TRANSITIONAL FUNDING PARTNERS LP

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January 18, 2018

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 1.32% for the fourth quarter of 2017. The Net Asset Value of the Fund was approximately $21.9 million as of January 1, 2018.

Enclosed please find your Limited Partner Statement for the fourth quarter of 2017 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 either his/her statement electronically should contact ASA immediately to correct this problem.

The Lending Environment

More of the same, a.k.a. the band plays on. All the scary asset data mentioned last quarter has only gotten scarier, but the markets really don't seem to care. It is hard to tell whether there is unwavering faith in the thesis that growth is finally accelerating and will continue to do so, or that central banks will provide a 'Greenspan put' and therefore there is no risk in risk assets. Regardless, asset prices seem to be going one way and at an accelerating rate. It is also noteworthy that, in addition to asset inflation, commodity prices have also started to gain upward momentum, particularly oil and gold. It remains to be seen if 4% or less unemployment finally stokes the wage inflation that policy makers have been desiring for several years. If wage inflation does start showing up in the data, it will be even more interesting to see the tightrope walk intensify as they try to pull away the punch bowl at just the right speed. Central bankers will have their work cut out for them in 2018.

It should not come as a great surprise that, in this frothy environment, the asset-backed loan environment is somewhat uninspiring. As noted in previous letters this year, there are plenty of opportunities to send money out. However, with valuations stretched and more loans being requested for more speculative projects, there are simply fewer and fewer opportunities where we can be comfortable we will get the money back with a return. Further, because market rates continue to drop as more and more capital floods the alternative lending space, risk-adjusted returns look that much worse. We may well be entering the phase where the best thing to do is nothing!

While market participants and their tax preparers are still deciphering the features of the new tax act, we note that it does appear it will be marginally friendlier to commercial real estate, with pass through treatment providing some tax relief, and alternatively negative for residential real estate, particularly at the high end. We will have to see how states attempt to work around the exclusion of the SALT/property tax deduction, but a $10,000 cap on real estate tax deduction and a $750,000 cap on deductible mortgages will surely add to the cost of owning expensive homes.

Portfolio Composition

We received a payoff on one loan and added one loan in the fourth quarter. The end of the year provided little opportunity that we found attractive. The following were the loans in portfolio at year end 2017:

I) First lien on a residential property on Lake Minnetonka, MN. The loan was originated by TFP in June 2017.
   - Loan Balance: $2,560,000
   - Annual mortgage rate: 14% plus one point
   - Maturity: 06/22/2018
   - Payment: None. A twelve-month interest reserve is in escrow
   - Prepayment penalty: One-year interest required
   - Funds in escrow: $260,800
   - Status: Performing
   - Default rate: 24%
   - Additional credit support: PG of third party

II) First lien on 101 +/- acres and water rights in Peoa, UT. The loan was originated by TFP in May 2017.
   - Loan Balance: $400,000 remaining
   - Annual mortgage rate: 14% plus one point
   - Maturity: 05/31/2018
   - Payment: Monthly
   - Prepayment penalty: One-year interest required
   - Funds in escrow: $6,100
   - Status: Performing
   - Default rate: 24%

III) First lien on a 5.61-acre residential property containing a roughly 7,200 sq. ft. newly constructed main residence plus a guest house in Greenwich, CT. This loan has been restructured twice before and is now in default. Though not certain, we expect to take possession sometime in Q1. The property is being staged to show well and we anticipate selling the collateral in the Spring.
   - Loan Balance: $2,100,000
   - Annual mortgage rate: 25%
   - Maturity: Default
   - Prepayment penalty: NA
   - Funds in escrow: NA
   - Status: In default – for sale
   - Default rate: 25% (current)

IV) First lien on a 13-acre commercial property zoned for multi-family development in Houston, TX. The loan was originated by TFP in November 2017.
   - Loan Balance: $1,600,000
   - Mortgage rate: 15% flat ($240,000) + one point
   - Maturity: 08/17/2018 with 3% monthly interest on any remaining balances until 11/17/2018
   - Payment: Upon closing of townhome sales
   - Prepayment penalty: NA
   - Funds in escrow: $25,500
   - Status: Performing – All units presold
   - Default rate: 36%

V) US Government contract factoring – Current exposure: $200,000 monthly/running.

VI) Real Estate Owned: NA

Individual Credit Review

I) The current owner of the property needed to refinance loans which had come due and which were in default. He was able to negotiate an attractive payoff with the previous lenders but needed cash relatively quickly to get the deal done. In addition to the collateral, we also have an unconditional guarantee from a second party who has considerable net worth. The property did not sell at an acceptable price in the Fall. Borrower plans to bring it back to the market in February for the Spring selling season.

II) This is a repeat borrower who paid off a loan on portions of this same property in 2016. The loan paid off one remaining lien on the property and provided the borrower with some needed operating cash. We received a partial payment in Q4 and now expect the Borrower won't do any significant additional development but will simply look to repay the loan by selling parcels before the maturity date.

III) The developer has stumbled just short of completing this one, so we are now in the process of finishing the property for maximum value, showing, and sale. We expect to take possession for a short period of time and have it sold sometime in 2018.

IV) This is a repeat borrower with a healthy slug of equity behind our first mortgage. We know he can and will perform and don't anticipate any issues with this one. Our terms were a little easier this time than in the past, though still not 'competitive' with other lenders. We got this done because the borrower knew us and was confident we could and would close timely so he didn't have any risk of losing the land he had under contract.

V) This activity has been disappointing. We have begun to explore other ways of building this business internally. We expect to either grow this business or exit it by year end.

Supply Pipeline and Outlook

Year end was totally unfruitful. Whether we are seeing fewer deals because there are now many more players in the alternative lending space, including CLO sources, or because most borrowers can now go to more traditional sources to borrow at lower rates is unclear. Perhaps the answer for the lack of flow is some of both. It is clear at this point that our capital base for the Fund is more than ample. We'll keep trying to keep it at work, perhaps even in some lower risk/return investments while we wait for better opportunities to emerge.

Thank you for your support of Transitional Funding Partners L.P. and Alternative Strategy Advisers LLC. 2017 was a very good year for the Fund with a YTD total return net of fees of 15.47%. The strong returns were largely driven by a couple of exceptionally good transactions. We will continue to look for similar diamonds in the rough this year while making return of capital paramount. We hope you all had a great holiday season and wish you a very healthy and prosperous 2018. Please feel free to call any of us here at ASA if you or others you know have questions about the Fund or would like to discuss current opportunities or our investment management services.

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, Enhanced Municipal Managers LLC, ASA Managed Account Managers LLC, Transitional Funding Partners LP, TF Managers LLC, and Occum Partners LLC.