25-30MM over the first half of the year on a find-a deal-and-draw basis.

Thank you for your support of Transitional Funding Partners L.P. and Alternative Strategy Advisers LLC. 2014 has been a solid year thus far, though we have been somewhat conservative in hopes of seeing more distress and consequently higher quality loans in the near future. We have not been completely 'right' with our view but are feeling a bit more vindicated after the volatility we have seen recently. We continue to expect 2015-17 to be a great period for the Fund and hope to cultivate enough capital now to capture those opportunities fully. Your continued support and trust is very much appreciated.

Sincerely,
/s/ Rob Albright
Managing Member
TF Managers LLC

Privacy Policy Notice

Under rules of the Securities and Exchange Commission or other regulatory bodies, financial institutions like Alternative Strategy Advisers LLC (ASA) and its affiliated entities* are required to provide privacy policy notices to their clients. We believe that protecting the privacy of your nonpublic personal information is of the utmost importance, and we are committed to maintaining the privacy of your nonpublic personal information in our possession. As required by the rules, we are providing you with the following information.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on managed account agreements or fund subscription documents and related forms (for example, name, address, Social Security number, birth date, assets, income, and investment experience); and

- Information about your transactions with us (for example, account activity and balances).

We do not disclose any nonpublic personal information about our customers or former customers to anyone other than in connection with the administration, processing and servicing of customer accounts or to our accountants, attorneys and auditors or as otherwise permitted or required by law.

We restrict access to nonpublic personal information about you to our personnel who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural controls in keeping with federal standards to safeguard your nonpublic personal information.

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*Affiliated entities include ASA Tax Advantaged Relative Value Fund L.P., ASA Tax Advantaged Advisors LLC, ASA Taxable Relative Value Onshore Fund L.P., ASA Taxable Relative Value Offshore Fund Ltd., ASA Taxable Relative Value Fund Ltd., ASA Taxable Advisors LLC, ASA California Tax Advantaged Fund L.P., ASA California Managers I LLC, ASA Opportunity Fund L.P., ASA OF Advisors LLC, ASA New York Tax Advantaged Fund L.P., ASA New York Managers LLC, ASA Municipal Convergence Fund L.P., ASA Convergence Partners LLC, Enhanced Municipal Managers LLC, ASA Managed Account Managers LLC, Transitional Funding Partners LP and TF Managers LLC.