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

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**FORM S-3**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

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**COMPASS DIVERSIFIED HOLDINGS**  
(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**57-6218917**  
(I.R.S. Employer  
Identification Number)

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**COMPASS GROUP DIVERSIFIED  
HOLDINGS LLC**  
(Exact Name of Registrant as Specified in Its Charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**20-3812051**  
(I.R.S. Employer  
Identification Number)

**301 Riverside Avenue  
Second Floor  
Westport, CT 06880  
(203) 221-1703**  
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Elias J. Sabo  
Chief Executive Officer  
Compass Group Diversified Holdings LLC  
301 Riverside Avenue, Second Floor  
Westport, CT 06880  
(203) 221-1703**  
(Name, address, including zip code, and telephone number, including area code, of agent for service)

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**Copies to:**

**Stephen C. Mahon  
Evan A. Toebbe  
Squire Patton Boggs (US) LLP  
201 E. Fourth Street, Suite 1900  
Cincinnati, Ohio 45202  
(513) 361-1200**

**Approximate date of commencement of proposed sale to the public:** From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
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 7(a)(2)(B) of Securities Act.

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Security Being Registered	Amount Being Registered (1)	Proposed Maximum Offering Price Per Unit (1)	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (6)
<b>Primary Offering:</b>				
Common shares representing beneficial interests in Compass Diversified Holdings (2)	(3)(4)			
Trust common interests of Compass Group Diversified Holdings LLC				(5)
Preferred shares representing beneficial interests in Compass Diversified Holdings	(3)(4)			
Trust preferred interests of Compass Group Diversified Holdings LLC				(5)
<b>Primary Offering Total</b>				
<b>Secondary Offering:</b>				
Common shares representing beneficial interests in Compass Diversified Holdings	(3)(4)			
Trust common interests of Compass Group Diversified Holdings LLC				(5)
Preferred shares representing beneficial interests in Compass Diversified Holdings	(3)(4)			
Trust preferred interests of Compass Group Diversified Holdings LLC				(5)
<b>Secondary Offering Total</b>				
<b>Total</b>				

(1) Not specified as to each class of securities to be registered pursuant to General Instruction II.E of Form S-3. An indeterminate aggregate initial offering price or number of the securities of each identified class is being registered as may from time to time be offered and sold at indeterminate prices by the registrant and/or selling securityholders.

- (2) In accordance with Rule 415(a)(6) under the Securities Act of 1933, as amended, or the Securities Act, the securities registered pursuant to this registration statement include (i) \$59,144,000 of unsold common shares for primary offering (the “2011 Unsold Securities”) previously registered on registration statement on Form S-3 (No. 333-178071), filed with the Securities and Exchange Commission (the “SEC”) on November 21, 2011 (and amended December 7, 2011), and subsequently carried forward pursuant to registration statement on Form S-3 (No. 333-200776), filed with the SEC on December 5, 2014 (the “Prior Registration Statement”), and subsequently further carried forward pursuant to registration statement on Form S-3 (No. 333-214949), filed with the SEC on December 7, 2016 (the “Expiring Registration Statement”), pursuant to Rule 415(a)(6), and (ii) \$220,750,000 of unsold common shares for primary offering previously registered on the Prior Registration Statement (the “2016 Unsold Securities” and, together with the 2011 Unsold Securities, the “Unsold Securities”) and subsequently carried forward pursuant to the Expiring Registration Statement. In connection with the registration of the 2011 Unsold Securities, a registration fee of \$6,777.90 was paid, which registration fee will continue to be applied to the 2011 Unsold Securities included in this registration statement, and in connection with the registration of the 2016 Unsold Securities, a registration fee of \$25,651.15 was paid, which registration fee will continue to be applied to the 2016 Unsold Securities included in this registration statement. Pursuant to Rule 415(a)(6), the respective offerings of the Unsold Securities registered under or carried forward pursuant to the Expiring Registration Statement will be deemed terminated as of the date of effectiveness of this registration statement. In reliance on and in accordance with Rules 456(b) and 457(r) under the Securities Act, except with respect to the Unsold Securities, the registration fee for which is being carried forward, the registrant is deferring payment of all of the registration fee.
  - (3) Each common share or preferred share representing one beneficial interest in Compass Diversified Holdings corresponds to one underlying trust common interest or trust preferred interest of Compass Group Diversified Holdings LLC, as applicable. If the trust is dissolved, each common share or preferred share representing a beneficial interest in Compass Diversified Holdings will be exchanged for a trust common interest or trust preferred interest of Compass Group Diversified Holdings LLC, as applicable.
  - (4) Pursuant to Rule 416 under the Securities Act, the common shares and preferred shares being registered hereunder include such indeterminate number of common shares and preferred shares, respectively, as may be issuable as a result of stock splits, stock dividends or similar transactions.
  - (5) Pursuant to Rule 457(i) under the Securities Act, no registration fee is payable with respect to the trust common interests or trust preferred interests of Compass Group Diversified Holdings LLC because no additional consideration will be received by Compass Diversified Holdings upon exchange of the common shares or preferred shares representing beneficial interests in Compass Diversified Holdings.
  - (6) In accordance with Rules 456(b) and 457(r) under the Securities Act, except with respect to the Primary Unsold Common Shares, the registrant is deferring payment of the entire registration fee and will pay the registration fee subsequently in advance or on a pay-as-you-go basis.
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PROSPECTUS



**COMMON SHARES**  
**PREFERRED SHARES**

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**Each Common Share or Preferred Share Represents One  
Corresponding Beneficial Interest in Compass Diversified Holdings**

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We and any selling securityholders may offer and sell, from time to time:

- common shares of the trust, which we refer to as the common shares, each representing one undivided beneficial interest in the trust property and corresponding to one underlying trust common interest in Compass Group Diversified Holdings LLC; and
- preferred shares of the trust, which we refer to as the preferred shares, each representing one undivided beneficial interest in the trust property and corresponding to one underlying trust preferred interest in Compass Group Diversified Holdings LLC.

The “selling securityholders” as used herein refers to the selling securityholders identified in this prospectus and such additional selling securityholders as may be named in one or more prospectus supplements. The purpose of Compass Diversified Holdings, which we refer to as the trust, is to hold 100% of the trust interests of Compass Group Diversified Holdings LLC, which we refer to as the company. Each beneficial interest in the trust corresponds to one trust interest of the company in the form of either a trust common interest or trust preferred interest. We and/or any selling securityholders may offer for sale the securities covered by this prospectus directly to purchasers or through underwriters, broker-dealers or agents, in public or private transactions, at prevailing market prices or at privately negotiated prices. For additional information on the methods of sale, you should refer to the section of this prospectus entitled “Plan of Distribution.” We will not receive any of the proceeds from the sale of securities by any selling securityholders.

Our common shares are listed on the New York Stock Exchange under the symbol “CODI.” Our 7.250% Series A Preferred Shares and the 7.875 % Series B Fixed-to-Floating Rate Cumulative Preferred Shares are listed on the New York Stock Exchange under the symbols “CODI PR A” and “CODI PR B”, respectively. On November 12, 2019, the closing price of the common shares on the New York Stock Exchange was \$22.74 per share.

We will provide more specific information about the terms of an offering of these securities in supplements or term sheets to this prospectus. This prospectus may not be used to offer or sell securities unless accompanied by a prospectus supplement or term sheet. You should read this prospectus, the prospectus supplements and term sheets carefully before you invest. If any underwriters, broker-dealers or agents are involved in any offering, the names of such underwriters, broker-dealers or agents and any applicable commissions or discounts will be described in the applicable prospectus supplement or term sheet relating to the offering.

The selling securityholders identified in this prospectus acquired the common shares covered by this prospectus in conjunction with the closing of our initial public offering, which we refer to as the IPO, upon the closing of our acquisition of a controlling interest in Anodyne Medical Device, Inc., in conjunction with the closing of our follow-on offering in May 2007, and upon the closing of our acquisition of CamelBak Products, LLC on August 25, 2011, all as further described below under “Selling Securityholders.”

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**Investing in our shares involves risks. See the description of “[Risk Factors](#)” which begins on page 3.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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**The date of this prospectus is November 13, 2019**

TABLE OF CONTENTS

	<u>Page</u>
<a href="#">NOTE TO READER</a>	i
<a href="#">ABOUT THIS PROSPECTUS</a>	i
<a href="#">PROSPECTUS SUPPLEMENT OR TERM SHEET</a>	i
<a href="#">CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</a>	ii
<a href="#">WHERE YOU CAN FIND MORE INFORMATION</a>	iii
<a href="#">INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE</a>	iii
<a href="#">SUMMARY</a>	1
<a href="#">RISK FACTORS</a>	3
<a href="#">USE OF PROCEEDS</a>	3
<a href="#">SELLING SECURITYHOLDERS</a>	4
<a href="#">PLAN OF DISTRIBUTION</a>	4
<a href="#">DESCRIPTION OF SECURITIES</a>	7
<a href="#">MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS</a>	24
<a href="#">LEGAL MATTERS</a>	38
<a href="#">EXPERTS</a>	38

You should rely only on the information contained or incorporated by reference in this prospectus, any applicable prospectus supplement and free writing prospectus prepared by us. We have not authorized anyone to provide you with different or additional information. This prospectus may be used only for the purpose for which it has been published, and no person has been authorized to give any information not contained in this prospectus. If you receive any other information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where the offer is not permitted.

## NOTE TO READER

In reading this registration statement, references to:

- the “trust” refer to Compass Diversified Holdings;
- the “company” refer to Compass Group Diversified Holdings LLC;
- the “manager” or CGM refer to Compass Group Management LLC;
- the “businesses” refer to, collectively, the businesses controlled by the company;
- the “trust agreement” refer to the Second Amended and Restated Trust Agreement of the trust dated as of December 6, 2016, as amended;
- the “LLC agreement” refer to the Fifth Amended and Restated Operating Agreement of the company dated as of December 6, 2016, as amended;
- the “common shares” refer to the common shares of the trust, each representing one undivided beneficial interest in the trust property and corresponding to one underlying trust common interest in the company;
- the “preferred shares” refer to the preferred shares of the trust, each representing one undivided beneficial interest in the trust property and corresponding to one underlying trust preferred interest in the company;
- the “shares” refer to the common shares and preferred shares, collectively;
- the “trust common interests” refer to the trust common interests in the company;
- the “trust preferred interests” refer to the trust preferred interests in the company;
- the “trust interests” refer to the trust common interests and trust preferred interests, collectively; and
- “we,” “us” and “our” refer to the trust, the company and our businesses together.

## ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, which we refer to as the SEC, using a “shelf” registration process. Under this shelf process, we and/or the selling securityholders may sell the shares covered by this prospectus in one or more offerings as described under “Plan of Distribution” in this prospectus.

## PROSPECTUS SUPPLEMENT OR TERM SHEET

This prospectus provides you with a general description of the securities that we and/or any selling securityholders may offer. Each time that we and/or the selling securityholders offer securities, we will provide a prospectus supplement or term sheet that will contain specific information about the terms of that offering. The prospectus supplement or term sheet to be attached to the front of this prospectus will describe: the applicable public offering price, the price paid for the securities, the net proceeds, the manner of distribution and any underwriting compensation and the other specific material terms related to the offering of securities covered by this prospectus. The prospectus supplement or term sheet may also add to, update or change information contained in this prospectus. You should read in their entirety this prospectus and any accompanying prospectus supplement or term sheet, together with the additional information described under the headings “Where You Can Find More Information” and “Incorporation of Certain Documents by Reference.”

You should not assume that the information in this prospectus, any accompanying prospectus supplement or any term sheet is accurate as of any date other than the date on the front of each document, regardless of the time of delivery of this prospectus, any accompanying prospectus supplement, term sheet or any sale of securities. Our business, financial condition, results of operations and prospectus may have changed since then. Any statement that we make in this prospectus will be modified or superseded by any inconsistent statement made by us in a prospectus supplement or term sheet.

For more detail on the terms of the securities, see “Description of Securities” herein.

#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, which we refer to as the Securities Act, Section 21E of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act, and the Private Securities Litigation Reform Act of 1995. These forward looking statements are based on our current expectations, estimates and projections. We may, in some cases, use words such as “project,” “predict,” “believe,” “anticipate,” “plan,” “expect,” “estimate,” “intend,” “should,” “would,” “could,” “potentially,” or “may” or other words that convey uncertainty of future events or outcomes to identify these forward-looking statements. Forward-looking statements in this prospectus are subject to a number of risks and uncertainties, some of which are beyond our control, including among other things:

- our ability to successfully operate our businesses on a combined basis, and to effectively integrate and improve future acquisitions;
- our ability to remove our manager and our manager’s right to resign;
- our organizational structure, which may limit our ability to meet our distribution policy;
- our ability to service and comply with the terms of our indebtedness;
- our cash flow available for distribution and reinvestment and our ability to make distributions in the future to our shareholders;
- our ability to pay the management fee and profit allocation if and when due;
- our ability to make and finance future acquisitions;
- our ability to implement our acquisition and management strategies;
- the regulatory environment in which our businesses operate;
- trends in the industries in which our businesses operate;
- changes in general economic or business conditions or economic or demographic trends in the United States and other countries in which we have a presence, including changes in interest rates and inflation;
- environmental risks affecting the business or operations of our businesses;
- our and our manager’s ability to retain or replace qualified employees of our businesses and our manager;
- costs and effects of legal and administrative proceedings, settlements, investigations and claims; and
- extraordinary or force majeure events affecting the business or operations of our businesses.

Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. A description of some of the risks that could cause our actual

## [Table of Contents](#)

results to differ appears under the section “Risk Factors” and elsewhere in this prospectus or incorporated herein by reference. Additional risks of which we are not currently aware or which we currently deem immaterial could also cause our actual results to differ.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this prospectus may not occur. These forward-looking statements are made as of the date of this prospectus or, for information incorporated by reference, as of the dates of that information. We undertake no obligation to publicly update or revise any forward-looking statements after the completion of any offering hereunder, whether as a result of new information, future events or otherwise, except as required by law.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The public can obtain any documents that we file electronically with the SEC at <http://www.sec.gov>. We maintain an Internet website at <http://www.compassdiversifiedholdings.com>. The information on our website is not a part of this prospectus (or any document incorporated by reference herein or therein).

We have filed a registration statement on Form S-3 to register with the SEC the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document, the reference is only a summary and you should refer to the exhibits that are a part of the registration statement or our other SEC filings for a copy of the contract or other document.

### INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We “incorporate by reference” into this prospectus some of the information we file with the SEC. This permits us to disclose important information to you by referring you to those filings. The information incorporated by reference is considered to be a part of this prospectus. Any information contained in future SEC filings will automatically update and supersede the information contained in this prospectus. We incorporate by reference the documents listed below that have been filed with the SEC (other than current reports or portions thereof on Form 8-K that are furnished rather than filed):

- our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2018, filed with the SEC on February 27, 2019;
- the portions of our [Definitive Proxy Statement](#) on Schedule 14A, in connection with our 2019 Annual Meeting of Shareholders, filed with the SEC on April 15, 2019, that are incorporated by reference in our Annual Report on [Form 10-K](#) for the fiscal year ended December 31, 2018;
- our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2019, June 30, 2019 and September 30, 2019, filed with the SEC on [May 1, 2019](#), [July 31, 2019](#) and [October 30, 2019](#), respectively;
- our Current Reports on Form 8-K, filed with the SEC on [January 3, 2019](#), [February 20, 2019](#), [March 1, 2019](#), [April 4, 2019](#), [May 9, 2019](#), [May 29, 2019](#), [July 1, 2019](#), [July 3, 2019](#), [July 29, 2019](#), [October 3, 2019](#) and [November 13, 2019](#) (retrospectively revising and recasting the historical consolidated financial statements and other information included in our Annual Report on Form 10-K for the fiscal year ended [December 31, 2018](#));



## Table of Contents

- the description of the common shares representing undivided beneficial interests in the trust and the trust common interests of the company included in our Registration Statement on [Form 8-A](#), filed on October 25, 2010, including any amendment or report filed for the purpose of updating such description;
- the description of the 7.250% Series A Preferred Shares representing undivided beneficial interests in the trust and the 7.250% Series A Trust Preferred Interests of the company included in our Registration Statement on [Form 8-A](#), filed on June 28, 2017, including any amendment or report filed for the purpose of updating such description; and
- the description of the 7.875 % Series B Fixed-to-Floating Rate Cumulative Preferred Shares representing undivided beneficial interests in the trust and the 7.875% Series B Fixed-to-Floating Rate Cumulative Trust Preferred Interests of the company included in our Registration Statement on [Form 8-A](#), filed on March 13, 2018, including any amendment or report filed for the purpose of updating such description.

We also incorporate by reference any future filings (other than current reports or portions thereof on Form 8-K that are furnished rather than filed) made with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the termination of the offering of the securities made by this prospectus.

We will provide without charge upon written or oral request a copy of any or all of the documents that are incorporated by reference into this prospectus, other than exhibits unless specifically incorporated by reference into such documents. Requests should be directed to:

Compass Diversified Holdings  
301 Riverside Avenue, Second Floor  
Westport, CT 06880  
Telephone number (203) 221-1703  
Attention: Investor Relations

## SUMMARY

*This prospectus summary highlights information contained elsewhere in this prospectus and in the documents we file with the SEC that are incorporated by reference in this prospectus. This summary is not complete and does not contain all of the information that you should consider before investing in our securities. You should read the entire prospectus and the information incorporated by reference in this prospectus carefully, including “Risk Factors” set forth below and our consolidated financial statements and related notes included in our most recently filed Annual Report on Form 10-K, in each case as updated or supplemented by subsequent reports that we file with the SEC, before making an investment decision. Further, unless the context otherwise indicates, numbers in this prospectus have been rounded and are, therefore, approximate.*

### Overview

Compass Diversified Holdings, a Delaware statutory trust, which we refer to as the trust, was created in Delaware on November 18, 2005. Compass Group Diversified Holdings LLC, a Delaware limited liability company, which we refer to as the company, was also formed on November 18, 2005. The trust and the company were formed to acquire and manage a group of small and middle-market businesses headquartered in North America. The trust is the sole owner of 100% of the trust interests, as defined in our LLC Agreement, of the company, which consist of trust common interests and trust preferred interests. Pursuant to that LLC Agreement, the trust owns an identical number of trust common interests and trust preferred interests in the company as exist for the number of outstanding common shares and preferred shares of the trust, respectively. Accordingly, the holders of our common shares and preferred shares are treated as beneficial owners of trust common interests and trust preferred interests, respectively, in the company and, as such, are subject to tax under partnership income tax provisions.

The company is an operating entity with a board of directors whose corporate governance responsibilities are similar to that of a Delaware corporation. The company’s board of directors oversees the management of the company and our businesses and the performance of Compass Group Management LLC, which we refer to as our manager. Certain members of our manager indirectly own our allocation interests, as defined in our LLC Agreement, through their ownership of a Delaware limited liability company.

We acquire controlling interests in and actively manage businesses that we believe (i) operate in industries with long-term macro-economic growth opportunities, (ii) have positive and stable cash flows, (iii) face minimal threats of technological or competitive obsolescence and (iv) have strong management teams largely in place.

Our unique public structure provides investors with an opportunity to participate in the ownership and growth of companies which have historically been owned by private equity firms, wealthy individuals or families. Through the acquisition of a diversified group of businesses with these characteristics, we believe we offer investors an opportunity to diversify their own portfolio risk while participating in the ongoing cash flows of those businesses through the receipt of quarterly distributions.

Our disciplined approach to our target market provides opportunities to methodically purchase attractive businesses at values that are accretive to our shareholders. For sellers of businesses, our unique financial structure allows us to acquire businesses efficiently with little or no third-party financing contingencies and, following acquisition, to provide our businesses with substantial access to growth capital.

We believe that private company operators and corporate parents looking to sell their businesses units may consider us an attractive purchaser because of our ability to:

- provide ongoing strategic and financial support for their businesses;

- maintain a long-term outlook as to the ownership of those businesses where such an outlook is required for maximization of our shareholders' return on investment; and
- consummate transactions efficiently without being dependent on third-party transaction financing.

In particular, we believe that our outlook on length of ownership may alleviate the concern that many private company operators and parent companies may have with regard to their businesses going through multiple sale processes in a short period of time. We believe this outlook reduces both the risk that businesses may be sold at unfavorable points in the overall market cycle and enhances our ability to develop a comprehensive strategy to grow the earnings and cash flows of each of our businesses, which we expect will better enable us to meet our long-term objective of continuing to pay distributions to our shareholders while increasing shareholder value. Finally, it has been our experience that our ability to acquire businesses without the cumbersome delays and conditions typical of third-party transactional financing is appealing to sellers of businesses who are interested in confidentiality and certainty to close.

We believe our management team's strong relationships with industry executives, accountants, attorneys, business brokers, commercial and investment bankers, and other potential sources of acquisition opportunities offer us substantial opportunities to assess small to middle market businesses available for acquisition. In addition, the flexibility, creativity, experience and expertise of our management team in structuring transactions allows us to consider non-traditional and complex transactions tailored to fit a specific acquisition target.

In terms of the businesses in which we have a controlling interest, we believe that these businesses have strong management teams, operate in strong markets with defensible market niches and maintain long standing customer relationships.

#### **Our Manager**

We have entered into a management services agreement with Compass Group Management LLC, which we refer to as our manager or CGM, pursuant to which our manager manages the day-to-day operations and affairs of the company and oversees the management and operations of our businesses.

#### **Corporate Structure**

The trust is a Delaware statutory trust. Our principal executive offices are located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880, and our telephone number is 203-221-1703. Our website is at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com). The information on our website is not incorporated by reference and is not part of this prospectus.

Each common share of the trust represents one undivided beneficial interest in the trust property and corresponds to one underlying trust common interest in the Company, and each preferred share of the trust represents one undivided beneficial interest in the trust property and corresponds to one underlying trust preferred interest in the Company. The purpose of the trust is to hold the trust interests of the company, which is one of two classes of equity interests in the company — the trust interests in the form of either trust common interests or trust preferred interests, of which 100% are held by the trust, and allocation interests, of which 100% are held by Sostratus LLC. The trust has the authority to issue common shares in one or more series and preferred shares in one or more classes or series. See the section entitled "Description of Securities" for more information about certain terms of the shares, trust interests and allocation interests.

## **RISK FACTORS**

*An investment in our securities involves a high degree of risk. You should carefully read and consider all of the risks described below, together with all of the other information contained or referred to in this prospectus or in any prospectus supplement hereto, before making a decision to invest in our securities. If any of the following events occur, our financial condition, business and results of operations (including cash flows) may be materially adversely affected. In that event, the market price of our securities could decline, we may be unable to pay distributions on our securities and you could lose all or part of your investment.*

See “Item IA — Risk Factors” in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q (which descriptions are incorporated by reference into this prospectus), as well as the other information contained or incorporated by reference in this prospectus or any prospectus supplement hereto before making a decision to invest in our securities. For information on incorporating our filings into this prospectus, see “Incorporation of Certain Documents by Reference” above.

## **USE OF PROCEEDS**

Unless indicated otherwise in the applicable prospectus supplement or term sheet, we expect to use the net proceeds from our sale of securities under this prospectus for general corporate purposes, including to fund new acquisitions, when and if identified. Additional information on the use of net proceeds from the sale of securities offered by us may be set forth in the prospectus supplement or term sheet relating to such offering. We will not receive any proceeds from the sale of our securities by any selling securityholders.

## SELLING SECURITYHOLDERS

This prospectus covers (i) 7,264,333 common shares held by CGI Magyar Holdings, LLC, which is ultimately controlled by Path Spirit Limited, (ii) 1,544,000 common shares held by Concord Equity, Inc., (iii) 64,000.08 common shares held by Alan B. Offenber, a former chief executive officer and a former director of the company and a former partner of Compass Group Management LLC, or CGM, our manager, (iv) 64,000.08 common shares held by Elias J. Sabo, the chief executive officer and a director of the company, a regular trustee of the trust and a partner of CGM, and (v) 10,666.68 common shares held by David P. Swanson, a partner of CGM. Elias J. Sabo serves as the manager of CGM. These selling securityholders acquired such common shares, directly or indirectly, in conjunction with the closing of our IPO, upon the closing of our acquisition of a controlling interest in Anodyne Medical Device, Inc., in conjunction with the closing of our follow-on offering in May 2007, and upon the closing of our acquisition of CamelBak Products, LLC on August 25, 2011.

Additional information about the above selling securityholders and additional selling securityholders, where applicable, including their respective beneficial ownership of our securities, the number of securities being offered and sold, and the number of securities beneficially owned after the applicable offering, will be set forth in a prospectus supplement, in a post-effective amendment, or in filings we make with the SEC under the Exchange Act which are incorporated by reference.

## PLAN OF DISTRIBUTION

We and/or any selling securityholders may sell securities in any one or more of the following ways from time to time: (i) through agents; (ii) to or through underwriters; (iii) through brokers or dealers; (iv) directly by us and/or the selling securityholders to purchasers, including through a specific bidding, auction or other process; or (v) through a combination of any of these methods of sale. The applicable prospectus supplement or term sheet will contain the terms of the transaction, name or names of any underwriters, dealers, agents and the respective amounts of securities underwritten or purchased by them, the public offering price of the securities, and the applicable agent's commission, dealer's purchase price or underwriter's discount. Any dealers or agents participating in the distribution of the securities may be deemed to be underwriters, and compensation received by them on resale of the securities may be deemed to be underwriting discounts.

Any initial offering price, dealer purchase price, discount or commission may be changed from time to time.

The securities may be distributed from time to time in one or more transactions, at negotiated prices, at a fixed price or fixed prices (that may be subject to change), at market prices prevailing at the time of sale, at various prices determined at the time of sale or at prices related to prevailing market prices.

Offers to purchase securities may be solicited directly by us and/or the selling securityholders or by agents designated by us or them from time to time. Any such agent may be deemed to be an underwriter, as that term is defined in the Securities Act, of the securities so offered and sold.

If underwriters are utilized in the sale of any securities in respect of which this prospectus is being delivered, such securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices determined by the underwriters at the time of sale. Securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by one or more underwriters. If any underwriter or underwriters are utilized in the sale of securities, unless otherwise indicated in the applicable prospectus supplement, the obligations of the underwriters are subject to certain conditions precedent and the underwriters will be obligated to purchase all such securities if any are purchased.

If a dealer is utilized in the sale of securities in respect of which this prospectus is delivered, we and/or the selling securityholders will sell securities to the dealer as principal. The dealer may then resell such securities to

## [Table of Contents](#)

the public at varying prices to be determined by such dealer at the time of resale. Transactions through brokers or dealers may include block trades in which the broker or dealer will attempt to sell securities as agent but may position and resell as principal to facilitate the transaction, or in crosses in which the same broker or dealer acts as agent on both sides of the trade. Any such dealer may be deemed to be an underwriter, as such term is defined in the Securities Act, of the securities so offered and sold.

Offers to purchase securities may be solicited directly by us and/or the selling securityholders and the sale thereof may be made by us and/or the selling securityholders directly to institutional investors or others, who may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale thereof.

If so indicated in the applicable prospectus supplement or term sheet, we and/or the selling securityholders may authorize agents and underwriters to solicit offers by certain institutions to purchase securities from us and/or the selling securityholders at the public offering price set forth in the applicable prospectus supplement or term sheet pursuant to delayed delivery contracts providing for payment and delivery on the date or dates stated in the applicable prospectus supplement. Such delayed delivery contracts will be subject only to those conditions set forth in the applicable prospectus supplement.

Agents, underwriters and dealers may be entitled under relevant agreements with us and/or the selling securityholders to indemnification by us and/or the selling securityholders against certain liabilities, including liabilities under the Securities Act, or to contribution with respect to payments which such agents, underwriters and dealers may be required to make in respect thereof. The terms and conditions of any indemnification or contribution will be described in the applicable prospectus supplement or term sheet.

We and/or the selling securityholders may also sell securities through various arrangements involving mandatorily or optionally exchangeable securities, and this prospectus may be delivered in connection with those sales.

We and/or the selling securityholders may enter into derivative, sale or forward sale transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. If the applicable prospectus supplement or term sheet indicates, in connection with those transactions, the third parties may sell securities covered by this prospectus and the applicable prospectus supplement or term sheet, including in short sale transactions and by issuing securities not covered by this prospectus but convertible into, or exchangeable for, or representing beneficial interests in such securities, or the return of which is derived in whole or in part from the value of such securities. If so, the third party may use securities received under those sales, forward sales or derivative arrangements or securities pledged by us and/or the selling securityholders or borrowed from us and/or the selling securityholders or others to settle those sales or to close out any related open borrowings of securities, and may use securities received from us and/or the selling securityholders in settlement of those transactions to close out any related open borrowings of securities. The third party in such sale transactions will be an underwriter and will be identified in the applicable prospectus supplement (or a post-effective amendment).

Underwriters, broker-dealers or agents may receive compensation in the form of commissions, discounts or concessions from us and/or the selling securityholders. Underwriters, broker-dealers or agents may also receive compensation from the purchasers of securities for whom they act as agents or to whom they sell as principals, or both. Compensation as to a particular underwriter, broker-dealer or agent might be in excess of customary commissions and will be in amounts to be negotiated in connection with transactions involving securities. In effecting sales, broker-dealers engaged by us may arrange for other broker-dealers to participate in the resales.

Agents, underwriters and dealers may engage in transactions with, or perform services for, us or our manager and our respective subsidiaries in the ordinary course of business.

Any underwriter may engage in overallotment, stabilizing transactions, short covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Overallotment involves sales in excess of

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[Table of Contents](#)

the offering size, which create a short position. Stabilizing transactions permit bids to purchase the underlying securities as long as the stabilizing bids do not exceed a specified maximum. Short covering transactions involve purchases of the securities in the open market after the distribution is completed to cover short positions. Penalty bids permit the underwriters to reclaim a selling concession from a dealer when the securities originally sold by the dealer are purchased in a covering transaction to cover short positions. Those activities may cause the price of the securities to be higher than it would be otherwise. If commenced, the underwriters may discontinue any of the activities at any time. An underwriter may carry out these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise.

The place and time of delivery for the securities will be set forth in the accompanying prospectus supplement or term sheet for such securities.

## DESCRIPTION OF SECURITIES

*The following descriptions of the trust agreement and the LLC agreement are subject to the provisions of the Delaware Statutory Trust Act and the Delaware Limited Liability Company Act. Certain provisions of the trust agreement and the LLC agreement are intended to be consistent with the Delaware General Corporation Law, which we refer to as the DGCL, and the powers of the company, the governance processes and the rights of the trust as the holder of the trust interests and the shareholders of the trust are generally intended to be similar in many respects to those of a typical Delaware corporation under the DGCL, with certain exceptions.*

*The statements that follow are subject to, and are qualified in their entirety by, reference to all of the provisions of each of the trust agreement and the LLC agreement, which will govern your rights as a holder of the shares and the trust's rights as a holder of trust interests. Each of our trust agreement and LLC agreement has been filed with the SEC as an exhibit to our Current Report on Form 8-K filed on December 7, 2016.*

### General

The trust is authorized to issue shares each representing one undivided beneficial interest corresponding to one underlying trust interest in the company held by the trust. Shares of the trust may be common shares, which correspond to underlying trust common interests in the company, or preferred shares, which correspond to trust preferred interests in the company.

The trust interests, which consist of trust common interests and trust preferred interests, are one of two classes of equity interests in the company — the trust interests, of which 100% are held by the trust, and the allocation interests, of which 100% are held by Sostratus LLC.

### Common Shares in the Trust

Each common share of the trust represents one undivided beneficial interest in the trust property and corresponds to one underlying trust common interest held by the trust. Unless the trust is dissolved, it must remain the holder of 100% of the trust common interests and at all times the company will have outstanding the identical number of trust common interests as the number of outstanding common shares of the trust. Pursuant to the trust agreement, the trust is authorized to issue up to 500,000,000 common shares and the company is authorized to issue a corresponding number of trust common interests. As of November 12, 2019, the trust had 59,900,000 common shares outstanding and the company had an equal number of corresponding trust common interests outstanding. All common shares and trust common interests, when they are issued, will be fully paid and nonassessable. Holders of common shares have no preemptive, subscription or conversion rights. There are no redemption or sinking fund provisions applicable to the common shares. The rights of the holders of common shares will be subject to, and may be adversely affected by, the rights of holders of any preferred shares that may be issued in the future.

### Preferred Shares in the Trust

Each preferred share of the trust represents one undivided beneficial interest in the trust property and corresponds to one underlying trust preferred interest held by the trust. Unless the trust is dissolved, it must remain the holder of 100% of the trust preferred interests and at all times the company will have outstanding the identical number of trust preferred interests as the number of outstanding preferred shares of the trust. Pursuant to the trust agreement, the trust is authorized to issue up to 50,000,000 preferred shares and the company is authorized to issue a corresponding number of trust preferred interests. As of November 12, 2019, the trust had 4,000,000 7.250% Series A Preferred Shares (the "Series A Preferred Shares") outstanding and the company had an equal number of trust preferred interests outstanding held by the trust of the same class and series, and with corresponding rights, powers and duties, as the Series A Preferred Shares. As of November 12, 2019, the trust had 4,000,000 7.875% Series B Fixed-to-Floating Rate Cumulative Preferred Shares (the "Series B Preferred



## [Table of Contents](#)

Shares”) outstanding and the company had an equal number of trust preferred interests outstanding held by the trust of the same class and series, and with corresponding rights, powers and duties, as the Series B Preferred Shares. All preferred shares and trust preferred interests, when they are issued, are and will be fully paid and nonassessable.

The company’s board of directors may determine, without further action by the holders of our shares, the terms, designations, preferences, rights, powers and duties of the preferred shares offered by this prospectus, as reflected in a share designation, including:

- the right, if any, of such shares to share in the trust’s profits and losses or items thereof;
- the right, if any, of such shares to share in the trust’s distributions, the dates distributions on such shares will be payable and whether distributions with respect to such shares will be cumulative or non-cumulative;
- the rights of such shares upon dissolution and liquidation of the trust;
- whether, and the terms and conditions upon which, the trust may redeem such shares;
- whether such shares are issued with the privilege of conversion or exchange and, if so, the conversion or exchange price or prices or rate or rates, any rate adjustments, the date or dates on which, or the period or periods during which, such shares will be convertible or exchangeable, and all other terms and conditions upon which the conversion or exchange may be made;
- the terms and conditions upon which such shares will be issued, evidenced by certificates and assigned or transferred;
- the method for determining the percentage interest as to such shares;
- the terms and amounts of any sinking fund provided for the purchase or redemption of such shares;
- whether there will be restrictions on the issuance of preferred shares of the same class or series or any other class or series; and
- the right, if any, of the holder of each such share to vote on trust matters, including matters relating to the relative rights, preferences and privileges of such shares.

A share designation (or any resolution of the board of directors of the company amending any share designation) will constitute an amendment to the trust agreement. However, the company’s board of directors will not, without prior shareholder approval, issue or use any preferred shares for any defensive or anti-takeover purpose or for the purpose of implementing any shareholder rights plan.

### **Equity Interests in the Company**

The company is authorized, pursuant to action by the company’s board of directors, to issue up to 500,000,000 trust common interests in one or more series.

The company is authorized, pursuant to action by the company’s board of directors, to issue up to 50,000,000 trust preferred interests in one or more classes or series, with the terms, designations, preferences, rights, powers and duties of any such trust preferred interests reflected in a trust interest designation.

In addition to the trust common interests and trust preferred interests, which we refer to collectively as the trust interests, the company is authorized, pursuant to action by the company’s board of directors, to issue up to 1,000 allocation interests. In connection with the formation of the company, our manager acquired 100% of the allocation interests so authorized and issued. On June 27, 2013, our manager assigned its allocation interests to Sostratus LLC. All allocation interests are fully paid and nonassessable. Other than the allocation interests held by Sostratus LLC, the company is not authorized to issue any other allocation interests.

## **Distributions**

The company, acting through its board of directors, may declare and pay distributions on the applicable interests of the company, subject to any applicable trust interest designation. Any distributions so declared will be paid on such interests in proportion to the number of such interests held by the holders thereof. The members of our manager currently have a nominal indirect equity interest in the company, which is subject to dilution if additional shares, including the common shares and preferred shares described herein, are offered in the future. The company's board of directors may, in its sole discretion and at any time, declare and pay distributions from the cash flow available for distributions to the holders of its interests, subject to any applicable trust interest designation.

Upon receipt of any distributions declared and paid by the company, the trust will, pursuant to the terms of the trust agreement, distribute within five business days the whole amount of such distributions in cash to its applicable shareholders, in proportion to their percentage ownership of the common shares or preferred shares on the related record date. The record date for distributions by the company will be the same as the record date for corresponding distributions by the trust.

Certain members of our manager indirectly own allocation interests in the Company through their ownership of Sostratus LLC. The owner of the allocation interests in the company is sometimes referred to herein as the "Allocation Member." Upon the occurrence of certain events, the company will pay a profit allocation to the Allocation Member, as holder of the allocation interests. See "Certain Relationships and Related Party Transactions" in our definitive Proxy Statement on Schedule 14A filed with the SEC on April 15, 2019, which is incorporated by reference into this prospectus, for more information about the profit allocation to the Allocation Member.

## **Voting and Consent Rights**

### ***General***

Each outstanding share, subject to any applicable share designation, is entitled to one vote on any company matter with respect to which the trust is entitled to vote, as provided in the LLC agreement and as detailed below. Pursuant to the terms of the LLC agreement and the trust agreement, the company will act at the direction of the trust only with respect to those matters subject to vote by the holders of trust interests of the company. The company, as sponsor of the trust, will provide to the trust, for transmittal to shareholders of the trust, the appropriate form of proxy to enable shareholders of the trust to direct, in proportion to their percentage ownership of the shares, the trust's vote with respect to the trust interests. The trust will vote its trust interests in the same proportion as the vote of holders of the shares. For purposes of this summary, the voting rights of holders of the trust interests of the company that effectively will be exercised by the shareholders of the trust by proxy will be referred to as the voting rights of the holders of the shares.

The LLC agreement provides that the holders of trust interests are entitled, at the annual meeting of members of the company, to vote for the election of all of the directors other than any director appointed by our manager, subject to any applicable trust interest designation. Because neither the trust agreement nor the LLC agreement provides for cumulative voting rights, the holders of a plurality of the voting power of the then outstanding shares represented at a shareholders meeting will effectively be able to elect all the directors of the company standing for election, subject to any applicable share designation or trust interest designation.

The LLC agreement further provides that holders of allocation interests will not be entitled to any voting rights, except that holders of allocation interests will have, in accordance with the terms of the LLC agreement:

- voting or consent rights in connection with certain anti-takeover provisions, as discussed below;
- a consent right with respect to the amendment or modification of the provisions providing for distributions to the holders of allocation interests;

## [Table of Contents](#)

- a consent right to any amendment to the provision entitling the holders of allocation interests to appoint directors who will serve on the board of directors of the company;
- a consent right with respect to any amendment of the provision of the LLC agreement governing amendments thereof; and
- a consent right with respect to any amendment that would adversely affect the holders of allocation interests.

### ***Board of Directors Appointee***

As holder of the allocation interests, our Allocation Member has the right to appoint one director (or two directors if the board size is increased to nine or more directors) to the company's board of directors. No such appointed director on the company's board of directors will be required to stand for election by the shareholders. No such appointed director who is also a member of the company's management will receive any compensation (other than reimbursements that are permitted for directors) or will have any special voting rights.

### **Right to Bring a Derivative Action and Enforcement of the Provisions of the LLC Agreement by Holders of the Shares and Our Manager**

The trust agreement and the LLC agreement both provide that holders of common shares representing at least ten percent of the outstanding common shares shall have the right to directly institute a legal proceeding against the company to enforce the provisions of the LLC agreement. In addition, the trust agreement and the LLC agreement provide that holders of common shares representing at least ten percent of the outstanding common shares have the right to cause the trust to institute any legal proceeding for any remedy available to the trust, including the bringing of a derivative action in the right of the company under Section 18-1001 of the Delaware Limited Liability Company Act relating to the right to bring derivative actions. Holders of common shares will have the right to direct the time, method and place of conducting such legal proceedings brought by the trust. The Allocation Member, as holder of the allocation interests, has the right to directly institute proceedings against the company to enforce the provisions of the LLC agreement.

### **Acquisition Exchange and Optional Purchase**

The trust agreement and the LLC agreement provide that, if at any time more than 90% of the then outstanding voting shares entitled to vote are beneficially owned by one person, who we refer to as the acquirer and which time we refer to as the control date, such acquirer has the right to cause the trust, acting at the direction of the company's board of directors, to mandatorily exchange all shares then outstanding for an equal number of underlying trust interests, which we refer to as an acquisition exchange, and dissolve the trust. The company, as sponsor of the trust, will cause the transfer agent of the shares to mail a copy of notice of such acquisition exchange to the shareholders of the trust at least 30 days prior to the exchange of shares for underlying trust interests. Upon the completion of such acquisition exchange, each holder of shares immediately prior to the completion of the acquisition exchange will be admitted to the company as a member in respect of an equal number of underlying trust interests and the trust will cease to be a member of the company.

The LLC agreement provides that, following such exchange, the acquirer shall have the right to purchase at the offer price, as defined in the LLC agreement, from the other holders of trust interests for cash all, but not less than all, of the outstanding trust interests that the acquirer does not own as of the control date. While this provision of the LLC agreement provides for a fair price requirement, the LLC agreement does not provide members with appraisal rights to which shareholders of a Delaware corporation would be entitled under Section 262 of the DGCL. The acquirer can exercise its right to effect such purchase by delivering notice to the company and the transfer agent of its election to make the purchase not less than 60 days prior to the control date. The company will cause the transfer agent to mail the notice of the purchase to the record holders of the trust interests at least 30 days prior to the control date. We refer to the date of purchase as the purchase date.

### **Voluntary Exchange**

The trust agreement and the LLC agreement provide that in the event the company's board of directors determines that:

- the trust or the company, or both, is, or is reasonably likely to be, treated as a corporation for United States federal income tax purposes, or
- the existence of the trust otherwise results, or is reasonably likely to result, in a material tax detriment to the trust, the holders of shares, the company or any of the members,

the company, as sponsor of the trust, shall cause the trust to exchange all shares then outstanding for an equal number of underlying trust interests and dissolve the trust. We refer to such an exchange as a voluntary exchange. The company, as sponsor of the trust, will cause the transfer agent for the shares to mail a copy of notice of such voluntary exchange to the shareholders of the trust at least 30 days prior to the exchange of shares for underlying trust interests. Upon the completion of such voluntary exchange, each holder of shares immediately prior to the completion of the voluntary exchange will be admitted to the company as a member in respect of an equal number of underlying trust interests and the trust will cease to be a member of the company.

### **Election by the Company**

In circumstances where the trust has been dissolved, the LLC agreement provides that the company's board of directors may, without the consent or vote of holders of trust interests, cause the company to elect to be treated as a corporation for United States federal income tax purposes only if the board receives an opinion from a nationally recognized financial adviser to the effect that the market valuation of the company is expected to be significantly lower as a result of the company continuing to be treated as a partnership for United States federal income tax purposes than if the company instead elected to be treated as a corporation for United States federal income tax purposes.

### **Dissolution of the Trust and the Company**

The LLC agreement provides for the dissolution and winding up of the company upon the occurrence of:

- the adoption of a resolution by a majority vote of the company's board of directors approving the dissolution, winding up and liquidation of the company and the approval of such action by the affirmative vote of the holders of a majority of the outstanding trust interests entitled to vote thereon;
- the unanimous vote of the holders of the outstanding trust interests entitled to vote to dissolve, wind up and liquidate the company;
- a judicial determination that an event has occurred that makes it not reasonably practical to carry on the business of the company in conformity with the LLC agreement as determined in accordance with Section 18-802 of the Delaware Limited Liability Company Act; or
- the termination of the legal existence of the last remaining member of the company or the occurrence of any other event that terminates the continued membership of the last remaining member of the company, unless the company is continued without dissolution in a manner provided under the LLC agreement or the Delaware Limited Liability Company Act.

The trust agreement provides for the dissolution and winding up of the trust upon the occurrence of:

- an acquisition exchange or a voluntary exchange;
- the filing of a certificate of cancellation of the company or its failure to revive its certificate of formation within 10 days following revocation of the company's certificate of formation;

- the entry of a decree of judicial dissolution by a court of competent jurisdiction over the company or the trust; or
- the written election of the company.

We refer to these events as dissolution events. Following the occurrence of a dissolution event with respect to the trust, each share will be mandatorily exchanged for an underlying trust interest of the company. Upon dissolution of the company in accordance with the terms of the LLC agreement, the then holders of trust interests will be entitled to share in the assets of the company legally available for distribution following payment to creditors, subject to any applicable trust interest designation, in accordance with the positive balance in such holders' capital accounts required by the LLC agreement, including any applicable trust interest designation, after giving effect to all contributions, distributions and allocations for all periods.

## **Description of Series A Preferred Shares**

### ***General***

On June 28, 2017, the trust executed a share designation (the "Series A Share Designation") to designate 4,600,000 shares of the preferred shares of the trust, no par value, as the Series A Preferred Shares with the powers, designations, preferences and other rights as set forth therein. The Series A Share Designation is incorporated herein by reference. On June 28, 2017, we issued 4,000,000 shares of the Series A Preferred Shares, all of which remain outstanding as of November 12, 2019. The Series A Preferred Shares are listed on the New York Stock Exchange under the symbol "CODI PR A."

### ***Distributions***

Distributions on the Series A Preferred Shares are payable when, as and if declared by the board of directors of the company out of funds legally available, at a rate per annum equal to 7.250% of the \$25.00 liquidation preference per share. Distributions on the Series A Preferred Shares are payable quarterly on January 30, April 30, July 30 and October 30 of each year, when, as and if declared by the board of directors of the company in its sole discretion. If any of those dates is not a business day, then distributions are payable on the next succeeding business day. Distributions on the Series A Preferred Shares are non-cumulative. Accordingly, if the board of directors of the company does not declare a distribution before the scheduled record date for any distribution period, the trust will not make a distribution in that distribution period, whether or not distributions on the Series A Preferred Shares are declared or paid for any future distribution period.

The Series A Preferred Shares rank junior to the allocation interests to the extent provided in the LLC agreement, and senior to the common shares to the extent provided in the trust agreement, with respect to the payment of distributions. Unless distributions have been declared and paid or declared and set apart for payment on the Series A Preferred Shares for a quarterly distribution period, no distribution may be declared or paid or set apart for payment on the common shares (or on any other shares that the trust has, or may in the future, issue ranking, as to the payment of distributions, junior to the Series A Preferred Shares (together with the common shares, "Series A junior shares")) for the remainder of that quarterly distribution period, other than distributions paid in Series A junior shares or options, warrants or rights to subscribe for or purchase Series A junior shares, and we and our subsidiaries may not directly or indirectly repurchase, redeem or otherwise acquire for consideration common shares (or any Series A junior shares). However, for a subsequent distribution period, payments on Series A junior shares can be made again as long as distributions have been made on the Series A Preferred Shares for that period (even if no distributions have been made in one or more prior periods).

The board of directors of the company, or a duly authorized committee thereof, may, in its discretion, choose to cause the trust to pay distributions on the Series A Preferred Shares without the payment of any distributions on any Series A junior shares. No distributions may be declared or paid or set apart for payment on any Series A Preferred Shares if at the same time any arrears exist or default exists in the payment of distributions on any outstanding series of Series A senior shares (defined below), if any are issued.

When distributions are not paid (or duly provided for) on any distribution payment date (or, in the case of Series A parity shares (as defined below) having distribution payment dates different from the distribution payment dates pertaining to the Series A Preferred Shares, on a distribution payment date falling within the related distribution period (as defined below) for the Series A Preferred Shares) in full upon the Series A Preferred Shares or any Series A parity shares, all distributions declared upon the Series A Preferred Shares and all such Series A parity shares payable on such distribution payment date (or, in the case of Series A parity shares having distribution payment dates different from the distribution payment dates pertaining to the Series A Preferred Shares, on a distribution payment date falling within the related distribution period for the Series A Preferred Shares) shall be declared pro rata so that the respective amounts of such distributions shall bear the same ratio to each other as all declared and unpaid distributions per share on the Series A Preferred Shares and all unpaid distributions, including any accumulations, on all Series A parity shares payable on such distribution payment date (or in the case of Series A parity shares having distribution payment dates different from the distribution payment dates pertaining to the Series A Preferred Shares, on a distribution payment date falling within the related distribution period for the Series A Preferred Shares) bear to each other.

### ***Ranking***

The Series A Preferred Shares rank senior to the Series A junior shares with respect to payment of distributions and distribution of the trust's assets upon the trust's liquidation, dissolution or winding up. The Series A Preferred Shares rank equally with any equity securities, including our Series B Preferred Shares and other preferred shares, that the trust may issue in the future, the terms of which provide that such securities will rank equally with the Series A Preferred Shares with respect to payment of distributions and distribution of the trust's assets upon its liquidation, dissolution or winding up ("Series A parity shares"). The Series A Preferred Shares rank junior to (i) all of the trust's existing and future indebtedness, and (ii) any of the trust's equity securities, including preferred shares, that the trust or the company may issue in the future, the terms of which provide that such securities will rank senior to the Series A Preferred Shares with respect to payment of distributions and distribution of the trust's assets upon its liquidation, dissolution or winding up (such equity securities, "Series A senior shares"). The Series A Preferred Shares rank junior to the company's allocation interests with respect to the payment of distributions prior to dissolution of the company, and equally with the company's allocation interests upon liquidation, dissolution or winding up of the company or the trust; provided however that the rights allocated to the allocation interest may reduce the amount distributable to the Series A Preferred Shares upon the liquidation, dissolution or winding up of the trust. Other than the company's allocation interests, there are no Series A senior shares or interests in the company outstanding.

### ***Maturity***

The Series A Preferred Shares do not have a maturity date, and the trust is not required to redeem or repurchase the Series A Preferred Shares. Accordingly, the Series A Preferred Shares will remain outstanding indefinitely unless the board of directors of the company decides to cause the trust to redeem or repurchase them.

### ***Redemption***

The trust may not redeem the Series A Preferred Shares prior to July 30, 2022, except under circumstances resulting in the trust or the company being treated as an association taxable as a corporation for U.S. federal income tax purposes or otherwise becoming subject to U.S. federal income tax. On or after July 30, 2022, the board of directors of the company may cause the trust, at its option, out of funds legally available to redeem the Series A Preferred Shares, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a price of \$25.00 per Series A Preferred Share plus any accumulated and unpaid distributions thereon, if any, to, but excluding, the redemption date, without payment of any undeclared distributions. Holders of the Series A Preferred Shares have no right to require the redemption of the Series A Preferred Shares.

### ***Repurchase at the Option of Holders***

If a Series A Fundamental Change (as defined below) occurs, unless, prior to or concurrently with the time the board of directors of the company is required to cause the trust to make a Series A Fundamental Change Offer (as described below), the board of directors of the company has caused the company to previously or concurrently mail or transmit electronically a redemption notice with respect to all of the outstanding Series A Preferred Shares, the board of directors of the company will cause the trust to make an offer to purchase all of the Series A Preferred Shares pursuant to the offer described below (the “Series A Fundamental Change Offer”), out of funds received by the trust on the Series A trust preferred interests and legally available, at a price in cash of \$25.25 per Series A Preferred Share, plus declared and unpaid distributions to, but excluding, the Series A Fundamental Change payment date, without payment of any undeclared distributions. If (i) a Series A Fundamental Change occurs and (ii) (x) we do not give notice prior to the 31st day following the Series A Fundamental Change of either (1) a Series A Fundamental Change Offer or (2) the intention to redeem all the outstanding Series A Preferred Shares or (y) we default upon our obligation to repurchase or redeem the Series A Preferred Shares on the Series A Fundamental Change payment date or redemption date, the distribution rate per annum on the Series A Preferred Shares will increase by 5.00%, beginning on the 31st day following such Series A Fundamental Change. “Series A Fundamental Change” means (i) the Series A Preferred Shares cease to be listed on a U.S. national securities exchange for a period of 20 consecutive trading days or (ii) the company and the trust are no longer subject to, and are not voluntarily filing the annual reports, information, documents and other reports that the company and the trust would be so required to file if so subject to, the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

### ***Voting Rights***

Holders of the Series A Preferred Shares generally have no voting rights. However, if and whenever six quarterly distributions (whether or not consecutive) payable on the Series A Preferred Shares have not been declared and paid (a “Nonpayment”), the number of directors then constituting the board of directors of the company will be increased by two and the holders of the Series A Preferred Shares, voting together as a single class with the holders of any other series of Series A parity shares then outstanding upon which like voting rights have been conferred and are exercisable (any such other series, the “Series A voting preferred shares”), will have the right to elect these two additional directors at a meeting of the holders of the Series A Preferred Shares and such other Series A voting preferred shares. When quarterly distributions have been declared and paid on the Series A Preferred Shares for four consecutive quarters following the Nonpayment, the right of the holders of the Series A Preferred Shares and any other Series A voting preferred shares to elect these two additional directors will cease, the terms of office of these two directors will forthwith terminate and the number of directors constituting the board of directors of the company will be reduced accordingly. However, the right of the holders of the Series A Preferred Shares and any other Series A voting preferred shares to elect two additional directors will again vest if and whenever six additional quarterly distributions have not been declared and paid, as described above.

The approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series A Preferred Shares and all other series of Series A voting preferred shares, acting as a single class regardless of series, at a meeting of shareholders, is required in order (i) to amend, alter or repeal any provisions of the trust agreement relating to the Series A Preferred Shares or other series of Series A voting preferred shares, whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series A Preferred Shares or other series of Series A voting preferred shares, unless in connection with any such amendment, alteration or repeal, each Series A Preferred Share and any other voting preferred share remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred shares of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption thereof substantially similar to those of the Series A Preferred Shares or any other series of Series A voting preferred shares, as the case may be, or (ii) to authorize, create or increase the

authorized amount of, any class or series of preferred shares having rights senior to the Series A Preferred Shares with respect to the payment of distributions or amounts upon liquidation, dissolution or winding up; provided, however, that in the case of clause (i) above, if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the classes or series of Series A voting preferred shares (including the Series A Preferred Shares for this purpose), only the consent of the holders of at least two-thirds of the outstanding shares of the classes or series so affected, voting as a class, is required in lieu of (or, if such consent is required by law, in addition to) the consent of the holders of two-thirds of the Series A voting preferred shares (including the Series A Preferred Shares for this purpose) as a class.

***Amount Payable in Liquidation***

Upon any voluntary or involuntary liquidation, dissolution or winding up of the trust (other than in the case of a voluntary exchange or acquisition exchange (as defined in the trust agreement) of preferred shares for trust preferred interests) (“Liquidation”), each holder of the Series A Preferred Shares will be entitled to a payment out of the trust’s assets available for distribution to the holders of the Series A Preferred Shares following the satisfaction of all claims ranking senior to the Series A Preferred Shares. Such payment will be equal to their preferred capital account balance (the “Series A Preferred Share Liquidation Value”).

The capital account balance for each Series A Preferred Share was equal \$25.00 initially and is increased each year by an allocation of gross income (excluding capital gains) recognized by us (including any gross income recognized in the year of Liquidation). The allocations of gross income to the capital account balances for the Series A Preferred Shares in any year will not exceed the sum of the amount of distributions paid on the Series A Preferred Shares during such year. If the board of directors of the company declares a distribution on the Series A Preferred Shares, the amount of the distribution paid on each such Series A Preferred Share will be deducted from the capital account balance for such Series A Preferred Share, whether or not such capital account balance received an allocation of gross income in respect of such distribution. The allocation of gross income to the capital account balances for the Series A Preferred Shares is intended to entitle the holders of the Series A Preferred Shares to a preference over the holders of outstanding common shares upon the trust’s Liquidation, to the extent required to permit each holder of a Series A Preferred Share to receive the Series A Preferred Share Liquidation Value in respect of such share. In addition, a special allocation of gross income (from any source) in the year of Liquidation will be made if necessary so that a holder’s preferred capital account balance equals the Series A Preferred Share Liquidation Value. If, however, the trust were to have insufficient gross income to achieve this result, then the amount that a holder of Series A Preferred Shares would receive upon liquidation may be less than the Series A Preferred Share Liquidation Value.

After each holder of Series A Preferred Shares receives a payment equal to the capital account balance for such holder’s shares (even if such payment is less than the Series A Preferred Share Liquidation Value of such holder’s shares), holders will not be entitled to any further participation in any distribution of the trust’s assets.

***Conversion***

The Series A Preferred Shares are not convertible into common shares or any other class or series of shares or any other security.

***Series A Trust Preferred Interests***

Each Series A Preferred Share corresponds to one underlying trust preferred interest of the company held by the trust of the same class and series, and with corresponding rights, powers and duties, as the Series A Preferred Shares (the “Series A Preferred Trust Interests”). Unless the trust is dissolved, it must remain the holder of 100% of the company’s trust interests, including the Series A Preferred Trust Interests, and, at all times, the trust will have outstanding the identical number of common shares and preferred shares, including the Series A Preferred Shares, as the number of outstanding trust common interests and trust preferred interests, including the Series A Preferred Trust Interests, of the company that are of the corresponding class and series.



## **Description of Series B Preferred Shares**

### ***General***

On March 13, 2018, the trust executed a share designation (the “Series B Share Designation”) to designate 4,600,000 shares of the preferred shares of the trust, no par value, as the Series B Preferred Shares with the powers, designations, preferences and other rights as set forth therein. The Series B Share Designation is incorporated herein by reference. On March 13, 2018, we issued 4,000,000 shares of the Series B Preferred Shares, all of which remain outstanding as of November 12, 2019. The Series B Preferred Shares are listed on the New York Stock Exchange under the symbol “CODI PR B.”

### ***Distributions***

Holders of Series B Preferred Shares are entitled to receive, when, as and if declared by the board of directors of the company, cumulative cash distributions on the liquidation preference of the Series B Preferred Shares at a rate equal to (1) 7.875% per annum of the liquidation preference per share for each quarterly distribution period from the original issue date of the Series B Preferred Shares to, but excluding, April 30, 2028, and (2) the then applicable three-month LIBOR plus a spread of 4.985% per annum of the liquidation preference per share for each quarterly distribution period from April 30, 2028 through the redemption date of the Series B Preferred Shares, if any. In the event we issue additional Series B Preferred Shares, distributions on such additional shares will accrue from the original issuance date of such additional shares. Distributions on the Series B Preferred Shares accumulate daily and are cumulative from, and including, the date of original issuance. The distributions payable on any distribution payment date include distributions accumulated to, but not including, such distribution payment date. Distributions on the Series B Preferred Shares are payable quarterly, in arrears, on January 30, April 30, July 30 and October 30 of each year. Declared distributions are payable on the relevant distribution payment date to holders of record as they appear on our share register at the close of business, New York City time, on the January 15, April 15, July 15 and October 15, as the case may be, immediately preceding the relevant distribution payment date. These record dates apply regardless of whether a particular record date is a business day, provided that if the record date is not a business day, the declared distributions are payable on the relevant distribution payment date to holders of record as they appear on the trust’s share register at the close of business, New York City time, on the business day immediately preceding such record date.

Distributions on the Series B Preferred Shares accumulate whether or not (i) the terms and provisions of any laws or agreements referred to in the preceding paragraph at any time prohibit the current payment of distributions, (ii) we have earnings, (iii) there are funds legally available for the payment of those distributions and (iv) those distributions are declared. No interest, or sum in lieu of interest, is payable in respect of any distribution payment or payments on the Series B Preferred Shares which may be in arrears, and holders of Series B Preferred Shares are not entitled to any distributions in excess of full cumulative distributions described above. Any distribution payment made on the Series B Preferred Shares will first be credited against the earliest accumulated but unpaid distribution due with respect to those shares.

The Series B Preferred Shares rank junior to the allocation interests to the extent provided in the LLC agreement, and senior to the common shares to the extent provided in the trust agreement, with respect to the payment of distributions. Unless full cumulative distributions on the Series B Preferred Shares have been or contemporaneously are declared and paid or declared and set apart for payment on the Series B Preferred Shares for all past distribution periods, no distribution may be declared or paid or set apart for payment on the common shares (or on any other shares that the trust may issue in the future ranking, as to the payment of distributions, junior to the Series B Preferred Shares (together with the common shares, “Series B junior shares”)), other than distributions paid in Series B junior shares or options, warrants or rights to subscribe for or purchase Series B junior shares, and we and our subsidiaries may not directly or indirectly repurchase, redeem or otherwise acquire for consideration common shares (or any Series B junior shares).

The board of directors of the company, or a duly authorized committee thereof, may, in its discretion, choose to cause the trust to pay distributions on the Series B Preferred Shares without the payment of any

distributions on any Series B junior shares. No distributions may be declared or paid or set apart for payment on any Series B Preferred Shares if at the same time any arrears exist or default exists in the payment of distributions on any outstanding series of Series B senior shares (defined below), if any are issued.

When distributions are not paid in full (or a sum sufficient for such full payment is not so set apart) upon the Series B Preferred Shares and our Series B parity shares (as defined below), all distributions declared upon the Series B Preferred Shares and such Series B parity shares must be declared pro rata so that the amount of distributions declared per Series B Preferred Share and such Series B parity shares will in all cases bear to each other the same ratio that accumulated distributions per share on the Series B Preferred Shares and such Series B parity shares (which will not include any accrual in respect of unpaid distributions for prior distribution periods if such other Series B parity shares do not have a cumulative distribution) bear to each other. No interest, or sum of money in lieu of interest, will be payable in respect of any distribution payment or payments on the Series B Preferred Shares which may be in arrears.

### ***Ranking***

The Series B Preferred Shares rank senior to the Series B junior shares with respect to payment of distributions and distribution of the trust's assets upon the trust's liquidation, dissolution or winding up. The Series B Preferred Shares rank equally with any equity securities, including our Series A Preferred Shares and other preferred shares, that the trust may issue in the future, the terms of which provide that such securities will rank equally with the Series B Preferred Shares with respect to payment of distributions and distribution of the trust's assets upon its liquidation, dissolution or winding up ("Series B parity shares"). The Series B Preferred Shares rank junior to (i) all of the trust's existing and future indebtedness, and (ii) any of the trust's equity securities, including preferred shares, that the trust or the company may issue in the future, the terms of which provide that such securities will rank senior to the Series B Preferred Shares with respect to payment of distributions and distribution of the trust's assets upon its liquidation, dissolution or winding up (such equity securities, "Series B senior shares"). The Series B Preferred Shares rank junior to the company's allocation interests with respect to the payment of distributions prior to dissolution of the company, and equally with the company's allocation interests upon liquidation, dissolution or winding up of the company or the trust; provided however that the rights allocated to the allocation interest may reduce the amount distributable to the Series B Preferred Shares upon the liquidation, dissolution or winding up of the trust. Other than the company's allocation interests, there are no Series B senior shares or interests in the company outstanding.

### ***Maturity***

The Series B Preferred Shares do not have a maturity date, and the trust is not required to redeem or repurchase the Series B Preferred Shares. Accordingly, the Series B Preferred Shares will remain outstanding indefinitely unless the board of directors of the company decides to cause the trust to redeem or repurchase them.

### ***Redemption***

The trust may not redeem the Series B Preferred Shares prior to April 30, 2028, except under circumstances resulting in the trust or the company being treated as an association taxable as a corporation for U.S. federal income tax purposes or otherwise becoming subject to U.S. federal income tax. On or after April 30, 2028, the board of directors of the company may cause the trust, at its option, out of funds legally available to redeem the Series B Preferred Shares, in whole or in part, upon not less than 30 nor more than 60 days' notice, at a price of \$25.00 per Series B Preferred Share plus any accumulated and unpaid distributions thereon (whether or not authorized or declared) to, but excluding, the redemption date.

Immediately prior to any redemption of Series B Preferred Shares, we will pay, in cash, any accumulated and unpaid distributions to, but excluding, the redemption date, unless a redemption date falls after a distribution record date and prior to the corresponding distribution payment date, in which case each holder of Series B

Preferred Shares at the close of business on such distribution record date will be entitled to the distribution payable on such shares on the corresponding distribution payment date notwithstanding the redemption of such shares before such distribution payment date. Except as provided above, we will make no payment or allowance for unpaid distributions, whether or not in arrears, on the Series B Preferred Shares to be redeemed.

Unless full cumulative distributions on all Series B Preferred Shares have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for payment for all past distribution periods, no Series B Preferred Shares may be redeemed unless all outstanding Series B Preferred Shares are simultaneously redeemed, and we may not purchase or otherwise acquire directly or indirectly any Series B Preferred Shares (except by conversion into or exchange for shares of, or options, warrants or rights to purchase or subscribe for, our common stock or other Series B junior shares we may issue or pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Shares and all Series B parity shares).

Holders of the Series B Preferred Shares have no right to require the redemption of the Series B Preferred Shares.

#### ***Repurchase at the Option of Holders***

If a Series B Fundamental Change (as defined below) occurs, unless, prior to or concurrently with the time the board of directors of the company is required to cause the trust to make a Series B Fundamental Change Offer (as described below), the board of directors of the company has caused the company to previously or concurrently mail or transmit electronically a redemption notice with respect to all of the outstanding Series B Preferred Shares, the board of directors of the company will cause the trust to make an offer to purchase all of the Series B Preferred Shares pursuant to the offer described below (the "Series B Fundamental Change Offer"), out of funds received by the trust on the Series B trust preferred interests and legally available, at a price in cash of \$25.25 per Series B Preferred Share, plus any accumulated and unpaid distributions thereon (whether or not authorized or declared) to, but excluding, the Series B Fundamental Change payment date. If (i) a Series B Fundamental Change occurs and (ii) (x) we do not give notice prior to the 31st day following the Series B Fundamental Change of either (1) a Series B Fundamental Change Offer or (2) the intention to redeem all the outstanding Series B Preferred Shares or (y) we default upon our obligation to repurchase or redeem the Series B Preferred Shares on the Series B Fundamental Change payment date or redemption date, the distribution rate per annum on the Series B Preferred Shares will increase by 5.00%, beginning on the 31st day following such Series B Fundamental Change. "Series B Fundamental Change" means (i) the Series B Preferred Shares cease to be listed on a U.S. national securities exchange for a period of 20 consecutive trading days or (ii) the company and the trust are no longer subject to, and are not voluntarily filing the annual reports, information, documents and other reports that the company and the trust would be so required to file if so subject to, the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

#### ***Voting Rights***

Holders of the Series B Preferred Shares generally have no voting rights. However, if and whenever distributions on any Series B Preferred Shares are in arrears for six or more full quarterly distribution periods (whether or not consecutive), the number of directors then constituting the board of directors of the company will be increased by two (if not already increased by two by reason of the election of directors by the holders of any other class or series of Series B parity shares upon which like voting rights have been conferred and are exercisable) and the holders of the Series B Preferred Shares, voting together as a single class with the holders of any other series of Series B parity shares then outstanding upon which like voting rights have been conferred and are exercisable (any such other series, the "Series B voting preferred shares"), will have the right to elect these two additional directors at a meeting of the holders of the Series B Preferred Shares and such other Series B voting preferred shares. When all distributions accumulated on the Series B Preferred Shares for all past distribution periods and the then current distribution period have been fully paid, the right of the holders of the

Series B Preferred Shares and any other Series B voting preferred shares to elect these two additional directors will cease and, unless there are other classes or series of Series B parity shares upon which like voting rights have been conferred and are exercisable, the terms of office of these two directors will terminate and the number of directors constituting the board of directors of the company will be reduced accordingly.

The approval of two-thirds of the votes entitled to be cast by the holders of outstanding Series B Preferred Shares and all other series of Series B voting preferred shares, acting as a single class regardless of series, at a meeting of shareholders, is required in order (i) to amend, alter or repeal any provisions of the trust agreement relating to the Series B Preferred Shares or other series of Series B voting preferred shares, whether by merger, consolidation or otherwise, to affect materially and adversely the voting powers, rights or preferences of the holders of the Series B Preferred Shares or other series of Series B voting preferred shares, unless in connection with any such amendment, alteration or repeal, each Series B Preferred Share and any other Series B voting preferred share remains outstanding without the terms thereof being materially changed in any respect adverse to the holders thereof or is converted into or exchanged for preferred shares of the surviving entity having preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications and terms and conditions of redemption thereof substantially similar to those of the Series B Preferred Shares or any other series of Series B voting preferred shares, as the case may be, or (ii) to authorize, create or increase the authorized amount of, any class or series of preferred shares having rights senior to the Series B Preferred Shares with respect to the payment of distributions or amounts upon liquidation, dissolution or winding up; provided, however, that in the case of clause (i) above, if such amendment affects materially and adversely the rights, preferences, privileges or voting powers of one or more but not all of the classes or series of Series B voting preferred shares (including the Series B Preferred Shares for this purpose), only the consent of the holders of at least two-thirds of the outstanding shares of the classes or series so affected, voting as a class, is required in lieu of (or, if such consent is required by law, in addition to) the consent of the holders of two-thirds of the Series B voting preferred shares (including the Series B Preferred Shares for this purpose) as a class.

#### ***Amount Payable in Liquidation***

Upon any Liquidation, each holder of the Series B Preferred Shares will be entitled to a payment out of the trust's assets available for distribution to the holders of the Series B Preferred Shares following the satisfaction of all claims ranking senior to the Series B Preferred Shares. Such payment will be equal to their preferred capital account balance (the "Series B Preferred Share Liquidation Value").

The capital account balance for each Series B Preferred Share was equal \$25.00 initially and is increased each year by an allocation of gross income (excluding capital gains) recognized by us (including any gross income recognized in the year of Liquidation). The allocations of gross income to the capital account balances for the Series B Preferred Shares in any year will not exceed the sum of the amount of distributions paid on the Series B Preferred Shares during such year. If the board of directors of the company declares a distribution on the Series B Preferred Shares, the amount of the distribution paid on each such Series B Preferred Share will be deducted from the capital account balance for such Series B Preferred Share, whether or not such capital account balance received an allocation of gross income in respect of such distribution. The allocation of gross income to the capital account balances for the Series B Preferred Shares is intended to entitle the holders of the Series B Preferred Shares to a preference over the holders of outstanding common shares upon the trust's Liquidation, to the extent required to permit each holder of a Series B Preferred Share to receive the Series B Preferred Share Liquidation Value in respect of such share. In addition, a special allocation of gross income (from any source) in the year of Liquidation will be made if necessary so that a holder's preferred capital account balance equals the Series B Preferred Share Liquidation Value. If, however, the trust were to have insufficient gross income to achieve this result, then the amount that a holder of Series B Preferred Shares would receive upon liquidation may be less than the Series B Preferred Share Liquidation Value.

After each holder of Series B Preferred Shares receives a payment equal to the capital account balance for such holder's shares (even if such payment is less than the Series B Preferred Share Liquidation Value of such holder's shares), holders will not be entitled to any further participation in any distribution of the trust's assets.

### **Conversion**

The Series B Preferred Shares are not convertible into common shares or any other class or series of shares or any other security.

### **Series B Trust Preferred Interests**

Each Series B Preferred Share corresponds to one underlying trust preferred interest of the company held by the trust of the same class and series, and with corresponding rights, powers and duties, as the Series B Preferred Shares (the “Series B Preferred Trust Interests”). Unless the trust is dissolved, it must remain the holder of 100% of the company’s trust interests, including the Series B Preferred Trust Interests, and, at all times, the trust will have outstanding the identical number of common shares and preferred shares, including the Series B Preferred Shares, as the number of outstanding trust common interests and trust preferred interests, including the Series B Preferred Trust Interests, of the company that are of the corresponding class and series.

### **Anti-Takeover Provisions**

Certain provisions of the management services agreement, the trust agreement and the LLC agreement may make it more difficult for third parties to acquire control of the trust and the company by various means. These provisions could deprive the shareholders of the trust of opportunities to realize a premium on the shares owned by them. In addition, these provisions may adversely affect the prevailing market price of the shares. These provisions are intended to:

- protect our manager and its economic interests in the company;
- protect the position of our manager and its rights to manage the business and affairs of the company under the management services agreement;
- enhance the likelihood of continuity and stability in the composition of the company’s board of directors and in the policies formulated by the company’s board of directors;
- discourage certain types of transactions which may involve an actual or threatened change in control of the trust and the company;
- discourage certain tactics that may be used in proxy fights;
- encourage persons seeking to acquire control of the trust and the company to consult first with the company’s board of directors to negotiate the terms of any proposed business combination or offer; and
- reduce the vulnerability of the trust and the company to an unsolicited proposal for a takeover that does not contemplate the acquisition of all of the outstanding shares or that is otherwise unfair to shareholders of the trust.

### **Anti-Takeover Effects of the Management Services Agreement**

The limited circumstances in which our manager may be terminated means that it will be very difficult for a potential acquirer of the company to take over the management and operation of our business. Under the terms of the management services agreement, our manager may only be terminated by the company in certain limited circumstances.

Furthermore, our manager has the right to resign and terminate the management services agreement upon 180 days’ notice. Upon the termination of the management services agreement, seconded officers, employees, representatives and delegates of our manager and its affiliates who are performing the services that are the subject of the management services agreement will resign their respective position with the company and cease to work at the date of our manager’s termination or at any other time as determined by our manager. Any appointed director may continue serving on the company’s board of directors subject to our Allocation Member’s continued ownership of the allocation interests.

If we terminate the management services agreement, the company and the trust will agree, and the company will agree to cause its businesses, to cease using the term “Compass,” including any trademarks based on the name of the company and trust owned by our manager, entirely in their businesses and operations within 180 days of such termination. This agreement would require the trust, the company and its businesses to change their names to remove any reference to the term “Compass” or any trademarks owned by our manager.

***Anti-Takeover Provisions in the Trust Agreement and the LLC Agreement***

A number of provisions of the trust agreement and the LLC agreement also could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, control of the trust and the company. The trust agreement and the LLC agreement prohibit the merger or consolidation of the trust and the company with or into any limited liability company, corporation, statutory trust, business trust or association, real estate investment trust, common-law trust or any other unincorporated business, including a partnership, or the sale, lease or exchange of all or substantially all of the trust’s or the company’s property or assets unless, in each case, the company’s board of directors adopts a resolution by a majority vote approving such action and unless (i) in the case of the company, such action is approved by the affirmative vote of the holders of a majority of each of the outstanding trust interests and allocation interests entitled to vote thereon or (ii) in the case of the trust, such action is approved by the affirmative vote of the holders of a majority of the outstanding shares entitled to vote thereon.

In addition, the trust agreement and the LLC agreement each contain provisions based on Section 203 of the DGCL which prohibit the company and the trust from engaging in a business combination with an interested shareholder unless (i) in the case of the company, such business combination is approved by the affirmative vote of the holders of 66 2/3% of each of the outstanding trust interests and allocation interests entitled to vote thereon ,or (ii) in the case of the trust, such business combination is approved by the affirmative vote of the holders of 66 2/3% of the outstanding shares entitled to vote thereon, in each case, excluding shares or trust interests, as the case may be, held by the interested shareholder or any affiliate or associate of the interested shareholder.

Subject to the right of our manager to appoint directors and any successor in the event of a vacancy, the LLC agreement authorizes the company’s board of directors to fill vacancies. This provision could prevent a shareholder of the trust from effectively obtaining an indirect majority representation on the company’s board of directors by permitting the existing board of directors to increase the number of directors and to fill the vacancies with its own nominees. The LLC agreement also provides that directors may be removed, with or without cause, only by the affirmative vote of holders of 85% of the outstanding trust interests entitled to vote thereon that so elected or appointed such director. An appointed director may only be removed by the Allocation Member, as holder of the allocation interests.

The trust agreement does not permit holders of the shares to act by written consent. Instead, shareholders may only take action via proxy, which, when the action relates to the trust’s exercise of its rights as a member of the company, may be presented at a duly called annual or special meeting of members of the company and will constitute the vote of the trust. For so long as the trust remains the sole owner of the trust interests, the trust will act as a member of the company by written consent, including to vote its trust interests in a manner that reflects the vote by proxy of the holders of the shares. Furthermore, the trust agreement and the LLC agreement provide that special meetings may only be called by the chairman of the company’s board of directors or by resolution adopted by the company’s board of directors.

The trust agreement and the LLC agreement also provide that members, or holders of shares, subject to any applicable share designation or trust interest designation, seeking to bring business before an annual meeting of members or to nominate candidates for election as directors at an annual meeting of members of the company, must provide notice thereof in writing to the company not less than 120 days and not more than 150 days prior to the anniversary date of the preceding year’s annual meeting of members or as otherwise required by requirements of the Exchange Act. In addition, the member or holder of shares furnishing such notice must be a member or

shareholder, as the case may be, of record on both (i) the date of delivering such notice and (ii) the record date for the determination of members or shareholders, as the case may be, entitled to vote at such meeting. The trust agreement and the LLC agreement specify certain requirements as to the form and content of a member's or shareholder's notice, as the case may be. These provisions may preclude members or holders of shares from bringing matters before members or holders of shares at an annual meeting or from making nominations for directors at an annual or special meeting of members.

The company's board of directors is divided into three classes serving staggered three-year terms, which effectively requires at least two election cycles for a majority of the company's board of directors to be replaced. See our definitive Proxy Statement on Schedule 14A filed on April 15, 2019, which is incorporated by reference into this prospectus, for more information about the company's board of directors. In addition, the Allocation Member has certain rights with respect to appointing one or more directors, as discussed above.

Authorized but unissued shares are available for future issuance, without approval of the shareholders of the trust. These additional shares may be utilized for a variety of purposes, including future public offerings to raise additional capital or to fund acquisitions, as well as option plans for employees of the company or its businesses. The existence of authorized but unissued shares could render more difficult or discourage an attempt to obtain control of the trust by means of a proxy contest, tender offer, merger or otherwise. However, the company's board of directors will not, without prior shareholder approval, issue or use any preferred shares for any defensive or anti-takeover purpose or for the purpose of implementing any shareholder rights plan.

In addition, the company's board of directors has broad authority to amend the trust agreement and the LLC agreement, as discussed below. The company's board of directors could, in the future, choose to amend the trust agreement or the LLC agreement to include other provisions which have the intention or effect of discouraging takeover attempts.

#### **Amendment of the LLC Agreement**

The LLC agreement (including the distribution provisions thereof) may be amended only by a majority vote of the board of directors of the company, except that amending the following provisions requires an affirmative vote of at least a majority of the outstanding trust interests entitled to vote thereon:

- the purpose or powers of the company;
- the authorization of an increase in trust interests;
- the distribution rights of the trust interests;
- the provisions regarding the right to acquire trust interests after an acquisition exchange described above;
- the right of holders of shares to enforce the LLC agreement or to institute any legal proceeding for any remedy available to the trust;
- the hiring of a replacement manager following the termination of the management services agreement;
- the merger or consolidation of the company, the sale, lease or exchange of all or substantially all of the company's assets and certain other business combinations or transactions;
- the right of holders of trust interests to vote on the dissolution, winding up and liquidation of the company; and
- the provision of the LLC agreement governing amendments thereof.

provided, however, that the company's board of directors may, without the vote of any outstanding trust interests, adopt any trust interest designation setting forth the terms of the trust preferred interests to be issued, which will

amend the LLC agreement, and the board of directors, without the vote of any outstanding trust interests, may otherwise amend the LLC agreement to the extent the board of directors determines that it is necessary or desirable in order to effectuate any issuance of trust preferred interests.

In addition, the Allocation Member, as holder of the allocation interests, will have the rights specified above under “— Voting and Consent Rights.”

#### **Amendment of the Trust Agreement**

The trust agreement may be amended, revised, supplemented or otherwise modified, and provisions of the trust agreement waived by the company, as sponsor of the trust, and the regular trustees acting at the company’s direction. However, the company may not, without the affirmative vote of a majority of the outstanding shares entitled to vote thereon, enter into or consent to any modification or waiver of the provisions of the trust agreement that would:

- cause the trust to fail or cease to qualify for the exemption from the status of an “investment company” under the Investment Company Act;
- cause the trust to issue a class of common equity securities other than the common shares (as described above under “— Common Shares in the Trust”), or issue any debt securities or any derivative securities or amend the provision of the trust agreement prohibiting any such issuances;
- affect the exclusive and absolute right of our shareholders entitled to vote to direct the voting of the trust, as a member of the company, with respect to all matters reserved for the vote of members of the company pursuant to the LLC agreement;
- effect the merger or consolidation of the trust, the sale, lease or exchange of all or substantially all of the trust’s property or assets and certain other business combinations or transactions;
- amend the distribution rights of the shares;
- increase the number of authorized shares; or
- amend the provisions of the trust agreement governing the amendment thereof.

provided, however, that the company’s board of directors may, without the vote of any outstanding shares, adopt any share designation setting forth the terms of the preferred shares to be issued, which will amend the trust agreement, and the board of directors, without the vote of any outstanding shares, may otherwise amend the trust agreement to the extent the board of directors determines that it is necessary or desirable in order to effectuate any issuance of preferred shares.

#### **Trustees**

Messrs. Elias J. Sabo and Ryan J. Faulkingham currently serve as the regular trustees of the trust, and BNY Mellon Trust of Delaware currently serves as the Delaware trustee of the trust.

#### **Transfer Agent and Registrar**

The transfer agent and registrar for the shares and the trust interests is Broadridge Corporate Issuer Solutions, Inc.

Our common shares are listed on the New York Stock Exchange under the symbol “CODI.” Our 7.250% Series A Preferred Shares and the 7.875 % Series B Fixed-to-Floating Rate Cumulative Preferred Shares are listed on the New York Stock Exchange under the symbols “CODI PR A” and “CODI PR B”, respectively.



## MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

*The following is a summary of material U.S. federal income tax considerations associated with the purchase, ownership and disposition of shares by U.S. holders (as defined below) and non-U.S. holders (as defined below). The following summary is based upon current provisions of the Internal Revenue Code of 1986, as amended, which we refer to as the Code, currently applicable United States Treasury Regulations, which we refer to as Regulations, and judicial and administrative rulings as of the date hereof. This summary is not binding upon the Internal Revenue Service, which we refer to as the IRS, and no rulings have been or will be sought from the IRS regarding any matters discussed in this summary. In that regard, there can be no assurance that positions taken with respect to, for example, the status of the trust as a publicly traded partnership exempt from taxation as a corporation, will not be challenged by the IRS. In addition, legislative, judicial or administrative changes may be forthcoming that could alter or modify the tax consequences, possibly on a retroactive basis.*

This summary deals only with shares of the trust that are held as capital assets by holders who acquire the shares upon original issuance and does not address (except to the limited extent described below) special situations, such as those of:

- brokers and dealers in securities or currencies;
- financial institutions;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organizations;
- insurance companies;
- persons holding shares as a part of a hedging, integrated or conversion transaction or a straddle, or as part of any other risk reduction transaction;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; or
- persons liable for alternative minimum tax.

A “U.S. holder” of shares means a beneficial owner of shares that is, for U.S. federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- a partnership (or other entity treated as a partnership for tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia, the interests in which are owned only by U.S. persons;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a federal, state or local court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable Regulations to be treated as a U.S. person.

A “non-U.S. holder” of shares means a beneficial owner of shares that is not a U.S. holder.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of the trust, the tax treatment of any non-U.S. partner in such partnership (or other entity) will

generally depend upon the status of the partner and the activities of the partnership. If you are a non-U.S. partner of a partnership (or similarly treated entity) that acquires and holds shares of the trust, we urge you to consult your own tax adviser.

No statutory, administrative or judicial authority directly addresses many of the U.S. federal income tax issues pertaining to the treatment of shares or instruments similar to the shares. As a result, we cannot assure you that the IRS or the courts will agree with the positions described in this summary. A different treatment of the shares, the trust or the company from that described below could adversely affect the amount, timing, character and manner for reporting of income, gain or loss in respect of an investment in the shares. **If you are considering the purchase of shares, we urge you to consult your own tax adviser concerning the particular U.S. federal income tax consequences to you of the purchase, ownership and disposition of shares, as well as any consequences to you arising under the laws of any other taxing jurisdiction.**

Material U.S. federal income tax considerations specific to the preferred shares will be included in the applicable prospectus supplement in connection with the offering of such preferred shares.

#### Status of the Trust

The trust is intended to be treated as a publicly traded partnership exempt from taxation as a corporation. For purposes of applying the “qualifying income” tests, the trust’s share of the company’s income will be treated as received directly by the trust and will retain the same character as it had in the hands of the company.

If the trust were not treated as a publicly traded partnership exempt from taxation as a corporation and, instead, were to be classified as an association taxable as a corporation, the trust would be subject to federal income tax on any taxable income at regular corporate tax rates, thereby reducing the amount of cash available for distribution to the shareholders. In that event, the holders of shares would not be entitled to take into account their distributive shares of the trust’s deductions in computing their taxable income, nor would they be subject to tax on their respective shares of the trust’s income. Distributions to a holder would be treated as (i) dividends to the extent of the trust’s current or accumulated earnings and profits, (ii) a return of basis to the extent of each holder’s basis in its shares and (iii) gain from the sale or exchange of property to the extent that any remaining distribution exceeds the holder’s basis in its shares. Overall, treatment of the trust as an association taxable as a corporation may substantially reduce the anticipated benefits of an investment in the trust.

A “publicly traded partnership” (as defined in Section 7704 of the Code) is any partnership the interests in which are traded on an established securities market or which are readily tradable on a secondary market (or the substantial equivalent thereof). A publicly traded partnership is treated as a corporation unless 90% or more of its gross income each year is “qualifying income” (generally, passive-type income) and the partnership is not required to register as an investment company under the Investment Company Act of 1940.

Qualifying income includes dividends, interest and capital gains from the sale or other disposition of stocks and bonds held as capital assets. We intend to restrict the sources of our income so that more than 90% of our gross income for each taxable year will constitute qualifying income within the meaning of Section 7704(d) of the Code.

Under current law and assuming full compliance with the terms of the trust agreement (and other relevant documents) and based upon factual representations made by us and assuming that we satisfied the qualifying income tests for earlier years (in light of the risks discussed in the second following paragraph), in the opinion of Squire Patton Boggs (US) LLP, the trust will be classified as a publicly traded partnership exempt from taxation as a corporation for U.S. federal income tax purposes. The factual representations made by us upon which Squire Patton Boggs (US) LLP has relied include: (a) the trust has not elected and will not elect to be treated as a corporation for U.S. federal income tax purposes; (b) the trust is not required to register as an investment company under the Investment Company Act of 1940; and (c) for each taxable year, more than 90% of the gross

## [Table of Contents](#)

income of the trust will consist of dividends, interest (other than interest derived in the conduct of a financial or insurance business or interest the determination of which depends in whole or in part on the income or profits of any person) and gains from the sale of stock or debt instruments which are held as capital assets.

Squire Patton Boggs (US) LLP will have no obligation to advise us of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in, or differing IRS interpretation of, the applicable law. Our taxation as a publicly traded partnership exempt from taxation as a corporation will depend on our ability to meet, on a continuing basis, through actual operating results, the “qualifying income exception” (as described above), the compliance with which will not be reviewed by Squire Patton Boggs (US) LLP on an ongoing basis. Accordingly, no assurance can be given that the actual results of our operations for any taxable year will satisfy the qualifying income exception. You should be aware that opinions of counsel are not binding on the IRS, and no assurance can be given that the IRS will not challenge the conclusions set forth in such opinions.

There can be no assurance that the IRS will not successfully assert that the trust should be treated as a publicly traded partnership taxable as a corporation. No ruling has been or will be sought from the IRS, and the IRS has made no determination, as to the status of the trust for U.S. federal income tax purposes or whether the company will have sufficient qualifying income under Section 7704(d) of the Code. Whether the company or the trust will continue to meet the qualifying income exception is dependent on the company’s continuing activities and the nature of the income generated by those activities. In this regard, while the company does not anticipate realizing any management fee income, the treatment of income earned by our manager from offsetting management services agreements between our manager and the operating businesses is uncertain. The company’s board of directors will use its best efforts to cause the company to conduct its activities in such a manner that the trust continues to meet the qualifying income exception.

If the trust fails to satisfy the qualifying income exception described above (other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable period of time after the discovery of such failure and with respect to which certain adjustments are made), the trust will be treated as if it had (i) transferred all of its assets, subject to its liabilities, to a newly-formed corporation on the first day of the year in which it fails to satisfy the exception, in return for stock in that corporation, and (ii) then distributed that stock to the holders of shares in liquidation of their beneficial interests in the trust. This contribution and liquidation should be tax-free to holders and the trust so long as the trust, at that time, does not have liabilities in excess of its tax basis in its assets. Thereafter, the trust would be treated as a corporation for U.S. federal income tax purposes.

The discussion below is based on the opinion of Squire Patton Boggs (US) LLP that the trust will be classified as a publicly traded partnership exempt from taxation as a corporation for U.S. federal income tax purposes.

### **Status of the Company**

The company is intended to be treated as a partnership for federal income tax purposes.

### **Tax Considerations for U.S. Holders**

#### ***Tax Treatment of the Trust***

As a publicly traded partnership exempt from taxation as a corporation, the trust itself will not be subject to U.S. federal income tax, although it will file an annual partnership information return with the IRS that will report the results of its activities and will also contain schedules reflecting allocations of profits or losses (and items thereof) to shareholders of the trust.

### ***Tax Treatment of Trust Income to Holders***

Each partner of a partnership is required to take into account its share of items of income, gain, loss, deduction and other items of the partnership. Each holder of shares will directly or indirectly own a pro rata share of trust interests in the company, and thus will be required to include on its tax return its allocable share of trust income, gain, loss, deduction and other items without regard to whether the holder receives corresponding cash distributions. Thus, holders of shares may be required to report taxable income without a corresponding current receipt of cash if the trust were to recognize taxable income and not make cash distributions.

The trust's taxable income is expected to consist mostly of interest income, capital gains and dividends. Interest income will be earned upon the funds loaned by the company to the operating subsidiaries and from temporary investments of the company, and will be taxable to the holders at ordinary income rates. Capital gains or losses will be reported upon the sale of stock or assets by the company, and will be taxed to the holders at the appropriate capital gains rates. Any dividends received by the company from its domestic corporate holdings generally will constitute qualified dividend income, which will qualify for a reduced rate of tax. Any dividends received by the company that do not constitute qualified dividend income will be taxed to holders at the tax rates generally applicable to ordinary income. Dividend income of the company from its domestic operating subsidiaries that is allocated to corporate holders of shares should qualify for the dividends received deduction.

For taxable years beginning after December 31, 2017 and ending on or before December 31, 2025, an individual taxpayer may be entitled to a deduction under section 199A of the Code equal to his or her "combined qualified business income amount" which is defined as an amount that includes 20% of the taxpayers "qualified publicly traded partnership income." Treasury Regulations provide that qualified publically traded partnership income does not include, among other items, capital gains, interest, dividends, and dividend equivalents. Because the trust's taxable income is expected to consist mostly of interest income, capital gains and dividends, most or all of the income is ineligible for the 199A deduction. Additionally, the 199A rules contain limitations on deductibility of income from a "specified service trade or business," which includes income from performance of services that consist of investing and investment management, trading, or dealing in securities. For businesses with over \$25 million in gross receipts, the 199A regulations allow up to 5% of those gross receipts to be from specified service trades or businesses. It is likely that more than 5% the trust's income will specified service trade or business income. Thus, any income that is not from dividends, capital gains, interest, and would otherwise be eligible for the 199A deduction is like subject to additional limitations because it is income from a specified service trade or business. In general, it is likely that most or all of the trusts income will be ineligible for the 199A deduction.

### ***Allocation of Company Profits and Losses***

Under Section 704 of the Code, the determination of a partner's distributive share of any item of income, gain, loss, deduction or credit of a partnership shall be governed by the partnership agreement unless the allocation so provided lacks "substantial economic effect" and is not otherwise in accordance with the partner's interests in the partnership. Accordingly, a holder's share of the company's items of income, gain, loss, deduction and credit will be determined by the trust agreement, unless the allocations under the trust agreement are determined not to have "substantial economic effect" and is not otherwise in accordance with the partner's interests in the partnership. Subject to the discussion below in this section and under "— Allocations Among Holders" and "— Section 754 Election," we believe that the allocations under the trust agreement should be considered to have substantial economic effect. If the allocations were found to lack substantial economic effect, the allocations nonetheless should be deemed to be made in accordance with the "partners' interests in the partnership," a facts and circumstances analysis of the underlying economic arrangement of the company's members.

In general, under the trust agreement, items of ordinary income and loss will be allocated ratably among the holders based on the number of trust interests held. Allocations of capital gains realized by the company will be

made first to the Allocation Member to the extent of any profit allocation to the Allocation Member. Thereafter gains and losses from capital transactions will be allocated among the holders, based on the number of trust interests beneficially held. If the allocations provided by the LLC agreement or trust agreement were successfully challenged by the IRS, the amount of income or loss allocated to holders for U.S. federal income tax purposes could be increased or reduced or the character of the income or loss could be modified.

The U.S. federal income tax rules that apply to partnership allocations are complex, and their application, particularly to exchange-traded partnerships, is not always clear. We will apply certain conventions and assumptions intended to achieve general compliance with the intent of these rules, and to report items of income and loss in a manner that generally reflects a holder's economic gains and losses; however, these conventions and assumptions may not be considered to comply with all aspects of the Regulations. It is, therefore, possible the IRS will successfully assert that certain of the conventions or assumptions are not acceptable, and may require items of company income, gain, loss or deduction to be reallocated in a manner that could be adverse to a holder of shares.

As required by the rules and regulations under Sections 704(b) and 704(c) of the Code (as appropriate), specified items of income, gain, loss and deduction will be allocated to account for the difference between the tax basis and fair market value of property contributed to us and our property that has been revalued and reflected in the partners' capital accounts upon the issuance of shares in connection with this offering. An allocation of our items of income, gain, loss and deduction, other than an allocation required by the Code to eliminate the difference between a shareholder's "book" capital account, credited with the fair market value of contributed or adjusted property, and "tax" capital account, credited with the tax basis of contributed or adjusted property, referred to in this discussion as the "book-tax disparity," will generally be given effect for federal income tax purposes in determining a shareholder's distributive share of an item of income, gain, loss or deduction only if the allocation has "substantial economic effect" under the Regulations. In any other case, a shareholder's distributive share of an item will be determined on the basis of the shareholder's interest in us, which will be determined by taking into account all the facts and circumstances, including the shareholder's relative contributions to us, the interests of all the shareholders in profits and losses, the interest of all the shareholders in cash flow and other nonliquidating distributions and rights of all the shareholders to distributions of capital upon liquidation. Under the Code, partners in a partnership cannot be allocated more tax depreciation, gain or loss than the total amount of any such item recognized by that partnership in a particular taxable period (the "ceiling limitation"). This "ceiling limitation" is not expected to have significant application to allocations with respect to contributed or adjusted property. However, to the extent the ceiling limitation is or becomes applicable, our partnership agreement requires that certain items of income and deduction be allocated in a way designed to effectively "cure" this problem and eliminate the impact of the ceiling limitation. Such allocations will not have substantial economic effect because they will not be reflected in the capital accounts of our shareholders. The legislative history of Section 704(c) of the Code states that Congress anticipated that Regulations would permit partners to agree to a more rapid elimination of book-tax disparities than required provided there is no tax avoidance potential. Further, Regulations under Section 704(c) of the Code provide that allocations similar to our curative allocations would be allowed.

#### ***Treatment of Distributions***

Distributions of cash by a partnership generally are not taxable to the distributee-partner to the extent the amount of cash distributed does not exceed the distributee's tax basis in its partnership interest. Cash distributions made by the company to the trust, which cash distributions the trustee in turn will distribute to the holders of shares, would create taxable gain to a holder only to the extent the distribution were to exceed the holder's tax basis in the trust interests (see the section entitled "— Tax Basis in Shares"). Any cash distribution in excess of a holder's tax basis generally will be considered to be gain from the sale or exchange of the shares (see the section entitled "— Disposition of Shares" below).

Cash distributions to the holders of shares generally will be funded by gain realized by the company and payments to the company from the operating subsidiaries, which payments will consist of interest and principal

payments on indebtedness owed to the company, and, subject to availability and board of director's discretion, dividends. After payment of expenses, the company, again subject to the board of director's discretion, intends to distribute the net cash to the trust, which in turn will distribute the net cash to the holders of shares. Distributions that are attributable to payments in amortization of loans made by the company may exceed the company's taxable income, thus resulting in distributions to the holders of shares that should constitute a return of their investment. As indicated, if cash distributions to a holder exceed the holder's adjusted tax basis in the trust interests such holder is treated as beneficially owning, a taxable gain would result.

### ***Disposition of Shares***

If a U.S. holder transfers shares, the holder will generally be required to recognize gain or loss measured by the difference between the amount realized on the sale and the holder's adjusted tax basis in the interests sold. The amount realized will include the holder's share of the company's liabilities, as well as any proceeds from the sale. The gain or loss recognized will generally be taxable as capital gain or loss, except that the gain or loss will be ordinary (and not capital gain or loss) to the extent attributable to the holder's allocable share of unrealized gain or loss in assets of the company described in Section 751 of the Code (including certain unrealized receivables and inventory). Capital gain of non-corporate U.S. holders is eligible to be taxed at reduced rates where the interests sold are held for more than one year. Capital gain of corporate U.S. holders is taxed at the same rate as ordinary income. Any capital loss recognized by a U.S. holder on a sale of shares will generally be deductible only against capital gains, except that capital losses of a non-corporate U.S. holder may also offset up to \$3,000 per year of ordinary income.

Pursuant to certain IRS rulings, a partner is treated as having a single, "unified" basis in all partnership interests that it owns. As a result, if a holder acquires shares at different prices and sells less than all of its shares, such holder will not be entitled to specify particular shares as having been sold (as it could do if the company were a corporation). Rather, the holder should determine its gain or loss on the sale by using an "equitable apportionment" method to allocate a portion of its unified basis to its shares sold. For example, if a holder purchased 200 shares for \$10 per share and 200 shares for \$20 per share (and assuming no other adjustments to basis), the holder would have "unified" basis of \$6,000 in its 400 shares. If the holder sold 100 of its shares, the adjusted basis in the shares sold would be \$1,500.

Gain or loss recognized by a holder on the sale or exchange of shares held for more than one year will generally be taxable as long-term capital gain or loss; otherwise, such gain or loss will generally be taxable as short-term capital gain or loss. A special election is available under the Regulations that will allow a holder to identify and use the actual holding periods for the shares sold for purposes of determining long-term capital gain or loss. If a holder fails to make the election or is not able to identify the holding periods for shares sold, the holder likely will have a fragmented holding period in the shares sold.

*A holder that sells some or all of its shares is urged to consult its tax advisor to determine the proper application of these rules in light of the holder's particular circumstances.*

### ***Tax Basis in Shares***

A U.S. holder's initial tax basis in its shares will equal the sum of (a) the amount of cash paid by such holder for its shares, and (b) such holder's share of the company's liabilities. A U.S. holder's tax basis in the shares will be increased by (a) the holder's share of the company's taxable income, including capital gain, (b) the holder's share of the company's income, if any, that is exempt from tax and (c) any increase in the holder's share of the company's liabilities. A U.S. holder's tax basis in the shares will be decreased (but not below zero) by (a) the amount of any cash distributed (or deemed distributed) to the holder, (b) the holder's share of the company's losses and deductions, (c) the holder's share of the company's expenditures that are neither deductible nor properly chargeable to a capital account and (d) any decrease in the holder's share of the company's liabilities.

### ***Treatment of Securities Loans***

A U.S. holder whose shares are loaned to a “short seller” to cover a short sale of shares may be considered to have disposed of those shares. If so, such holder would no longer be regarded as a beneficial owner of a portion of the shares with respect to those shares during the period of the loan and may recognize gain or loss from the disposition. As a result, during the period of the loan (i) company income, gain, loss, deduction or other items with respect to those shares would not be includible or reportable by the holder, and (ii) cash distributions received by the holder with respect to those shares could be fully taxable, likely as ordinary income. A holder who participates in any such transaction is urged to consult with its tax adviser.

### ***Limitations on Interest Deductions***

The deductibility of a non-corporate U.S. holder’s “investment interest expense” is generally limited to the amount of such holder’s “net investment income.” Investment interest expense would generally include interest expense incurred by the company, if any, and interest expense incurred by the U.S. holder on any margin account borrowing or other loan incurred to purchase or carry shares of the trust. Net investment income includes gross income from property held for investment and amounts treated as portfolio income, such as dividends and interest, under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income. For this purpose, any long-term capital gain or qualifying dividend income that is taxable at long-term capital gains rates is excluded from net investment income unless the holder elects to pay tax on such gain or dividend income at ordinary income rates.

In addition, for taxable years beginning after December 31, 2017, taxpayers generally may not deduct certain “business interest” expense to the extent such interest exceeds the taxpayer’s business interest income and 30% of the taxpayer’s “adjusted taxable income” for the taxable year. With respect to partnerships, this limitation first is applied at the partnership level and any deduction for business interest is taken into account in determining the partnership’s non-separately stated taxable income or loss. Then, in applying this business interest limitation at the partner level, the adjusted taxable income of the partners is determined without regard to each partner’s distributive share of any of items of income, gain, deduction, or loss from the partnership and is increased by each partner’s distributive share of excess taxable income from the partnership, which generally equals the excess of 30% of the partnership’s adjusted taxable income over the amount of the partnership’s deduction for business interest for a taxable year.

### ***Management Fees and Other Expenses***

The company will pay an annual management fee to our manager. The company will also pay certain costs and expenses incurred in connection with activities of our manager. The company intends to deduct such fees and expenses to the extent that they are reasonable in amount and are not capital in nature or otherwise nondeductible. The management fees and other expenses should generally constitute miscellaneous itemized deductions for individual U.S. holders of shares. Accordingly, as described immediately below, certain limitations on deductibility of such fees and expenses by the shareholder could reduce or eliminate any associated tax benefits. Corporate U.S. holders of shares generally will not be subject to these limitations.

In general, a U.S. holder’s share of the expenses incurred by the company that are considered miscellaneous itemized deductions may be deducted by a U.S. holder that is an individual, estate or trust only to the extent that the holder’s share of the expenses exceeds 2% of the adjusted gross income of such holder. In addition, other limitations could apply to reduce the amount of certain otherwise allowable itemized deductions for individuals by an amount equal to the lesser of:

- 3% of the individual’s adjusted gross income in excess of certain threshold amounts; or
- 80% of the amount of certain itemized deductions otherwise allowable for the taxable year.

For taxable years beginning after December 31, 2017 and before January 1, 2026, a U.S. holder that is an individual, estate or trust may not deduct miscellaneous itemized deductions, and the other aforementioned limitations on itemized deductions are suspended.

Organizational and syndication expenses, in general, may not be deducted currently by either the company or any U.S. holder of shares. An election may be made by the company to amortize organizational expenses over a 180-month period. Syndication expenses cannot be amortized or deducted.

The company will report such expenses on a pro rata basis, and each U.S. holder will be required to determine separately to what extent these items are deductible on such holder's tax return. A U.S. holder's inability to deduct all or a portion of such expenses could result in such holder's reporting as its share of company taxable income an amount that exceeds any cash actually distributed to such U.S. holder for the year.

#### ***Section 754 Election***

Both the trust and the company have made the election permitted by Section 754 of the Code. Such an election, once made, is irrevocable without the consent of the IRS. The election will generally require, in connection with a purchase of shares in the open market, that the trust and the company adjust its proportionate share of the tax basis in the their assets, or the "inside" basis, pursuant to Section 743(b) of the Code to fair market value (as reflected in the purchase price for the purchaser's shares), as if the purchaser of shares had acquired a direct interest in the assets. The Section 743(b) basis adjustment is attributed solely to a purchaser of shares and does not affect the tax basis of the company's assets associated with other holders. The Section 754 election, however, could result in adjustments to the "common basis" of the company's assets, under Section 734, in connection with certain distributions.

Generally, the Section 754 election is intended to eliminate the disparity between a purchaser's "outside" tax basis in its shares and its share of "inside" tax basis of the assets such that the amount of gain or loss allocable to the purchaser on the disposition by the company of its assets will correspond to the purchaser's share in the appreciation or depreciation in the value of such assets since the purchaser acquired its shares. The consequences of this basis adjustment may be favorable or unfavorable as to the purchaser-holder.

The calculations under Section 754 of the Code are complex, and there is little legal authority concerning the mechanics of the calculations, particularly in the context of publicly traded partnerships. To help reduce the complexity of those calculations and the resulting administrative costs to the company, the company will apply certain simplifying conventions in determining and allocating these inside basis adjustments. It is possible that the IRS will successfully assert that the conventions utilized by the company do not satisfy the technical requirements of the Code or the Regulations and, thus, will require different basis adjustments to be made. If different adjustments were to be required by the IRS, some holders could be adversely affected.

#### ***Limitations on Deductibility of Losses***

The deduction by a U.S. holder of its share of the company's losses, if any, will be limited to the lesser of (i) the tax basis in such holder's shares or (ii) in the case of a holder that is an individual or a closely-held corporation (a corporation where more than fifty percent (50%) of the value of its stock is owned directly or indirectly by five or fewer individuals or certain tax-exempt organizations), the amount which the holder is considered to be "at risk" with respect to certain activities of the trust. In general, the amount "at risk" includes the holder's actual amount paid for the shares and any share of company debt that constitutes "qualified nonrecourse financing." The amount "at risk" excludes any amount the holder borrows to acquire or hold its shares if the lender of such borrowed funds owns shares or can look only to shares for repayment. Losses in excess of the amount at risk must be deferred until years in which the company generates taxable income against which to offset such carryover losses.

An additional loss limitation may apply to certain holders for taxable years beginning after December 31, 2017, and before January 1, 2026. Under this limitation, a non-corporate holder is not allowed to take deductions for certain excess business losses in such taxable years. An excess business loss is the excess (if any) of a taxpayer's aggregate deductions for the taxable year that are attributable to the trades or businesses of such



taxpayer (determined without regard to the excess business loss limitation) over the aggregate gross income or gain of such taxpayer for the taxable year that is attributable to such trades or businesses plus a threshold amount. The threshold amount is equal to \$250,000, or \$500,000 for taxpayers filing a joint return. Any losses disallowed in a taxable year due to the excess business loss limitation may be used by the applicable holder in the following taxable year if certain conditions are met. Holders to which this excess business loss limitation applies will take their allocable share of our items of income, gain, loss and deduction into account in determining this limitation. This excess business loss limitation will be applied to a non-corporate holder after the passive loss limitations and may limit such holder's ability to utilize any losses we generate allocable to such unitholder that are not otherwise limited by the basis, at-risk, and passive loss limitations.

#### ***Passive Activity Income and Loss***

The "passive activity loss" limitations generally provide that individuals, estates, trusts and certain closely-held corporations and personal service corporations can deduct losses from passive activities (generally, activities in which the taxpayer does not materially participate) only to the extent of the taxpayer's income from passive activities. It is expected that holders will not recognize any passive activity income or passive activity loss as a result of an investment in shares.

#### ***Allocations Among Holders***

In general, the company's profits and losses (other than capital gains and losses) will be determined on an annual basis and will be prorated on a monthly basis. The company will use a monthly convention that treats all sales during a month as occurring on the last day of such month. As a result, a seller of shares may be allocated income or deductions realized by the company following the date of sale, and a purchaser will not be allocated income until the following month. Furthermore, all dividends and distributions by the company will be made to the transferor of shares if the record date is on or before the date of transfer; similarly, if the record date is after the date of transfer, dividends and distributions shall be made to the transferee. Thus, a holder who owns shares during any month and who disposes of the shares prior to the record date set for a cash distribution for that month, may be allocated items of income or loss attributable to that month but would not be entitled to receive the cash distribution.

The trust will allocate capital gains and losses to the holders of shares on the actual date on which such gains or losses are realized.

#### ***Constructive Termination***

The trust will be considered to have terminated for tax purposes if there is a sale or exchange of 50 percent or more of the total shares within a 12-month period. A constructive termination results in the closing of the trust's taxable year for all holders. In the case of a holder reporting on a taxable year other than a fiscal year ending December 31, the closing of the trust's taxable year may result in more than 12 months of its taxable income or loss being includable in such holder's taxable income for the year of termination. The trust would be required to make new tax elections after a termination, including a new election under Section 754. A termination could also result in penalties if the trust were unable to determine that the termination has occurred.

#### ***Tax Reporting by the Trust and the Company***

Information returns will be filed by the trust and the company with the IRS, as required, with respect to income, gain, loss, deduction and other items derived from the company's activities. The trust and the company will file a partnership return with the IRS and issue a Schedule K-1. We further expect that the relevant and necessary information for tax purposes also will be readily available electronically through our website. Each holder will be deemed to have consented to provide relevant information, and if the shares are held through a broker or other nominee, to allow such broker or other nominee to provide such information as is reasonably requested by us for purposes of complying with our tax reporting obligations.

### ***Audits and Adjustments to Tax Liability***

A challenge by the IRS, such as in a tax audit, to the tax treatment by a partnership of any item generally must be conducted at the partnership, rather than at the partner, level. A partnership ordinarily designates a “tax matters partner” (as defined under Section 6231 of the Code) as the person to receive notices and to act on behalf of the partnership and the partners in the conduct of such a challenge or audit by the IRS. The trust has designated a “tax matters member,” who shall serve as the “tax matters partner” for this purpose.

Our tax matters member, which is required by the trust agreement to notify all holders of any U.S. federal income tax audit of the trust, will have the authority under the trust agreement to conduct, respond to, and if appropriate, contest (including by pursuing litigation) any IRS audit of the trust’s tax returns or other tax-related administrative or judicial proceedings and, if considered appropriate, to settle such proceedings. A final determination of U.S. tax matters in any proceeding initiated or contested by the tax matters member will be binding on all holders of shares who held their shares during the period for which the audit adjustment is made. The tax matters member will have the right on behalf of all holders to extend the statute of limitations relating to the holders’ U.S. federal income tax liabilities with respect to trust items.

A U.S. federal income tax audit of the trust’s information return may result in an audit of the tax return of a holder of shares, which, in turn, could result in adjustments to a holder’s items of income and loss that are unrelated to the company as well as to company-related items. There can be no assurance that the IRS, upon an audit of an information return of the trust or of an income tax return of a U.S. holder, might not take a position that differs from the treatment thereof by the trust or by such holder, possibly resulting in a tax deficiency. A holder would also be liable for interest on any tax deficiency that resulted from any such adjustments. Potential U.S. holders should also recognize that they might be forced to incur legal and accounting costs in resisting any challenge by the IRS to items in their individual returns, even if the challenge by the IRS should prove unsuccessful.

Beginning in 2018, the audit provisions summarized above were replaced by a new partnership audit regime added by the Bipartisan Budget Act of 2015, P.L. 115-74 (“BBA”). Under the new BBA procedures, audits will be conducted at the partnership level, but any tax due will be payable by the partnership in the year the audit concludes (rather than for the year being audited). However, an alternative election may allow audit changes to be allocated to persons who were partners during the year being audited. The audit is handled by a “partner representative,” which has broad authority to conduct the audit, bind us, and bind partners. Additionally, the partner representative has sole discretion to allocate audit adjustments among shareholders, including holders of preferred shares, in an equitable and practical manner. The trust agreement and LLC agreement give broad authority to the partner representative to apply the provisions of the BBA rules. For taxable years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Similarly, if the IRS makes audit adjustments to income tax returns filed by an entity in which we are a member or partner, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity. We may elect an alternative procedure to have our holders and former holders take such audit adjustment into account for the tax year under audit, but there can be no assurance that such election will be made or effective. If we are unable or it is not economical to have our holders and former holders take such audit adjustment into account during the tax year under audit, then our current holders, including holders of preferred shares, may bear some or all of the tax liability resulting from such audit adjustment, even if such holders did not own shares during the tax year under audit, and such amount may be in excess of the aggregate amount of taxes that would have been due had we elected an alternative procedure. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest, our cash available for distribution to holders might be substantially reduced. Additionally, any tax allocations to our shareholders may affect the amount that a shareholder, including holders of preferred shares, will receive upon liquidation. Many issues and the overall effect of this legislation on us are uncertain, and shareholders should consult their own tax advisers regarding all aspects of this legislation as it affects their particular circumstances.

### ***Foreign Tax Credits***

Subject to generally applicable limitations, a U.S. holder of shares will be able to claim foreign tax credits with respect to certain foreign income taxes (if any) paid or incurred by the trust or the company, withheld on payments made to the company or paid by the company on behalf of holders. If a holder elects to claim a foreign tax credit, it must include in its gross income, for U.S. federal income tax purposes, both its share of the trust's items of income and gain and also its share of the amount which is deemed to be the holder's portion of foreign income taxes paid with respect to, or withheld from, dividends, interest or other income derived by the company. Subject to certain limitations, the U.S. holder may claim as a credit against its U.S. federal income tax the amount of such taxes incurred or withheld. Alternatively, a U.S. holder may elect to treat such foreign taxes as deductions from gross income. Even if the holder is unable to claim a credit or a deduction, he or she must include all amounts described above in income. We urge U.S. holders to consult their tax advisers regarding this election and its consequences to them.

### ***Taxation of Certain Foreign Earnings***

Under Subpart F of the Code, certain undistributed earnings and certain passive income of a foreign company constituting a controlled foreign corporation, or CFC, as defined in the Code, are taxed to certain U.S. shareholders prior to being distributed and U.S. shareholders may incur a tax under the Global Intangible Low-Taxed Income ("GILTI") regime in respect of CFCs in which it is considered a U.S. shareholder. None of the businesses in which the company currently holds an interest or intends to invest are CFCs; however, no assurances can be given that other businesses in which the company may invest in the future will not be CFCs. While distributions made by a foreign company could generally constitute "qualified dividend income" eligible for a reduced rate of tax; the Subpart F provisions of the Code may operate to prevent distributions (or deemed distributions) of such earnings from being so regarded. Additionally, if the company were to invest in a passive foreign investment company, or PFIC, a U.S. holder of shares may be subject to certain adverse U.S. federal income tax consequences, including a deferred interest charge upon the distribution of previously accumulated earnings with respect to that investment.

### ***Reportable Transaction Disclosure Rules***

There are circumstances under which certain transactions must be disclosed to the IRS in a disclosure statement attached to a taxpayer's U.S. federal income tax return (a copy of such statement must also be sent to the IRS Office of Tax Shelter Analysis). In addition, the Code imposes a requirement on certain "material advisers" to maintain a list of persons participating in such transactions, which list must be furnished to the IRS upon written request. These provisions can apply to transactions not conventionally considered to involve abusive tax planning. Consequently, it is possible that such disclosure could be required by the company or the holders of shares if, for example, a holder incurs a loss (in excess of a threshold computed without regard to offsetting gains or other income or limitations) from the disposition of shares. While the tax shelter disclosure rules generally do not apply to a loss recognized on the disposition of an asset in which the taxpayer has a qualifying basis (generally a basis equal to the amount of cash paid by the taxpayer for such asset), such rules will apply to a taxpayer recognizing a loss with respect to interests (such as the shares) in a pass-through entity even if its basis in such interests is equal to the amount of cash it paid. We urge U.S. holders to consult their tax advisers regarding the tax shelter disclosure rules and the possible application of these rules to them.

### ***Non-U.S. Holders***

A non-U.S. holder will not be subject to U.S. federal income tax on such holder's distributive share of the trust's income, provided that such income is not considered to be effectively connected with the conduct of a trade or business within the United States. However, in the case of an individual non-U.S. holder, such holder will be subject to U.S. federal income tax on gains on the sale of shares in the trust or such holder's distributive share of trust gains if such holder is present in the United States for 183 days or more during a taxable year and certain other conditions are met.

The company should not be treated as “engaged in a trade or business within the United States” and therefore should not realize income that would be treated as effectively connected with the conduct of a U.S. trade or business. If the income from the company is effectively connected with a U.S. trade or business (and, if certain income tax treaties apply, is attributable to a U.S. permanent establishment), then a non-U.S. holder’s share of any company income and of any gain realized upon the sale or exchange of shares will be subject to U.S. federal income tax at the graduated rates applicable to U.S. citizens and residents and domestic corporations, and such non-U.S. holder will be subject to tax return filing requirements in the U.S. Non-U.S. holders that are corporations may also be subject to a 30% branch profits tax (or lower treaty rate, if applicable) on their effectively connected earnings and profits that are not timely reinvested in a U.S. trade or business.

In addition, gains, if any, allocable to a non-U.S. holder and attributable to a sale by the company of a “U.S. real property interest,” or USRPI (other than such gains subject to tax under the rules discussed above), are generally subject to U.S. federal income tax as if such gains were effectively connected with the conduct of a U.S. trade or business. Moreover, a withholding tax is imposed with respect to such gain as a means of collecting such tax. For this purpose, a USRPI includes an interest (other than solely as a creditor) in a “U.S. real property holding corporation” (in general, a U.S. corporation, at least 50% of whose real estate and trade or business assets, measured by fair market value, consists of USRPIs), as well as an interest in a partnership that holds USRPIs. This withholding tax would be creditable against a non-U.S. holder’s actual U.S. federal income tax liability and any excess withholding tax may generally be eligible for refund. Although a non-U.S. holder who is a partner in a partnership that owns USRPIs is generally subject to tax on its sale or other disposition of its partnership interest to the extent attributable to such USRPIs, no withholding tax is generally imposed on the transfer of publicly traded partnership interests, and gain will not be taxable under the USRPI provisions where the non-U.S. holder owns no more than 10% of a publicly traded entity such as the trust. A non-U.S. holder that owns more than 10% of the company is urged to consult its tax adviser about the potential application of the USRPI provisions. We have made no determination as to whether any of the company’s investments will constitute a USRPI.

While generally not subject to U.S. federal income tax as discussed above, a non-U.S. holder generally will be subject to U.S. federal withholding tax at the rate of 30% (or, under certain circumstances, at a reduced rate provided by an income tax treaty, if applicable) in respect of such holder’s distributive share of dividends from U.S. corporations and certain other types of U.S.-source income realized by the company. To the extent any interest income allocated to a non-U.S. holder that otherwise would be subject to U.S. withholding tax is considered “portfolio interest,” neither the allocation of such interest income to the non-U.S. holder nor a subsequent distribution of such interest income to the non-U.S. holder will be subject to withholding, provided (among other things) that the non-U.S. holder is not otherwise engaged in a trade or business in the U.S. and provides us with a timely and properly completed and executed form W-8BEN or other applicable form and said holder does not directly or indirectly own 10 percent or more of the shares or capital of the interest payor. The withholding tax as described herein will apply upon the earlier of the distribution of income to a non-U.S. holder or, if not previously distributed to a non-U.S. holder, at the time such income is allocated to a non-U.S. holder. Amounts withheld on behalf of a non-U.S. holder will be treated as being distributed to such non-U.S. holder; however, to the extent we are unable to associate amounts withheld with particular shares, the economic burden of any withholding tax paid by us to the appropriate tax authorities will be borne by all holders, including U.S. holders.

A non-U.S. holder will be subject to U.S. federal estate tax on the value of U.S.-situs property owned at the time of his or her death. It is unclear whether partnership interests will be considered U.S.-situs property. Accordingly, a non-U.S. holder is urged to consult its tax advisors to determine whether such holder’s estate would be subject to U.S. federal estate tax on all or part of the value of the shares beneficially owned at the time of his or her death.

Non-U.S. holders will be required to timely and accurately complete a form W-8BEN (or other applicable form) and provide such form to us, for withholding tax purposes. Non-U.S. holders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in the company.

***The impact of U.S. tax reform on CODI is uncertain.***

On December 22, 2017, H.R. 1, the bill formerly known as the Tax Cuts and Jobs Act of 2017 (the “Tax Act”), was signed into law. The Tax Act substantially alters the U.S. federal tax system in a variety of ways, including significant changes to the taxation of business entities, the deductibility of interest expense, and the tax treatment of capital investment. We cannot predict with certainty how any changes in the tax laws might affect the U.S. economy, the company, or the trust. As a result, it is possible that the Tax Act, as well as any U.S. Treasury regulations, administrative interpretations or court decisions interpreting the Tax Act and any future legislation related to tax reform, could have unexpected or negative impacts on the company, the trust, and some or all of its holders. Holders are urged to consult with their tax advisor regarding tax legislative, regulatory, or administrative developments and proposals and their potential effect on an investment in the trust.

**Regulated Investment Companies**

Interests in and income from “qualified publicly traded partnerships” satisfying certain gross income tests are treated as qualifying assets and income, respectively, for purposes of determining eligibility for regulated investment company, or RIC, status. A RIC may invest up to 25% of its assets in interests of a qualified publicly traded partnership. The determination of whether a publicly traded partnership such as the trust is a qualified publicly traded partnership is made on an annual basis. The trust likely will not qualify to be treated as a qualified publicly traded partnership. However, because the trust expects to satisfy the gross income requirements of Section 7704(c)(2) (determined as provided in Section 851(h)), the trust anticipates the flow-thru of at least 90% of its gross income to constitute qualifying income for RIC testing purposes.

**Tax-Exempt Organizations**

With respect to any holder that is an organization that is otherwise exempt from U.S. federal income tax, such holder nonetheless may be subject to taxation with respect to its “unrelated business taxable income,” or UBTI, to the extent that its UBTI from all sources exceeds \$1,000 in any taxable year. Except as noted below with respect to certain categories of exempt income, UBTI generally includes income or gain derived (either directly or through a partnership) from a trade or business, the conduct of which is substantially unrelated to the exercise or performance of the organization’s exempt purpose or function.

UBTI generally does not include passive investment income, such as dividends, interest and capital gains, whether realized by the organization directly or indirectly through a partnership (such as the company) in which it is a partner. This type of income is exempt, subject to the discussion of “unrelated debt-financed income” below, even if it is realized from securities trading activity that constitutes a trade or business.

UBTI includes not only trade or business income or gain as described above, but also “unrelated debt-financed income.” This latter type of income generally consists of (1) income derived by an exempt organization (directly or through a partnership) from income-producing property with respect to which there is “acquisition indebtedness” at any time during the taxable year and (2) gains derived by an exempt organization (directly or through a partnership) from the disposition of property with respect to which there is acquisition indebtedness at any time during the twelve-month period ending with the date of the disposition.

The company expects to incur debt that would be treated as “acquisition indebtedness” with respect to certain of its investments. To the extent the company recognizes income in the form of dividends or interest from any investment with respect to which there is “acquisition indebtedness” during a taxable year, the percentage of the income that will be treated as UBTI generally will be equal to the amount of the income from such investment times a fraction, the numerator of which is the “average acquisition indebtedness” incurred with respect to the investment, and the denominator of which is the “average amount of the adjusted basis” of the company’s investment during the period such investment is held by the company during the taxable year.

To the extent the company recognizes gain from the disposition of any company investment with respect to which there is “acquisition indebtedness,” the portion of the gain that will be treated as UBTI will be equal to the

amount of the gain times a fraction, the numerator of which is the highest amount of the “acquisition indebtedness” with respect to the investment during the twelve-month period ending with the date of disposition, and the denominator of which is the “average amount of the adjusted basis” of the investment during the period such investment is held by the company during the taxable year.

#### **Certain State and Local Taxation Matters**

State and local tax laws often differ from U.S. federal income tax laws with respect to the treatment of specific items of income, gain, loss, deduction and credit. A holder’s distributive share of the taxable income or loss of the trust generally will be required to be included in determining its reportable income for state and local tax purposes in the jurisdiction in which the holder is a resident. Also, the company may conduct business in jurisdictions in which a holder is not a resident that could subject a holder to income tax in that jurisdiction (and require a holder to file an income tax return with that jurisdiction in respect of the holder’s share of the income derived from that business). A prospective holder should consult its tax advisor with respect to the availability of a credit for such tax in the jurisdiction in which the holder is resident. Moreover, prospective holders should consider, in addition to the U.S. federal income tax consequences described above, potential state and local tax considerations in investing in the shares.

#### **Backup Withholding**

The trust is required in certain circumstances to withhold tax (called “backup withholding”) on certain payments paid to noncorporate holders of shares who do not furnish their correct taxpayer identification number (in the case of individuals, their social security number) and certain certifications, or who are otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld from payments made to you may be refunded or credited against your U.S. federal income tax liability, if any, provided that the required information is furnished to the IRS.

Each holder of shares should be aware that certain aspects of the U.S. federal, state and local income tax treatment regarding the purchase, ownership and disposition of shares are not clear under existing law. Thus, we urge each holder to consult its own tax advisers to determine the tax consequences of ownership of the shares in such holder’s particular circumstances.

## LEGAL MATTERS

The validity of the shares being offered hereby will be passed upon for us by Richards, Layton & Finger, P.A., Wilmington, Delaware. Certain legal matters in connection with the shares being offered hereby will be passed upon for us by Squire Patton Boggs (US) LLP, Cincinnati, Ohio. Attorneys at Squire Patton Boggs (US) LLP own an aggregate of approximately 119,393 common shares of the trust. The underwriters, dealers or agents, if any, will be represented by their own legal counsel in connection with any underwritten offering hereby.

## EXPERTS

The audited consolidated financial statements and schedule and management's assessment of the effectiveness of internal control over financial reporting of Compass Diversified Holdings incorporated by reference in this prospectus and elsewhere in the registration statement have been so incorporated by reference in reliance upon such reports of Grant Thornton LLP, independent registered public accountants, upon the authority of said firm as experts in accounting and auditing.

**PART II****INFORMATION NOT REQUIRED IN PROSPECTUS****ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION**

The estimated expenses in connection with the distribution of the securities being registered, all of which are to be paid by us, are as follows:

Securities and Exchange Commission Registration Fee	\$(1)(2)
Listing Fees and Expenses	(1)
Printing Expenses	(1)
Legal Fees and Expenses	(1)
Accounting Fees and Expenses	(1)
Miscellaneous Fees and Expenses	(1)
	(1)
Total	\$(1)

- (1) Estimated expenses are not presently known.
- (2) Deferred in accordance with Rule 456(b) and Rule 457(r) of the Securities Act, except for the \$32,429.05 of registration fees that have previously been paid, which may continue to be applied to \$279,894,000 aggregate initial offering price of unsold common shares pursuant to Rule 415(a)(6).

**ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Certain provisions of our LLC agreement are intended to be consistent with Section 145 of the DGCL, which provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is, or is threatened to be made, a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceedings, if such person had no reasonable cause to believe his conduct was unlawful; provided that, in the case of actions brought by or in the right of the corporation, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that such indemnification is proper under the circumstances.

Our LLC agreement includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, except for liability:

- for any breach of the director's duty of loyalty to the company or its members;
- for acts or omissions not in good faith or a knowing violation of law; or
- for any transaction from which the director derived an improper benefit.

Our LLC agreement provides that:

- we must indemnify our directors and officers to the equivalent extent permitted by the DGCL;
- we may indemnify our other employees and agents to the same extent that we indemnify our officers and directors, unless otherwise determined by the company's board of directors;
- we must advance expenses, as incurred, to our directors and executive officers in connection with a legal proceeding to the extent permitted by Delaware law and may advance expenses as incurred to our other employees and agents, unless otherwise determined by the company's board of directors.

The indemnification provisions contained in our LLC agreement are not exclusive of any other rights to which a person may be entitled by law, agreement, vote of members or disinterested directors or otherwise.



In addition, we maintain insurance on behalf of our directors and executive officers and certain other persons insuring them against any liability asserted against them in their respective capacities or arising out of such status.

**ITEM 16. EXHIBITS**

The list of exhibits is set forth under “Exhibit Index” at the end of this registration statement and is incorporated herein by reference.

**ITEM 17. UNDERTAKINGS**

A. The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

*Provided, however, That*

paragraphs (1)(i), (1)(ii) and (1)(iii) above do not apply if the registration statement is on Form S-3 and the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(i) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(ii) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii), or (x) for the purpose of providing the information required by section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of

prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities: The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

B. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to our directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been informed that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by us of expenses incurred or paid by a director, officer or controlling person of us in a successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling precedent, submit to the court of appropriate jurisdiction the question whether such indemnification by us is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Exhibit</b>
1.1	Underwriting Agreement (1)
4.1	<a href="#">Certificate of Trust of Compass Diversified Trust (incorporated by reference to Exhibit 3.1 of the S-1 filed on December 14, 2005 (File No. 333-130326))</a> .
4.2	<a href="#">Certificate of Amendment to Certificate of Trust of Compass Diversified Trust (incorporated by reference to Exhibit 3.1 of the 8-K filed on September 13, 2007 (File No. 000-51937))</a> .
4.3	<a href="#">Certificate of Formation of Compass Group Diversified Holdings LLC (incorporated by reference to Exhibit 3.3 of the S-1 filed on December 14, 2005 (File No. 333-130326))</a> .
4.4	<a href="#">Second Amended and Restated Trust Agreement of Compass Diversified Trust dated December 6, 2016 (incorporated by reference to Exhibit 3.1 of the Current Report on Form 8-K filed on December 7, 2016 (File No. 001-34927))</a> .
4.5	<a href="#">Fifth Amended and Restated Operating Agreement of Compass Group Diversified Holdings LLC, dated December 6, 2016 (incorporated by reference to Exhibit 3.2 of the Current Report on Form 8-K filed on December 7, 2016 (File No. 001-34927))</a> .
4.6	<a href="#">Compass Diversified Holdings Share Designation of Series A Preferred Shares (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on June 28, 2017 (File No. 001-34927))</a> .
4.7	<a href="#">Compass Group Diversified Holdings LLC Trust Interest Designation of Series A Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on June 28, 2017 (File No. 001-34927))</a> .
4.8	<a href="#">Share Designation of Compass Diversified Holdings with respect to Series B Preferred Shares (incorporated by reference to Exhibit 3.1 of the Form 8-K filed on March 13, 2018 (File No. 001-34927))</a> .
4.9	<a href="#">Trust Interest Designation of Compass Group Diversified Holdings LLC with respect to Series B Trust Preferred Interests (incorporated by reference to Exhibit 3.2 of the Form 8-K filed on March 13, 2018 (File No. 001-34927))</a> .
4.10	Specimen Certificate evidencing a common share of trust of Compass Diversified Holdings (2)
4.11	Specimen Certificate evidencing a preferred share of Compass Diversified Holdings (1)
4.12	<a href="#">Specimen LLC Interest Certificate evidencing an interest of Compass Group Diversified Holdings LLC (incorporated by reference to Exhibit A of Exhibit 3.2 of the Current Report on Form 8-K filed on December 7, 2016 (File No. 000-34927))</a> .
4.13	<a href="#">Form of 7.250% Series A Preferred Share Certificate (incorporated by reference to Exhibit 4.1 of the Form 8-K filed on June 28, 2017 (File No. 001-34927))</a> .
4.14	<a href="#">Form of 7.875% Series B Fixed-to-Floating Rate Cumulative Preferred Share Certificate (incorporated by reference to Exhibit 4.1 of the Form 8-K filed on March 13, 2018 (File No. 001-34927))</a> .
5.1	<a href="#">Legality Opinion of Richards, Layton &amp; Finger, P.A. as the trust (2)</a>
5.2	<a href="#">Legality Opinion of Richards, Layton &amp; Finger, P.A. as to the company (2)</a>
8.1	<a href="#">Opinion of Squire Patton Boggs (US) LLP regarding certain tax matters (2)</a>
23.1	<a href="#">Consent of Grant Thornton LLP (2)</a>
23.2	Consent of Richards, Layton & Finger, P.A. (included in Exhibits <a href="#">5.1</a> and <a href="#">5.2</a> )
23.3	<a href="#">Consent of Squire Patton Boggs (US) LLP (included in Exhibit 8.1)</a>
24.1	<a href="#">Powers of Attorney (included on signature page)</a>

- (1) To be filed as an exhibit to a Current Report on Form 8-K to be filed by the Registrant in connection with a specific offering.  
(2) Filed herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Westport, State of Connecticut, on the 13<sup>th</sup> day of November, 2019.

COMPASS DIVERSIFIED HOLDINGS

By: /s/ RYAN J. FAULKINGHAM

Ryan J. Faulkingham  
Regular Trustee

**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Westport, State of Connecticut, on the 13<sup>th</sup> day of November, 2019.

COMPASS GROUP DIVERSIFIED HOLDINGS LLC

By: /s/ RYAN J. FAULKINGHAM

Ryan J. Faulkingham  
Chief Financial Officer  
*(Principal Financial and Accounting Officer)*

**POWER OF ATTORNEY**

The registrant and each person whose signature appears below constitutes and appoints Ryan J. Faulkingham and Elias J. Sabo and each of them singly, his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign and file any and all amendments (including post-effective amendments) to this Registration Statement, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Elias J. Sabo</u> Elias J. Sabo	Chief Executive Officer and Director (Principal Executive Officer)	November 13, 2019
<u>/s/ Ryan J. Faulkingham</u> Ryan J. Faulkingham	Chief Financial Officer (Principal Financial and Accounting Officer)	November 13, 2019
<u>/s/ James Bottiglieri</u> James Bottiglieri	Director	November 13, 2019
<u>/s/ Gordon M. Burns</u> Gordon M. Burns	Director	November 13, 2019
<u>/s/ C. Sean Day</u> C. Sean Day	Director	November 13, 2019
<u>/s/ Harold S. Edwards</u> Harold S. Edwards	Director	November 13, 2019
<u>/s/ Larry L. Enterline</u> Larry L. Enterline	Director	November 13, 2019
<u>/s/ D. Eugene Ewing</u> D. Eugene Ewing	Director	November 13, 2019
<u>/s/ Sarah G. McCoy</u> Sarah G. McCoy	Director	November 13, 2019

CDT 0106

# COMPASS DIVERSIFIED HOLDINGS

ORGANIZED UNDER THE LAWS OF THE STATE OF DELAWARE

SHARES

SEE REVERSE FOR  
CERTAIN DEFINITIONS

CUSIP 204510 10 4

This Certifies that

is the owner of

Shares

OF COMPASS DIVERSIFIED HOLDINGS, A DELAWARE STATUTORY TRUST (THE "TRUST"), WITH SUCH RIGHTS AND PRIVILEGES AS ARE SET FORTH IN THE AMENDED AND RESTATED TRUST AGREEMENT OF THE TRUST DATED APRIL 25, 2008 (THE "TRUST AGREEMENT"), AS IT MAY BE AMENDED FROM TIME TO TIME.

## COMPASS DIVERSIFIED HOLDINGS

Subject to any transfer restrictions in the Trust Agreement or on this Certificate, this Certificate is transferable on the books of the Trust in person or by duly authorized attorney upon surrender of this certificate if properly endorsed. This Certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar of the Trust.

IN WITNESS WHEREOF, said Trust has caused this Certificate to be signed by its Regular Trustee.

Dated

COUNTERSIGNED:  
BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.  
1717 ARCH ST., STE. 1300, PHILADELPHIA, PA 19103  
TRANSFER AGENT

By:

AUTHORIZED SIGNATURE

COMPASS DIVERSIFIED HOLDINGS

*[Signature]*  
REGULAR TRUSTEE

THE SHARES REPRESENTED BY THIS CERTIFICATE EVIDENCE THE PROPORTIONATE PORTION OF SUCH HOLDER'S SHARES OF UNDIVIDED BENEFICIAL INTEREST IN THE PROPERTY OF THE TRUST. A STATEMENT OF THE RELATIVE RIGHTS AND PREFERENCES OF THE TRUST'S SHARES WILL BE FURNISHED BY THE TRUST TO THE HOLDER HEREOF UPON REQUEST WITHOUT CHARGE.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common	UNIF GIFT MIN ACT – _____ Custodian _____
TEN ENT – as tenants by the entireties	(Cust) _____ (Minor)
JT TEN – as joint tenants with right of survivorship and not as tenants in common	Under Uniform Gifts to Minors Act _____ (State)

Additional Abbreviations may also be used though not in the above list.

For Value Received, \_\_\_\_\_ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER  
IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

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\_\_\_\_\_ Shares  
of the Trust represented by the within Certificate, and do hereby irrevocably constitute and appoint

\_\_\_\_\_ Attorney,  
to transfer the said Shares on the books of the within named Trust with full power of substitution in the premises.

Dated \_\_\_\_\_

By: \_\_\_\_\_  
**NOTICE:** THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed:

By: \_\_\_\_\_  
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM, PURSUANT TO S.E.C. RULE 17Ad-15).

[Letterhead of Richards, Layton & Finger, P.A.]

November 13, 2019

Compass Diversified Holdings  
Sixty One Wilton Road  
Second Floor  
Westport, Connecticut 06880

Re: Compass Diversified Holdings

Ladies and Gentlemen:

We have acted as special Delaware counsel to Compass Diversified Holdings, a Delaware statutory trust (the "Trust"), in connection with the matters set forth herein. At your request, this opinion is being furnished to you.

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies of the following:

- (a) The Certificate of Trust of the Trust as filed with the office of the Secretary of State of the State of Delaware (the "Secretary of State") on November 18, 2005, as amended by the Certificate of Amendment to Certificate of Trust as filed with the Secretary of State on September 13, 2007 with an effective date of September 14, 2007 (collectively, the "Certificate of Trust");
- (b) The Trust Agreement, dated as of November 18, 2005 among Compass Diversified Holdings LLC (the "Company") and the trustees named therein, as amended and restated by the Amended and Restated Trust Agreement for the Trust, dated as of April 25, 2006, as amended by the First Amendment, dated as of May 25, 2007, as further amended by the Second Amendment, dated as of September 14, 2007, as further amended by the Third Amendment, dated as of December 21, 2007 and effective as of January 1, 2007, as further amended by the Fourth Amendment, dated as of November 1, 2010, and as further amended and restated by the Second Amended and Restated Trust Agreement, dated as of December 6, 2016 (as amended and restated, the "Trust Agreement") (including the form of Share certificate attached thereto as Exhibit A), incorporated by reference in the Registration Statement;



- (c) The Registration Statement (the "Registration Statement") on Form S-3, filed by the Company and the Trust with the Securities and Exchange Commission on or about November 13, 2019, including a prospectus (the "Prospectus") relating to (i) a to be determined number of preferred and common shares of the Trust representing beneficial interests in the assets of the Trust which, at the time of sale pursuant to the Registration Statement will be previously issued by the Trust and held by certain selling shareholders to be named in one or more prospectus supplements (each, a "Selling Shareholder Share", and collectively the "Selling Shareholders' Shares"), (ii) Common Shares to be issued by the Trust pursuant to the Registration Statement (the "New Common Shares"), and (iii) preferred shares representing beneficial interests of the Trust to be issued by the Trust pursuant to the Registration Statement (the "New Preferred Shares", and collectively with the New Common Shares, the "New Shares", and each a "New Share");
- (d) A certificate of the secretary of the Company, dated the date hereof, as to certain matters and attaching certain resolutions and written consents of the board of directors of the Company and committees thereof (collectively, the "Resolutions"); and
- (e) A Certificate of Good Standing for the Trust, dated November 12, 2019, obtained from the Secretary of State.

For purposes of this opinion, we have not reviewed any documents other than the documents listed in paragraphs (a) through (e) above. We have conducted no independent factual investigation of our own, but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we have assumed to be true, complete and accurate in all material respects.

Capitalized terms used herein and not otherwise defined are used as defined in the Trust Agreement.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, and (iii) the genuineness of all signatures.

For purposes of this opinion, we have assumed (i) that the Trust Agreement and the Certificate of Trust will be in full force and effect and will not be amended as of the date the New Shares and any Selling Shareholder Shares are issued, (ii) the due organization or due formation, as the case may be, and valid existence in good standing of each party to the documents (other than the Trust or, to the extent covered in the opinion of Richards, Layton & Finger, P.A. of even date herewith, the Company) examined by us under the laws of the jurisdiction governing its organization or formation, (iii) the legal capacity of natural persons who are signatories to the documents examined by us, (iv) that each of the parties to the documents (other than the Trust or, to the extent covered in the opinion of Richards, Layton & Finger, P.A. of even date herewith, the Company) examined by us has the power and authority to

execute and deliver, and to perform its obligations under, such documents, (v) the due authorization, execution and delivery by all parties thereto of all documents (other than the Trust or, to the extent covered in the opinion of Richards, Layton & Finger, P.A. of even date herewith, the Company) examined by us, (vi) the receipt by each Person to whom a New Share is to be issued by the Trust of either (A) a new Share Certificate for such Share or (B) confirmation of the Trust's registration in the Share Register of such Person as the registered owner of such New Share, and the payment for such New Share, in accordance with the Trust Agreement and the Registration Statement as of the date the New Shares are issued, (vii) that the New Shares will be authenticated, issued and sold to, and paid for by, the holders thereof in accordance with the Trust Agreement, the applicable Resolutions and the Registration Statement, (viii) that after the issuance and sale of the Selling Shareholders' Shares and the New Common Shares under the Registration Statement and the Trust Agreement, the aggregate number of Common Shares issued by the Trust will not exceed 500,000,000 Common Shares, (ix) that after the issuance and sale of the Selling Shareholder' Shares and the New Preferred Shares under the Registration Statement and the Trust Agreement, the aggregate number of Preferred Shares issued by the Trust will not exceed 50,000,000 Preferred Shares, (x) that any amendment or restatement of any document reviewed by us has been accomplished in accordance with, and was permitted by, the relevant provisions of any such document prior to such amendment or restatement, (xi) that each Person to whom a Selling Shareholder Share was or will be issued by the Trust received or will receive either (A) a Share Certificate for such Selling Shareholder Share or (B) confirmation of the Trust's registration in the Share Register of such Person as the registered owner of such Selling Shareholder Share, and the payment for such Selling Shareholder Share was made in accordance with the Trust Agreement as of the date such Selling Shareholder Share was issued or will be issued, and (xii) that the Selling Shareholders' Shares were or will be duly authorized, authenticated, issued and sold to, and paid for by, the holders thereof in accordance with the Trust Agreement in effect at the time of such issuance. We have not participated in the preparation of the Registration Statement, except for this opinion, or the Prospectus and assume no responsibility for their contents, other than this opinion.

This opinion is limited to the laws of the State of Delaware that are currently in effect (excluding the blue sky laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including federal laws and rules and regulations relating thereto.

Based upon the foregoing and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The Trust has been duly formed and is validly existing in good standing as a statutory trust under the Delaware Statutory Trust Act, 12 Del.C. § 3801, et seq.
2. The New Shares of the Trust will be validly issued, fully paid and nonassessable beneficial interests in the assets of the Trust.
3. The Selling Shareholders' Shares are or will be validly issued, fully paid and nonassessable beneficial interests in the assets of the Trust.

4. The Shareholders, as beneficial owners of the Trust, will be entitled to the same limitation of personal liability extended to stockholders of private corporations for profit organized under the General Corporation Law of the State of Delaware.

We consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement. We hereby consent to the use of our name under the heading "Legal Matters" in the Prospectus. In giving the foregoing consents, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ Richards, Layton & Finger, P.A.

[Letterhead of Richards, Layton & Finger, P.A.]

November 13, 2019

Compass Group Diversified Holdings LLC  
301 Riverside Avenue  
Second Floor  
Westport, Connecticut 06880

Re: Compass Group Diversified Holdings LLC

Ladies and Gentlemen:

We have acted as special Delaware counsel for Compass Group Diversified Holdings LLC, a Delaware limited liability company (the "LLC"), in connection with the matters set forth herein. At your request, this opinion is being furnished to you.

For purposes of giving the opinions hereinafter set forth, our examination of documents has been limited to the examination of originals or copies of the following:

- (a) The Certificate of Formation of the LLC, dated November 18, 2005, as filed in the office of the Secretary of State of the State of Delaware (the "Secretary of State") on November 18, 2005, as amended by the Certificate of Amendment thereto, dated April 27, 2006, as filed in the office of the Secretary of State on May 2, 2006 (as so amended, the "LLC Certificate");
- (b) The Operating Agreement of the LLC, dated as of November 18, 2005, entered into by Compass Group Management LLC, as the sole member of the LLC (the "Initial Member");
- (c) The Amended and Restated Operating Agreement of the LLC, dated as of April 25, 2006, entered into between Compass Diversified Holdings (formerly known as Compass Diversified Trust), a Delaware statutory trust (the "Trust"), and the Initial Member, as the members of the LLC;
- (d) The Second Amended and Restated Operating Agreement of the LLC, effective as of January 4, 2007, entered into between the Trust and the Initial Member, as the members of the LLC (jointly, the "Original Members");

(e) The Third Amended and Restated Operating Agreement of the LLC, dated as of November 1, 2010, entered into between the Original Members, as amended by the Amendment thereto, dated as of January 1, 2012;

(f) The Fourth Amended and Restated Operating Agreement of the LLC, dated as of January 1, 2012, entered into between the Original Members;

(g) The Fifth Amended and Restated Operating Agreement of the LLC, dated as of December 6, 2016 ("LLC Agreement"), entered into between the Trust and Sostratus LLC, as the members of the LLC;

(h) The Registration Statement on Form S-3, filed with the Securities and Exchange Commission (the "SEC") on November 13, 2019 (the "Registration Statement"), including a prospectus (the "Prospectus"), relating to the registration of (i) a to be determined number of common shares representing beneficial interests of the Trust ("Common Shares") which, at the time of sale pursuant to the Registration Statement, will be previously issued by the Trust and owned by the selling securityholders named in the Registration Statement or to be named in one or more prospectus supplements (the "Selling Shareholders' Common Shares"), and underlying common limited liability company interests in the LLC ("Trust Common Interests") that were or will be issued to the Trust at the same time and in connection with the issuance of the Selling Shareholders' Common Shares (each, an "Outstanding Trust Common Interest" and collectively, the "Outstanding Trust Common Interests"), (ii) a to be determined number of preferred shares representing beneficial interests of the Trust ("Preferred Shares"), which, at the time of sale pursuant to the Registration Statement, will be issued by the Trust and owned by the selling securityholders to be named in one or more prospectus supplements (the "Selling Shareholders' Preferred Shares", and together with the Selling Shareholders' Common Shares, the "Selling Shareholders' Shares"), and underlying preferred limited liability company interests in the LLC ("Trust Preferred Interests") that will be issued to the Trust at the same time and in connection with the issuance of the Selling Shareholders' Preferred Shares, (iii) Common Shares to be issued by the Trust pursuant to the Registration Statement (the "New Common Shares"), and underlying Trust Common Interests to be issued by the LLC to the Trust in exchange for such New Common Shares pursuant to the Registration Statement (the "New Trust Common Interests"), and (iv) Preferred Shares to be issued by the Trust pursuant to the Registration Statement ("New Preferred Shares"), and underlying Trust Preferred Interests to be issued by the LLC to the Trust in exchange for such New Preferred Shares pursuant to the Registration Statement (the "New Trust Preferred Interests", and together with the New Trust Common Interests, the "New Trust Interests");

(i) The Unanimous Written Consent of the Board of Directors of the LLC, dated December 6, 2005;

(j) Resolutions of the Board of Directors of the LLC adopted at the special meeting of the Board of Directors held on July 11, 2006;

(k) Resolutions of the Board of Directors of the LLC adopted at the meeting of the Board of Directors held on March 28, 2007;

(l) Resolutions of the Pricing Committee of the Board of Directors of the LLC adopted at the meeting of the Pricing Committee of the Board of Directors of the LLC held on May 2, 2007;

(m) Resolutions of the Board of Directors of the LLC adopted at the meeting of the Board of Directors held on August 4, 2011;

(n) Resolutions of the Board of Directors of the LLC adopted by unanimous consent by electronic transmission on November 10, 2011;

(o) Resolutions of the Board of Directors of the LLC adopted by unanimous consent by electronic transmission on November 25, 2014;

(p) Resolutions of the Board of Directors of the LLC adopted at the special meeting of the Board of Directors held on December 6, 2016;

(q) Resolutions of the Board of Directors of the LLC adopted at a meeting of the Board of Directors held on July 25, 2019;

(r) The Unanimous Written Consent of the Board of Directors of the LLC, dated November 12, 2019;

(s) A Certificate of the Secretary of the LLC, dated as of November 13, 2019, as to certain matters; and

(t) A Certificate of Good Standing for the LLC, dated November 12, 2019, obtained from the Secretary of State.

The Outstanding Trust Common Interest Holders, the Outstanding Trust Preferred Interest Holders, the New Trust Common Interest Holders and the New Trust Preferred Interest Holders (each as defined below) are hereinafter referred to each as a "Trust Interest Holder". Capitalized terms used herein and not otherwise defined are used as defined in the LLC Agreement.

For purposes of this opinion, we have not reviewed any documents other than the documents listed in paragraphs (a) through (t) above. We have conducted no independent factual investigation of our own, but rather have relied solely upon the foregoing documents, the statements and information set forth therein and the additional matters recited or assumed herein, all of which we have assumed to be true, complete and accurate in all material respects.

With respect to all documents examined by us, we have assumed (i) the authenticity of all documents submitted to us as authentic originals, (ii) the conformity with the originals of all documents submitted to us as copies or forms, and (iii) the genuineness of all signatures.

For purposes of this opinion, we have assumed (i) that as of the date on which any Outstanding Trust Common Interests were or will be issued by the LLC, the LLC Certificate and the limited liability company agreement of the LLC in effect at the time of such issuance were or will be in full force and effect and were not or will not be amended, (ii) that the LLC Agreement and the LLC Certificate (A) are in full force and effect on the date hereof and have not been amended, and (B) will be in full force and effect and will not have been amended as of the date on which any New Trust Interests are issued, (iii) that each of the parties (other than the LLC or, to the extent covered in the opinion of Richards, Layton & Finger, P.A. of even date herewith, the Trust) to the documents examined by us has been duly created, organized or formed, as the case may be, and is validly existing in good standing under the laws of the jurisdiction governing its creation, organization or formation, (iv) the legal capacity of natural persons who are signatories to the documents examined by us, (v) that each of the parties (other than the LLC or, to the extent covered in the opinion of Richards, Layton & Finger, P.A. of even date herewith, the Trust) to the documents examined by us has the power and authority to execute and deliver, and to perform its obligations under, such documents, (vi) the due authorization, execution and delivery by the parties thereto of the documents examined by us, (vii) that each Person to whom an Outstanding Trust Common Interest was or will be issued by the LLC (each, an "Outstanding Trust Common Interest Holder" and collectively, the "Outstanding Trust Common Interest Holders") received or will receive a Trust Interest Certificate for such Outstanding Trust Common Interest and paid or will pay for such Outstanding Trust Common Interest acquired by it, in accordance with the limited liability company agreement of the LLC in effect at the time of such issuance, (viii) that each Person to whom an Outstanding Trust Preferred Interest will be issued by the LLC (each, an "Outstanding Trust Preferred Interest Holder" and collectively, the "Outstanding Trust Preferred Interest Holders") will receive a Trust Interest Certificate for such Outstanding Trust Preferred Interest and will pay for such Outstanding Trust Preferred Interest acquired by it, in accordance with the LLC Agreement, (ix) that each Person to whom a New Trust Common Interest is to be issued by the LLC (each, a "New Trust Common Interest Holder" and collectively, the "New Trust Common Interest Holders") will receive a Trust Interest Certificate for such New Trust Common Interest and will pay for such New Trust Common Interest acquired by it, in accordance with the LLC Agreement and the Registration Statement, (x) that each Person to whom a New Trust Preferred Interest is to be issued by the LLC (each, a "New Trust Preferred Interest Holder" and collectively, the "New Trust Preferred Interest Holders") will receive a Trust Interest Certificate for such New Trust Preferred Interest and will pay for such New Trust Preferred Interest acquired by it, in accordance with the LLC Agreement and the Registration Statement, (xi) that the books and records of the LLC set forth or will set forth the names and addresses of all Persons admitted or to be admitted as members of the LLC and the dollar value of each such member's contribution to the LLC, (xii) that the Outstanding Trust Common Interests were or will be duly authorized, issued and sold to the Outstanding Trust Common Interest Holders in accordance with the limited liability company agreement of the LLC in effect at the time of such issuance, (xiii) that the Outstanding Trust

Preferred Interests were or will be duly authorized, issued and sold to the Outstanding Trust Preferred Interest Holders in accordance with the LLC Agreement, (xiv) that the New Trust Common Interests will be duly authorized, issued and sold to the New Trust Common Interest Holders in accordance with the Registration Statement and the LLC Agreement, (xv) that the New Trust Preferred Interests will be duly authorized, issued and sold to the New Trust Preferred Interest Holders in accordance with the Registration Statement and the LLC Agreement, (xvi) that after the issuance and sale of any Outstanding Trust Common Interests or New Trust Common Interests under the Registration Statement and the LLC Agreement, the aggregate number of Trust Common Interests issued by the LLC will not exceed 500,000,000, and (xvii) that after the issuance and sale of any Outstanding Trust Preferred Interests or New Trust Preferred Interests under the Registration Statement and the LLC Agreement, the aggregate number of Trust Preferred Interests issued by the LLC will not exceed 50,000,000. We have not participated in the preparation of the Registration Statement or the Prospectus and assume no responsibility for their contents, other than this opinion.

This opinion is limited to the laws of the State of Delaware that are currently in effect (excluding the blue sky laws of the State of Delaware), and we have not considered and express no opinion on the laws of any other jurisdiction, including federal laws and rules and regulations relating thereto.

Based upon the foregoing, and subject to the assumptions, qualifications, limitations and exceptions set forth herein, we are of the opinion that:

1. The LLC has been duly formed and is validly existing in good standing as a limited liability company under the Delaware Limited Liability Company Act (6 Del. C. § 18-101, et seq.).
2. The Outstanding Trust Common Interests have been or will be validly issued and, subject to the qualifications set forth in paragraph 6 below, fully paid and nonassessable limited liability company interests in the LLC.
3. The Outstanding Trust Preferred Interests have been or will be validly issued and, subject to the qualifications set forth in paragraph 6 below, fully paid and nonassessable limited liability company interests in the LLC.
4. The New Trust Common Interests will be validly issued and, subject to the qualifications set forth in paragraph 6 below, fully paid and nonassessable limited liability company interests in the LLC.
5. The New Trust Preferred Interests will be validly issued and, subject to the qualifications set forth in paragraph 6 below, fully paid and nonassessable limited liability company interests in the LLC.



6. A Trust Interest Holder shall not be obligated personally for any of the debts, obligations or liabilities of the LLC, whether arising in contract, tort or otherwise, solely by reason of being a member of the LLC, except as a Trust Interest Holder may be obligated to repay any funds wrongfully distributed to it. We note that a Trust Interest Holder may be obligated pursuant to the LLC Agreement to provide the Transfer Agent sufficient indemnity in connection with the issuance of replacement Trust Interest Certificates.

We consent to the filing of this opinion with the SEC as an exhibit to the Registration Statement. In addition, we hereby consent to the use of our name under the heading "Legal Matters" in the Prospectus. In giving the foregoing consents, we do not thereby admit that we come within the category of persons or entities whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the SEC thereunder.

Very truly yours,

/s/ Richards, Layton & Finger, P.A.



November 13, 2019

Compass Diversified Holdings  
301 Riverside Avenue  
Second Floor  
Westport, Connecticut 06880

Compass Group Diversified Holdings LLC  
301 Riverside Avenue  
Second Floor  
Westport, Connecticut 06880

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as counsel to Compass Diversified Holdings (the "Trust") and Compass Group Diversified Holdings LLC (the "Company") in connection with the preparation and filing with the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), of the Registration Statement on Form S-3 (the "Registration Statement"), which is being filed with the Commission on the date hereof, and of which the prospectus forms a part (the "Prospectus"). The Registration Statement relates to the offering of common and preferred shares representing beneficial interests in the Trust (respectively, the "Common Shares" and "Preferred Shares"). Each Common Share of the Trust corresponds to one common trust interest of the Company held by the Trust. Each Preferred Share of the Trust corresponds to one trust preferred interest of the Company held by the Trust.

In preparing this opinion, we have examined and relied on such documents as we have deemed appropriate, including, the Prospectus and the Registration Statement and the originals or copies, certified or otherwise identified to our satisfaction, of corporate records of the Trust and the Company and such other instruments, certificates and other documents of public officials and such other persons, and we have made such investigations of law, as we have deemed appropriate as a basis for the opinion expressed below.

We have reviewed the statements set forth under the caption "Material U.S. Federal Income Tax Considerations" in the Registration Statement and hereby advise you that, to the extent such statements constitute statements of law or indicate the statements are legal conclusions drawn by us from an application of the law to the present facts, such statements represent the opinion of Squire Patton Boggs (US) LLP as to the United States federal income tax matters as of the date hereof.

We express no opinions other than those expressed herein and identified in the Prospectus or the Registration Statement. Our opinion is based on current provisions of the Internal Revenue Code of 1986, as amended, Treasury Regulations promulgated thereunder, published pronouncements of the Internal Revenue Service and case law, any of which may be changed at any time with retroactive effect. Any change in applicable laws, or any inaccuracy in the statements, facts, assumptions or representations upon which we have relied, may affect the continuing validity of our opinion as set forth herein.

We are furnishing this opinion in connection with the filing of the Registration Statement and this opinion is not to be used or relied upon for any other purpose without our prior express written consent. We hereby consent to the use of this letter as an exhibit to the Registration Statement and to references therein to us. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations promulgated thereunder.

Respectfully Submitted,

/s/ Squire Patton Boggs (US) LLP

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We have issued our report dated February 27, 2019 (except for the effects of discontinued operations, as discussed in Note Q, as to which the date is November 13, 2019), with respect to the consolidated financial statements and schedule of Compass Diversified Holdings included in the Current Report on Form 8-K filed on November 13, 2019 and our report dated February 27, 2019 with respect to internal control over financial reporting included in the Annual Report on Form 10-K for the year ended December 31, 2018, which are incorporated by reference in this Registration Statement. We consent to the incorporation by reference of the aforementioned reports in this Registration Statement, and to the use of our name as it appears under the caption "Experts."

/s/ GRANT THORNTON LLP

New York, New York  
November 13, 2019