

TRANSPORTATION

r e s o u r c e p a r t n e r s

FORM ADV PART 2A: FIRM BROCHURE

Transportation Resource Advisors III, LLC

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This brochure provides information about the qualifications and business practices of Transportation Resource Advisors III, LLC. If you have any questions about the contents of this brochure, please contact us at +1 248 648 2358. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Transportation Resource Advisors III, LLC is also available on the SEC's website at www.adviserinfo.sec.gov.

Referring to Transportation Resource Advisors III, LLC as a registered investment adviser does not imply a certain level of skill or training.

Item 2: Material Changes

This brochure updates our Brochure dated March 29, 2018. We have had no material changes to disclose in Part 2A of Form ADV, as part of our annual updating amendment.

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Item 4: Advisory Business

A. Advisory Firm

Transportation Resource Advisors III, LLC (the “Registrant”), an investment advisor, is a Delaware limited liability company formed on June 23, 2008.

The Registrant has the following ownership structure:

| | |
|--------------------|--------|
| PCP Holdings, Inc. | 33.33% |
| James A. Hislop | 33.33% |
| David R. Mitchell | 33.33% |

PCP Holdings, Inc. is a 100%-owned subsidiary of Penske Corporation. Roger S. Penske beneficially owns approximately 81% of the voting interests of Penske Corporation.

B. Advisory Services Provided

The Registrant provides investment advisory services to a private equity fund, Transportation Resource Partners III, LP (the “Fund”). The Registrant’s investment advisory services consist of providing day-to-day managerial and administrative services to the Fund, including assisting with sourcing, analyzing and structuring potential investments for the Fund, monitoring the performance of portfolio companies managed by the Fund, and advising the Fund regarding disposition opportunities.

The Registrant’s advice focuses on portfolio companies in the transportation industry. The Registrant may advise the Fund on investments in equity-related securities which include common stock, preferred stock, warrants, convertible debt, partnership or similar interests in operating companies or holding companies and options. While not its principal focus, the Registrant may from time-to-time advise the Fund on investments in cash instruments or short-term debt instruments, prior to a client’s investment, reinvestment or distribution of proceeds.

C. Tailored Advisory Services

Advisory services are tailored to the specific needs of the Fund, pursuant to an Investment Advisory Agreement dated October 1, 2008 (the “Advisory Agreement”), entered into between the Registrant and the Fund.

D. Wrap Fee Programs

The Registrant does not participate in wrap fee programs.

E. Assets under Management

The amount of assets under management (“AUM”) as of December 31, 2018 is:

| | <u>AUM US\$</u> |
|--------------------|-----------------|
| Discretionary: | \$59,163,009 |
| Non-Discretionary: | <u>\$0</u> |
| Total: | \$59,163,009 |

Item 5: Fees and Compensation

A. Compensation

The Registrant generally charges a 2.0% management fee to the Fund, calculated as a percentage of the Fund's capital commitments during the commitment period and as a percentage of funded commitments after the commitment period, but may negotiate with investors to charge different amounts.

The specific fee arrangement, including the amount, timing and basis of calculation are set forth in the Advisory Agreement. The Registrant may receive certain fees, including those from the Fund's portfolio companies, which may include, but are not limited to, acquisition fees, deal fees, monitoring fees, consulting fees, management fees, investment banking fees, closing fees, topping fees, break-up fees, directors fees and other similar fees. The management fee paid by the Fund will be reduced by a percentage of such fees allocable to the Fund as outlined in the Advisory Agreement.

An affiliate of the Registrant, Transportation Resource Management III, LLC, serves as the general partner of the Fund ("General Partner") and generally receives a 20% carried interest as specified in the Fund's Limited Partnership Agreement dated October 1, 2008 (the "Partnership Agreement").

Investments by the Registrant, its affiliates, principals and certain employees are typically not subject to management fees or carried interests.

B. Payment of Fees

Management Fees are paid semi-annually in advance.

C. Other Fees

The Registrant may be reimbursed by the Fund for expenses incurred on its behalf, including organizational expenses, operating expenses (including payments to the qualified custodian) and broken deal expenses as defined in the Partnership Agreement. The Registrant also retains, without reduction of the Fund's management fee, a percentage of certain fees, which may include, but are not limited to, acquisition fees, deal fees, monitoring fees, consulting fees, management fees, investment banking fees, closing fees, topping fees, break-up fees, directors' fees and other similar fees as described in the Advisory Agreement.

D. Payment of Fees in Advance

The Fund is required to pay management fees in advance of advisory services being provided. The management fee for any period in which the Registrant serves as investment advisor for less than a full semi-annual period shall be prorated on the basis of the number of days in such period compared to the number of days the assets were managed by the Registrant during such period.

E. Compensation for Sale of Securities or Other Investment Products

Neither the Registrant nor any of its supervised persons receives any compensation for the sale of securities or other investment products. All forms of compensation are outlined in Item 5.A.

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

The carried interest provisions described in Item 5 are considered performance-based fees.

Performance-based fees may create an incentive for the Registrant to invest the Fund's assets in a manner that is riskier or more speculative than would otherwise be the case.

Additionally, such fee arrangements may create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. However, the Registrant expects that it (or its affiliate) will generally receive similar performance-based compensation in all private funds it advises and thus the Registrant does not view itself as having a conflict of interest arising from different fee arrangements.

The Registrant has policies in place to ensure that all clients are treated fairly and equally regardless of their carried interest structure, and to prevent this conflict from influencing the allocation of investment opportunities.

Item 7: Types of Clients

The Registrant provides investment advisory services to a single client, the Fund.

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

A. Methods of Analysis and Investment Strategies

As described in Item 4, the Registrant provides investment advisory services in connection with investments in companies in the transportation industry. The Registrant's investment process that begins at deal sourcing and encompasses key phases of an investment's life cycle contemplates: (i) sourcing of new investment opportunities, (ii) due diligence and structuring of the investment, (iii) active monitoring and value creation with portfolio companies and (iv) execution of exit strategies.

Sources of information used by the Registrant include employees and consultations with experts and professionals in the transportation industry. The Registrant assists the Fund in seeking attractive financial returns by focusing on value creation opportunities. The Registrant and its network of relationships are involved in most major sectors of the transportation industry. The investment professionals combine over 96 years of collective operating and financial experience in the transportation sector. The Registrant uses its industry knowledge, operational support, and relationships to seek to create value within the Fund's portfolio.

Additional sources of information employed by the Registrant in assessing investment opportunities for its client may include: financial newspapers and magazines, research materials, corporate rating services, annual reports, prospectuses and filings with the SEC and company press releases.

Investing in securities generally, and investing with the Registrant, involves a substantial risk of loss that clients should be prepared to bear.

B. Risk of Loss

Below is a summary of the material risks of the significant investment strategies and methods of analysis employed by the Registrant. The following discussion of certain risk factors does not purport to be an exhaustive list or a complete explanation of all of the risks involved in private equity investments in the transportation industry.

No Assurance of Investment Return; Possible Loss of Entire Investment

The Registrant cannot provide assurance that it will be able to choose, make and realize investments in any particular company or portfolio of companies. There can be no assurance that the Registrant will be able to generate returns or that the returns will be commensurate with the risks of investing in the types of companies in the portfolio. Under certain circumstances, there may be a loss of the entire investment made by the Fund in an underlying company. Past performance of investment entities associated with the principals of the Registrant, the Fund's General Partner or

their affiliates is not necessarily indicative of future results and provides no assurance of future success.

Highly Competitive Market for Investment Opportunities Generally

The activity of identifying, completing and realizing on attractive investments is highly competitive and involves a significant degree of uncertainty. The Registrant will be competing for investments with many other investment managers, as well as individuals, financial institutions, investment vehicles, industrial groups, merchant banks and other institutional investors. Additional funds and vehicles with similar investment objectives may be formed in the future by other unrelated parties and further consolidation may occur (resulting in larger funds and vehicles). It is possible that competition for appropriate investment opportunities may increase, which may also require investors potentially to participate in auctions more frequently. The outcome of these auctions cannot be guaranteed, thus potentially reducing the number of investment opportunities available and potentially adversely affecting the terms upon which investments can be made. Participation in auctions will also increase pressure with respect to pricing of a transaction.

Risk of Limited Number of Investments; Concentration of Investments in the Transportation Industry

The Fund may participate in a limited number of investments and, as a consequence, returns may be substantially adversely affected by the unfavorable performance of even a single investment.

Underlying portfolio companies will be concentrated in the transportation industry and related sectors. Concentration in a single industry may involve risks greater than those generally associated with diversified investment programs. Instability, fluctuation or an overall decline within the transportation industry will likely not be balanced by investments in other industries not so affected. In the event that the transportation industry as a whole declines, returns to the Fund may also decline. The transportation industry can be significantly affected by changes in the economy, fuel prices, labor relations, insurance costs and government regulation.

Investments in Less Established Companies

Investments in smaller, less established or start-up companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have smaller capitalizations and fewer resources and, therefore, are often more vulnerable to financial failure. Such companies also have shorter operating histories on which to judge future performance and may experience start-up related difficulties that are not faced by established companies.

Investments in Unlisted Securities

Companies the securities of which may not now and may never be publicly traded or listed on a securities exchange are not subject to the same disclosure and other investor protection requirements that are applicable to companies with listed securities. These investments may be difficult to value and to sell or otherwise liquidate, and the risk of investing in such companies is generally much greater than the risk of investing in listed or publicly traded companies.

Investments in Publicly Traded Securities

There are risks inherent in investing in public securities relative to more structured private investments. An investor in public securities may be unable to obtain financial covenants or other contractual rights, including management rights, that it might otherwise be able to obtain in making

privately negotiated investments. There may not be the same access to information in connection with investments in public securities, either when investigating a potential investment or after making an investment, as compared to privately negotiated Investments. Furthermore, the Fund may be limited in its ability to make investments, and to sell existing investments, in public securities because the Registrant or the Fund's General Partner may be deemed to have material, non-public information regarding the issuers of those securities or as a result of other internal policies. The inability to sell public securities in these circumstances could materially adversely affect the investment results of the Fund.

Non-Controlling Investments; Investments with Third Parties

The Fund's investments may include non-controlling interests in portfolio companies and, therefore, the Fund will have a limited ability to protect its position in such portfolio companies, although as a condition precedent to investment in a portfolio company, the Registrant expects that appropriate rights generally will be sought. The Fund's investments also may include co investing in portfolios companies with third parties through partnerships, joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-investor may have economic or business interests or goals that are inconsistent with those expected or desired, or may be in a position to take (or block) action in a manner contrary to expected or desired investment objectives. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements. That compensation may be an additional expense of the Fund.

Non-U.S. Investments

Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative liquidity of some non-U.S. securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation; and (iv) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities.

Investments in Restructurings; Distressed Debt

The Fund may make investments in restructurings that involve, or otherwise invest in the debt securities of, portfolio companies that are experiencing, or are expected to experience, severe financial difficulties. These severe financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. As such, these investments could carry certain additional potential liabilities that may exceed the value of the original investment therein. Under certain circumstances, payments to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed, or may be found liable for damages suffered by parties as a result of such actions.

Risks in Effecting Operating Improvements

In some cases, the success of the Fund will depend, in part, on the ability to restructure and effect improvements in the operations of a portfolio company. The activity of identifying and implementing restructuring programs and operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the Fund will be able to successfully identify and implement such restructuring programs and improvements.

Uncertainty of Financial Projections

Projected portfolio company operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

Operating and Financial Risks of Portfolio Companies

Investments may involve credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt when due. Financial performance of portfolio companies could deteriorate as a result of, among other factors, adverse developments in their businesses, changes in the competitive environment, or an economic downturn. As a result, companies that were expected to be stable may operate, or expect to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

Financial Market Fluctuations

General fluctuations in the market prices of securities may affect the value of investments. Instability in the securities markets may also increase the risks inherent in investments. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high-yield debt market or otherwise, which can be volatile. During the recent crisis of the global credit markets, a widening of credit spreads, coupled with the deterioration of the subprime and global debt markets and a rise in interest rates, reduced investor demand for high yield debt and senior bank debt, which in turn led some investment banks and other lenders to be unwilling or less willing to finance new private equity investments or to only offer committed financing for these investments on less favorable terms than had been prevailing in the past. The Fund's ability to generate attractive investment returns may be adversely affected to the extent unable to obtain favorable financing terms for investments. Moreover, to the extent that such marketplace events occur, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability to sell or liquidate investments at favorable times or for favorable prices.

Reliance on Portfolio Company Management

The day-to-day operations of each portfolio company will be the responsibility of such portfolio company's management team. Although the Registrant will be responsible for monitoring the performance of each investment and generally intends to invest in portfolio companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate any such portfolio company in accordance with the Registrant's expectations.

Risks Arising from Provision of Managerial Assistance

The Registrant may seek the right to designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures contemplated could expose the assets of the Fund to claims by a portfolio company, its security holders and its creditors.

Use of Leverage

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. Recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, an investor may suffer a partial or total loss of capital invested in the portfolio company.

Hedging Policies/Risks

In connection with the financing of certain investments, the Registrant may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and currency exchange. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Unanticipated changes in interest rates, securities prices or currency exchange rates may result in a poorer overall performance for the hedging transaction than an unhedged transaction.

Bridge Financings

Bridge loans to portfolio companies may be made on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Registrant's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position represented by a loan.

Additional Capital

Certain portfolio companies, especially those in a development or "platform" phase, may be expected to require additional financing to satisfy their working capital requirements or acquisition strategies. The amount of such additional financing needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided are not sufficient, a company may have to raise additional capital at a price unfavorable to the existing investors. In addition, an earlier investor may make additional debt and equity investments or exercise warrants, options, or convertible securities that were acquired in the initial investment in such company in order to preserve the investor's proportionate ownership when a subsequent financing is planned, or to protect the earlier investment when such portfolio company's performance does not meet expectations. The availability of capital is generally a function of capital market conditions that are beyond the control of the Registrant or any portfolio company. There can be no assurance that the portfolio companies will be able to predict accurately the future capital requirements necessary for success or that additional funds will be available from any source.

Illiquid and Long-Term Investments

Investments may take several years from the date of the initial investment to reach a state of maturity when realization of the investment can be achieved. It is anticipated that there will not be a public market for all or a portion of the securities selected by the Registrant at the time of their acquisition. Various restrictions will apply to disposition of these securities.

Contingent Liabilities upon Disposition

In connection with the disposition of an investment in a portfolio company, the seller may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, and may be responsible for the content of disclosure documents under applicable securities laws. The seller may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which would be borne by the seller. Similar liabilities may arise when a portfolio company's securities are sold in a public offering.

Item 9: Disciplinary Information

The Registrant is required to disclose in this item all material facts regarding any legal or disciplinary events that would be material to your evaluation of it or the integrity of its management. The Registrant has no information applicable to this item.

Item 10: Other Financial Industry Activity and Affiliations

A. Other Registrations

None of the Registrant or any of its principals or management persons is registered, or has an application pending to register, as a broker-dealer or a registered representative or associated person of a broker-dealer.

B. Other Registrations

None of the Registrant or any of its principals or management persons is registered, or has an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or a registered representative or associated person of the foregoing entities.

C. Affiliations

The Registrant is affiliated with two other investment advisors, Transportation Resource Advisors, LLC ("TRA") and TRP Capital Advisors, LLC ("TRP CA"). Conflicts may arise with respect to allocation of personnel and investment opportunities between the Registrant, TRA and TRP CA. The Registrant, TRA and TRP CA will devote such time as will be necessary to conduct the business affairs of each of their clients in an appropriate manner. Investment opportunities will be allocated between the funds advised by the Registrant, TRA and TRP CA pursuant to the terms of such funds' limited partnership agreements. The Registrant seeks to address any such conflict by having a policy of treating each client equitably and acting in the best interests of that client, and by typically providing for different investment periods. For example, the investment periods of the investment funds advised by the Registrant and TRA have ended and such funds are no longer permitted to make new investments (although follow-on investments may be permitted in certain circumstances). Additionally, the Fund has a limited partner advisory board for the purpose of addressing real or potential conflicts of interest which may arise with regard to the Fund.

The Fund may be subject to certain conflicts of interest arising out of its relationship with the Registrant, TRA, TRP CA, strategic investors, and their respective affiliates. Certain provisions of the Fund's Partnership Agreement are designed to protect the interests of the Limited Partners in situations where conflicts may exist, although these provisions do not eliminate such conflicts of interest. The agreements and arrangements among the Fund, TRA, TRP CA, the Registrant and their respective affiliates, including those related to compensation, have been established by the Registrant and are not the result of arm's-length negotiations.

Although the Fund has adopted no formal policy for resolving conflicts of interest, the Registrant will attempt to resolve any conflicts of interest by exercising the good faith required of a fiduciary and in accordance with the Registrant's Compliance Manual. The Fund believes that it generally will be able to resolve any conflicts on an equitable basis, although it is possible that potential conflicts may not be resolved in favor of the Fund. Please see Item 11 for more information on the Registrant's investment allocation procedures and conflict policies.

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

All officers, directors and employees of the Registrant are subject to the provisions contained in the Registrant's Code of Ethics (the "Code"), included within the Regulatory Compliance Manual. The Code maintains policies covering (i) Fiduciary Standards and Compliance with Federal Securities Laws, (ii) Conflicts of Interest and (iii) Personal Securities Transactions.

The Code contains several restrictions and procedures designed to eliminate conflicts of interest surrounding personal investment transactions including: (i) quarterly reporting of non-exempt personal securities transactions which were transacted during the quarter; (ii) initial annual holdings reports; and (iii) personal trading and holdings reviews.

The Code is designed, in part, to ensure that the personal securities transactions of the Registrant's officers, directors and employees will not interfere with making decisions in the best interest of the Fund, or interfere with implementing such decisions, while, at the same time, allowing employees to make personal securities transactions for their own accounts. The Code requires pre-clearance of some transactions and places other restrictions on employee trading.

A copy of the Code will be provided to any client or prospective client upon request.

Item 12: Brokerage Practices

A. Selecting Broker-Dealers

Many types of private equity investments are transacted solely on a direct buyer-seller negotiated basis and so do not require or utilize the services of broker-dealers. In these cases, the Registrant does not anticipate recommending any broker-dealers for the transaction. At times, however, even in privately negotiated transactions, an investment bank, finder or other intermediary may be required or desired and typically would be compensated by the Fund for services rendered, often on a commission basis. When the Registrant participates in the selection of such an intermediary, the Registrant anticipates that it will consider principles of "best execution" and seek to appropriately balance the cost of service against the totality of the service delivered. Also at times, typically when disposition of an asset on a traditional trading market is sought, executing broker-dealers will be used.

When the Registrant participates in the selection of an executing broker-dealer, the Registrant expects that it will take the following factors into account: (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any), (ii) the broker firm's responsiveness and the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution, (iii) the financial strength, integrity and stability of the broker, (iv) the broker firm's risk in positioning a block of securities, (v) the quality, comprehensiveness and frequency of available research services considered to be of value, and (vi) the competitiveness of commission rates in comparison with other brokers satisfying the Registrant's other selection criteria. The Registrant may also recommend or authorize the use of "soft dollars." The term "soft dollars" refers to the receipt by the Registrant or its clients of products and services provided by brokers without any cash payment by the Registrant or its clients, based on the volume of revenues generated from brokerage commissions for transactions executed for the Registrant or its clients. The Registrant may use "soft dollars" to obtain research products and services. Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a "safe harbor" to investment managers who use soft dollars generated by their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to investment managers in the performance of their investment decision-making responsibilities. As the Registrant typically invests directly in private companies, it currently does not anticipate any "soft dollar" arrangements.

B. Trade Aggregation

If the Registrant (alone or together with an affiliate) determines that the purchase or sale of the same security is in the best interest of more than one client, the Registrant (with such affiliate, if applicable) may, but would not be obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. For example, the sale of publicly traded securities by more than one client of the Registrant and its affiliates on the same day potentially may be effected at a lower commission rate or on better overall terms than may be available if effected in separate transactions. To the extent that the Registrant does not aggregate orders, client brokerage expenses may be higher.

Item 13: Review of Accounts

A. Account Review

The Managing Directors of the Registrant typically meet with the Fund formally on an annual basis to review the portfolio and as-needed when requested by the Fund. The frequency of such reviews may change during different points in the Fund's life cycle.

B. Client Reporting

The Registrant provides quarterly portfolio updates and financial statements of the Fund to the Fund's Limited Partners. Audited financial statements and tax documents are provided annually to the Fund's Limited Partners. Additional information is provided as-needed upon request by a Limited Partner.

Item 14: Client Referrals and Other Compensation

A. Other Compensation

Except in regard to the various specialized fees described in Item 5: Fees and Compensation, the Registrant does not receive any economic benefit from anyone who is not a client in relation to the provision of investment advisory services to its clients.

B. Compensation for Client Referrals

Neither the Registrant nor any related person compensates any person who is not a supervised person of the Registrant for client referrals.

Item 15: Custody

The Registrant and its affiliates are deemed under the Advisers Act and related SEC rules to have custody of the Fund's assets.

The Registrant maintains custody of client assets with a qualified custodian, The Huntington National Bank. Client assets generally consist of privately-offered securities of the Fund.

The Fund is audited each year by a PCAOB registered independent accountant, in accordance with GAAP, and the audited statements are delivered to investors within 120 days after the end of the Fund's fiscal year. The Registrant urges investors to carefully review those statements, as well as the Registrant's reports to investors.

Item 16: Investment Discretion

The Registrant has discretion with respect to investment advisory services provided to the Fund. Investment decisions are limited by the terms detailed in the Partnership Agreement.

Item 17: Voting Client Securities

Proxy voting and class actions are typically not applicable for the types of investments primarily made by the Fund and, as such, the Registrant does not anticipate being required to vote proxies on behalf of the Fund. The Registrant has adopted policies and procedures for its employees in the event he or she receives a request to vote on a particular Fund investment. In the event of a conflict of interest in voting a proxy, the Registrant will escalate the issue to the LP Advisory Committee, who will review the proxy voting decision solely in the interests of the Fund and not of the Registrant.

A Fund or an investor in a Fund may obtain a copy of the Registrant's proxy voting policies and procedures upon written request to the Registrant. .

Item 18: Financial Information***A. Balance Sheet***

Please see the Registrant's balance sheet for the most recent fiscal year attached as Exhibit A.

B. Financial Conditions

The Registrant does not believe any financial condition exists that would preclude the Registrant from meeting its contractual commitments to the Fund.

C. Bankruptcy

The Registrant has never been the subject of a bankruptcy petition.

Transportation Resource Advisors III, LLC
Balance Sheet
December 31, 2018

| | <u>2018</u> |
|--|----------------------------|
| Assets | |
| Current assets: | |
| Cash | \$ 649,142 |
| Accounts receivable | 507,786 |
| Prepaid expenses | <u>4,673</u> |
| Total current assets | 1,161,601 |
| Fixed assets (net of accumulated depreciation of \$65,051 in 2018 and 2017) | - |
| Long-term accounts receivable | 64,525 |
| Investments | <u>12,071</u> |
| Total | <u>\$ 1,238,197</u> |
| Liabilities and Members' Equity | |
| Current liabilities: | |
| Accounts payable | \$ 604,605 |
| Accrued liabilities | <u>180,255</u> |
| Total current liabilities | 784,860 |
| Members' equity | <u>453,337</u> |
| Total | <u>\$ 1,238,19</u> |