
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 28, 2019

COMPASS DIVERSIFIED HOLDINGS
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34927
(Commission
File Number)

57-6218917
(I.R.S. Employer
Identification No.)

**COMPASS GROUP DIVERSIFIED
HOLDINGS LLC**
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34926
(Commission
File Number)

20-3812051
(I.R.S. Employer
Identification No.)

**301 Riverside Avenue
Second Floor
Westport, CT 06880**
(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: (203) 221-1703

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Section 2 Financial Information

Item 2.01 Completion of Acquisition or Disposition of Assets

Compass Group Diversified Holdings LLC (the "Company") and Compass Diversified Holdings ("Holdings" and, together with the Company, collectively "CODI," "us" or "we") acquires and manages small to middle market businesses in the ordinary course of its business. The following description relates to the recent divestiture of one such business.

Manitoba Harvest

On February 19, 2019, the Company, as majority shareholder of FHF Holdings Ltd. ("Manitoba Harvest") and as Shareholder Representative, entered into a definitive agreement (the "Arrangement Agreement") with Tilray, Inc., the other shareholders of FHF and a wholly-owned subsidiary of Tilray, 1197879 B.C. Ltd. ("Tilray Subco"), to sell to Tilray, Inc. ("Tilray"), through Tilray Subco, all of the issued and outstanding securities of Manitoba Harvest.

On February 28, 2019, Tilray Subco completed the acquisition of all the issued and outstanding securities of Manitoba Harvest pursuant to the Arrangement Agreement (the "Transaction"). The sale price of Manitoba Harvest was based on an aggregate total enterprise value of up to C\$419 million plus estimated cash and working capital adjustments subject to customary post-closing true-ups. Manitoba Harvest shareholders, including CODI, received C\$277.5 million at closing, comprised of C\$150 million in cash and C\$127.5 million in shares of class 2 Common Stock of Tilray ("Tilray Shares"). After the allocation of the sales price to non-controlling equity holders and the payment of transaction expenses, CODI received approximately C\$234 million at closing comprised of cash and Tilray Shares. This amount is in respect of the Company's outstanding loans to Manitoba Harvest (including accrued interest) and its equity interests in Manitoba Harvest, which was acquired by CODI on July 10, 2015. Six months after closing, Manitoba Harvest shareholders, including CODI, will receive C\$92.5 million, comprised of C\$50 million in cash and C\$42.5 million in Tilray Shares. Manitoba Harvest shareholders, including CODI, will receive an additional C\$49 million in Tilray Shares upon Manitoba Harvest achieving certain performance milestones in 2019, such amount to be reduced to the extent that some or all of the milestones are not achieved. CODI expects to realize a gain on the sale of between \$100 million and \$120 million in USD and intends to use the net proceeds to repay outstanding debt under the Company's revolving credit facility

The foregoing brief description of the Arrangement Agreement is not meant to be exhaustive and is qualified in its entirety by the full text of the Arrangement Agreement, which is incorporated herein by reference to Exhibit 99.1 to CODI's Current Report on Form 8-K filed on February 20, 2019.

Section 8 Other Events

Item 8.01 Other Events

On February 28, 2019, CODI issued a Press Release announcing the closing of the Manitoba Harvest sale. The foregoing description of the Press Release is qualified in its entirety by reference to the complete text of the Press Release furnished as Exhibit 99.1 hereto, which is hereby incorporated by reference herein.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(b) Pro forma financial information

To the extent required by this item, pro forma financial information relating to the Transaction referenced in Item 2.01 above will be filed in an amendment to this Current Report on Form 8-K no later than 71 calendar days after the date of this report is due.

(d) Exhibits.

99.1 [Press Release of the Company announcing the closing of the sale of Manitoba Harvest](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 28, 2019

COMPASS DIVERSIFIED HOLDINGS

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham
Regular Trustee

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 28, 2019

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ Ryan J. Faulkingham

Ryan J. Faulkingham
Chief Financial Officer



Compass Diversified Holdings
Ryan J. Faulkingham
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Compass Diversified Holdings Closes Sale of Manitoba Harvest to Tilray

Westport, Conn., February 28, 2019 - Compass Diversified Holdings (NYSE: CODI) ("CODI" or the "Company"), an owner of leading middle market businesses, announced today that it has completed the sale of its majority owned subsidiary, FHF Holdings Ltd. ("Manitoba Harvest"), to Tilray Inc. ("Tilray") (NASDAQ: TLRV), pursuant to an agreement it entered into on February 19, 2019.

The sale price of Manitoba Harvest was based on an aggregate total enterprise value of up to C\$419 million plus estimated cash and working capital adjustments subject to customary post-closing true-ups. Manitoba Harvest shareholders, including CODI, received C\$277.5 million at closing, comprised of C\$150 million in cash and C\$127.5 million in Tilray Shares. After the allocation of the sales price to non-controlling equity holders and the payment of transaction expenses, CODI received approximately C\$234 million at closing comprised of cash and Tilray shares. This amount is in respect of the Company's outstanding loans to Manitoba Harvest (including accrued interest) and its equity interests in Manitoba Harvest, which was acquired by CODI on July 13, 2015. Six months after closing, Manitoba Harvest shareholders, including CODI, will receive C\$92.5 million, comprised of C\$50 million in cash and C\$42.5 million in Tilray Shares. Manitoba Harvest shareholders, including CODI, will receive an additional C\$49 million in Tilray Shares upon Manitoba Harvest achieving certain performance milestones in 2019, such amount to be reduced to the extent that some or all of the milestones are not achieved.

CODI expects to realize a gain on the sale of between \$100 million and \$120 million in USD, and intends to use the net proceeds to repay outstanding debt under the Company's revolving credit facility.

Stikeman Elliott LLP acted as legal counsel to sellers. Jefferies LLC acted as financial advisor to CODI in connection with the transaction.

About Compass Diversified Holdings ("CODI")

CODI owns and manages a diverse family of established North American middle market businesses. Each of its current subsidiaries is a leader in its niche market.

CODI maintains controlling ownership interests in each of its subsidiaries in order to maximize its ability to impact long term cash flow generation and value. The Company provides both debt and equity capital for its subsidiaries, contributing to their financial and operating flexibility. CODI utilizes the cash flows generated by its subsidiaries to invest in the long-term growth of the Company and to make cash distributions to its shareholders.

Our nine majority-owned subsidiaries are engaged in the following lines of business:

- The design and marketing of purpose-built tactical apparel and gear serving a wide range of global customers (**5.11**);
- The manufacture of quick-turn, small-run and production rigid printed circuit boards (**Advanced Circuits**);
- The manufacture of engineered magnetic solutions for a wide range of specialty applications and end-markets (**Arnold Magnetic Technologies**);
- Environmental services for a variety of contaminated materials including soils, dredged material, hazardous waste and drill cuttings (**Clean Earth**);
- The design and marketing of wearable baby carriers, strollers and related products (**Ergobaby**);
- The design and manufacture of custom molded protective foam solutions and OE components (**Foam Fabricators**);
- The design and manufacture of premium home and gun safes (**Liberty Safe**);
- The manufacture and marketing of portable food warming fuels for the hospitality and consumer markets, flameless candles and house and garden lighting for the home decor market, and wickless candle products used for home decor and fragrance systems (**The Sterno Group**); and
- The design, manufacture and marketing of airguns, archery products, optics and related accessories (**Velocity Outdoor**)

About Tilray

Tilray is a global pioneer in the research, cultivation, production and distribution of cannabis and cannabinoids currently serving tens of thousands of patients and consumers in twelve countries spanning five continents.

About Manitoba Harvest

Headquartered in Winnipeg, Manitoba, and founded in 1998, Manitoba Harvest is a pioneer and global leader in branded, hemp-based foods. The company is the world's largest vertically-integrated hemp food manufacturer and is strategically located near its supply base in Canada. Manitoba Harvest's 100% all-natural product lineup includes hemp hearts, hemp protein powder and hemp snacks and are currently carried in about 16,000 retail locations across the U.S. and Canada.

This press release may contain certain forward-looking statements, including statements with regard to the future performance of CODI. Words such as "believes," "expects," "projects," and "future" or similar expressions, are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10-K filed by CODI with the SEC for the year ended December 31, 2018 and other filings with the SEC. Except as required by law, CODI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.