

TRANSITIONAL FUNDING PARTNERS LP

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

May 6, 2015

Dear Investor:

Transitional Funding Partners L.P. (the “Fund”), managed by its general partner TF Managers LLC, recorded a net of fees gain, including accrued interest, of 4.89% for the first quarter of 2015. The Net Asset Value of the Fund was approximately \$13.5 million as of April 1, 2015. The Fund held \$1.3 million of cash at quarter end. However, essentially all of that cash was leant and simply represents either escrows we are holding or drawable lines on which we are earning interest, i.e. all capital was at work at month end.

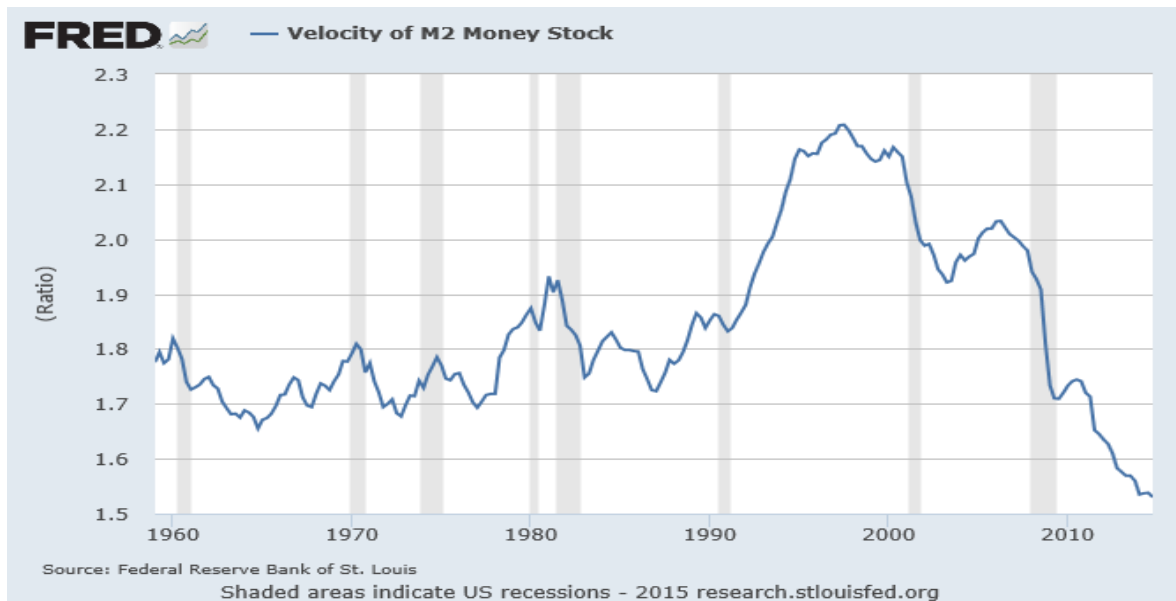
Enclosed please find your Limited Partner Statement for first quarter 2015 issued by Alternative Strategy Advisers LLC (“ASA”) in its capacity as administrator of the Fund. Limited Partners who have so requested should have received an electronic version of the enclosed statement via email. You should have also received your 2014 K-1 from the Fund if you were a 2014 investor. Any investor who did not receive either i) his/her statement electronically or ii) his/her K-1 should contact ASA immediately to correct this problem.

The Lending Environment

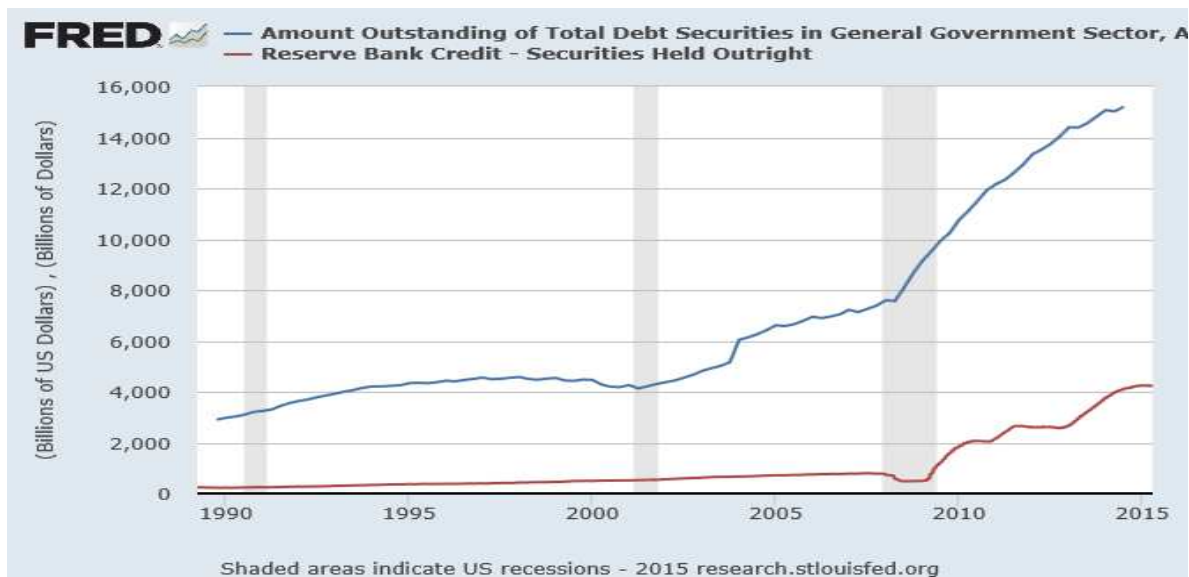
‘Let the good times roll’ pretty much sums up the current economic environment, at least so it seems. By almost every measure, with the possible exception of Net Interest Margin, the banking sector is back to full health after a cardiac arrest less than seven years ago. But while total bank assets are growing, it is not at all clear banks are actually lending for productive purposes.



In fact, we know that most of the additional assets banks have are reserves held with the Fed, which are very different than deposits they can lend. It should come as no particular surprise, then, that velocity of money (a measure of the turnover of the money supply) is falling off the floor.



In fact, the only entity that is really borrowing and spending is the Federal Government and the debt it needs to do so has been largely funded by the Fed through the addition of balance sheet assets obtained via its various quantitative easing programs.



Source: Federal Reserve Bank of St Louis

What this all really means is that the economy is actually not particularly healthy. Rather, we have survived the last seven years through a gigantic global financial engineering exercise that has created sizeable asset inflation, which has brought forward returns and 'wealth effect' consumption, and put off debt restructuring while the underlying problems continue to mount

(absent a true economic activity game changer that is the equivalent of the industrial revolution). Ultimately, this probably gets us to a binary outcome where i) either a lot of debt – on and off balance sheet – has to be restructured or ii) policy makers resort to massive money printing and currency devaluations vs. real assets. In the former deflationary scenario, cash and hi-quality bonds will be winners. In the latter, they will be the biggest losers with real assets serving as the best preserver of wealth.

It has been our thesis all along that because of this course of the global economy, owning loans backed by hard assets at relatively low loan to value (LTV) ratios protects against the asset deflation scenario in that the Fund has ample assets to liquidate in order to get back principal and interest. Conversely, in an inflation scenario, the underlying assets will be increasing in value and the loans will repay every year so we get to reset rates and thereby keep up with inflation.

While we continue to believe this thesis is valid, three complicating factors have emerged in the past year or two that make execution increasingly challenging. First, the aforementioned asset inflation makes it more difficult to get deals done, because borrowers believe their collateral is ‘worth’ much more than it was two or three years ago and they have some chance of convincing some other lender out there that’s true. While it goes part and parcel with the first, the second issue is that the world is now awash in liquidity and much of it is sloshing into private debt funds – which are replacing banks as real lenders - that are pressuring lending rates lower. The final challenge is that we believe, and the Fed is now demonstrating, that it will be *very* difficult to raise rates any time soon if ever, which means the distortions could get even more pronounced and the day of reckoning yet further postponed. A recent quote from Jeffrey Gundlach struck me as a succinct and humorous assessment of the Fed and our current economic state: “[Rating the Fed – and the economy – very highly at this point is] sort of like a man who jumps out of a 20-story building, and after falling 18 stories, says, ‘So far so good.’” In short, competition for returns is increasing, which is always what happens at the top of a risk/leverage cycle, though it is hard to predict how long this state will continue. As a result, we believe the best course is to continue to be very rigorous underwriters, which will almost certainly necessitate a measured growth rate for the Fund. Our commitment to preserve and prudently grow our investors’ capital dictates such a disciplined approach.

Portfolio Composition

Two new loans were added in Q1 2015. Specifically, TFP funded the acquisition of a luxury home in Ponte Vedra, FL, which the LLC buyers expect to resell in the next year. We also funded the acquisition and development of a pre-sold townhome project near Salt Lake City with a developer we have worked with in the past. On the payoff side of the ledger, the Fund was paid in full on the NW DC loan, albeit after having to take it to the final ten days before a foreclosure sale. Also of note, we settled the termination of a loan commitment made last year to a developer in Park City, UT for a six figure cash payment. While this was not exactly the way we had anticipated this loan developing, it was certainly one scenario contemplated and it turned out to be a reasonably good one for the Fund. The following is a more detailed review of loans currently on the Fund’s balance sheet.

- I) 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: Extended to 9/30/15 for 1 point
Guarantees: personal guarantee of Borrower
Payment: Quarterly
Status: Performing
Default rate: 18%
- II) First lien on a 157 acre ranch with home in Peoa, UT. The loan was originated by TFP in December 2014.
Loan Balance: Up to \$1,000,000 (\$840,000 now disbursed)
Annual mortgage rate: 14%
Maturity: 6/22/2016
Guarantees: personal guarantee of Borrower and his wife
Payment: Monthly
Funds in escrow: \$8,240
Status: Performing
Default rate: 24%
- III) First lien on a 2.39 acre commercial property containing a 28,277 sq. ft. school plus a residence in Fairfax County, VA. The loan was originated by TFP in December 2014.
Loan Balance: \$1,400,000
Annual mortgage rate: 14%
Maturity: 12/15/15
Payment: all interest for 18 months plus one point prepaid/escrowed
Prepayment penalty: 7 months of interest minimum
Funds in escrow: \$0 (Borrower is a tax free entity)
Status: Performing
Default rate: 19%
- IV) First lien on a .65 acre residential property containing a 8,095 sq. ft. home in Ponte Vedra, FL. The loan was originated by TFP in February 2015.
Loan Balance: \$1,700,000
Annual mortgage rate: 15%
Maturity: 2/2/16
Payment: Monthly
Prepayment penalty: 7 months of interest minimum
Funds in escrow: \$27,000
Status: Performing
Default rate: 20%
- V) First lien on a 12 acre commercial property zoned for multi-family development in Herriman, UT. The loan was originated by TFP in February 2015.
Loan Balance: \$3,100,000 (initially \$2,256,000 at closing. Fully disbursed at time of writing)
Mortgage rate: 20% flat (\$620,000)
Maturity: 8/4/2015 with 3% monthly interest on any remaining balances until 2/4/2016
Payment: Upon closing of townhome sales
Prepayment penalty: NA
Funds in escrow: \$14,115
Status: Performing – All permitting/bonding completed with closings to begin late April
Default rate: 36%

- VI) US Government contract factoring – Discount factoring of US government contracts. Returns are 20% plus. We simply need to continue to grow the borrower/client base here.

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

- VI) 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) Nothing has changed here. The loan is performing as anticipated and the collateral is very sound. We extended the note for six months to Sep 30, 2015 for payment of a one point extension fee. This, along with quarterly interest, was paid timely on March 31, 2015. Borrower has the property listed and anticipates a sale prior to the September maturity date.
- II) This loan took the form of a payoff of existing liens, a small cash takeout, and the rest earmarked for property improvements to prepare it for a sale. The Fund also holds the water shares for the property as collateral. (This is quite important for property in Utah and other mountain states.) The property is located 15 minutes from Main Street Park City and is worth \$3-4MM though fairly illiquid. The borrower has drawn approximately \$40,000 of additional funds to improve the property and pay for plans and approvals.
- III) The underlying building collateral is now under contract with a buyer for \$3.1MM, excluding the residence, and set for a June 20, 2015 closing. Assuming all goes as planned, which it rarely does, we will receive seven months of interest (\$114,333) plus principal at closing.
- IV) The borrower is an LLC. One of the members in the LLC had a pre-arranged right to buy the property at an attractive price as part of a rent-to-own lease. TFP funded the LLC's acquisition of the property for the commercial purpose of reselling the property. It is currently on the market. While we would be very happy to own the property at our loan value, we think that is unlikely.
- V) We have financed this developer in the past and know him well. He is hard-working and honest and has a quite solid opportunity with this project. He will also likely be a repeat borrower going forward. While we have a senior lien on all property and plans, permits, etc., this is a development deal and thus financed at a significantly higher (equity-like) rate of return. Further, the loan needed to be structured creatively to accommodate the developers needs related to development and sale. We were also diligent in making sure i) there was ample skin in the game behind the Fund's loan and ii) we reserved the required bonding amount so there was nothing in the way of completion once our final funds went into the deal. As mentioned, we have now cleared all hurdles and should begin being repaid by month end.
- VI) Factoring has been steady though volume continues to disappoint. We did do a slight variation of the typical factoring deal this quarter where we were paid a higher rate for a 'mobilization funding' where repayment is assured by other factored government contracts. This funding was small, slightly higher risk, but lucrative. We will continue working to grow and diversify the client base in this business in conjunction with our partner.

- VII) Our previous sale of this property fell apart a few days before the 'hard' date but it is now under contract again at a similar price. There are still moving parts related to our franchise and the new buyer. However, we are moving steadily toward an early July sale. In the meantime, the April-August period is a very good period for hotel operations, so cash flow from operations remains solid. Happily, this operating income will be erased for tax purposes by depreciation, which will convert it to LT cap gain and eliminate any UBIT issues for foundations and retirement plans.

Supply Pipeline and Outlook

It remains our intent to grow the Fund in a measured way by adding to capital as attractive opportunities arise. We continue to believe this is the most prudent approach and is most likely to produce the best returns for our investors in the long run. We have also created a blocker entity to effectively warehouse appropriate loans for the Fund which can be acquired by the Fund as capital contributions are received. We have proposals out on two loans currently totaling about \$6MM and have rejected a handful of others that did not meet our risk-reward parameters. We took in \$3MM of additional capital in Q1 and hope to remain on a \$3-5MM/quarter capital raising pace for the rest of the year.

Thank you for your support of Transitional Funding Partners L.P. and Alternative Strategy Advisers LLC. Q1 2015 was a very good quarter for the Fund and we expect Q2 to be solid as well. The Fund is fully invested in what should be quite high return assets. Thereafter, we will have to restock the selves in order to replace at least some of the loans which are likely to repay in Q3. Discipline is important, though, as a colleague recently observed, "There are always people who need money." We have found this to be amply the case thus far. Our job, of course, is to narrow that down to the ones who can pay it back with an acceptable return!

We continue to expect 2015-17 to be a great period for the Fund. There will be ongoing needs for alternative sources of capital from projects and businesses that are i) credit worthy but not in a position to access the capital markets or ii) not 'blue chip' borrowers to which banks are willing to lend. As mentioned earlier, the challenge will be to find the good risks that are not gobbled up at much less attractive rates by the wave of capital going into private lending activities. Our ability to continue to attract a steady stream of capital will also dictate the extent to which we can capture the opportunities before us. 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.

*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.