

Compass Diversified Holdings  
Form DEF 14A  
April 15, 2019

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

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Filed by the registrant  x  
Filed by a party other than the ..  
registrant

Check the appropriate box:

- Preliminary Proxy Statement  
Confidential, for use of the
- Commission only (as permitted  
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- Definitive proxy statement
- Definitive additional materials
- Soliciting material pursuant to  
§ 240.14a-11(c) of § 240.14a-12

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

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

N/A  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Form, Schedule or  
(2) Registration Statement  
No.:

(3) Filing Party:

(4) Date Filed:

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NOTICE OF 2019 ANNUAL MEETING AND PROXY STATEMENT

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Compass Diversified Holdings  
Compass Group Diversified Holdings LLC  
Notice of Annual Meeting of Shareholders

April 16, 2019

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders (the "Annual Meeting"), which will be held on Wednesday, May 29, 2019 at 9:00 a.m., Eastern Time, at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880.

The proxy statement contains important information about the Annual Meeting, the proposals we will consider and how you can vote your shares. The Securities and Exchange Commission has adopted a "Notice and Access" rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice of Internet Availability, to shareholders in lieu of a paper copy of the proxy statement and related materials and the Company's Annual Report to Shareholders, which we refer to as the Proxy Materials. The Notice of Internet Availability provides instructions as to how shareholders can access the Proxy Materials online, contains a listing of matters to be considered at the meeting and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone or online or by completing and returning a proxy card. Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes. Instructions for requesting a paper copy of the Proxy Materials are set forth on the Notice of Internet Availability.

Your vote is very important to us. We encourage you to promptly vote your shares either by telephone, online or, if you received paper copies of your Proxy Materials in the mail, by completing, signing, dating and returning the enclosed proxy card, which contains instructions on how you would like your shares to be voted. Please submit your proxy regardless of whether you will attend the Annual Meeting. This will help us ensure that your vote is represented at the Annual Meeting. Signing this proxy will not prevent you from voting in person should you be able to attend the meeting, but will assure that your vote is counted, if for any reason, you are unable to attend.

On behalf of the board of directors and the management of Compass Group Diversified Holdings LLC, I extend our appreciation for your investment in Compass Diversified Holdings. We look forward to seeing you at the Annual Meeting.

Sincerely,

C. Sean Day  
Chairman of the Board of Directors

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Compass Diversified Holdings  
Compass Group Diversified Holdings LLC

April 16, 2019

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**  
To Be Held on Wednesday, May 29, 2019

Compass Diversified Holdings' 2019 Annual Meeting of Shareholders (the "Annual Meeting") will be held on Wednesday, May 29, 2019 at 9:00 a.m., Eastern Time, at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880, for the following purposes:

- to elect two directors to the Company's board of directors as Class I directors for a three-year term ending at the 2022 Annual Meeting of Shareholders;
- to approve, on a non-binding and advisory basis, the resolution approving the compensation of our named executive officers as disclosed in the proxy statement;
- to ratify the appointment of Grant Thornton LLP to serve as the independent auditor for Compass Diversified Holdings and Compass Group Diversified Holdings LLC for the fiscal year ending December 31, 2019; and
- to transact such other matters as may properly come before the meeting and any postponement(s) or adjournment(s) thereof.

These matters are more fully described in the enclosed proxy statement. The board of directors recommends that you vote FOR ALL the director nominees to be elected, FOR the resolution approving the compensation of our executive officers and FOR the ratification of the independent auditor.

Shareholders of record at the close of business on April 1, 2019 will be entitled to notice of, and to vote at, the Annual Meeting and at any subsequent adjournment(s) or postponement(s) thereof. The share register will not be closed between the record date and the date of the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting is available for inspection at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880. The notice of annual meeting, proxy statement and proxy are first being mailed or provided to shareholders on or about April 16, 2019.

To be sure that your shares are properly represented at the meeting, whether or not you attend, please promptly complete, sign, date and return the enclosed proxy card in the accompanying pre-addressed envelope or submit your vote by telephone or online. We must receive your proxy no later than 11:59 p.m., Eastern Time, on May 28, 2019. You will be required to bring certain documents with you to be admitted to the Annual Meeting. Please read carefully the sections in the proxy statement on attending and voting at the Annual Meeting to ensure that you comply with these requirements.

Important Notice Regarding Availability of Proxy Materials for the Annual Meeting. Our 2019 proxy statement and annual report for the year ended December 31, 2018 are available free of charge at [www.proxyvote.com](http://www.proxyvote.com).

By order of the board of directors.

Sincerely,

Carrie W. Ryan  
Secretary

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Compass Diversified Holdings, a Delaware statutory trust, which we refer to as the Trust, owns its businesses and investments through Compass Group Diversified Holdings LLC, a Delaware limited liability company, which we refer to as the Company. Except where the context indicates otherwise, “we,” “us,” and “our” refer to the Company and the Trust. References to “shareholders” refer to shareholders of the Trust.

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COMPASS DIVERSIFIED HOLDINGS  
COMPASS GROUP DIVERSIFIED HOLDINGS LLC  
301 Riverside Avenue, Second Floor  
Westport, Connecticut 06880

PROXY STATEMENT FOR  
ANNUAL MEETING OF SHAREHOLDERS

This proxy statement is being furnished in connection with the solicitation of proxies by the board of directors of Compass Group Diversified Holdings LLC, a Delaware limited liability company, which we refer to as the Company, for the 2019 Annual Meeting of Shareholders, which we refer to as the Annual Meeting, of Compass Diversified Holdings, which we refer to as the Trust, to be held on Wednesday, May 29, 2019 at 9:00 a.m., Eastern Time, at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880 and for any adjournment(s) or postponement(s) of the Annual Meeting. The notice of Annual Meeting, proxy statement and proxy are first being mailed or provided to shareholders on or about April 16, 2019.

PURPOSE OF MEETING

As described in more detail in this proxy statement, the Annual Meeting is being held for the following purposes:

- to elect two directors to the Company's board of directors as Class I directors for a three-year term ending at the 2022 Annual Meeting of Shareholders;
- to approve, on a non-binding and advisory basis, the resolution approving the compensation of our named executive officers as disclosed in the proxy statement;
- to ratify the appointment of Grant Thornton LLP to serve as the independent auditor for Compass Diversified Holdings and Compass Group Diversified Holdings LLC for the fiscal year ending December 31, 2019; and
- to transact such other matters as may properly come before the meeting and any postponement(s) or adjournment(s) thereof.

ATTENDING AND VOTING AT THE ANNUAL MEETING

Broadridge Corporate Issuer Solutions, which we refer to as Broadridge, has been selected as our inspector of election. As part of its responsibilities, Broadridge is required to independently verify that you are a shareholder of the Trust eligible to attend the Annual Meeting, and to determine whether you may vote in person at the Annual Meeting. Therefore, it is very important that you follow the instructions below to gain entry to the Annual Meeting.

Notice and Access

The Securities and Exchange Commission, which we refer to as the SEC, has adopted a "Notice and Access" rule that allows companies to deliver a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice of Internet Availability, to shareholders in lieu of a paper copy of the proxy statement and related materials and the Company's Annual Report to Shareholders, which we refer to as the Proxy Materials. The Notice of Internet Availability provides instructions as to how shareholders can access the Proxy Materials online, contains a listing of matters to be considered at the meeting and sets forth instructions as to how shares can be voted. Shares must be voted either by telephone, online or by completing and returning a proxy card. Shares cannot be voted by marking, writing on and/or returning the Notice of Internet Availability. Any Notices of Internet Availability that are returned will not be counted as votes. Instructions for requesting a paper copy of the Proxy Materials are set forth on the Notice of Internet Availability.

Important Notice Regarding Availability of Proxy Materials for the Annual Meeting to be Held on May 29, 2019:  
The Proxy Materials are available at [www.proxyvote.com](http://www.proxyvote.com). Enter the 12-digit control number located on the Notice of Internet Availability or proxy card.

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#### Check-in Procedure for Attending the Annual Meeting

Shareholders of Record. The documents you will need to provide to be admitted to the Annual Meeting depend on whether you are a shareholder of record or you represent a shareholder of record.

Individuals. If you are a shareholder of record holding shares in your own name, you must bring to the Annual Meeting a form of government-issued photo identification (e.g., a driver's license or passport). Trustees who are individuals and named as shareholders of record are in this category.

Individuals Representing a Shareholder of Record. If you attend on behalf of a shareholder of record, whether such shareholder is an individual, corporation, trust or partnership:

you must bring to the Annual Meeting a form of government-issued photo identification (e.g., a driver's license or passport); AND

either:

a letter from that shareholder of record authorizing you to attend the Annual Meeting on their behalf; OR  
we must have received by 11:59 p.m., Eastern Time, on May 28, 2019 a duly executed proxy card from the shareholder of record appointing you as proxy.

Beneficial Owners. If your shares are held by a bank or broker (often referred to as "holding in street name") you should go to the "Beneficial Owners" check-in area at the Annual Meeting. Because you hold in street name, your name does not appear on the share register of the Trust. The documents you will need to provide to be admitted to the Annual Meeting depend on whether you are a beneficial owner or you represent a beneficial owner.

Individuals. If you are a beneficial owner, you must bring to the Annual Meeting:

a form of government-issued photo identification (e.g., a driver's license or passport); AND

either

a legal proxy that you have obtained from your bank or broker; OR

your most recent brokerage account statement or a recent letter from your bank or broker showing that you own shares of the Trust.

Individuals Representing a Beneficial Owner. If you attend on behalf of a beneficial owner, you must bring to the Annual Meeting:

a letter from the beneficial owner authorizing you to represent its shares at the Annual Meeting; AND

the identification and documentation specified above for individual beneficial owners.

#### Voting in Person at the Annual Meeting

Shareholders of Record. Shareholders of record may vote their shares in person at the Annual Meeting by ballot. Each proposal has a separate ballot. You must properly complete, sign, date and return the ballots to the inspector of election at the Annual Meeting to vote in person. To receive ballots, you must bring with you the documents described below:

Individuals. You will receive ballots at the check-in table when you present your identification. If you have already returned your proxy card to us and do not want to change your votes, you do not need to complete the ballots. If you do complete and return the ballots to us, your proxy card will be automatically revoked.

Individuals Voting on Behalf of Another Individual. If you will vote on behalf of another individual who is a shareholder of record, we must have received by 11:59 p.m., Eastern Time, on May 28, 2019 a duly executed proxy card from such individual shareholder of record appointing you as his or her proxy. If we have received the proxy card, you will receive ballots at the check-in table when you present your identification.

Individuals Voting on Behalf of a Legal Entity. If you represent a shareholder of record that is a legal entity, you may vote that legal entity's shares if it authorizes you to do so. The documents you must provide to receive ballots at the check-in table depend on whether you are representing a corporation, trust, partnership or other legal entity.

If you represent a corporation, you must:

bring to the Annual Meeting a letter or other document from the corporation, on the corporation's letterhead and signed by an officer of the corporation, that authorizes you to vote the corporation's shares on its behalf; OR

- we must have received by 11:59 p.m., Eastern Time, on May 28, 2019 a duly executed proxy card from the corporation appointing you as its proxy.

If you represent a trust, partnership or other legal entity, we must have received by 11:59 p.m., Eastern Time, on May 28, 2019 a duly executed proxy card from the legal entity appointing you as its proxy. A letter or other document will not be sufficient for you to vote on behalf of a trust, partnership or other legal entity other than a corporation.

Beneficial Owners. If you hold your shares in street name, these Proxy Materials are being forwarded to you by your bank, broker or their appointed agent. Because your name does not appear on the share register of the Trust, you will not be able to vote in person at the Annual Meeting unless you request a legal proxy from your bank or broker and bring it with you to the Annual Meeting.

Individuals. As an individual, the legal proxy will have your name on it. You must present the legal proxy at check-in to the inspector of election at the Annual Meeting to receive your ballots.

Individuals Voting on Behalf of a Beneficial Owner. Because the legal proxy will not have your name on it, to receive your ballots you must:

present the legal proxy at check-in to the inspector of election at the Annual Meeting; AND

bring to the Annual Meeting a letter from the person or entity named on the legal proxy that authorizes you to vote its shares at the Annual Meeting.

#### APPOINTMENT OF PROXY

Shareholders of Record. We encourage you to appoint a proxy to vote on your behalf by promptly submitting the enclosed proxy card, which is solicited by the Company's board of directors, which we refer to as our Board or the Board, and which, when properly completed, signed, dated and returned to us, will ensure that your shares are voted as you direct. We strongly encourage you to return your completed proxy to us regardless of whether you will attend the Annual Meeting to ensure that your vote is represented at the Annual Meeting.

**PLEASE RETURN YOUR PROXY CARD TO US IN THE ACCOMPANYING ENVELOPE, OR SUBMIT YOUR VOTE BY TELEPHONE OR ONLINE, NO LATER THAN 11:59 P.M., EASTERN TIME, ON MAY 28, 2019. IF WE DO NOT RECEIVE YOUR PROXY CARD BY THAT TIME, YOUR PROXY WILL NOT BE VALID. IN THIS CASE, UNLESS YOU ATTEND THE ANNUAL MEETING, YOUR VOTE WILL NOT BE REPRESENTED.**

The persons named in the proxy card have been designated as proxies by our Board. The designated proxies are officers of the Company. They will vote as directed by the completed proxy card.

Shareholders of record may appoint another person to attend the Annual Meeting and vote on their behalf by crossing out the Board-designated proxies, inserting such other person's name on the proxy card and returning the duly executed proxy card to us. When the person you appoint as proxy arrives at the Annual Meeting, the inspector of election will verify such person's authorization to vote on your behalf by reference to your proxy card. If you would like to appoint a person as proxy other than those designated by our Board, you must do so by using the proxy card, as described above.

If you wish to change your vote, you may do so by revoking your proxy before the Annual Meeting. Please see the section titled "Revocation of Proxy" below for more information.

Beneficial Owners. If you hold your shares in street name, these Proxy Materials are being forwarded to you by your bank, broker or their appointed agent. You should also have received a voter instruction card instead of a proxy card. Your bank or broker will vote your shares as you instruct on the voter instruction card. We strongly encourage you to promptly complete and return your voter instruction card to your bank or broker in accordance with their instructions so that your shares are voted. As described above, you may also request a legal proxy from your bank or broker to

vote in person at the Annual Meeting.

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#### Voting by the Designated Proxies

The persons who are the designated proxies will vote as you direct in your proxy card or voter instruction card. Please note that proxy cards returned without voting directions, and without specifying a proxy to attend the Annual Meeting and vote on your behalf, will be voted by the proxies designated by our Board in accordance with the recommendations of our Board. Our Board recommends:

a vote FOR ALL the two director nominees to the Company's board of directors as Class I directors for a three-year term ending at the 2022 Annual Meeting of Shareholders (Proposal 1);

a vote FOR the approval, on a non-binding and advisory basis, of the resolution approving the compensation of our named executive officers as disclosed in the proxy statement (Proposal 2); and

a vote FOR the ratification of the appointment of Grant Thornton LLP to serve as the independent auditor for Compass Diversified Holdings and Compass Group Diversified Holdings LLC for the fiscal year ending December 31, 2019 (Proposal 3).

If any other matter properly comes before the Annual Meeting, your proxies will vote on that matter in their discretion.

#### Revocation of Proxy

You may revoke or change your proxy before the Annual Meeting by:

sending us a duly executed written notice of revocation prior to the annual meeting;

attending the Annual Meeting and voting in person; OR

ensuring that we receive from you, prior to 11:59 p.m., Eastern Time, on May 28, 2019, a new proxy card with a later date, including receipt of a new proxy card submitted online.

Any written notice of revocation must be sent to the attention of Carrie W. Ryan, Secretary, Compass Group Diversified Holdings LLC, 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880 or by facsimile to (203) 221-8253.

#### APPROVAL OF PROPOSALS AND SOLICITATION

Each shareholder who owned shares of Trust common stock on April 1, 2019, the record date for the determination of shareholders entitled to vote at the Annual Meeting, is entitled to one vote for each share of Trust common stock. On April 1, 2019, we had 59,900,000 shares of Trust common stock issued and outstanding that were held by approximately 35,000 beneficial holders.

#### Quorum

Under the Second Amended and Restated Trust Agreement of the Trust, dated December 6, 2016, which we refer to as the Trust Agreement, the shareholders present in person or by proxy holding a majority of the outstanding shares of Trust common stock entitled to vote shall constitute a quorum at a meeting of shareholders of the Trust. Under the terms of the Fifth Amended and Restated Operating Agreement of the Company, dated as of December 6, 2016, which we refer to as the LLC Agreement, holders of shares of Trust common stock are the only shareholders entitled to vote at the Annual Meeting. The Series A Trust Preferred Interests and the Series B Trust Preferred Interests, which we refer to collectively as the preferred interests, are not "Voting Trust Interests" for purposes of the LLC Agreement. Shares represented by proxies that are marked "abstain" will be counted as shares present for purposes of determining the presence of a quorum. Shares of Trust common stock that are represented by broker non-votes will be counted as shares present for purposes of determining the presence of a quorum. A broker non-vote occurs when the broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power to vote on that proposal without specific voting instructions from the beneficial owner. Proposals 1 and 2 described in this proxy are non-discretionary items and Proposal 3 described in this proxy is a discretionary item.

If the persons present or represented by proxies at the Annual Meeting do not constitute a majority of the holders of outstanding Trust common stock entitled to vote as of the record date, we will postpone the Annual Meeting to a later

date.

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### Approval of Proposals

For the election of directors (Proposal 1), the affirmative vote of at least a plurality of the votes cast on such proposal is required. No shareholders shall be permitted to cumulate votes for the election of directors. The advisory vote on executive compensation (Proposal 2) requires the affirmative vote of at least a majority of the outstanding shares entitled to vote thereon present in person or represented by proxy at the Annual Meeting. Because your votes on Proposal 2 are advisory, they will not be binding on the Board or the Company. However, the Board will review the voting results and take them into consideration when making future decisions regarding executive compensation. For the approval of the proposal to ratify the appointment of Grant Thornton LLP as the independent auditor for the Trust and the Company (Proposal 3), the affirmative vote of at least a majority of the outstanding shares present in person or represented by proxy at the Annual Meeting is required. An abstention will not be counted as a vote cast. Except for certain business combinations, as such term is defined in the Trust Agreement, any other proposal that properly comes before the Annual Meeting must be approved by the affirmative vote of at least a majority of the outstanding shares present in person or represented by proxy at the Annual Meeting. A broker non-vote would also not be counted as a vote cast.

Broker non-votes and withheld votes are not counted toward the election of directors or toward the election of individual nominees specified on the proxy and therefore, broker non-votes and withheld votes shall have no effect on Proposal 1. Each of Proposal 2 and Proposal 3 require the affirmative vote of at least a majority of the outstanding shares present in person or by proxy, and therefore, an abstention is the same as a vote "Against." A broker non-vote will be treated as not entitled to vote on Proposal 2 and therefore will have no effect on such proposal.

Proposal 3 is a discretionary item. New York Stock Exchange ("NYSE") member brokers that do not receive instructions from beneficial owners may vote your shares in their discretion and, therefore, there will be no broker non-votes on Proposal 3. Proposals 1 and 2 are non-discretionary items and member brokers may not vote on the proposal without specific voting instructions from beneficial owners, resulting in a broker non-vote.

Under the terms of the LLC Agreement and the Trust Agreement, with respect to those matters subject to vote by the members of the Company, the Company will act at the direction of the Trust. The Trust Agreement requires the Trust to vote 100% of the limited liability interests of the Company, or the LLC interests, of which it is the sole holder, in the same proportion as the vote of holders of the Trust common stock. In this way the voting rights of members of the Company will effectively be exercised by the shareholders of the Trust by proxy. The LLC Agreement provides that the members are entitled, at the annual meeting of members of the Company, to vote for the election of all the directors other than the director appointed by the Company's Allocation Member (as defined herein). At this meeting, Class I directors will be elected in accordance with the LLC Agreement. See "PROPOSAL 1: ELECTION OF DIRECTORS - Board Composition" for a description of Class I directors. The Trust will vote its LLC interests as directed at the Company's annual members' meeting promptly following the tabulation of votes cast at this Annual Meeting.

All votes will be tabulated by Broadridge, the proxy tabulator and inspector of election appointed for the Annual Meeting. Broadridge will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

### Solicitation of Proxies

We will bear the cost of the solicitation of proxies, including the preparation, printing and mailing of this proxy statement and the proxy card. We have also retained Broadridge to distribute copies of these Proxy Materials to banks, brokers, fiduciaries and custodians, or their agents holding shares in their names on behalf of beneficial owners so that they may forward these Proxy Materials to our beneficial owners.

We may supplement the original solicitation of proxies by mail with solicitation by telephone, telegram and other means by directors, officers and/or employees of our Manager (as defined in "EXECUTIVE COMPENSATION - Compensation Discussion and Analysis"). We will not pay any additional compensation to these individuals for any such services.





## PROPOSAL 1: ELECTION OF DIRECTORS

### Board Composition

Our Board consists of seven directors, five of whom are the Company's independent directors. Our Board has the ability to decrease or increase its size to no less than five or up to thirteen directors, respectively. Six of our directors are elected by our shareholders and one director is appointed by the Company's Allocation Member. The Board is divided into three classes serving staggered three-year terms. The terms of office of Classes I, II and III expire at different times in annual succession, with one class being elected at each annual meeting of shareholders. Mr. Edwards and Ms. McCoy are Class I directors and are up for re-election at this year's Annual Meeting. Messrs. Bottiglieri and Burns are Class II directors and will serve until the 2020 Annual Meeting of Shareholders. Messrs. Day and Ewing are Class III directors and will serve until the 2021 Annual Meeting of Shareholders. Pursuant to the LLC Agreement, the Company's Allocation Member has the right to appoint one director to the Board. Mr. Sabo, our chief executive officer, is currently serving as a director appointed by the Allocation Member. Any appointed director will not be required to stand for election by the shareholders.

### Director Independence

Pursuant to our governing documents, our Board will always consist of at least a majority of independent directors. Our Board has reviewed the materiality of any relationship that each of our directors has with the Trust or the Company, either directly or indirectly. Based on this review, the Board has determined that the following directors are "independent directors" as defined by the NYSE: Messrs. Bottiglieri, Burns, Day, Edwards, and Ewing.

### Election of Directors

The Class I directors will be elected at the Annual Meeting and will serve for a three-year term that expires at our 2022 Annual Meeting of Shareholders. Mr. Edwards and Ms. McCoy have been nominated for re-election as Class I directors. Each of Mr. Edwards and Ms. McCoy was nominated by the Board upon the recommendation of the nominating and corporate governance committee. Proxies cannot be voted for a greater number of persons than the number of nominees named.

The following paragraphs describe the business experience and education of Mr. Edwards and Ms. McCoy.

Harold S. Edwards has served as a director of the Company since April 2006. Mr. Edwards has been the president and chief executive officer of Limoneira Company (NASDAQ:LMNR), since November 2003. Previously, Mr. Edwards was the president of Puritan Medical Products, a division of Airgas Inc. Prior to that, Mr. Edwards held management positions with Fisher Scientific International, Inc., Cargill, Inc., Agribands International and the Ralston Purina Company. Mr. Edwards served as a director for Inventure Foods, Inc. (NASDAQ:SNK) from April 2014 to May 2017. Mr. Edwards is currently a member of the boards of directors of Limoneira Company and Calavo Growers, Inc. (NASDAQ:CVGW). Mr. Edwards is a graduate of Lewis and Clark College and The Thunderbird School of Global Management at Arizona State University.

Mr. Edwards' experience as a chief executive officer and senior executive across a variety of industries allows him to bring a hands-on management perspective to our Board, particularly in the areas of operations, executive compensation, succession planning and issues confronting a diversified array of companies.

Sarah G. McCoy has served as a director of the Company since January 2017. Previously, Ms. McCoy was the president and chief executive officer of CamelBak Products, LLC, a former subsidiary of the Company, from November 2006 through January 2016. Prior to that, Ms. McCoy was a co-founder of Silver Steep Partners, a leading investment banking firm catering exclusively to companies in the outdoor and active lifestyle industries. Before Silver Steep, Ms. McCoy served as president of Sierra Designs and Ultimate Direction and as vice president at The North Face. Ms. McCoy has served as a director and as lead independent director for Zumiez Inc. (NASDAQ:ZUMZ) since 2010. Ms. McCoy also serves on the board of directors of The Outdoor Foundation, a nonprofit foundation established by Outdoor Industry Association to inspire and grow future generations of outdoor enthusiasts. Ms. McCoy is a graduate of Dartmouth College.

Ms. McCoy has a distinguished track record of building strong businesses and growing iconic brands. She brings to our board specific experience and knowledge of the complex business issues unique to consumer products companies, including consumer behavior, retail relationships and international distribution. She also brings unique perspective on investing in small and middle market companies with her prior investment banking experience.

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#### Directors Not Up for Election

The following paragraphs describe the business experience and education of our Class II and III directors and the Allocation Member's appointed director (in each case, not standing for re-election).

James J. Bottiglieri has served as a director of the Company since December 2005. Mr. Bottiglieri was the Company's chief financial officer and an executive vice president of the Company's Manager from 2005 to 2013. Previously, Mr. Bottiglieri was the senior vice president and controller of WebMD Health Corp. Prior to that, Mr. Bottiglieri was with Star Gas Corporation and a predecessor firm to KPMG LLP. Mr. Bottiglieri also serves on the board of directors of Horizon Technology Finance Corporation (NASDAQ:HRZN). Mr. Bottiglieri is a graduate of Pace University. As the former chief financial officer of the Company, as well as a former director for several of our subsidiary companies, Mr. Bottiglieri brings to our Board an intimate understanding of our business and operations and the business and operations of our subsidiaries. Mr. Bottiglieri provides the Board with Company-specific experience and expertise, in addition to his substantial expertise in accounting, tax and other financial matters.

Gordon M. Burns has served as a director of the Company since May 2008. Mr. Burns has been a private investor since 1998. Previously, he was responsible for investment banking at UBS Securities and before that was a managing director at Salomon Brothers Inc. Mr. Burns served on the board of directors of Aztar Corporation (NYSE:AZR) from 1998 through 2007. Mr. Burns is a graduate of Yale University and the Harvard Business School.

Mr. Burns brings to our Board extensive knowledge of investment and financing activities, having significant experience in such fields. He has also been involved with several public and private companies as they have gone through important transitions, including mergers and acquisitions, divestitures and management succession. Our Board benefits from the insights gleaned from these experiences.

C. Sean Day has served as chairman of the Board since April 2006. Mr. Day has been the president of Seagin International, since 1999, and he was the chairman of our Manager's predecessor from 1999 to 2006. Previously, Mr. Day was with Navios Corporation and Citicorp Venture Capital. Mr. Day served as the chairman of the boards of directors of Teekay Tankers Ltd. (NYSE:TNK) from 2007 to 2013, Teekay Offshore GP L.L.C. from 2004 to 2015, Teekay Offshore Partners L.P. (NYSE:TOO) from 2006 to 2017, and Teekay Corporation (NYSE:TK) from 1999 to 2017. Mr. Day currently serves on the boards of directors of Teekay Corporation, Teekay GP L.L.C., the general partner of Teekay LNG Partners L.P. (NYSE:TGP), and Kirby Corporation (NYSE:KEX). Mr. Day is a graduate of the University of Capetown and Oxford University.

Mr. Day's experiences as both an operating executive and investor are invaluable to our Board and enable him to effectively serve as our chairman. Furthermore, Mr. Day's substantial experience as a director of other companies, both public and private, adds an important dimension to our Board and provides valuable insight on governance practices and risk management. In addition, his leadership experience and knowledge of global investment decisions and related risks provides the Board with an important global perspective.

D. Eugene Ewing has served as a director of the Company since April 2006. Mr. Ewing has been the managing member of Deeper Water Consulting, LLC, a private wealth and business consulting company since March 2004. Previously, Mr. Ewing was with the Fifth Third Bank. Prior to that, Mr. Ewing was a partner in Arthur Andersen LLP. Mr. Ewing is a member of the board of directors of Darling Ingredients, Inc. (NYSE:DAR) and Protect Home Medical Corp. (TSXV:PTQ). Mr. Ewing also serves on an advisory board to the Gatton College of Business & Economics at the University of Kentucky. Mr. Ewing is a graduate of the University of Kentucky.

As a former partner with an international public accounting firm, Mr. Ewing brings to our Board and to his role as chairman of our audit committee substantial experience with complex accounting and reporting issues, SEC filings and corporate transactions. Mr. Ewing's experience in these areas has allowed him to become, as the chairman of our audit committee, a strong financial leader.

Elias J. Sabo has served as a director and our chief executive officer since May 3, 2018. Mr. Sabo joined the Company's Manager in 1998 as one of the founding partners. For the past 20 years, he has been a member of the Investment Committee and has played a central role in directing the Company's strategy. Mr. Sabo also currently serves as a director and as chairman of the Company's Advanced Circuits, Inc. subsidiary and as a director of the Company's Arnold Magnetic Technologies Corporation subsidiary. He previously served as the Chairman of Fox Factory Holding Corp. (NASDAQ:FOXF), a former Company subsidiary, from 2007 to 2017. Prior to joining the

Manager, Mr. Sabo worked in the acquisition department of Colony Capital, LLC, a Los Angeles-based real estate private equity

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firm, from 1992 to 1996, and as a healthcare investment banker for CIBC World Markets (formerly Oppenheimer & Co.) from 1996 to 1998. Mr. Sabo is a graduate of Rensselaer Polytechnic Institute.

Mr. Sabo brings to our Board business leadership experience, an extensive understanding of investment activities, and public company experience with respect to governance and risk management. As a founder of the Manager, Mr. Sabo brings a deep understanding of the operations, history, and culture of the Company and its subsidiaries, which enables him to advise on all aspects of our business, while bringing historic knowledge and continuity to our Board.

#### Recommendation of the Board

Our Board recommends that you vote FOR ALL the director nominees listed, Mr. Edwards and Ms. McCoy, to be elected to our Board as Class I directors for a three-year term ending at our 2022 Annual Meeting of Shareholders.

## PROPOSAL 2: ADVISORY VOTE REGARDING EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, enables our shareholders to vote to approve, on a non-binding and advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with applicable SEC rules. We are providing this vote as required pursuant to Section 14A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (15 U.S.C. 78n-1).

Our compensation policy is designed to enable us to attract, motivate, reward and retain the management talent required to achieve our objectives, and thereby increase shareholder value. Please see the section titled "EXECUTIVE COMPENSATION - Compensation Discussion and Analysis" and the related compensation tables herein for additional details about our executive compensation policy, including information about the fiscal year 2018 compensation of our named executive officers.

We are asking our shareholders to indicate their support for our named executive officer compensation as described in this proxy statement. This Proposal 2 gives our shareholders the opportunity to express their views on our named executive officers' compensation (the "Say-on-Pay Vote"). This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. We believe that our overall compensation policy accomplishes our compensation goals of attracting and retaining a qualified and talented chief financial officer. Accordingly, we will ask our shareholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the Company's shareholders approve, on an advisory basis, the compensation of the named executive officer, as disclosed in the Company's Proxy Statement for the 2019 Annual Meeting of Shareholders pursuant to the compensation disclosure rules of the SEC."

The Say-on-Pay Vote is advisory, and therefore not binding on the Company, the compensation committee or our Board. Our Board and our compensation committee value the opinions of our shareholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider the results of the vote in future compensation deliberations and evaluate whether any actions are necessary to address shareholder concerns.

The Company will include a proposal seeking shareholder approval, on a non-binding and advisory basis, of the compensation of our named executive officers in the proxy statement every year until the 2023 Annual Meeting of Shareholders. In 2023, the Company will include a proposal seeking shareholder approval, on a non-binding and advisory basis, of the frequency at which the Company shall thereafter seek shareholder approval, on a non-binding and advisory basis, of the compensation of the named executive officers.

Recommendation of the Board

Our Board recommends that you vote, on a non-binding and advisory basis, FOR the resolution approving the compensation of our named executive officers as disclosed in this proxy statement.

## PROPOSAL 3: RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITOR

## General

Our Board has recommended and asks that you ratify the appointment of Grant Thornton LLP as the independent auditor for the Company and the Trust for the fiscal year ending December 31, 2019. You would be so acting based on the recommendation of our audit committee.

Grant Thornton LLP was appointed by our audit committee to audit the annual financial statements of the Company and the Trust for the fiscal years ended December 31, 2018 and December 31, 2017. Based on its past performance during these audits, the audit committee of the Board has appointed Grant Thornton LLP as the independent auditor to perform the audit of our financial statements and internal control over financial reporting for fiscal year 2019. Grant Thornton LLP is a registered public accounting firm. Information regarding Grant Thornton LLP can be found at: [www.grantthornton.com](http://www.grantthornton.com).

The affirmative vote of a majority of the outstanding shares present in person or represented by proxy at the Annual Meeting is required to ratify the appointment of Grant Thornton LLP. If you do not ratify the appointment of Grant Thornton LLP, our Board will reconsider its appointment of Grant Thornton LLP and may, in its sole discretion, make a new proposal for independent auditor.

Representatives of Grant Thornton LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

## Fees

The chart below sets forth the total amount billed to us by Grant Thornton LLP for services performed for fiscal years 2018 and 2017, respectively, and breaks down these amounts by category of service:

	2018	2017
Audit		
Fees	\$6,156,814	\$5,246,417
(1)		
Audit-Related		
Fees	190,675	176,500
(2)		
Tax		
Fees	34,800	67,416
(3)		
Total	\$6,382,289	\$5,490,333

(1) "Audit Fees" are the aggregate fees billed by Grant Thornton LLP for professional services rendered in connection with the audit of our consolidated financial statements included in our annual reports on Form 10-K and for the review of financial statements included in our quarterly reports on Form 10-Q, or for services that are normally provided by the auditors in connection with statutory and regulatory filings or engagements.

(2) "Audit-Related Fees" are the aggregate fees billed by Grant Thornton LLP for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements. The 2018 fees were rendered for diligence efforts associated with the acquisition of Ravin Crossbows LLC by Velocity Outdoor Inc. The 2017 fees were rendered for diligence efforts associated with an unsuccessful acquisition.

(3) "Tax fees" are the aggregate fees billed by Grant Thornton LLP for professional services rendered in connection with tax compliance, advice and planning. The 2018 fees were rendered for general tax compliance advice for one or more Company subsidiaries. The 2017 fees were rendered for the performance of a research and development tax credit study and for general tax compliance advice, in each case, for one or more Company subsidiaries.

## Pre-Approval Policies and Procedures

The audit committee has established policies and procedures for its appraisal and approval of audit and non-audit services. The audit committee has also delegated to the chairman of the audit committee the authority to approve additional audit and non-audit services and, subject to compliance with all applicable independence requirements, to approve the engagement of additional accounting firms to provide such services. While all other audit-related, tax and other fees may be approved by the audit committee prospectively, the audit committee or its chairman has



pre-approved all of the services provided by Grant Thornton LLP since its engagement.

In making its recommendation to ratify the appointment of Grant Thornton LLP as the independent auditor for the fiscal year ending December 31, 2019, the audit committee has considered whether the services provided by Grant Thornton LLP are compatible with maintaining the independence of Grant Thornton LLP and has determined

that such services do not interfere with Grant Thornton LLP's independence.

Recommendation of the Board

Our Board recommends that you vote, based on the recommendation of the audit committee, FOR the ratification of the appointment of Grant Thornton LLP to serve as the independent auditor for the Company and the Trust for the fiscal year ending December 31, 2019.

## BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND COMMITTEES

## Certain Information Regarding our Directors and Executive Officers

The name and age of each director, nominee and executive officer and the positions held by each of them as of March 31, 2019 are as follows:

Director	Age	Serving as Officer or Director Since	Position
C. Sean Day	69	2006	Chairman/ Class III Director
Gordon M. Burns	67	2008	Class II Director
Harold S. Edwards	53	2006	Class I Director
D. Eugene Ewing	70	2006	Class III Director
Sarah G. McCoy	58	2017	Class I Director
Elias J. Sabo	48	2018	Director, Chief Executive Officer
James J. Bottiglieri	63	2005	Class II Director
Ryan J. Faulkingham	42	2013	Chief Financial Officer

Ryan J. Faulkingham has served as Chief Financial Officer and Co-Compliance Officer of the Company since November 2013. He also serves on the Investment Committee of the Company's Manager. Mr. Faulkingham joined the Company in 2008 and previously was the Company's Director of Financial Reporting. Prior to joining us in 2008, Mr. Faulkingham served as a Vice President at Merrill Lynch & Co., a financial management and advisory company, where he prepared regulatory filings, performed technical accounting research and implemented policies to ensure compliance with internal control standards. From 2003 to 2006, he served as Manager, Accounting and External Reporting at WebMD Health Corp., a medical information company, serving as a key contributor to the company's 2005 initial public offering and lead finance member for numerous mergers and acquisitions. Prior to that, Mr. Faulkingham had a career in public accounting first at Arthur Andersen LLP and later at KPMG LLP, both public accounting firms. He received a BS in Accounting from Lehigh University and an MBA from Fordham University. Mr. Faulkingham serves as a director for our Velocity Outdoor Inc. and Clean Earth, Inc. subsidiaries, and as an observer to the boards of directors of all our other subsidiary companies.

## Board Leadership Structure and Role in Risk Oversight

Generally, the LLC Agreement provides that the chairman is elected by a majority of the Board and must also be a member of the Board. The chairman is not required to be an employee of the Company. Likewise, the LLC Agreement provides that, so long as the Management Services Agreement is in effect, the Company's Manager shall second personnel to serve as the chief executive officer and chief financial officer of the Company, subject to the formal election of such individuals by the Company's Board. Although there is no requirement that the chief executive officer and the chairman be separate positions, the Board has currently chosen to separate the chief executive officer and chairman positions. The Board believes the current separation of these roles helps to ensure good Board governance and fosters independent oversight to protect the long-term interests of the Company's private and institutional shareholders. In addition, the Board believes this separation is presently appropriate as it allows our chief executive officer to focus primarily on leading the Company's day-to-day business and affairs while the chairman can focus on leading the Board in its consideration of strategic issues and monitoring corporate governance and shareholder matters.

**Risk Oversight.** The Company's Board has overall responsibility for risk oversight. The Company's general counsel presents, and the Board assesses, at least annually, the critical risks associated with the businesses of the Company and each of its subsidiaries. The Board also performs a majority of its role in risk oversight through the audit committee. The audit committee charter provides that the audit committee shall assist the Board in fulfilling its oversight

responsibility relating to the evaluation of enterprise risk issues. In addition, the audit committee, pursuant to its charter, discusses with management, counsel, the vice president of internal audit and internal audit service providers, as the case may be, and the independent auditors, the Company's major risk exposures (whether financial, operational or both) and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. The Company's internal audit department supervises the day-to-day risk management responsibilities of the Company and reports directly to the audit committee, which is comprised solely of independent directors. In addition, during each quarterly meeting of the audit committee, the members of the audit committee meet with the Company's vice president of internal audit and independent auditors,

in each case, without management present, to discuss the specific areas of risk identified during the quarter, if any. The audit committee is authorized to utilize outside lawyers, internal staff, independent experts and other consultants to assist and advise the committee in connection with its responsibilities, including the evaluation of the Company's major risk exposures. The Company's management team, including Company counsel, regularly evaluates the risks inherent to the businesses of the Company's subsidiaries and reports the results of such evaluations to the full Board for consideration at least annually and more frequently if the particular facts and circumstances dictate. The Board believes that the foregoing processes for overseeing risk ensures that independent directors are aware of the Company's major risk exposures.

#### Board Meetings and Committees

Our Board met nine times during 2018. All directors attended at least 75% of the combined Board and committee meetings on which they served in 2018. Although we have no formal policy regarding director attendance at the annual meeting of the shareholders, directors are encouraged to attend. All seven of the Company's directors attended the 2018 Annual Meeting of Shareholders.

The LLC Agreement gives our Board the authority to delegate its powers to committees appointed by the Board. All of our standing committees are composed solely of independent directors, as defined by the applicable NYSE committee membership independence standards. Our committees are required to conduct meetings and take action in accordance with the directions of the Board, the provisions of our LLC Agreement and the terms of the respective committee charters. We have three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Each of the audit committee, compensation committee and nominating and corporate governance committee may not delegate any of its authority to subcommittees unless otherwise authorized by the Board. Copies of all current committee charters are available on our website at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com), and in print from us without charge upon request by writing to Investor Relations at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880. The information on our website is not, and shall not be deemed to be, incorporated by reference into this proxy statement or incorporated into any other filings that the Company or the Trust makes with the SEC.

**Audit Committee.** The audit committee is comprised entirely of independent directors who meet the independence requirements of the NYSE and Rule 10A-3 of the Exchange Act, and includes at least one "audit committee financial expert," as required by applicable SEC regulations. Our standing audit committee is established in accordance with Section 3(a)(58)(A) of the Exchange Act. The audit committee is responsible for, among other things:

retaining and overseeing our independent accountants;

assisting the Board in its oversight of the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements;

reviewing and approving the plan and scope of the internal and external audit;

pre-approving any audit and non-audit services provided by our independent auditors;

approving the fees to be paid to our independent auditors;

reviewing with our chief executive officer and chief financial officer and independent auditors the adequacy and effectiveness of our internal controls;

reviewing and approving the calculation of the profit allocation payments made to the Allocation Member;

preparing the audit committee report to be filed with the SEC;

reviewing hedging transactions; and

reviewing and assessing annually the audit committee's performance and the adequacy of its charter.

Messrs. Ewing, Edwards and Burns served on our audit committee during 2018 and currently serve in such roles, along with Mr. Bottiglieri, who was appointed to the audit committee by our Board in February 2019. The Board has determined that Mr. Ewing, the audit committee chairman, qualifies as an audit committee financial expert, as defined by the SEC. The audit committee met six times during 2018.

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Compensation Committee. The compensation committee is comprised entirely of independent directors who meet the compensation committee independence requirements of the NYSE. In accordance with the compensation committee charter, the members are “outside directors” as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, and “non-employee directors” within the meaning of Section 16 of the Exchange Act. The responsibilities of the compensation committee include, among other things:

reviewing our Manager’s performance of its obligations under the Management Services Agreement;

reviewing the remuneration of our Manager and approving the remuneration paid to our Manager as reimbursement for the compensation paid by our Manager to our chief financial officer and the chief financial officer’s staff;

determining the compensation of our independent directors;

granting rights to indemnification and reimbursement of expenses to the Manager and any seconded individuals; and

making recommendations to the Board regarding equity-based and incentive compensation plans, policies and programs.

Neither the compensation committee nor management has engaged compensation consultants to provide advice with respect to the form or amount of director compensation. In early 2019, the compensation committee conducted a survey of the director compensation practices of other companies that it considered reasonably comparable to the Company. The compensation committee targets cash and equity compensation for the Company's directors at the average of the peer group. The compensation committee also considered the time commitment, responsibilities and related burdens of Board service over the Company's history. Based upon this review, the compensation committee recommended to the full Board that the annual compensation paid to non-management directors and the annual compensation paid to the chairman of the Board not be increased for fiscal year 2019. The full Board ratified the compensation committee's recommendation on February 14, 2019. The Company's Manager is responsible for establishing the form and amount of compensation paid to our chief financial officer and his staff by our Manager. The Company's compensation committee is responsible for approving the remuneration paid to our Manager as reimbursement for the compensation paid by our Manager to our chief financial officer and the chief financial officer's staff. Mr. Sabo, our chief executive officer, in his capacity as the managing member of our Manager, participates in the establishment of the form and amount of compensation paid to our chief financial officer and his staff by our Manager.

Messrs. Edwards, as compensation committee chairman, Ewing and Burns served on our compensation committee during 2018 and currently serve in such roles. The compensation committee met two times during 2018.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is comprised entirely of independent directors who meet the independence requirements of the NYSE. The nominating and corporate governance committee is responsible for, among other things:

recommending the number of directors to comprise the Board and recommending candidates for membership on each committee of the Board;

identifying and evaluating individuals qualified to become members of the Board, other than the Allocation Member’s appointed director and his or her alternate, and soliciting recommendations for director nominees from the chairman and chief executive officer of the Company;

recommending to the Board the director nominees for each annual shareholders’ meeting, other than the Allocation Member’s appointed director;

recommending to the Board the candidates for filling vacancies that may occur between annual shareholders’ meetings, other than the Allocation Member’s appointed director;

reviewing independent director compensation and Board processes, self-evaluations and policies;  
monitoring the performance of the Board and its individual members;  
reviewing and approving related party transactions, including transactions with the Manager and its affiliates;  
overseeing compliance with our code of ethics, anti-corruption policy, and conduct by our officers and directors; and  
monitoring developments in the law and practice of corporate governance.



Messrs. Burns, as nominating and corporate governance committee chairman, Edwards, and Ewing served on our nominating and corporate governance committee during 2018 and currently serve in such roles along with Mr. Bottiglieri, who was appointed to the nominating and corporate governance committee by our Board in February 2019. The nominating and corporate governance committee met two times during 2018.

#### Compensation Committee Interlocks and Insider Participation

None of the members of our compensation committee, Messrs. Burns, Edwards, and Ewing, are, or have been, an officer or employee of the Company. During 2018, no member of our compensation committee had any relationship with the Company requiring disclosure under Item 404 of Regulation S-K. None of our executive officers serves on a board of directors or compensation committee of a company that has an executive officer serving on our Board or compensation committee.

#### Material Legal Proceedings Involving Directors and Executive Officers

Currently, there are no material proceedings to which any of our directors, officers, affiliates, any owners of record or beneficially of more than five percent of any class of voting securities, or any associate of any such director, officer, affiliate, or security holder is a party adverse to us or any of our subsidiaries or has a material interest adverse to us or any of our subsidiaries.

#### Executive Sessions of our Board

Our corporate governance guidelines provide that the non-management directors will meet without management directors in regularly scheduled executive sessions at least quarterly and at such other times as they deem appropriate. The independent directors meet in executive session at least quarterly. In accordance with our corporate governance guidelines, the chairman of the Board, audit committee, nominating and corporate governance committee or compensation committee will preside at these executive sessions of the non-management directors and independent directors as determined by the non-executive directors based upon the subject matter to be discussed. Mr. Day presided, and continues to preside, over sessions of the non-management and independent directors. Our non-management directors met nine times during 2018.

#### Nominations of Directors

As provided in its charter, the nominating and corporate governance committee will identify and recommend to the Board nominees for election or re-election to the Board. In addition, the nominating and corporate governance committee may review candidates for the Board recommended by executive search firms, the Company's management team and other members of the Board who are not members of the committee, as well as candidates recommended by shareholders, in accordance with the following criteria and as discussed in the section titled "Shareholder Nominations of Directors" below.

The nominating and corporate governance committee, in making its recommendations regarding Board nominees, may consider some or all of the following factors, among others:

the candidate's judgment, skill, and experience with other organizations of comparable purpose, complexity and size, and subject to similar legal restrictions and oversight;

the relationship of the candidate's experience to the experience of other Board members;

the extent to which the candidate would be a valuable addition to the Board and any committees thereof;

whether or not the person has any relationships that might impair his or her independence, including any business, financial or family relationships with the Manager or the Company's management; and

the candidate's ability to contribute to the effective management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills, and knowledge of the industries in which the Company operates.

In recommending candidates for election as directors, the nominating and corporate governance committee will also take into consideration the need for the Board to have a majority of directors that are independent under the requirements of the NYSE and other applicable laws, and at least three directors that are independent under these requirements and are not appointed by the Allocation Member pursuant to the terms of the LLC Agreement or otherwise affiliated with our Manager.

In addition, the nominating and corporate governance committee will recommend candidates for election as directors based on the following criteria and qualifications:

**Financial Literacy.** Such person should be "financially literate" as such qualification is interpreted by the Board in its business judgment.

**Leadership Experience.** Such person should possess significant leadership experience, such as experience in business, finance/accounting, law, education or government, and shall possess qualities reflecting a proven record of accomplishment and ability to work with others.

**Commitment to our Company's Values.** Such person shall be committed to promoting our financial success and preserving and enhancing our reputation and shall agree with our values as embodied in our code of ethics.

**Absence of Conflicting Commitments.** Such person should not have commitments that would conflict with the time commitments of a director of our Company.

**Complementary Attributes.** Such person shall have skills and talents which would be a valuable addition to the Board and any committees thereof and that shall complement the skills and talents of our existing directors.

Reputation and Integrity. Such person shall be of high repute and integrity.

Neither the nominating and corporate governance committee nor the Board has a formal policy with regard to the consideration of diversity in identifying director nominees; however, diversity is one of the criteria evaluated by the nominating and corporate governance committee when selecting Board nominees and re-electing Board members. The nominating and corporate governance committee seeks and recommends candidates for election or re-election with differences of viewpoint, professional experience, education, skill, background and other individual qualities, including any diversity characteristics such as race, gender, ethnicity, religion, nationality, disability, sexual orientation or cultural background self-identified by any individual candidate for the Board. The nominating and corporate governance committee charter provides that the committee endeavor to solicit as director candidates individuals possessing skills and talents which would complement the skills and talents of the Company's existing directors. In

addition, before recommending that the Board nominate each new director candidate or re-nominate each incumbent director, the nominating and corporate governance committee assesses to what extent such individual's contributions will enhance the effectiveness of the Board and its committees given its overall current composition. Each year, the Board assesses the effectiveness of its diversity efforts, among other items, during its annual self-evaluation process. The nominating and corporate governance committee evaluates annually the composition of the Board and each long-standing committee. Under the Company's corporate governance guidelines, directors must inform the chairman of the Board and the chairman of the nominating and corporate governance committee in advance of accepting an invitation to serve on another public company board or any committee thereof.

#### Shareholder Nominations of Directors

To make a director nomination, a shareholder must give written notice to our Secretary at our principal executive offices located at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880, Attention: Investor Relations. In order for a notice to be timely, it must be delivered to our Secretary at the principal executive office described in the preceding sentence not less than 120 days or more than 150 days prior to the first anniversary of the preceding year's annual meeting. In the event that the date of the annual meeting is more than 30 days before or more than 70 days after such anniversary date, notice by a shareholder must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by the Trust.

When directors, other than the Allocation Member's appointed director, are to be elected at a special meeting, such notice must be given not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which a public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting.

In addition to any other requirements, for a shareholder to properly bring a nomination for director before either an annual or special meeting, the shareholder must be a shareholder of record on both the date of the shareholder's notice of nomination and the record date relating to the meeting.

The shareholder submitting the recommendation must submit:

the shareholder's name and address as they appear on the share register of the Trust, as well as the name and address of the beneficial owner, if any, on whose behalf the nomination is made;

the number of shares of Trust common stock which are owned beneficially and of record by such shareholder; and

a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons pursuant to which the recommendation is being made by the shareholder.

In addition, any such notice from a shareholder recommending a director nominee must include the following information:

the candidate's name, age, business address and residence address;

the candidate's principal occupation or employment;

the number of shares of Trust stock that are beneficially owned by the candidate;

a copy of the candidate's resume;

a written consent from the candidate to being named in the proxy statement as a nominee and to serving as director, if elected; and

any other information relating to such candidate that would be required to be disclosed in solicitations of proxies for election of directors under the federal securities laws, including Regulation 14A of the Exchange Act.

We may require any proposed nominee to furnish any additional information that we reasonably require to enable our nominating and corporate governance committee to determine the eligibility of the proposed nominee to serve as a director. Candidates are evaluated based on the standards, guidelines and criteria discussed above as well as other factors contained in the nominating and corporate governance committee's charter, our corporate governance guidelines, our other policies and guidelines and the current needs of the Board.

## DIRECTOR COMPENSATION

For fiscal year 2018, our non-management directors each received annual cash retainers of \$95,000, or \$150,000 if serving as the chairman of the Board, payable in equal quarterly installments, as well as an annual retainer for service as a committee chairperson, as described below. For fiscal year 2019, our non-management directors' annual cash retainers will remain at \$95,000, or \$150,000 if serving as the chairman of the Board, payable in equal quarterly installments, as well as an annual retainer for service as a committee chairperson. Directors do not receive compensation for attendance at committee meetings. Directors (including the chairman) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the Board or committees and for any expenses reasonably incurred in their capacity as directors. The Company also reimburses directors for all reasonable and authorized business expenses related to service to the Company by the directors in accordance with the policies of the Company as in effect from time to time.

Messrs. Day, Edwards, and Ewing have been independent directors since the closing of our initial public offering in May 2006. Mr. Burns has been an independent director since his election as a director at the 2008 Annual Meeting of Shareholders. Our Board determined that Mr. Bottiglieri meets the criteria established by the NYSE with respect to director independence in January 2019.

The chairperson of the audit committee, nominating and corporate governance committee and compensation committee also receives an annual cash retainer of \$35,000, \$5,000 and \$5,000, respectively, payable in equal quarterly installments.

Our non-management directors also receive, on or around January 1 of each year, in respect of their service for the prior fiscal year, \$100,000, or \$120,000 if serving as the chairman of the Board, which is encouraged to be used to purchase shares of Trust common stock. Consequently, each non-management director receives that number of shares of Trust common stock that can be purchased with \$100,000, or \$120,000, as applicable, at the market price on the date of purchase. No changes were made to our director compensation structure for fiscal year 2019.

The following table provides compensation paid or accrued by us for our non-management directors in 2018:

Name	Fees Earned or Paid in Cash	Stock Awards <sup>(1)</sup>	Option Awards	Non-Equity Incentive Plan Compensation	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation	Total
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
C. Sean Day	\$150,000	\$120,000	\$—	—\$	—\$	—\$	—\$270,000
James J. Bottiglieri	95,000	100,000	—	—	—	—	195,000
Gordon M. Burns	100,000	100,000	—	—	—	—	200,000
Harold S. Edwards	100,000	100,000	—	—	—	—	200,000
D. Eugene Ewing	130,000	100,000	—	—	—	—	230,000
Sarah G. McCoy	95,000	100,000	—	—	—	—	195,000
Total	\$670,000	\$620,000	\$—	—\$	—\$	—\$	—\$1,290,000

<sup>(1)</sup> Represents 8,972 fully vested shares for C. Sean Day and 7,473 fully vested shares for each other director pursuant to the annual award described above. These shares were purchased by the Company on behalf of the directors on January 3, 2019.

<sup>(2)</sup> The Company does not have any stock option, non-equity incentive or deferred compensation arrangements for any of its directors.



## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

We entered into the Sixth Amended and Restated Management Services Agreement, which we refer to as the Management Services Agreement, with Compass Group Management LLC, which we refer to as our Manager, as of September 30, 2014. The Management Services Agreement defines our Manager's duties and responsibilities and is subject to the oversight and supervision of our Board. The Company currently does not have any employees and does not expect to have any employees in the foreseeable future. Our Manager is responsible for the conduct of the Company's day-to-day business and affairs in exchange for a management fee for the provision of its services. The services necessary for the operation of the Company's business are performed by our executive officers, Messrs. Sabo and Faulkingham, who are employed by our Manager and are seconded to the Company as chief executive officer and chief financial officer, respectively, which means that they have been assigned by our Manager to work for the Company during the term of the Management Services Agreement between us and our Manager, and certain other employees of our Manager. Mr. Alan Offenbergserved as the Company's chief executive officer until May 2018, when Mr. Sabo was elected as the Company's chief executive officer. The Company does not currently have any executive officers, other than Messrs. Sabo and Faulkingham. Our Manager determines and pays the compensation of these officers who we also refer to as the "named executives," subject to the reimbursement described below.

### Overview of our Executive Compensation

None of our executive officers receives direct compensation from us. Our Manager is responsible for the payment of compensation to the executive officers seconded to us. We do not reimburse our Manager for the compensation paid to our chief executive officer, Elias J. Sabo. We do, however, pay our Manager a quarterly management fee and our Manager uses the proceeds from the management fee, in part, to pay distributions to Mr. Sabo in respect of his equity ownership interest in and role as the managing member of our Manager. During the fiscal year ended December 31, 2018, we incurred approximately \$38.8 million of management fees under the Management Services Agreement. For a discussion of the terms of our Management Services Agreement, see the section titled "CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - Contractual Arrangements with Related Parties - Management Services Agreement." The Company has the right to require the Manager to replace Mr. Sabo as the Company's chief executive officer, subject to the terms of the Management Services Agreement with our Manager. We regularly communicate with our shareholders regarding our executive compensation practices. A majority of our shareholders have approved, on an advisory basis, our executive compensation, since the inception by us of an advisory vote regarding executive compensation and most recently in 2018.

Pursuant to the Management Services Agreement with our Manager, we reimburse our Manager for the compensation paid to our chief financial officer, Ryan J. Faulkingham. Such reimbursement is approved by the Company's compensation committee. The terms and conditions of Mr. Faulkingham's employment are governed by an employment agreement between Mr. Faulkingham and our Manager. A description of Mr. Faulkingham's compensation is set forth below. The Company's Board and compensation committee oversee the calculation and payment of the management fee.

The discussion that follows relates to the compensation policies and philosophy for Mr. Faulkingham only, as the compensation distributions paid to the Company's chief executive officer are not reimbursed by the Company.

### Elements of Our Executive Compensation and How Each Relates to Our Overall Compensation Objectives

Mr. Faulkingham's employment agreement provides that his annual compensation is to be paid through a combination of a base salary and an annual cash bonus. Both elements are designed to be competitive with comparable employers in our industry and intended to provide incentives and reward Mr. Faulkingham for his contributions to the Company.

### Objectives of Our Executive Compensation and What it is Designed to Reward

The primary objective of the aforementioned elements of our executive compensation is to attract and retain a qualified and talented individual to serve as chief financial officer. Through payment of a competitive base salary, we recognize particularly the experience, skills, knowledge and responsibilities required of the chief financial officer



position. An annual cash bonus is designed to reward our chief financial officer's individual performance during the year and can therefore be variable from year to year.

### How We Determine the Amount of Each Element of Executive Compensation for our Chief Financial Officer

To determine the amount of our chief financial officer's compensation, we consider competitive market practices by reviewing publicly available information across our industry and related industries. We do not use compensation consultants currently. When establishing Mr. Faulkingham's 2018 base salary, the compensation committee and management considered several factors including: his seniority, the functional role of his position, the level of his responsibility, the ability to replace him and his base salary during the prior year. The compensation committee also considered feedback received from our shareholders who engage in regular communications with our management team, the most recent advisory votes on executive compensation, which were supported by a majority of our shareholders in each of fiscal years 2018, 2017 and 2016, and whether such compensation continues to achieve the objective of appropriately rewarding our chief financial officer for his contributions to our business, including its growth and profitability.

Our chief financial officer's compensation is reviewed on an annual basis. Factors considered in determining increases to our chief financial officer salary level are the employment market for chief financial officers of public entities comparable to the Company in size and industry, the breadth and scope of the responsibilities of the chief financial officer within our organization, his performance in prior years (as assessed by our compensation committee in accordance with the factors as outlined below) and the retention of our chief financial officer. We expect the salary of our current chief financial officer, Mr. Faulkingham, to increase annually with adjustments largely reflecting additional responsibilities assumed, growth of the Company and the related increase in the complexity of the position of chief financial officer within our organization, to appropriately reward Mr. Faulkingham for his contributions to our growth and profitability, thereby retaining his services and to compensate for cost of living increases.

The annual cash bonus element of our executive compensation policy is determined on a discretionary basis and is largely based upon the job performance of our chief financial officer in completing his responsibilities. In determining the amount of Mr. Faulkingham's annual cash bonus, our compensation committee assesses his performance in respect of: (i) the nature and quality of the internal and financial reporting controls; (ii) management of the Company's financial accounting staff; (iii) the performance of the Company's financial accounting function and its ability to perform assigned tasks on a timely basis; (iv) his and the financial accounting staff's interactions with the Company's outside independent auditors on the strength of the controls environment, the strength of the Company's finance function generally and the level of cooperation received by such independent auditors in the conduct of the Company's audit; (v) his and the financial accounting staff's interaction with the management of the businesses in which the Company owns a controlling interest; and (vi) his lead role in capital raises and in investor relations. Our chief financial officer's bonus is not based upon the performance of the Company and is unrelated to the amount of his base salary.

#### Summary Compensation Table

The following Summary Compensation Table summarizes the total compensation accrued for our named executive officers in each of 2018, 2017 and 2016 and should be read in conjunction with the Compensation Discussion and Analysis.

Name & Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Elias J. Sabo <sup>(1)</sup> <sup>(2)</sup> Chief Executive Officer	2018	—	—	—	—	—	—	—	—
Alan B. Offenberg <sup>(1)</sup> <sup>(2)</sup> Former Chief Executive Officer	2018	—	—	—	—	—	—	—	—

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	2017	—	—	—	—	—	—	—	—
	2016	—	—	—	—	—	—	—	—
Ryan J. Faulkingham <sup>(2)</sup>									
Chief Financial Officer	2018	410,000	450,000	—	—	—	—	52,767	(3) 912,767
	2017	395,000	425,000	—	—	—	—	49,849	(3) 869,849
	2016	380,000	375,000	—	—	—	—	51,492	(3) 806,492

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(1) Mr. Sabo, who became our chief executive officer on May 3, 2018, replacing Mr. Offenber, was seconded to us by our Manager and does not receive compensation directly from us. We pay our Manager a quarterly management fee and Mr. Sabo as a member of our Manager, receives cash distributions from our Manager periodically after payment of all compensation and other expenses to our Manager's employees. The amount of such distribution is derived by the Manager and is not within our control. We incurred approximately \$38.8 million, \$28.1 million and \$25.7 million of management fees under the Management Services Agreement during each of 2018, 2017 and 2016, respectively, and approximately \$5.5 million, \$4.6 million and \$3.9 million of offsetting management fees under our Offsetting Management Services Agreements during each of 2018, 2017 and 2016, respectively. See the sections titled "CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - Contractual Arrangements with Related Parties - Management Services Agreement" and "CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS - Contractual Arrangements with Related Parties - Offsetting Management Services Agreements" for additional information about the Management Services Agreement and our Offsetting Management Services Agreements. Accordingly, no compensation information for Mr. Sabo or Mr. Offenber is reflected in the above summary compensation table.

(2) Mr. Sabo, Mr. Offenber and Mr. Faulkingham do not participate in any stock award, stock option, non-equity incentive or nonqualified deferred stock compensation plans.

(3) Includes the following payments paid on behalf of Mr. Faulkingham:

	Healthcare Contributions	Insurance Premiums	401-K Contributions	Total
Year (\$)	(\$)	(\$)	(\$)	(\$)
2018	27,467	3,300	22,000	52,767
2017	25,166	3,083	21,600	49,849
2016	27,525	2,767	21,200	51,492

#### Grants of Plan Based Awards

None of our named executives participate in or have account balances in any plan based award programs.

#### Employment Agreements

Employment Agreement with Ryan J. Faulkingham. During fiscal year 2013, our Manager entered into an employment agreement with Mr. Faulkingham. The Manager has seconded Mr. Faulkingham to the Company to act as its chief financial officer.

On February 13, 2019, the compensation committee considered and approved an increase in Mr. Faulkingham's base salary from \$410,000 to \$425,000. Such increase in base salary became effective as of January 1, 2019. The Manager has the right to increase, but not decrease, Mr. Faulkingham's base salary during the term of his employment agreement. The employment agreement with our Manager provides that Mr. Faulkingham is entitled to receive an annual bonus as determined in the sole judgment of our Manager, subject to ratification and approval of the reimbursement of such amount by the compensation committee of our Board. The employment agreement prohibits Mr. Faulkingham from (i) competing with the Company or the Manager, and (ii) soliciting any of the Manager's or the Company's employees for a period of one year after the termination of his employment. The employment agreement also requires that Mr. Faulkingham protect the Company's confidential information.

#### Hedging Transactions

To prevent speculation or hedging of named executive officers' and directors' interests in our equity, the Compass Diversified Holdings, Compass Group Diversified Holdings LLC (Including Subsidiaries) and Compass Group Management LLC Policy Regarding Insider Trading, Tipping and Other Wrongful Disclosures, which we refer to as our Insider Trading Policy, prohibits short sales, hedging transactions and short-term trading (unless pursuant to stock option exercises or other employee benefit plan acquisitions) of the Trust's stock, and the purchase or sale of options, puts, calls or any derivative security that has similar characteristics, by our named executive officers and directors.

#### Outstanding Equity Awards at Fiscal Year-End; Option Exercises and Stock Vested

None of our named executives have ever held options to purchase interests in us or other awards with values based on the value of our interests.

#### Pension Benefits

None of our named executives participate in or have account balances in qualified or nonqualified defined benefit plans sponsored by us.

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#### Nonqualified Deferred Compensation

None of our named executives participate in or have account balances in nonqualified defined contribution plans or other deferred compensation plans maintained by us.

#### Potential Payments upon Termination or Change in Control

The following summarizes potential payments payable to our named executive officers upon termination of employment or a change-in- control.

#### Employment Agreement with Ryan J. Faulkingham.

Pursuant to his employment agreement, if Mr. Faulkingham is terminated (i) by the Manager other than for death or disability or for "proper cause" or (ii) by Mr. Faulkingham for "good reason," the Manager shall pay Mr. Faulkingham all amounts to which he may be entitled up to the termination date. However, conditioned upon Mr. Faulkingham's execution (and, if applicable, non-revocation) of a full waiver and release of all claims against the Manager and its affiliates and their respective officers, directors, shareholders, employees and agents containing standard terms for such an agreement, the Manager shall pay Mr. Faulkingham, in a lump sum, less legally required withholdings, an amount equal to the Mr. Faulkingham's base salary rate at the termination date plus the discretionary bonus, if any, paid to Mr. Faulkingham for the immediately preceding year. Were such a circumstance and subsequent execution of a full release and waiver to occur on December 31, 2018, Mr. Faulkingham would have been entitled to receive \$860,000.

If Mr. Faulkingham terminates his employment for other than "good reason" or if the Manager terminates his employment for "proper cause", Mr. Faulkingham's only rights and benefits are to receive (i) base salary compensation accrued through the termination date and (ii) unpaid reimbursable expenses incurred for the benefit of the Manager prior to the termination date.

In Mr. Faulkingham's Employment Agreement "proper cause" is defined to mean: (a) any breach by Mr. Faulkingham of any material provision of the Employment Agreement; (b) an act of dishonesty, gross negligence or willful misconduct, or a willful or reckless violation of a material regulatory requirement, or of any material written policy or procedure applicable to the Company, the Manager or its affiliates by Mr. Faulkingham, if such act has a material adverse impact on the financial interests or business reputation of the Company, the Manager or its affiliates; (c) any breach of Mr. Faulkingham's duty of loyalty or other fiduciary duties to the Company, the Manager or its affiliates; (d) a willful failure of Mr. Faulkingham to follow the reasonable directives of the Managing Member of the Manager or the Board of Directors of the Company pertaining to legal compliance or audits of the Company, the Manager or its affiliates; (e) Mr. Faulkingham's conviction of, or plea of nolo contendere to, a crime which the Manager reasonably determines materially and adversely affects the reputation of the Company, the Manager or any of its affiliates or Mr. Faulkingham's ability to perform the services required under the Employment Agreement; or (f) the commission of an act of fraud, embezzlement, or misappropriation by Mr. Faulkingham with respect to his relations with the Company, the Manager or any of their respective employees, customers, agents, or representatives. "Good reason" is defined in in Mr. Faulkingham's Employment Agreement to mean: (a) a breach by the Manager of any of the material provisions of the Employment Agreement that is not remedied; (b) a material diminution in Mr. Faulkingham's duties, authority, and responsibilities other than changes (i) to which Mr. Faulkingham has consented; or (ii) that have been eliminated or cured; or (c) the relocation without Mr. Faulkingham's consent of his principal place of employment more than sixty (60) miles from the Manager's Westport, Connecticut or Irvine, California locations.

#### CEO Pay Ratio

We do not compensate our chief executive officer for the services that he provides to the Company as chief executive officer. Our Manager is entitled to receive certain payments from us as set forth in our Management Services Agreement. A portion of the management fee paid to our Manager is used by the Manager to compensate our chief executive officer. The Company does not reimburse the Manager for any compensation or other payments that it makes to our chief executive officer.



## SHARE OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the beneficial ownership of shares of Trust common stock by each person who is known to us to be the beneficial owner of more than five percent of the outstanding shares of Trust common stock, each of our directors and executive officers, and our directors and executive officers as a group as of March 31, 2019, based on 59,900,000 shares issued and outstanding. All holders of shares of Trust common stock are entitled to one vote per share on all matters submitted to a vote of holders of shares of Trust common stock. The voting rights attached to shares of Trust common stock held by our directors, executive officers or major shareholders do not differ from those that attach to shares of Trust common stock held by any other holder. Under Rule 13d-3 of the Exchange Act, “beneficial ownership” includes shares for which the individual, directly or indirectly, has voting power, meaning the power to control voting decisions, or investment power, meaning the power to cause the sale of the shares, whether or not the shares are held for the individual’s benefit. The address for each director and executive officer is 301 Riverside Avenue, Second Floor, Westport, Connecticut, 06880.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding	
<b>5% Beneficial Owners</b>			
CGI Diversified Holdings, LP <sup>(1)</sup>	8,120,848	13.6	%
City National Rochdale LLC <sup>(2)</sup>	3,416,784	5.7	%
American Century Investment Management, Inc. <sup>(3)</sup>	4,030,708	6.7	%
<b>Directors, Nominees and Executive Officers:</b>			
C. Sean Day <sup>(4)</sup>	610,440	*	
James J. Bottiglieri	65,167	*	
Harold S. Edwards	59,045	*	
D. Eugene Ewing <sup>(5)</sup>	75,473	*	
Sarah G. McCoy	12,206	*	
Gordon M. Burns <sup>(6)</sup>	227,376	*	
Ryan J. Faulkingham <sup>(7)</sup>	9,341	*	
Alan B. Offenbergl	589,942	*	
Elias J. Sabo	585,549	*	
All Directors, Nominees and Executive Officers as a Group	2,234,539	3.7	%

\* Less than 1%.

CGI Diversified Holdings, LP is owned by Anholt Investments Ltd. (“Anholt”), its sole limited partner, and Navco Management, Ltd. (“Navco”), its general partner. Anholt and Navco are wholly owned by Kattegat Limited, a Bermudian exempt company. Kattegat Limited was formed for the purpose of holding and managing the endowed assets of The Kattegat Trust and is wholly owned by The Kattegat Trust. Path Spirit Limited (“Path”) is the trust protector for The Kattegat Trust. CGI Diversified Holdings, LP, Anholt, Navco and Path share voting and investment power with respect to all 8,120,848 shares. The mailing address for CGI Diversified Holdings, LP, Anholt and Navco is Belvedere Building, 4th Floor, 69 Pitts Bay Road, Hamilton HM08, Bermuda. Path Spirit Limited is the ultimate controlling person of CGI Magyar Holdings LLC. The address for Path is 10 Norwich Street, London, EC4A 1BD, United Kingdom. This information is based on a Form 4 filed by CGI Diversified Holdings, LP on December 17, 2018 and a Form 13D/A filed by CGI Diversified Holdings, LP on February 7, 2017.

(2) The address for City National Rochdale, LLC is 400 Park Avenue, New York, New York 10022. This information is based on a Schedule 13G/A filed by City National Rochdale, LLC on February 14, 2019. City National



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Rochdale, LLC has sole investment power over 3,410,784 shares, shared investment power over 0 shares, sole voting power over 3,199,088 shares and shared voting power over 0 shares.

The address for American Century Investment Management, Inc. is 4500 Main Street, 9th Floor, Kansas City, Missouri 64111. This information is based on a Schedule 13G filed by American Century Investment Management, (3) Inc. on February 11, 2019. American Century Investment Management, Inc. has sole investment power over 4,030,708 shares, shared investment power over 0 shares, sole voting power over 3,745,219 shares and shared voting power over 0 shares.

453,877 of these shares are beneficially owned directly by Mr. Day and 156,563 additional shares are beneficially (4) owned by Mr. Day through the Day Family 2007 Irrevocable Trust.

(5) 17,000 of these shares are beneficially owned by Mr. Ewing and directly owned by Mr. Ewing's spouse.

105,370 of these shares are beneficially owned directly and indirectly by Mr. Burns, 12,987 of these shares are beneficially owned by Mr. Burns through the Talley Burns Executor Trust, 12,824 of these shares are beneficially (6) owned by Mr. Burns through the Peter Burns Executor Trust, 90,000 of these shares are beneficially owned by Mr. Burns through the Gordon M. Burns 2009 Revocable Trust and 6,195 of these shares are beneficially owned by Mr. Burns through the Burns Family Trust.

(7) 787 of these shares are beneficially owned by Mr. Faulkingham and directly by Mr. Faulkingham's spouse.

The following table sets forth information regarding the beneficial ownership of our Series B Fixed-to-Floating Rate Cumulative Preferred Shares (the "Series B") by each of our directors and executive officers, and our directors and executive officers as a group as of March 31, 2019, based on 4,000,000 shares of Series B issued and outstanding. Our Series B is not convertible into common stock and the holders of the shares of the Series B are only entitled to limited voting rights, as provided in the share designation. The address for each director and executive officer is 301 Riverside Avenue, Second Floor, Westport, Connecticut, 06880.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Shares Outstanding
Directors, Nominees and Executive Officers:		
Gordon M. Burns <sup>(1)</sup>	10,250	*
All Directors, Nominees and Executive Officers as a Group	10,250	*

(1) All of these shares are beneficially owned by Mr. Burns through the Gordon M. Burns 2009 Revocable Trust.

The following table sets forth certain information as of March 31, 2019 regarding the beneficial ownership of the Company's two classes of equity interests.

	Number of Interests <sup>(1)</sup>	Percent of Class
Sostratus LLC		
Allocation interests <sup>(2)</sup>	1,000	100 %
Trust interests	—	—
Compass Diversified Holdings <sup>(3)</sup>		
Allocation interests	—	—
Trust interests	59,900,000	100 %

(1) Compass Group Diversified Holdings, LLC has two classes of equity interests: allocation interests and trust interests.

Mr. Sabo may be deemed to be the beneficial owner of approximately 18% of the allocation interests. Mr. Day may (2) be deemed to be the beneficial owner of 5% of the allocation interests as he indirectly shares in 5% of the proceeds of the allocation interests. Mr. Faulkingham may be deemed to be the beneficial owner of approximately 4% of the allocation interests as he indirectly shares in approximately 4% of the proceeds of the allocation interests.

Each beneficial interest in the Trust corresponds to one underlying trust interest of the Company. Unless the Trust is dissolved, it must always remain the sole holder of 100% of the trust interests and the Company will have (3) outstanding the identical number of trust interests as the number of outstanding shares of stock of the Trust. As a result of the corresponding interests between shares and trust interests, each holder of shares identified in the table above relating to the Trust is deemed to beneficially own a correspondingly proportionate interest in the Company.

The following table sets forth certain information as of March 31, 2019, regarding the beneficial ownership by Mr. Day of equity interests in Advanced Circuits, Inc., one of our businesses.

Owner	Entity	Number of Shares <sup>(1)</sup>	Percent of Class
C. Sean Day	Compass AC Holdings, Inc. (sole shareholder of Advanced Circuits, Inc.), Series B Common Stock.	10,000	0.7 %

<sup>(1)</sup> Mr. Day is the direct owner of 6,480 shares of Series B Common Stock and Mr. Day's children are the owners in the aggregate of 3,520 shares of Series B Common Stock.

Securities Authorized for Issuance under Equity Compensation Plans.

There are no securities currently authorized for issuance under an equity compensation plan.

## AUDIT COMMITTEE REPORT

Our audit committee is composed of four independent directors, all of whom are financially literate. In addition, the Board has determined that Mr. Ewing, an independent director and the chairman of the audit committee, qualifies as an audit committee financial expert as defined by the SEC. The audit committee operates under a written charter, which reflects the NYSE listing standards and Sarbanes Oxley Act of 2002, as amended, requirements regarding audit committees. A copy of the current audit committee charter is available on the Company's website at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com).

The audit committee's primary role is to assist the Board in fulfilling its responsibility for oversight of (1) the quality and integrity of the consolidated financial statements and related disclosures, (2) compliance with legal and regulatory requirements, (3) the independent auditor's qualifications, independence and performance, and (4) the performance of our internal audit and control functions.

The Company's management is responsible for the preparation of the financial statements, the financial reporting process and the system of internal controls. The independent auditors are responsible for performing an audit of the financial statements in accordance with auditing standards generally accepted in the United States and issuing an opinion as to the conformity of those audited financial statements to U.S. generally accepted accounting principles. The audit committee monitors and oversees these processes.

The audit committee has adopted a policy designed to ensure proper oversight of our independent auditor. Under the policy, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing any other audit review (including resolution of disagreements among management, the Manager, and the auditor regarding financial reporting), or attestation services. In addition, the audit committee is responsible for pre-approving any non-audit services provided by the Company's independent auditors. The audit committee's charter also ensures that the independent auditor discusses with the audit committee important issues such as internal controls, critical accounting policies, any instances of fraud and the consistency and appropriateness of our accounting policies and practices.

The audit committee has reviewed and discussed with management and Grant Thornton LLP, the Company's independent auditor, the audited financial statements as of and for the year ended December 31, 2018. The audit committee has also discussed with Grant Thornton LLP the matters required to be discussed by Statement on Auditing Standards 1301. In addition, the audit committee has received from the independent auditor its written report required by Public Company Accounting Oversight Board Rule 3526 (Communication with Audit Committees Concerning Independence) and has discussed its independence from the Company and its management. The audit committee also considered whether the non-audit services provided by Grant Thornton LLP to us during 2018 were compatible with its independence as auditor.

Based on these reviews and discussions, the audit committee has recommended to the Board, and the Board has approved, the inclusion of the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

### Members of the Audit Committee

D. Eugene Ewing, Chairman  
Harold S. Edwards  
Gordon M. Burns  
James J. Bottiglieri

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The information contained in the report above shall not be deemed to be “soliciting material” or to be “filed” with the SEC, nor shall such information be incorporated by reference into any future filing under the Exchange Act or the Securities Act of 1933, as amended, except to the extent that we specifically incorporate it by reference in such filing.

## COMPENSATION COMMITTEE REPORT

We have reviewed and discussed with management the Compensation Discussion and Analysis provisions to be included in the Company's 2019 Proxy Statement filed pursuant to Section 14(a) of the Exchange Act. Based on the reviews and discussions referred to above, we recommend to the Board that the Compensation Discussion and Analysis referred to above be included in the Company's 2019 Proxy Statement

### Members of the Compensation Committee

Harold S. Edwards, Chairman  
D. Eugene Ewing  
Gordon M. Burns

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The information contained in the report above shall not be deemed to be "soliciting material" or to be "filed" with the SEC, nor shall such information be incorporated by reference into any future filing under the Exchange Act or the Securities Act of 1933, as amended, except to the extent that we specifically incorporate it by reference in such filing.

## CORPORATE GOVERNANCE

### Corporate Governance Guidelines and Code of Ethics

Our Board has adopted corporate governance guidelines that set forth our corporate governance objectives and policies and govern the functioning of the Board. Our corporate governance guidelines are available on our website at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com) and in print from us without charge upon request by writing to Investor Relations at Compass Group Diversified Holdings LLC, 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880.

We have also adopted a code of ethics that sets forth our commitment to ethical business practices. Our code of ethics applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions; it also applies to the officers and employees of our Manager involved in the oversight of the day-to-day operations of the Company and its subsidiaries. Our code of ethics is available on our website at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com) and in print from us without charge upon request by writing to Investor Relations at Compass Group Diversified Holdings LLC, 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880. We intend to disclose any amendments to, or waivers from, our code of ethics by posting such information on our website listed above or by filing with the SEC a Current Report on Form 8-K, in each case, if such disclosure is required by rules of the SEC or the NYSE.

### Communications with our Board

Communications to our Board, to non-management directors as a group or to any director individually may be made by writing to the following address:

Attention: [Board of Directors] [Board Member]  
c/o Carrie W. Ryan, Secretary  
301 Riverside Avenue, Second Floor  
Westport, Connecticut 06880

Communications sent to the physical mailing address are forwarded to the relevant director, if addressed to an individual director, or to the chairman of our Board, if addressed to the Board.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

### Policy for Approval of Related Person Transactions

Our nominating and corporate governance committee, which is composed entirely of independent directors, is responsible for reviewing and approving, prior to our entry into any such transaction, all transactions in which we are a participant and in which any of the following related parties have or will have a direct or indirect material interest:

- our chief executive officer and/or chief financial officer;
- our directors; and
- other members of the management team involved in the oversight of the day-to-day operations of the Company and its subsidiaries.

Pursuant to the written terms of our code of ethics, any transaction required to be disclosed pursuant to Item 404 of Regulation S-K ("related party transactions") must be brought to the attention of and reviewed and approved for potential conflicts of interest by, our nominating and corporate governance committee. The Company may not enter into or engage in any related party transaction with a related party without such approval. Additionally, all related party transactions are to be considered and conducted in a manner such that no preferential treatment is given to any such dealing of transactions. All related party transactions involving an acquisition from or sale to an affiliate of our Manager, including any entity managed by an affiliate of our Manager, must be submitted to the nominating and corporate governance committee for pre-approval. Details of related party transactions will be publicly disclosed as



required by applicable law.

## Relationships with Related Parties

### Our Manager

Our Manager manages the day-to-day operations of the Company and oversees the management and operations of our subsidiary businesses. Our relationship with our Manager is governed principally by the Management Services Agreement.

While our Manager provides management services to the Company, our Manager is also permitted to provide services, including services similar to the management services provided to us, to other entities. In this respect, the Management Services Agreement and the obligation to provide management services does not create a mutually exclusive relationship between our Manager and the Company or our businesses. As such, our Manager, and our management team, will be permitted to engage in other business endeavors. Mr. Faulkingham, as chief financial officer of the Company, devotes a substantial portion of his time to our affairs.

Our Manager receives management fees, offsetting management fees, fees under any integration services agreements and expense reimbursements related to the foregoing, and uses such proceeds to pay the compensation, overhead, out-of-pocket and other expenses of our Manager, to satisfy its contractual obligations and otherwise distributes such proceeds to the members of our Manager, which includes Mr. Sabo, our chief executive officer, in accordance with our Manager's organizational documents.

### Contractual Arrangements with Related Parties

#### Loan Agreements with each of our Subsidiaries

The Company is a party to a loan agreement with each of our subsidiaries pursuant to which the Company will make loans and financing commitments to each of our subsidiaries.

#### Management Services Agreement

The Company and our Manager are parties to the Management Services Agreement pursuant to which we pay our Manager a quarterly management fee equal to 0.5% (2.0% annualized) of the Company's adjusted net assets as of the last day of each fiscal quarter in respect of the services performed by our Manager. The management fee paid to our Manager is required to be paid prior to the payment of any distributions to shareholders. The management fee is offset by fees paid to our Manager by our businesses under management services agreements that our Manager entered into with, or was assigned with respect to, our businesses, which we refer to as offsetting management services agreements. We incurred approximately \$38.8 million of management fees under the Management Services Agreement during fiscal year 2018.

#### Offsetting Management Services Agreements

Our Manager has entered into and may, at any time in the future, enter into offsetting management services agreements directly with the businesses that we own relating to the performance by our Manager of offsetting management services for such businesses. All fees, if any, paid by the businesses that we own to our Manager pursuant to an offsetting management services agreement during any fiscal quarter offset, on a dollar-for-dollar basis, the management fee otherwise due and payable by the Company to our Manager under the Management Services Agreement for such fiscal quarter. The Manager is a party to offsetting management services agreements with all of the Company's subsidiaries. Offsetting management fees were approximately \$5.5 million during fiscal year 2018.

#### LLC Agreement

The Company has two types of equity interests: trust interests and allocation interests. The Trust is the sole owner of 100% of the trust interests of the Company. Pursuant to the LLC Agreement, the Trust owns an identical number of trust interests in the Company as exist for the number of outstanding shares of stock of the Trust. Sostratus LLC, who we refer to as the Allocation Member, owns 100% of the Company's allocation interests. The LLC Agreement sets forth the Allocation Member's rights with respect to its profit allocation interest among other things.

The Company will pay a profit allocation with respect to its businesses to the Allocation Member upon the occurrence of certain events, if the Company's profits with respect to a business exceed an annualized hurdle rate of 7%, which hurdle is tied to such business's adjusted net assets (as defined in the LLC Agreement) relative to the sum of all of our subsidiaries' adjusted net assets. The calculation of profit allocation with respect to a particular business will be based on:

• such business's contribution-based profit, which generally will be equal to such business's aggregate



contribution to the Company's profit during the period such business is owned by the Company; and the Company's cumulative gains and losses to date.

Generally, a profit allocation will be paid in the event that the amount of profit allocation exceeds the annualized hurdle rate of 7% in the following manner: (i) 100% of the amount of profit allocation in excess of the hurdle rate of 7% but that is less than the hurdle rate of 8.75%, which amount is intended to provide the Allocation Member with an overall profit allocation of 20% once the hurdle rate of 7% has been surpassed; and (ii) 20% of the amount of profit allocation in excess of the hurdle rate of 8.75%. The Company's audit committee, which is comprised solely of independent directors, approves the calculation of any profit allocation payment to be made to the Allocation Member. Certain members of our Manager, including Mr. Sabo and Mr. Faulkingham, are entitled to receive a portion of the profit allocation payments paid to the Allocation Member as a result of their equity ownership in Sostratus LLC. The Company did not make a payment to the Allocation Member during 2018. The Company paid to the Allocation Member approximately \$25.8 million in May 2017 in respect of Fox Factory Holding Corp.'s secondary offering. At December 31, 2016, we accrued a distribution payable to the Allocation Member of \$13.4 million related to our November 2016 sale of Fox Factory Holding Corp.'s shares. This distribution was paid in January 2017. The Company paid approximately \$8.6 million in May 2016 related to Fox Factory Holding Corp.'s secondary offering. The Company paid approximately \$8.2 million in August 2016 for the five-year Holding Event of Compass AC Holdings, Inc., which we refer to as ACI. The Company paid a net amount of approximately \$7.0 million in November 2016 related to Fox Factory Holding Corp.'s secondary offering and the sale of Anodyne Medical Device, Inc., which we refer to as Tridien.

#### Integration Services Agreements

Our Manager acts as an advisor to the Company during acquisitions. In the first year of an acquired businesses' ownership, our Manager will provide integration services to the new company. Integration services include reviewing, evaluating and otherwise familiarizing itself with the business, operations, properties, financial condition and prospects; familiarizing the management team with the Company's periodic reporting, corporate governance and Sarbanes Oxley Act of 2002, as amended ("SOX") obligations; reviewing the policies and procedures and, where appropriate, aligning such policies and procedures with other of the Company's subsidiaries; and assisting in establishing a new board of directors, including identifying and engaging outside and independent director resources, if appropriate. During 2018, the Company acquired Foam Fabricators, Inc. Our Manager entered into an integration services agreement with Foam Fabricators, Inc. and will receive integration services fees of approximately \$2.3 million, which are payable quarterly over a twelve-month period, as services are rendered beginning March 31, 2018. During 2017, the Company acquired the indirect parent of Velocity Outdoor Inc. Our Manager acted as an advisor in the acquisition and received integration services fees of approximately \$1.5 million, which were payable quarterly over a twelve-month period, as services were rendered through June 30, 2018. During 2016, the Company acquired 5.11 ABR Corp. Our Manager acted as an advisor in the acquisition and received integration services fees of approximately \$3.5 million, which were payable quarterly over a twelve-month period, as services were rendered through June 30, 2017. All Integration Services Agreements are approved by the Company's nominating and corporate governance committee, which is comprised solely of independent directors, in accordance with our governance documents.

#### Other Related Party Transactions

During 2018, one of our directors, Sarah G. McCoy, was engaged by our Manager to provide certain consulting services to our Manager. Ms. McCoy was paid \$225,000 by our Manager for the provision of such services to our Manager. Our Manager is entitled to receive certain payments from us as set forth in our Management Services Agreement. The Company did not pay the Manager for any payments to Ms. McCoy and was not a participant in the transaction.

#### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our directors and officers, and persons who beneficially own more than ten percent of our Trust common stock, to file initial reports of ownership and reports of changes in ownership of our

Trust common stock and our other equity securities with the SEC. As a practical matter, we assist our directors and officers by monitoring transactions and completing and filing Section 16 reports on their behalf. Based upon this assistance, as well as upon our review of copies of reports filed pursuant to Section 16(a) of the Exchange Act, we believe that all filings required to be made were timely made in accordance with the requirements of the Exchange Act in 2018.

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## SHAREHOLDER PROPOSALS FOR THE 2020 ANNUAL MEETING OF SHAREHOLDERS

To be considered for inclusion in our proxy statement for the 2020 Annual Meeting of Shareholders, shareholder proposals must be received by the Company no later than December 18, 2019. In order to be included in Company-sponsored proxy materials, shareholder proposals will need to comply with Rule 14a-8 promulgated under the Exchange Act. If you do not comply with Rule 14a-8, we will not be required to include the proposal in the proxy statement and the proxy card we will mail to shareholders. No other business (other than matters included in our proxy statement in accordance with Rule 14a-8) may be presented for action at the annual meeting unless a shareholder gives timely notice of the proposal in writing to the Secretary. To be timely, a shareholder's notice is required to be delivered to the Secretary not less than 120 days and no more than 150 days prior to the first anniversary of the preceding year's annual meeting. Shareholder proposals should be sent to the Secretary at Compass Group Diversified Holdings LLC, 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880, Attention: Investor Relations. See the section titled "BOARD OF DIRECTORS, EXECUTIVE OFFICERS AND COMMITTEES - Shareholder Nominations of Directors" for a discussion of shareholders' ability to nominate directors.

## DIRECTIONS TO THE 2019 ANNUAL MEETING

From Manhattan: From I-278 E travel about 5 miles. Merge onto I-95 N. Entering Connecticut, take exit 17 for CT-33/CT-136 toward Westport/Saugatuck. Turn left onto Saugatuck Ave/CT-33. Continue to follow CT-33 which becomes Riverside Avenue. The office, at 301 Riverside Avenue, will be on the right.

From New Haven: From I-95 travel South towards NYC. Take exit 17 for CT-33/CT-136 toward Westport/Saugatuck. Turn left onto Saugatuck Ave/CT-33. Continue to follow CT-33 which becomes Riverside Avenue. The office, at 301 Riverside Avenue, will be on the right.

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION REPORTS

Copies of our Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC, are available to shareholders free of charge on our website at [www.compassdiversifiedholdings.com](http://www.compassdiversifiedholdings.com) under the caption "CODI Investor Relations - Financials & Filings" or by writing to us at 301 Riverside Avenue, Second Floor, Westport, Connecticut 06880, Attention: Investor Relations. Alternatively, a copy of such Annual Report on Form 10-K will also be available to shareholders free of charge on a website maintained by Broadridge Financial Solutions, Inc. and may be viewed at <http://materials.proxyvote.com/20451Q>.

## OTHER MATTERS

We know of no other business that will be brought before the Annual Meeting. If any other matter or any proposal should be properly presented and should properly come before the meeting for action, the persons named in the accompanying proxy will, at their discretion and in accordance with their best judgment, vote upon such proposal.

## DELIVERY OF DOCUMENTS TO SHAREHOLDERS SHARING AN ADDRESS

We and some brokers have adopted "householding," a procedure under which shareholders who have the same address will receive a single set of proxy materials, unless one or more of these shareholders provides notice that they wish to continue receiving individual copies. Shareholders who participate in householding will continue to receive separate proxy cards.

If you participate in householding and wish to receive a separate set of these proxy materials, or if you wish to receive separate copies of future notices, annual reports and proxy statements, please call 1-800-542-1061 or write to: Broadridge Financial Solutions, Inc., Household Department, 51 Mercedes Way, Edgewood, New York 11717. We will deliver the requested documents to you promptly upon your written or oral request.

Any shareholders of record who share the same address and currently receive multiple copies of proxy materials who wish to receive only one copy of these materials per household in the future may contact Broadridge Financial Solutions, Inc. at the address or telephone number listed above. If you hold your shares through a broker, bank or other nominee, please contact your broker, bank, or other nominee to request information about householding.







Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be Held on May 29, 2019:

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

Proxy

COMPASS DIVERSIFIED HOLDINGS

Annual Meeting of Shareholders on May 29, 2019 at 9:00 AM

This proxy is solicited by the Board of Directors

The undersigned hereby appoints Elias J. Sabo and Ryan J. Faulkingham, and each of them, attorneys and proxies with full power of substitution, to represent and to vote on behalf of the undersigned all of the shares of Trust common stock of Compass Diversified Holdings that the undersigned is entitled in any capacity to vote if personally present at the 2019 Annual Meeting of Shareholders to be held on May 29, 2019 at 9:00 a.m., Eastern Time, and at any adjournment(s) or postponement(s) thereof, in accordance with the instructions set forth on the reverse and with the same effect as though the undersigned were present in person and voting such shares. The proxies are authorized, in their discretion, to vote for the election of a person to the Board of Directors if any nominee named herein becomes unable to serve or for good cause will not serve, upon all matters incident to the conduct of the meeting, and upon such other business as may properly come before the meeting.

THIS PROXY WILL BE VOTED AS SPECIFIED OR, IF NO CHOICE IS SPECIFIED, FOR ALL OF THE NOMINEES TO BE ELECTED, FOR PROPOSALS 2 AND 3, AND AS SAID PROXIES DEEM ADVISABLE SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING AND ANY POSTPONEMENT(S) OR ADJOURNMENT(S) THEREOF.

PLEASE RETURN THIS PROXY CARD AFTER VOTING, SIGNING AND DATING IT OR VOTE BY TELEPHONE OR THE INTERNET.

Continued and to be signed on reverse side