



Part 2A of Form ADV Brochure

As of March 30, 2015

This Brochure provides information about the qualifications and business practices of Enhanced Capital Partners, LLC (the “Registrant”, or together with its relying advisers, “ECP”). If you have any questions about the contents of this Brochure, please contact Nicole Fiorenza Antoon, Chief Compliance Officer, at (504) 569-7900. 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.

ECP is an investment adviser registered with the SEC under the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training.

Additional information about ECP is also available on the SEC’s website at:

www.adviserinfo.sec.gov

This Brochure is not intended for distribution to, or use by, any party other than its investment advisory clients.

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ITEM 2 – MATERIAL CHANGES

The purpose of this section is to provide details of material changes since the last update of this Brochure dated March 31, 2014, which was included as Part 2A of the Form ADV Brochure for ECP in the 2014 Annual Updating Amendment. If you are receiving this Brochure for the first time, however, these changes may not be relevant to you. This Brochure should be read in its entirety.

No material changes to the March 31, 2014 Brochure have been made in connection with this March 30, 2015 annual update of the Brochure.

In the future, when ECP amends its Brochure for its annual update and the amended version contains any material changes from the last annual update, ECP will identify and describe those changes on this page.

ITEM 3 -TABLE OF CONTENTS

Item 1 – Cover Page.....	1
Item 2 – Material Changes	2
Item 3 -Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation.....	9
Item 6 – Performance-Based Fees and Side-By-Side Management	11
Item 7 – Types of Clients	12
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	13
Item 9 – Disciplinary Information.....	16
Item 10 – Other Financial Industry Activities and Affiliations.....	16
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	17
Item 12 – Brokerage Practices	18
Item 13 – Review of Accounts	19
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody	20
Item 16 – Investment Discretion.....	20
Item 17 – Voting Client Securities.....	20
Item 18 – Financial Information.....	21

ITEM 4 – ADVISORY BUSINESS

Nature of Advisory Business

ECP is a Delaware limited liability company, organized in 2013, that succeeded by reorganization to the business of Enhanced Capital Partners, Inc. (“Predecessor”) following a change in control of the Predecessor (the “Reorganization”).

The Predecessor was a Delaware corporation, incorporated in 2008, that succeeded by merger to the business of Enhanced Capital Partners, LLC, a former Delaware limited liability company organized in 1999. The Predecessor registered with the SEC as an investment adviser for the first time in 2012. ECP registered with the SEC as an investment adviser for the first time in 2014, through succession by application to the investment advisory business of the Predecessor.

As part of the Reorganization, the ownership that the Predecessor had in Enhanced Jobs for Texas Fund, LLC (the “Texas Fund”), Enhanced Capital SBIC Management, LLC (the “SBIC Manager”) and Enhanced CSLF Management, LLC (the “CSLF Manager”) transferred from the Predecessor to Enhanced Capital Group, LLC (“ECG”), a newly formed entity during the Reorganization. Along with its principal owner, Enhanced Capital Holdings, Inc. (“EC Holdings”), ECP has additional relying advisers, including ECG, the SBIC Manager, the CSLF Manager and Council & Enhanced Tennessee Manager, LLC (the “Tennessee Manager”). References to “ECP” throughout this Brochure refer to ECP together with its relying advisers, unless the context otherwise requires.

ECP, together with its relying advisers, conducts a single advisory business subject to a unified compliance program. The Texas Fund, the Tennessee Fund, the SBIC Fund, ECSLF and the FI Parallel Fund (the “Client Funds,” and together with the State Investment Funds, the “Funds,” each as defined below), constitute the only clients for whom ECP provides investment advisory services.

ECP is a diversified asset management firm that provides investment advisory and administrative services to clients focused on small business financing in U.S. markets that have been underserved by traditional sources of capital. ECP performs advisory services for clients in the State Focused Investment, Small Business Investment Company and Credit Supported Loans business units.

With respect to the State Focused Investments and Small Business Investment Company units, ECP participates in state and federal investment programs which, in some cases, are enhanced by state and federal tax credits or other incentives. ECP has built a small business investment platform by raising funds through state- and federally-sponsored investment programs including the federal Small Business Investment Company (“SBIC”) program regulated by the U.S. Small Business Administration, the federal State Small Business Credit Initiative regulated by the U.S. Department of Treasury, and regulated state investment programs similarly seeking to channel capital to small businesses for job creation and positive economic impact.

With respect to the Credit Supported Loans unit, ECP participates in credit enhanced debt investments in lower middle-market businesses and investment funds that are owned or controlled by private equity, venture capital or family office funds.

State Focused Investments

ECP manages funds raised through state focused investment programs (“State Investment Funds”) which have been created by state legislatures, state pension funds and the federal government. These programs are intended to channel investment capital into targeted businesses and thereby create jobs, increase tax revenues and establish a local investment community infrastructure by attracting qualified managers to invest in businesses in such state. Each legislatively enacted State Investment Fund has strict statutory investment mandates/restrictions with respect to the types of businesses in which a State Investment Fund may invest. All of the State Investment Funds are classified as proprietary accounts, with the exception of two funds, the Texas Fund and Council & Enhanced Tennessee Fund LLC (the “Tennessee Fund”), which are classified as separate accounts. The Texas Fund and the Tennessee Fund constitute the only clients for whom ECP provides investment advisory services within the State Investment Funds business unit.

The Texas Fund received an allocation of capital to invest pursuant to the Texas Small Business Venture Capital Program administered by the Texas Department of Agriculture (the “Department”) pursuant to a Performance Agreement between the Texas Fund and the Department (the “Performance Agreement”). The Texas Small Business Venture Capital Program is administered by the Department pursuant to the State Small Business Credit Initiative Act of 2010 (the “SSBCI Act”) implemented by the United States Department of Treasury. The Texas Fund makes primarily debt investments and, potentially, a limited number of direct equity investments, into companies located in or with a substantial nexus to Texas. The investments made by the Texas Fund must follow the investment parameters and restrictions of the SSBCI Act and the Performance Agreement. Each investment by the Texas Fund must be matched at the time of investment with another investment on the same terms and conditions that is of an equal or greater amount. This co-investment can be from a related party of the Texas Fund or a third party investor.

The Tennessee Fund received an allocation of capital to invest pursuant to Tennessee’s Small Business Investment Company Credit Act (“TNInvestco Act”) administered by Tennessee’s Department of Economic & Community Development. The Tennessee Fund makes primarily equity investments in businesses (with an emphasis on early stage businesses). The investments made by the Tennessee Fund must follow the investment parameters and restrictions of the TNInvestco Act. The Tennessee Fund is co-managed by Council Capital, a non-related company that invests in growth and early stage growth companies and is based in Tennessee. All investment decisions are made jointly by the Tennessee Manager and Council Capital. The Tennessee Manager is co-owned by ECP and Council Capital.

Small Business Investment Company

Enhanced Small Business Investment Company, LP (the “SBIC Fund”) is a participant in the Small Business Investment Company program, as administered by the U.S. Small Business Administration (the “SBA”). The SBIC Fund makes primarily debt investments in businesses that meet the investment parameters and restrictions as set forth in Title 13, Chapter I, Part 107 of the Code of the Federal Regulations and Title 13, Chapter I, Part 121 of the Code of Federal Regulations (the “SBIC Regulations”). The SBIC Fund seeks to make secured loans to small businesses that fall below the size thresholds of most institutional investors or are overlooked due to their location in underserved areas.

Credit Supported Loans

Enhanced Credit Supported Loan Fund, L.P. (“ECSLF”) makes primarily debt investments in lower middle-market businesses and investment funds that are owned or controlled by private equity, venture capital or family office funds (“Financial Sponsors”) and typically would not meet the underwriting criteria of institutional lenders without credit enhancement from Financial Sponsors. ECSLF may make debt investments directly in Financial Sponsors in certain circumstances.

ECSLF sells a significant portion of its debt investments to Enhanced Credit Supported Loan FI Feeder Fund, L.P. (the “FI Parallel Fund”). The FI Parallel Fund makes primarily debt investments in opportunities presented to it by ECSLF and in or other related interim vehicles created to facilitate the initial investments of the FI Parallel Fund.

Ownership/Management

EC Holdings, a Delaware corporation that is owned 100% by Enhanced Capital Partners Employee Stock Ownership Trust, owns 51% of ECP. Trident ECP Holdings, Inc. and Trident ECG Holdings, Inc. (the “Trident Enhanced Funds”) own, respectively, 49% of ECP and 48% of ECG. The Trident Enhanced Funds are indirectly owned by Trident V, L.P. and Trident V Parallel Fund, L.P. (the “Trident V Funds”), which are managed by Stone Point Capital, LLC (“Stone Point”), an SEC-registered investment adviser. Together with certain other officers and employees of ECP, Mr. Andrew M. Paul and Mr. Michael A.G. Korengold beneficially own 48% of ECG. The remaining 4% is owned by VCPE III, LLC (“VCPEIII”), a related entity of Vulcan Capital.

The members of the Boards of Directors of both ECP and ECG are: Mr. Andrew M. Paul, the beneficial owner of approximately 25% of ECP’s Employee Stock Ownership Trust; Mr. Michael A.G. Korengold, President and Chief Executive Officer of ECP and ECG; Mr. James R. Matthews, Principal of Stone Point; and Scott J. Bronner, Vice President of Stone Point.

In addition to serving on the Board of Directors of ECP and ECG, Mr. Andrew M. Paul is a member of the board of managers or directors, as applicable and a member of the investment committee for each State Investment Fund, ECSLF and the FI Parallel Fund. Mr. Paul also serves as special advisor to the investment committee of the SBIC Fund and as a managing member of the SBIC Manager and the CSLF Manager. Mr. Paul also serves as a member of the

Board of Tree Line Direct Lending, L.P. He has been actively involved in private equity and venture capital investing for over 25 years.

In addition to serving on the Board of Directors of ECP and ECG and as the President and Chief Executive Officer of ECP and ECG, Mr. Michael A.G. Korengold serves as a member of the investment committee and an officer of each State Investment Fund, the SBIC Fund, ECSLF, the FI Parallel Fund and the New Market Funds (as discussed below in Item 10). He also serves as a managing member of the general partner of each of the SBIC Fund, ECSLF and the FI Parallel Fund and as a managing member of the SBIC Manager and the CSLF Manager. Mr. Korengold also serves as a member of the Board of Tree Line Direct Lending, L.P., and on the Investment Committee of Tree Line Capital Partners, LLC, which manages funds/accounts that seek exposure to investments involving lending to small-and medium-sized companies (“Tree Line”). Mr. Korengold has over 10 years’ experience investing in portfolio companies for the Funds and has been with ECP since 2001.

Mr. Barry Osherow is a Managing Director of ECP and ECG, and a managing member of the SBIC Manager. Mr. Osherow has been with ECP since 2008 and serves as a member of the investment committee of the SBIC Fund and most of State Investment Funds. He also serves as a managing member of the general partner of the SBIC Fund and as a managing member of the SBIC Manager. Mr. Osherow has over 15 years’ experience as a finance executive in providing debt, investment banking and operational management.

Mr. Paul Kasper is a Managing Director of ECP and ECG, and has been with ECP since 2008. Mr. Kasper serves as a member of the investment committee for the SBIC Funds and many of the State Investment Funds and serves as a managing member of the general partner of the SBIC Fund and as a managing member of the SBIC Manager. Mr. Kasper is also a member of the Investment Committee of Tree Line.

Mr. Douglas Cruikshank is a managing member of the general partner of the ECSLF and the FI Parallel Fund, a managing member of the CSLF Manager and a member of the investment committee of the ECSLF and the FI Parallel Fund. Mr. Cruikshank has been with ECP since 2012 and has been actively involved in covering financial sponsors and has engaged in leveraged finance, bank lending and private placements for over 20 years.

ECP provides administrative, back office and compliance services to Tree Line, which is an exempt reporting adviser and is not a relying adviser. Some principals of ECP own interests in Tree Line. ECP and Tree Line have each adopted policies, including allocation policies, to manage potential conflicts of interest that could arise from the overlapping ownership, service relationship or the professional activities of Messrs. Paul, Korengold and Kasper for both ECP and Tree Line.

The general partner of the SBIC Fund delegates responsibility for the management of the SBIC Fund to the SBIC Manager. ECG owns approximately 50% of the SBIC Manager. The remaining ownership is as follows (approximate and rounded): Mr. Michael A.G. Korengold, 12.5%; Mr. Andrew M. Paul, 12.5%; and Mr. Barry Osherow, 25%.

The general partner of the ECSLF and the FI Parallel Fund delegates responsibility for the management of the ECSLF and the FI Parallel Fund to the CSLF Manager. ECG owns approximately 49% of the CSLF Manager. The remaining ownership is as follows (approximate and rounded): Mr. Douglas Cruikshank, 25%; Mr. Michael A.G. Korengold, 13%; and Mr. Andrew M. Paul, 13%.

Neither ECP nor ECG is a managing member of the SBIC Manager or the CSLF Manager. However, ECP and ECG, together with the SBIC Manager and the CSLF Manager, conduct a single advisory business subject to a unified compliance program, and the SBIC Manager and the CSLF Manager are therefore included in this Brochure.

With respect to all of ECP's business operations, ECP's firm-wide investment team consists of approximately 34 full- and part-time investment and corporate support professionals. ECP's headquarters are in New York, with additional offices and funds in Louisiana, Connecticut, Florida and Wyoming. All of ECP's books and records, together with its accounting, compliance and fund administration are located in New Orleans, Louisiana. Additionally ECP has State Investment Funds located in Alabama, Colorado, the District of Columbia, Mississippi, New York, Tennessee, Texas and Wyoming and participates in state New Market Programs (as defined in Item 10 below) in Alabama, Arkansas, Florida, Kentucky, Illinois, Maine, Nebraska, Nevada, Oregon and Utah.

Investment advice to each of the Client Funds is provided on a discretionary basis and is tailored to their individual needs and investment criteria, as set forth in each Client Fund's limited partnership agreement, performance agreement, private placement memorandum and/or investment management agreements and in accordance with a Client Fund's applicable statutory mandates or regulatory restrictions for a particular program. As of December 31, 2014, ECP had \$279,399,590 of discretionary Client Fund assets under management.

Additional Information about Vulcan Capital

VCPEIII is an investor in the SBIC Fund and holds the largest limited partner position in the SBIC Fund. Through its State Focused Investment Programs, ECP has a relationship with a related entity of Vulcan Capital, Vulcan Enhancement, LLC ("VE"), pursuant to which ECP directs a portion of the loan proceeds from notes issued by ECP's Wyoming SBIC Fund (which is not a client to whom ECP provides investment advisory services) to VE in exchange for assurances that the Wyoming SBIC Fund will meet its investment objectives and that the tax credits provided to note holders will not be recaptured by the State of Wyoming. Additionally, VCPEIII has provided a loan to one of ECG's New Markets entities (which is not a client to whom ECP provides investment advisory services). Finally, Vulcan Capital has board observation rights with respect to both ECP and ECG. As a result of these relationships and possible additional relationships in the future, Vulcan Capital may receive information regarding the financial position of ECP or ECG that other Client Fund investors do not receive.

ITEM 5 – FEES AND COMPENSATION

General Information Regarding Fees

In addition to the distributions ECP receives as a direct or indirect owner of the Client Funds, ECP (or a relying adviser) receives management fees and compensates its employees in connection with the investment management and administrative services it (or such relying adviser) provides to the Client Funds, and may also receive carried interest allocations and other performance-based fees (see Item 6).

Management Fees

Texas Fund

The Texas Fund pays an annual management fee of 2% of the total capital allocated to the Texas Fund (the Texas Fund is currently allocated \$5,000,000) and is payable quarterly, in advance, commencing on the closing date through fund maturity and is deducted from the Texas Fund's operating account. If cash is not available to pay such management fee at the time it is due, the management fee will accrue until such time as cash is available. The amount of the management fee was negotiable at the time that the Performance Agreement was negotiated and executed. The management fees do not include custodial fees or certain accounting or legal fees associated with the maintenance of the fund. There are no brokerage or mutual fund fees associated with the Texas Fund.

Tennessee Fund

Currently, the Tennessee Fund pays a management fee of 2% of the cost of FMV of the portfolio company investments (the Tennessee Fund was originally allocated \$14,000,000). The management fee is payable quarterly, in advance. The management fee is deducted from the Tennessee Fund's operating account. The management fee is paid to ECP and Council Capital. If cash is not available to pay such management fee at the time it is due, the management fee will accrue until such time as cash is available. The amount of the management fee is set forth in the statute governing the program for the Tennessee Fund and is therefore not negotiable and, to the best of our knowledge and belief, other participants in the TNInvestco Program receive the same compensation. The management fee does not include custodial fees or certain accounting or legal fees associated with the maintenance of the fund. There are no brokerage or mutual fund fees associated with the Tennessee Fund.

SBIC Fund

Beginning as of the initial closing and continuing through February 28, 2017, the SBIC Fund pays the SBIC Manager an annual management fee, payable in quarterly installments in advance, of 2% of the sum of the (1) the SBIC Fund's unfunded and funded capital commitments plus distributions made pursuant to the SBIC Regulations, as discussed in the limited partnership agreement and private placement memorandum of the SBIC Fund, and (2) the SBIC Fund's drawn SBA leverage (i.e., the total amount of outstanding securities issued by the SBIC Fund

that qualifies as leverage and has not been redeemed or repaid as provided in the SBIC Regulations). After February 28, 2017, the SBIC Fund will pay the SBIC Manager an annual management fee of 2% of its invested capital. The management fees paid by the SBIC Fund do not include custodial fees or certain accounting or legal fees associated with the maintenance of the SBIC Fund. There are no brokerage or mutual fund fees associated with the SBIC Fund. The management fee is deducted from the SBIC Fund's operating account.

The SBIC Fund can be leveraged up to 2:1 under the SBIC Regulations, and pays financing fees in connection with incurring leverage through the SBA. The SBA financing fees include a nonrefundable "commitment reservation fee," equal to 1% of the face amount of leverage commitment reserved by the SBA for issuance by the SBIC. The SBA financing fees also include draw fees calculated as 2.425% of the face amount of each leverage takedown request. In 2014, the SBIC Fund paid a commitment reservation fee of \$0.00 and draw fees of approximately \$457,719.

ECSLF and FI Parallel Fund

Beginning as of the initial closing and continuing throughout the investment period during which capital may be called from limited partners, each of the ECSLF and the FI Parallel Fund pays the CSLF Manager an annual management fee of 1.5% of the amount of its assets invested in portfolio companies, excluding borrowed amounts, any amount of realized investments and amounts of written off investments. Following the close of the investment period (which shall occur as specified in the limited partnership agreements and private placement memoranda of the ECSLF and the FI Parallel Fund), each of the ECSLF and the FI Parallel Fund will pay the CSLF Manager a management fee of 1.5% of the fair value of its assets invested in portfolio companies, excluding borrowed amounts, any amount of realized investments and amounts of written off investments. The management fee accrues daily and is payable quarterly. Neither the ECSLF nor the FI Parallel Fund will be required to pay the management fee if payment would result in its retained earnings amounting to less than zero. The management fee does not include custodial fees or certain accounting or legal fees associated with the maintenance of the ECSLF and the FI Parallel Fund. There are no brokerage or mutual fund fees associated with the ECSLF or the FI Parallel Fund. The management fee is deducted from the operating accounts of the ECSLF and the FI Parallel Fund.

Other Compensation

ECP and its affiliates may earn monitoring fees and other compensation from portfolio companies, purchasers, sellers and other parties to transactions involving portfolio companies as compensation for services. Such services may include advice on structuring, negotiating of the Client Funds and arranging financing for transactions in which the Client Funds participate. Fees may also be earned in connection with unconsummated investment transactions. ECP employees may serve on the board of directors of the portfolio companies and receive board of director fees. ECP employees may also, as part of their compensation structure, participate directly in the gains achieved by Client Fund investments that they source and/or manage. This may create an incentive for ECP employees to recommend riskier or more speculative investments for the Client Funds in order to further their own economic interests.

Certain expenses are born by the respective Client Funds as stipulated in each Client Fund's limited partnership agreement, performance agreement, limited liability company agreement and/or private placement memorandum, or as determined in accordance with applicable statute or regulations. Such expenses may include legal, accounting, tax, consulting, research, due diligence, expenses incurred with respect to investment transactions not consummated (to the extent that such expenses are not reimbursed by entities in which a Client Fund invests or proposes to invest), custody, and expenses of the Advisory Committee of the SBIC Fund and the Advisory Board of ECSLF and the FI Parallel Fund, among others, and are allocated to each Client Fund's respective expenses. Current investors are referred to the relevant limited partnership agreement, performance agreement, limited liability company agreement, private placement memorandum, applicable statute or regulations or other relevant closing documentation for a complete description of all expenses that may be incurred by the particular Client Fund.

ECP pays all normal operating expenses such as compensation and benefits of ECP officers, directors and employees, rent, utilities, insurance (other than premiums for insurance covering indemnified parties), office supplies, office equipment, travel, entertainment and other normal operating expenses that relate to the services provided to the Client Funds.

ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Related Compensation

Texas and Tennessee Funds

ECG receives a profits interest from the Texas Fund equal to 20% of the profits generated by the Texas Fund's investments after a repayment of all drawn capital. ECP receives a profits interest from the Tennessee Fund equal to 25% of all distributions following the full investment of the Tennessee Fund and assuming compliance with the statutory and regulatory requirements. Such performance-related compensation is subject to hurdles and claw-backs. Each Fund's transaction documents or applicable statute contain the method by which the performance-related compensation is calculated. The profits interest fee arrangements may create an incentive for ECP, ECG and/or the Tennessee Manager to invest in riskier or more speculative instruments,

although given that ECP and/or ECG and their owners and/or related persons also invest in the Texas Fund and the Tennessee Fund, interests of the Funds and their managers are aligned, which substantially reduces this incentive.

SBIC Fund

ECG receives a carried interest allocation of 25% of the SBIC Fund's general partner, Enhanced Small Business Investment Company GP, LLC ("SBIC GP"). The SBIC GP receives 20% of realized profits of the SBIC Fund generated from portfolio company investments made by the SBIC Fund. Such performance based related compensation is subject to hurdles and claw-backs, repayment of fees, expenses and other sums drawn. The limited partnership agreement of the SBIC Fund contains the method by which the performance related compensation is calculated. While the SBIC Manager does not receive performance related compensation, only a management fee as detailed in Item 5, the performance based fee arrangements received by its affiliates, ECG and the SBIC GP may create an incentive for the SBIC Manager to invest in riskier or more speculative instruments. However, because ECP and/or ECG and their owners and/or related persons also invest in the SBIC Fund, the interests of the SBIC Fund and the SBIC Manager are aligned, which substantially reduces this incentive.

ECSLF and FI Parallel Fund

ECG receives a carried interest allocation of 40% of ECSLF's and FI Parallel Fund's general partner, Enhanced CSLF GP, LLC ("ECSLF GP"). ECSLF GP receives 15% of the realized profits of ECSLF and the FI Parallel Fund generated from portfolio company investments made by ECSLF and the FI Parallel Fund. Such performance-based compensation is subject to hurdles and claw-backs, repayment of fees, expenses and other sums drawn. The limited partnership agreements of ECSLF and the FI Parallel Fund contain the method by which the performance-based related compensation is calculated. While the CSLF Manager does not receive performance-based related compensation, only a management fee as detailed in Item 5, performance-based fees received by its affiliates ECG and the ECSLF GP may create an incentive for the CSLF Manager to invest in riskier or more speculative instruments. However, because ECP and/or ECG and their owners and/or related persons also invest in ECSLF, the interests of ECSLF, the FI Parallel Fund and the CSLF Manager are aligned, which substantially reduces this incentive.

Parallel Investments

With respect to the Client Funds, certain members, partners, employees, and affiliates of ECP may co-invest in portfolio company investments. All such co-investments will be made at the same time and on the same terms and conditions as are applicable to the Client Funds. Neither ECP nor its affiliated entities receive any fees as the result of any such co-investing.

ITEM 7 – TYPES OF CLIENTS

ECP provides investment advisory services directly to the Client Funds, subject to the direction and control of a board of managers, managing member or general partner of a Client Fund, as applicable.

Investors in the Texas Fund and Tennessee Fund consist of governmental subdivisions or agencies. As of the date of this Brochure, these funds are closed to new investor commitments.

Investments in the SBIC Fund, ECSLF and the FI Parallel Fund are only available to institutional investors and certain high net worth investors that are “accredited investors”, “qualified clients”, or “qualified purchasers” within the meaning of the U.S. Securities Act of 1933, as amended and the U.S. Investment Company Act of 1940, as amended, respectively. The investors in the SBIC Fund, ECSLF and the FI Parallel Fund are generally pension funds, funds of funds, banks, corporate investors, high net worth individuals, private equity and venture capital firms, family offices and charitable endowment accounts. As of the date of this Brochure, the SBIC Fund and ECSLF are closed to new investor commitments.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Investment Strategies

ECP seeks to leverage its established network to source proprietary deal flow and avoid competitive transactions for its Client Funds. The Client Funds invest across various industries. In addition, each of the Client Funds has specific investment criteria and restrictions that must be followed pursuant to a statutory mandate applicable for each Client Fund. Generally, ECP will seek the following favorable attributes when evaluating investment opportunities:

- *Business Viability.* Elements of an economically viable business must be evident such as financial stability and a high degree of potential to achieve overall projected results. Industry growth prospects must also be favorable.
- *Dedicated and Competent Management.* The prospect’s management must share ECP’s objectives for current income and capital appreciation. Additionally, the management team should be experienced and highly motivated.
- *Market Potential.* Each prospect must exhibit a high degree of potential to achieve its forecasted sales volumes due to identifiable competitive advantages, dominant market position, proprietary product or service, technological superiority, history of product quality and service or other similar market advantages.
- *Rate of Return.* The investment must possess a high probability of achieving ECP’s desired rate of return through a combination of current income and/or capital appreciation.

Texas Fund

The Texas Fund generally provides senior term debt and subordinated/mezzanine debt to micro-cap and lower middle market private companies in Texas that are underserved by traditional sources of capital, specifically located in low-income census areas (poverty rates greater than

30%); non-metropolitan counties; strategic investment areas; and targeted population transactions. Investments range in size of \$250,000 to \$2,000,000, with a maturity between two and five years. The prospective portfolio company and use of proceeds for such investments must comply with the SSBCI Act. The Texas Fund concentrates on investment capital in bi-lateral term loans, which generally offer the following favorable attributes:

- Strong value cushion to protect ECG's capital (i.e. low loan-to-value exposure);
- Interest income, fee income and principal payments on a contractual basis that do not vary with company performance or external market valuations;
- High level of current cash income on the investment;
- Opportunity for thorough due diligence as part of the loan origination process;
- Financial maintenance covenants, and other protective covenants;
- High recovery rates in event of default and strong rights in a bankruptcy; and
- Good visibility into the financial and operating performance of the company post-closing, including detailed private financial reporting and board observation rights.

Tennessee Fund

The Tennessee Fund makes growth-oriented minority interest equity investments into Tennessee based companies across a range of different industries. The Tennessee Fund seeks to be actively involved post-investment, consider opportunities at multiple stages of the company growth cycle, and frequently syndicates deals with other investors. The Tennessee Fund's key investment criteria are (1) strong management team; (2) attractive and proven unit economics; (3) large market opportunity; (4) scalable business model; and (5) satisfying the Tennessee Fund's statutory requirements. Investments typically range in size of \$250,000 to \$1,500,000.

SBIC Fund

The SBIC Fund provides senior term debt and subordinated / mezzanine debt to companies seeking capital for ownership transitions, business expansions, leveraged buyouts, recapitalizations and refinancings. The SBIC Fund generally targets companies with revenue greater than \$10 million and EBITDA greater than \$2 million, with the following company and deal characteristics:

Company Characteristics

The SBIC Fund takes a diversified approach to portfolio construction and limits exposure to any particular sector. The SBIC Fund's investment professionals have significant experience financing technology, healthcare, and business services businesses, which are expected to comprise a significant portion of the portfolio. The SBIC Fund invests in companies across the United States, with an emphasis on ECP's existing footprint in the Gulf Coast, East Coast, and Northeast.

The SBIC Fund seeks companies with the following attributes: stable cash flows, strong management teams, thorough and adequately capitalized business plans with clearly defined growth strategies, realistic and feasible exit strategies to generate attractive risk adjusted returns,

defensible market positions, sound reputations with customers, suppliers and employees, sponsor and unsponsored companies, and low loan to value and leverage ratios.

Deal Characteristics

The SBIC typically structures investments as the senior most term debt in a company's capital structure or as subordinated debt, though with lower leverage ratios than many conventional mezzanine investors. Loans are structured with three to five year maturities, typically with amortization of principal and interest during the life of the loan and investments range in size from \$3 to \$20 million.

ECSLF and FI Parallel Fund

ECSLF and the FI Parallel Fund make credit supported debt investments in lower middle-market businesses and investment funds that are owned or controlled by Financial Sponsors and would not meet the underwriting criteria of ECP or other institutional lenders without credit enhancement from Financial Sponsors. Financial Sponsors provide credit enhancement, or "backstops," in the form of fund level guarantees, put agreements and similar forms of credit support, to the portfolio companies in which ECSLF and the FI Parallel Fund invest, creating attractive, risk-weighted debt investments. ECSLF and the FI Parallel Fund generally target companies and Financial Sponsors that are unable to access cost-effective debt capital from traditional lending markets and other financing sources.

Company Characteristics

In identifying portfolio investments, ECSLF and the FI Parallel Fund will focus on companies that are not creditworthy on a standalone basis but have received meaningful capital from Financial Sponsors and are viewed as successful investments by Financial Sponsors. Initially, ECSLF and the FI Parallel Fund will prioritize (1) private equity and venture capital funds at the end of their investment lifecycles that are not raising additional funds, (2) funds which have raised subsequent funds and may be seeking additional capital, given the challenges of dual fund investing, (3) captive private equity funds owned by banks and (4) high net worth individuals and family offices with the ability to provide creditworthy loan backstops.

Financial Sponsor Characteristics

ECSLF and the FI Parallel Fund will primarily focus on Financial Sponsors that have established track records and strong brand equity. Financial Sponsors providing credit backstops to the portfolio investments of ECSLF and the FI Parallel Fund will typically be required to maintain portfolio diversification and have \$50 million in assets under management and either (1) investments in at least five portfolio companies with a value of not less than five times the loan amount or (2) undrawn capital of at least 150% of the loan amount. ECSLF may make debt investments directly in Financial Sponsors in certain circumstances.

Risk of Loss

An investment in the Client Funds involves a significant degree of risk, relating both to the types of investments contemplated by the Client Funds and the Client Funds' ability to achieve their respective investment objectives. There can be no assurance that the Client Funds' investment objectives will be achieved or that an investor will receive any return of capital. An investor should have the ability to sustain the loss of its entire investment in the Client Funds. An investment in the Client Funds requires a long-term commitment, with no certainty of return. Since the Client Funds may only make a limited number of investments, and since the Client Funds' investments generally will involve some degree of risk, poor performance by a few of the investments could affect the total returns to the investors. There can be no assurance that the Client Funds will be able to generate returns for the investors or that returns will be commensurate with the risks of the investments within the Client Funds' investment objectives. Current investors are urged to refer to each Client Fund's private placement memorandum, performance agreement, the SSBCI Act, the TNInvestco Act and the SBIC Regulations, as applicable, for a complete description of risks associated with investing in the Client Fund.

ITEM 9 – DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of ECP or the integrity of ECP's management. None of ECP, its relying advisers or its collective management has been subject to any legal or disciplinary events required to be discussed in this Brochure.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

ECP engages in other business activities in addition to managing the Client Funds. ECP manages the other State Investment Funds, as described above in Item 4, all of which are classified as proprietary accounts, except for the Texas Fund and the Tennessee Fund, which are classified as separate accounts.

ECG participates in investments in businesses located in low-income communities pursuant to the mandates and restrictions of the Federal New Markets Tax Credit Program and various state New Markets Tax Credit Programs ("New Markets Funds"). The Federal New Markets Tax Credit Program is administered and regulated by the Community Development Financial Institution Fund with the U.S. Department of the Treasury, while the state New Market Tax Credit Programs are administered and regulated by the applicable state governmental agency or department. The New Market Funds are not considered advisory clients of ECP or ECG because neither ECP nor ECG manages the assets of these entities (either for third parties or on a proprietary basis). However, the New Markets Funds are an important part of ECG's business activities. Investors in the New Markets Funds are typically banking institutions or one of their wholly owned subsidiaries and insurance companies. The New Markets Funds typically pay the manager an upfront structuring and transaction fee at closing, in an amount up to 5-10% of the Qualified Equity Investment (as defined in the Federal New Markets Tax Credit Program) amount. In addition, the New Market Funds typically pay the manager an annual asset management fee up to 0-1% of the Qualified Equity Investment amount. Management fees are paid annually in arrears. Accounting and legal fees associated with the maintenance of the New Market Funds are a part of the management fee and are not additional expenses. There are no

brokerage or mutual fund fees associated with the New Market Funds. The manager of the New Markets Funds does not receive performance based fees.

As discussed in Item 4 of this Brochure, the Trident Enhanced Funds own controlling interests in ECP and ECG, and the Trident V Funds, which are managed by Stone Point, own controlling interests in the Trident Enhanced Funds. Stone Point manages private equity funds, including the Trident V Funds, that invest in companies operating in the financial services industry. The management of ECP believes that the indirect relationships that ECP and ECG may have with the portfolio companies of the Trident V Funds (or with the portfolio companies of other private equity funds managed by Stone Point) through their indirect relationship with Stone Point (1) are not material to the business of ECP or ECG and (2) will not cause a conflict of interest with ECP's or ECG's activities on behalf of the Client Funds.

As discussed in Item 4 of this Brochure, ECP provides administrative, compliance and other services to Tree Line, an investment adviser that is an "exempt reporting adviser" for purposes of the Investment Advisers Act of 1940. Two members of the Board of ECP also serve on the Board of a Tree Line fund, and on the Investment Committee of Tree Line, and certain ECP principals own interests in Tree Line. Both ECP and Tree Line have adopted policies to manage potential conflicts of interest arising from their overlapping ownership and other relationships, including policies addressing allocation of investment opportunities including co-investment opportunities, that seek to ensure that investment opportunities are allocated fairly.

ECP is affiliated with another SEC-registered investment adviser, Enhanced Management Company, LLC ("EMC") by virtue of being under the common control of Andrew M. Paul. ECP and EMC may invest in common portfolio companies. EMC makes primarily equity investments in portfolio companies and, therefore, the terms and conditions of EMC's equity investments might vary from the terms and conditions of debt or equity investments made by ECP. ECP ensures that investment opportunities are allocated fairly.

In addition, Andrew M. Paul performs services for both EMC and ECP, and is compensated for the services performed by the entity receiving the services. ECP subleases space from EMC, and shared office space expenses are allocated to the appropriate entity.

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

ECP is subject to a Code of Ethics (the "Code") in accordance with Rule 204A-1 of the Advisers Act. ECP has adopted a Code of Ethics which sets forth appropriate ethical standards of business conduct that ECP requires of its employees, including compliance with its fiduciary duty and applicable federal and state securities laws. The Code sets out standards of business and personal conduct for each employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code is reviewed and revised, if needed, on an annual basis.

The policies and procedures set forth in the Code recognize that as an investment adviser, ECP is in a position of trust and confidence with respect to its clients and has a duty to place the

interests of its clients before the interests of ECP and its employees, which duty includes an obligation to address or mitigate both conflicts of interest and the appearance of any conflicts of interest. The Code sets out standards of business and personal conduct for each employee and addresses conflicts that arise from personal trading by such persons and provides for disciplinary sanctions for Code violations. The Code also recognizes that as an investment adviser registered under the Advisers Act, ECP has a further obligation to comply with the provisions of the Advisers Act as well as the other U.S. federal securities laws.

The Code requires employees to (1) act with integrity, honesty, competence, and in an ethical manner when dealing with the public, regulators, clients, investors, prospective investors and their fellow employees, (2) adhere to the highest standards with respect to any potential material conflicts of interest with clients, and (3) preserve the confidentiality of information that they may obtain in the course of ECP's business and use such information properly and not in any way adverse to the interests of clients, subject to the legality of using such information.

As a general practice, if a Client Fund and a related person of the Company is seeking to invest in the same issuer at the same time, an investment of a related person will only be allowed if disclosures concerning any conflict of interest is made, in advance, to the Chief Compliance Officer and the investments of the related person are executed after, or simultaneously with, the Client Fund transactions.

Additionally, ECP has adopted inside information barrier policies and procedures to provide for the proper handling of confidential information (i.e., nonpublic information received or created by ECP in connection with its activities) to prevent violations of laws and regulations prohibiting the misuse of such information and to avoid situations that might create an appearance of such misuse.

Under the Code and Firm policy, employees are prohibited from trading in securities of any company while in possession of material, non-public information regarding the company. Therefore, employees of ECP are required to disclose all brokerage or securities accounts in the individual's name or over which the employee has any direct or indirect beneficial ownership, including accounts over which investment discretion is exercised either directly or indirectly.

The Code restricts employees' ability to conduct activities outside the firm that may conflict with the interests of clients, requires preapproval for gifts and entertainment in excess of certain values that may be received and/or provided by employees, and provides for the imposition of sanctions for Code violations.

A copy of ECP's Code of Ethics is available to our clients upon written request to the Chief Compliance Officer.

ITEM 12 – BROKERAGE PRACTICES

ECP does not currently effect transactions in securities through broker-dealers. ECP does not receive compensation, soft dollars, research or any remuneration from any broker-dealer.

ITEM 13 – REVIEW OF ACCOUNTS

ECP follows a disciplined investment process. The process consists of six distinct phases: (1) qualification of a Client Fund's statutory parameters for deals sourced, (2) initial screen, (3) management presentation, (4) validation of the business, (5) formal due diligence and legal documentation, and (6) final investment committee presentation and approval. Throughout its process, ECP is committed to a disciplined, thorough evaluation of every qualified investment.

The investment professionals meet weekly to review potential transactions and to discuss recent portfolio performance, and after preliminary investment committee approval, ECP begins advanced due diligence, with any red flags discussed with the members of the investment committee through the process. ECP's diligence focuses on five key areas: (1) Industry / Marketplace, (2) Unit Economics, (3) Financial Model, (4) Management Assessment, and (5) Confirmatory Legal Diligence. ECP, when needed, uses third party accounting, environmental, industry consultants, research analyst and background check firms, to help in the due diligence process.

Reports

Portfolio investments are monitored closely by the investment professionals assigned to such fund, as well as members of ECP's fund administration team. The Funds and portfolio investments are reviewed and monitored with respect to historic and anticipated performance, market developments and compliance with the investment mandate of the relevant Fund on an ongoing basis, both informally and formally through scheduled weekly meetings attended by the investment professionals.

The nature and frequency of regular reports to investors in the Funds depends on the terms of the governing documents of the Funds, including applicable statutory and regulatory reporting requirements. Investors in the Funds are requested to refer to the Fund's offering documents or operating agreements, as well as applicable statute or regulations, regarding reports they are to receive.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

ECP engaged placement agents to assist in soliciting investors for the SBIC Fund. Placements agents were responsible for referring less than 5% of the investors of the SBIC Fund. One agreement was with Alternative Asset Investment Management Securities, LLC, with registered broker member representatives at Round Table Financial Group, LLC, and provided for compensation of 3% of any commitments sourced and was terminated on February 4, 2013. The other agreement was with Deutsche Bank and provided for compensation of 1% of the commitments sourced.

ECP also engaged placement agents, Champlain Advisors, LLC ("Champlain"), and CapFi Partners, LLC ("CapFi"), both registered broker/dealers, to assist in soliciting investors for ECSLF and the FI Parallel Fund. Champlain was responsible for referring approximately 20% of the investor commitments of ECSLF. ECP's agreement with Champlain provides for

compensation ranging from 1.5% to 0.75% of the commitments sourced, depending on the number of commitments sourced. CapFi was responsible for referring approximately 9% of the investor commitments of the FI Parallel Fund. ECP's agreement with CapFi provides for compensation of 1.5% of the commitments sourced.

Other compensation is discussed in item 5.

ITEM 15 – CUSTODY

ECP (or a relying adviser) is deemed to have custody of the assets of the Client Funds, and the SEC's custody rule sets forth certain requirements for the safekeeping of client assets. Pursuant to the rule, ECP has independent accounting firms that are both registered with and subject to regular inspection by the Public Company Accounting Oversight Board ("PCAOB") prepare an audited financial statement for each Client Fund, and the audited financial statements are distributed to each investor in the Client Fund (or their independent representative) within 120 days of the fiscal year end of each Client Fund. Client Fund assets are maintained with a qualified custodian.

ITEM 16 – INVESTMENT DISCRETION

ECP or the general partner, managing member or manager of the Client Funds, as applicable, generally have discretionary authority with the Client Funds to buy and sell securities or other investments on behalf of the Client Funds and to determine the amount of such investments to be bought and sold, subject to such restrictions as may be specified in the statutory regime of a Client Fund or limited partnership agreement. The regulatory body governing the programs for the Texas Fund and the Tennessee Fund must agree in advance of any investment made that the potential portfolio company and investment in that portfolio company meets the qualification criteria of the applicable statute and/or regulations. Additionally, all investment decisions for the Tennessee Fund are decided jointly with Council Capital. The terms upon which ECP and ECG (or their wholly owned subsidiaries), the SBIC Manager or the ECSLF Manager serves as investment manager of a Client Fund are established at the time each Client Fund is formed.

ITEM 17 – VOTING CLIENT SECURITIES

Generally, ECP's investments are in private companies and not publicly traded securities. In certain circumstances, however, if a private security becomes publicly registered, ECP may be authorized with proxy voting responsibility. Accordingly, ECP has adopted Proxy Voting Policies and Procedures. ECP's proxy voting policy is to vote proxies in the best interest of the Client Funds and their investors. Consideration is given to both the short and long term implications of the proposal to be voted on when considering the optimal vote. If a conflict arises, the board is required to approve the proxy vote.

An investor in the Client Fund may obtain a copy of ECP's proxy voting policies and procedures and information on how ECP voted proxies on behalf of such party on written request to ECP's Chief Compliance Officer.

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about ECP's financial condition under certain circumstances. ECP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to investors, and has not been the subject of a bankruptcy proceeding.