

DISCLOSURE BROCHURE

Tenth Street Capital, LLC

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This brochure provides information about the qualifications and business practices of Tenth Street Capital, LLC (the “Adviser” or “Firm”). If you have any questions about the contents of this brochure, please contact us at (423) 266-5908. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Tenth Street Capital, LLC is available on the SEC’s website at www.advisorinfo.sec.gov.

Item 2-Material Changes

The Adviser is a new registrant. Therefore, this is its initial “Disclosure Brochure” with the SEC. Future Disclosure Brochure filings will address “material changes” since the date of this filing concerning the Adviser which will either be delivered, or offered for delivery, to clients. A copy may also be downloaded from the Securities and Exchange Commission website, www.adviserinfo.sec.gov.

IMPORTANT NOTE ABOUT THIS DISCLOSURE BROCHURE

This Disclosure Brochure is not:

- ***an offer or agreement to provide advisory services to any person***
- ***an offer to sell interests (or a solicitation of an offer to purchase interests) in any Issuer (as defined below)***
- ***a complete discussion of the features, risks or conflicts associated with any Issuer***

As required by the Investment Advisers Act of 1940, as amended (“Advisers Act”), the Adviser provides this Brochure to current and prospective clients and may also, in its discretion, provide this Brochure to current or prospective investors in an Issuer, together with other relevant governing documents, such as the Issuer’s offering circular, prior to, or in connection with, such persons’ investment in the Issuer.

Although this publicly available Brochure describes investment advisory services and products of the Adviser, persons who receive this Brochure (whether or not from the Adviser) should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this Brochure may differ from information provided in relevant governing documents. More complete information about each Issuer is included in relevant governing documents, certain of which may be provided to current and eligible prospective investors only by the Adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents shall govern and control.

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Item 4-Advisory Business

Tenth Street Capital, LLC (the “Adviser” or “Firm”), the registered investment adviser, is a Nevada limited liability company. The Adviser was founded in May 2007 to provide capital to lower middle-market companies in the form of subordinated debt and equity on behalf of various private equity funds (the “Funds”). Affiliates of the Adviser generally serve as the general partners (or equivalent) of the Funds. The principals of the Firm and its affiliates are Roy A. Duke, Joseph Decosimo, William Nutter and Casey Hammontree (the “Principals”).

The Adviser invests \$1 - \$12 million in subordinated debt and equity in businesses across the continental U.S. Use of proceeds include later-stage growth capital, management buyouts, strategic acquisitions, leveraged buyouts and recapitalizations. The Adviser targets companies in a wide range of industries, typically characterized by solid fundamentals and growing customer demand.

The Adviser tailors its advisory services to the specific investment objectives and restrictions of each client it advises. In the case of the Funds, these investment objectives and restrictions are set forth in a Fund’s confidential private placement memorandum, limited partnership agreement and/or other governing documents (the “Governing Documents”). Investors should consult the Governing Documents for the Fund they have invested in for more detail information about that Fund.

As of December 31, 2013, the Adviser managed \$210,113,976 in regulatory assets on a discretionary basis.

Item 5-Fees and Compensation

For its advisory services to the Funds, the Adviser generally receives a management fee, payable in accordance with the provisions of each Fund's Governing Documents. In addition, the Adviser or its affiliates are generally entitled to receive a performance-based "carried interest" from each Fund, as discussed in *Item 6 – Performance-Based Fees and Side by Side Management* below.

In general, the management fee paid by each Fund is equal to an annual rate of 2% of the investors' aggregate capital commitments to the Fund for so long as the Fund is in its active investment period. Thereafter, the management fee is generally charged at an annual rate of 2% of the aggregate acquisition cost of the Fund's remaining portfolio investments, reduced by the aggregate net write-downs of any such remaining portfolio investments. However, some Funds pay management fees to the Adviser at higher rates or on different terms, and investors should consult the Governing Documents for their Fund for more detailed information.

In general, management fees are calculated and paid quarterly in advance, and are charged to and deducted from Fund assets. If the fee from any Fund ceases to be payable during any quarter, any unearned fee (determined by daily pro ration) will be returned to the Fund.

In general, the Adviser will pay its ordinary administrative and overhead expenses incurred in connection with managing, originating and monitoring investments, such as employee's salaries, rent and utilities. In addition to the management fee, each Fund will pay all other costs and expenses of the Fund that are not reimbursed by, or otherwise directly paid by, its portfolio companies. These may include (i) investment costs, such as investment banking fees and brokerage and underwriting commissions, transfer taxes and finder's commissions; (ii) domestic and foreign taxes payable by the Funds; (iii) fees and disbursements of outside auditors; (iv) fees and disbursements of attorneys, consultants and other third party professionals rendering services to or for the benefit of the Funds; (v) interest expenses; (vi) lender closing fees and lender legal fees and expenses; (vii) closing fees; (viii) transaction costs and any costs or fees associated with failed transactions, (ix) any reasonable expenses of members of an investor advisory committee for the Fund; (x) any expenses related to any annual or special meeting of investors, (xi) pre acquisition due diligence expenses such as expert costs and travel, (xii) fees and expenses for custodial services, (xiii) travel and other costs associated with the search for, identification of, and assessment of potential portfolio companies. In addition, each Fund is typically required to reimburse the Adviser for any expenses incurred in the organization and start-up of the Fund, subject to a cap specified in the Fund's Governing Documents.

For a more complete discussion of the Adviser's fees and compensation and expenses payable by a Fund, investors should refer to the Fund's Governing Documents.

Item 6-Performance Based Fees and Side-By-Side Management

An affiliate of the Adviser is entitled to receive performance-based fees in the form of a carried interest in the Fund. In general, the carried interest is equal to 20% of all distributions paid out by a Fund after the investors have received distributions equal to their capital contributions plus a per annum return of 8% on their capital contributions. However, the terms of the carried interest vary from Fund to Fund, and investors should refer to each Fund's Governing Documents for a more complete discussion of the Adviser's performance-based fee arrangements with respect to that Fund.

Such performance-based fee arrangements may create an incentive for the Adviser to recommend investments for the Funds that are riskier and more speculative than would be the case in the absence of a performance fee. In addition, to the extent performance fee arrangements differ from Fund to Fund, the Adviser may have incentive to favor Funds that have a greater performance-based fee. Such conflicts between Funds are mitigated in large extent because the Adviser is typically only making new investments through one Fund at any point in time.

Item 7-Types of Clients

The Adviser currently serves as the investment adviser to five private equity Funds. The Adviser may organize additional funds, co-investment vehicles or other investment accounts in the future.

Investors in the Funds must generally qualify as “accredited investors,” as such term is defined in Regulation D under the Securities Act of 1933, as amended. In addition, the Funds generally impose a minimum initial investment requirement, which varies from Fund to Fund. The typical minimum investment requirement for the Adviser’s most recent Fund was \$500,000. However, the Adviser may waive this minimum initial investment requirement at its discretion.

Item 8-Investment Strategies, Methods of Analysis and Risk of Loss

Investment Strategies

The Funds focus on one of two investment strategies. The primary strategy involves providing subordinated debt and equity in profitable companies, typically with revenues between \$10 million and \$150 million, and generating positive cash flow that can be grown organically and/or through acquisition.

This objective of this investment strategy is to generate current income on invested capital while preserving the opportunity for long-term capital appreciation. The Principals believe that mezzanine investments, when structured properly, have less inherent risk than pure equity investments and traditionally have provided higher returns than typical senior debt investments.

The Funds' investment activities may also include the purchase of both business and consumer loans at a discount from the face amount of such loans. These debt purchases will include the purchase of discounted commercial and industrial loan portfolios and consumer loan portfolios from failed financial institutions through auctions sponsored by the Federal Deposit Insurance Corporation ("FDIC"). In addition, the Funds will seek to selectively purchase loans at a discount from a variety of lending institutions.

In connection with its plans to purchase loan portfolios from the FDIC, the Funds will review the available pools of loans, perform due diligence investigations, and underwrite the loan portfolios, comparing the expected payoffs from weaker performing borrowers against the more positive collectability of stronger performing loans. The Funds will focus primarily on performing loans to small businesses and individuals, but will consider the purchase of deeply discounted pools of all types of loans.

Methods of Analysis

Screening/Evaluation

The Adviser follows a strict investment screening process which allows it to vet deals very efficiently. A prospective transaction is initially reviewed to see if it meets the basic investment criteria. If so, more formal evaluation process is begun which will include, but not be limited to; additional financial and industry due diligence, meeting with management and creation of a financial model. After further review of the company and the industry, a term sheet would be issued if a decision is made to proceed further. Opportunities which do not meet the criteria are dismissed promptly and rejected transactions are logged into a database.

Due Diligence

After a term sheet is executed, a formal due diligence process is begun including an evaluation of its management, internal systems, financial statements, customer and supplier relationships, sales and marketing strategies, industry and competitive dynamics and regulatory considerations. The Adviser's due diligence process is often

augmented by outside professionals, including accountants, attorneys, insurance agents, environmental experts, and, at times, consultants. Background checks are performed on the management team.

Portfolio Management

The Adviser takes an active approach to working with management to help the team achieve its multi-year business objectives. The activities and performance of the portfolio investments are monitored closely through monthly financial reviews, management conversations and meetings, and board of directors meetings. Monitoring is a critical ingredient in the success of portfolio investments, since it affords the opportunity to participate actively in shaping strategy and to advise management on financial, marketing, and general business matters. While management oversees the day-to-day operations of the business, the Adviser helps to set the strategic direction of the company and generally is actively involved with key issues such as add-on acquisitions, budgeting, setting management incentives, evaluating and augmenting management teams, implementing cost cutting programs, and evaluating financial alternatives and financial management solutions.

Exit Strategy

The Adviser will consider all exit alternatives for its portfolio companies including sales to third parties such as strategic or financial buyers, recapitalizations and exits via public offerings. Generally, the Fund is acting as a lender and will not have final authority of the form the transaction that provides for an exit. As a lender, it is possible to exit the investment over time via periodic principal payments or refinancing activity. Portfolio companies will generally be held for approximately three to eight years.

Risks

The following is a summary of risks generally applicable to the Funds' investment strategies. Investors should reference the applicable Governing Documents of each Fund for a more complete description of the risks specifically applicable to that Fund.

Investments by a Fund in portfolio companies involve a high degree of business and financial risk that can result in substantial losses. Some of these risks include, without limitation, the following: A portfolio company may have significant fluctuations in operating results, may be engaged in a rapidly changing business with products subject to a substantial risk of obsolescence, may require substantial additional capital to support their operations, to finance expansion or to maintain their competitive position, or may otherwise experience operating difficulties or have a weak financial condition.

A portfolio company may face intense competitive positioning, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities, and a large number of qualified managerial and technical personnel. A portfolio company may also incur leverage that may have important adverse consequences. For example, a portfolio company may be subject to restrictive financial and operating covenants. As a result, a portfolio company

may lack the flexibility to respond to changing business and economic conditions or to take advantage of business opportunities.

In addition, the Adviser's investment strategy includes certain other material risks, including risks of investing in illiquid securities of privately held companies, risks of investing in junior securities of an issuer, potential investment concentration in a limited number of companies or in one or a limited number of industries or industry segments, possible lack of sufficient investment opportunities, risks associated with the use of leverage by a portfolio company, potential shortage of credit and other capital to help finance the growth of portfolio companies, risks arising from general adverse economic conditions, and the lack of a readily available market for Fund investments, among others.

Item 9-Disciplinary Information

The Adviser and its Principals have not been the subject of any material legal proceeding required to be disclosed in this item.

Item 10-Other Financial Industry Activities and Affiliations

As described in *Item 4 – Advisory Business Management* above, the Adviser is affiliated with general partners and other entities. These general partners and other entities operate as a single advisory business together with the Adviser and serve as general partners, as applicable, of the Funds and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Item 11-Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

The Adviser has a fiduciary responsibility to treat clients fairly and avoid actual or potential conflicts of interest. The employees of the Adviser also have an obligation to act solely in the best interests of clients, and to make full and fair disclosure of all material facts, particularly where the clients' interests may conflict with the interests of the Adviser or its employees.

Code of Ethics

The Adviser has adopted a Code of Ethics which describes the general standards of conduct that the Adviser expects of all employees and focuses on three specific areas where employee conduct has the potential to adversely affect the Adviser's clients: misuse of confidential information, personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination of an employee by the Adviser. Any client or prospective client may request a copy of the Adviser's Code of Ethics.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Adviser. Employees with access to such information may not convey nonpublic information or place personal securities trades while the Adviser or the employee is aware of material nonpublic information regarding the issuer of the securities being traded.

Participation or Interest in Client Transactions

As noted above, the Adviser manages several Co-Investment Vehicles, which, by the terms of applicable Funds' Governing Documents, permit limited co-investments in the Funds' portfolio companies by the Adviser, its affiliates or its management. Annual notice of the co-investment percentage for that year is generally made to the Advisory Committee of each affected Fund, and the Co-Investment Vehicle is generally required to invest in portfolio companies on terms and conditions that are no more favorable than those on which the Funds invest.

In rare circumstances, the Adviser may cause a transaction to be effected between the Funds ("cross trades"), or may effect a transaction between a Fund, on the one hand, and the Adviser or the Co-Investment Vehicles, on the other hand (principal trades). In the event of such a transaction, the Adviser will comply with any disclosure and consent requirements of the relevant Fund's Governing Documents and Section 206(3) of the Investment Advisers Act, as applicable.

Personal Securities Trading

The Adviser has adopted personal trading policies and procedures designed to prevent conflicts of interest with its clients. The Adviser maintains a restricted list of securities

that the Adviser and its employees may not trade in order to avoid the misuse of material non-public information or confidential client information. The Adviser's Chief Compliance Officer, with the assistance of the compliance consulting firm Blue River Partners, LLC, periodically reviews the personal securities accounts of the Adviser's employees for compliance with these policies and procedures.

Outside Business Activities

The Adviser's Chief Compliance Officer must pre-approve any significant outside business activities conducted by an Adviser employee or any outside business activities that could create conflicts with the Adviser's obligations to its clients.

Item 12-Brokerage Practices

As an advisor to private equity funds, the Adviser interacts with broker-dealers as potential deal sources. While the Adviser may, on behalf of the Funds, pay such broker-dealers a commission for consummated deals as well as for directing deals to the Adviser, it has a policy to not pay more than is prudent or necessary to do so.

The Adviser does not use “soft dollars” to receive research or other products or services other than execution in connection with client securities transactions.

The Adviser does not engage in directed brokerage.

Due to the nature of its investments, there is generally no need for the Adviser to aggregate purchases or sales of traded securities for multiple client accounts.

Item 13-Review of Accounts

The Adviser monitors the Funds' investments in portfolio companies regularly and provides the Funds' investors with quarterly unaudited financial information and audited annual financial statements, along with quarterly and annual updates on the Funds' status. Also, the Adviser's Chief Compliance Officer regularly reviews the Funds' investments for consistency with the guidelines and restrictions set forth in the Funds' Governing Documents.

Item 14-Client Referrals and Other Compensation

Third Party Compensation for Client Referrals

The Adviser does not currently pay inside or outside parties for referring potential investors in the Funds or other clients to the Adviser.

Economic Benefits Received from Third Parties

In connection with investments made by the Funds, the Adviser or its employees and other related persons may receive commitment, structuring, closing, investment banking, and/or other transaction fees from portfolio companies in which one or more of the Funds may invest or propose to invest. The Adviser and its employee or other related persons may also receive management, monitoring, directors' or other fees from a portfolio company while a Fund continues to have an investment in such portfolio company. These types of arrangements present potential conflicts of interest and provide the Adviser with a potential incentive to recommend investments based on compensation to be received. A Fund will benefit from such compensation, through an offset against the management fee payable by the Fund to the Adviser or otherwise, only to the extent provided in the Governing Documents of such Fund. Please refer to the Governing Documents of the relevant Fund for more complete information about management fee offsets.

Item 15-Custody

The Adviser is deemed to have constructive custody of Fund assets by virtue of its authority to deduct management fees directly from Fund accounts and by virtue of the fact that affiliates of the Adviser act as general partners (or equivalent) of the Funds. However, physical custody of all client assets is generally maintained with a qualified custodian. In addition, the Funds are audited annually, and the audit reports delivered to investors annually.

Item 16-Investment Discretion

The Adviser has investment discretion over the assets in its client's portfolios. The Adviser exercises its discretion in a manner consistent with any applicable investment restrictions and guidelines, as set forth in a Fund's Governing Documents.

Item 17-Voting Client Securities

The Adviser does not generally manage assets that come with proxy voting rights. To the extent it does, the Adviser will vote all such proxies in the best interest of its clients. The Adviser's written voting policies and procedures, and history of votes are available for review by clients upon request.

Item 18-Financial Information

There is no financial condition that is reasonably likely to impair the Adviser's ability to continue to meet its contractual commitments and provide services to its clients.