

# **ENHANCED PK SERVICES, LLC**

**Form ADV - Part 2A Brochure**

**March 2024**

## ITEM 1 - COVER PAGE

### March 2023

This Part 2A of Form ADV Brochure, dated as of March 2024 (this “Brochure”) provides information about the qualifications and business practices of Enhanced PK Services, LLC (“EPKS”). If you have any questions about the contents of this Brochure, please contact Paul Kasper at 646-829-3629. 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.

EPKS is registered as investment adviser with the SEC under the Investment Advisers Act of 1940 (“the Advisers Act”). Registration of an investment adviser does not imply any level of skill or training. Additional information about EPKS is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

This Brochure is not intended for distribution to, or use by, any party other than EPKS’s clients.

## ITEM 2 – MATERIAL CHANGES

EPKS filed its initial Brochure in November 2020.

On at least an annual basis going forward, EPKS identifies and discusses any material changes that have been made to the Brochure since its last update. This Brochure should be read in its entirety.

- EPKS has made only routine updates and no material changes to its initial Brochure dated November 2020.

This Brochure may be requested by contacting Paul Kasper at 646-829-3629. Additional information about EPKS, including a copy of this Brochure, is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4 – ADVISORY BUSINESS

EPKS provides securities-related investment advisory and consulting services to its clients, with its principal business activities focused on debt investing in small and medium sized U.S. companies, including in connection with public policy programs.

EPKS is a Delaware limited liability company that was organized in 2020 and registered with the SEC as an investment adviser for the first time in 2020. Mr. Paul Kasper is the sole and managing member of EPKS and serves as the firm’s Chief Executive Officer and Chief Compliance Officer.

EPKS currently provides non-discretionary securities-related investment advisory and consulting services to other SEC-registered investment advisers.

Under an agreement (the “ECG Consulting Agreement”) with Enhanced Capital Group, LLC (“ECG”), a relying adviser of Enhanced Capital Partners, LLC (together with its relying advisers, including ECG, “Enhanced Capital”), as an independent contractor EPKS provides investment advisory and consulting services to Enhanced Capital and its associate, Tree Line Capital Partners, LLC (together with its relying advisers, “Tree Line”).<sup>1</sup> Under the ECG Consulting Agreement, and under a separate agreement between Mr. Kasper, ECG and certain of its Principals, and Tree Line and certain of its Principals (the “Shared Services Agreement”), Mr. Kasper serves on the Investment Committees of the private funds and separate accounts listed below that are managed by Enhanced Capital and Tree Line and provides the other services described below. Mr. Kasper was an employee of Enhanced Capital from 2008 to 2020.

- Popular Mezzanine Fund, LLC (the “PR Mezzanine Fund”) is a separate account co-managed by Enhanced Capital and Popular Securities, LLC. The PR Mezzanine Fund makes debt and equity investments in privately held businesses located in Puerto Rico that meet the requirements of the Community Reinvestment Act of 1977 (the “Community Reinvestment Act”) and the community development and public welfare requirements of Section 208.22(b)(1) of Regulation H of the Federal Reserve System (the “Community Development Regulations”).

In addition to serving on its Investment Committee, Mr. Kasper provides portfolio management services to the PR Mezzanine Fund.

- Enhanced Small Business Investment Company, LP (“SBIC Fund I”), a participant in the SBIC program administered by the U.S. Small Business

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<sup>1</sup> Enhanced Capital and Tree Line are associated as follows: (i) ECG, through its subsidiary Enhanced Asset Management, LLC owns minority membership interests in certain of Tree Line’s relying advisers, as detailed in Tree Line’s Form ADV; (ii) the Chief Executive Officer of Enhanced Capital serves as a managing member of ESBIC GP (as defined below), a relying adviser of Tree Line and the general partner of ESBIC II GP (as defined below); and (iii) in connection with the Shared Services Agreement.

Administration (the “SBA”), is managed by Enhanced Capital. SBIC Fund I primarily makes debt investments in businesses that meet the investment parameters and restrictions 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”).

In addition to serving on its Investment Committee, Mr. Kasper a Principal of SBIC Fund I and provides portfolio management services to the Fund. While SBIC Fund I may still make follow on investments in existing portfolio companies, it is no longer making investments in new portfolio companies.

- The following private funds and separate accounts managed by TreeLine, each of which primarily makes debt investments in lower middle market businesses offering first lien, second lien, unitranche, mezzanine term loans and equity co-investments (the “Tree Line Funds”): Tree Line Direct Lending, LP; Tree Line Credit Strategies; Tree Line Direct Lending II, LP; TLDL (SC), LP; PPC-TL Senior Secondary Loans, LP; PPC-TL SC, LP; Tree Line Direct Lending III, LP; and Tree Line Direct Lending III Offshore Feeder Fund, L.P. In addition to serving on their Investment Committees, Mr. Kasper provides portfolio management services to the Tree Line Funds.
- Enhanced Small Business Investment Company II, LP (“SBIC Fund II”), a participant in the SBIC program administered by the SBA, is managed by Tree Line. SBIC Fund II primarily makes debt investments in businesses that meet the investment parameters and restrictions of the SBIC Regulations.

In addition to serving on its Investment Committee, Mr. Kasper provides portfolio management services to the Fund. Mr. Kasper is also a managing member of SBIC Fund II’s general partner, Enhanced Small Business Investment Company II GP, LLC (“ESBIC GP”).

Mr. Kasper’s investment advice is tailored to the individual needs of the funds and accounts described above, in keeping with each fund’s or account’s governing documents, investment management agreement(s), and/or applicable statutory mandates or regulatory restrictions.

Mr. Kasper also serves on the Investment Committees of, and provides portfolio management services to, some of Enhanced Capital’s proprietary funds raised through state focused investment programs state legislatures, state pension funds and the federal government (“State Investment Funds”). 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 specific states. 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.

As of December 31, 2023, EPKS had approximately \$2,584,254,305 in non-discretionary regulatory assets under management.

## **ITEM 5 – FEES AND COMPENSATION**

In addition to the performance-based fees described below at Item 6, EPKS receives (i) a portion of the investment management fees paid to ECG by the PR Mezzanine Fund, which are based on the Fund's committed capital, and (ii) a portion of the investment management fees paid by SBIC Fund II to ECG under the Shared Services Agreement, which are tied to the cost basis of the Fund's investments.

These fees were negotiated prior to the execution of each of the ECG Consulting Agreement and the Shared Services Agreement and are paid in arrears. EPKS does not deduct fees from client accounts. EPKS does not accept compensation for the sale of securities or other investment products.

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

EPKS, or Mr. Kasper the sole managing member, receives performance-based compensation through (i) a profits interest in the PR Mezzanine Fund, (ii) profits interests in each of SBIC Fund I and SBIC Fund II, and (iii) profits interests in the State Investment Funds. Effective January 1, 2023, EPKS is entitled to receive a portion of the carried interest payments that ECG is entitled to collect on the Tree Line Funds under the Shared Services Agreement.

EPKS has an incentive to favor the arrangements with respect to which it receives performance-based compensation, but EPKS receives performance based-compensation with respect to all of the investment advisory and consulting services it provides. Performance-based compensation also creates an incentive for EPKS to recommend riskier investments. However, (i) all investments made by the PR Mezzanine Fund, SBIC Fund I, the Tree Line Funds, and SBIC Fund II must be approved by other Investment Committee members in addition to EPKS, (ii) the PR Mezzanine Fund's investments must satisfy the requirements of the Community Reinvestment Act and the Community Development Regulations, and (iii) the investments of SBIC Fund I and SBIC Fund II must comply with the SBIC Regulations. In addition, EPKS has adopted and implemented procedures to ensure that all clients are treated fairly and equally, and to prevent the conflicts of interest that may arise with performance-based fees.

## **ITEM 7 – TYPES OF CLIENTS**

Mr. Kasper provides securities-related investment advisory and consulting services to the clients described above. EPKS does not have any asset minimum or other requirements for its clients.

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

Generally, EPKS will seek the following favorable financial attributes when evaluating investment opportunities for clients: economic business viability (financial stability and favorable industry growth prospects); dedicated and competent management (experienced and highly motivated and successful team; market potential (high degree of potential to achieve forecasted sales volumes due to identifiable competitive advantages, market position, proprietary product or service, technological superiority, history of product quality and service, or other similar market advantages; favorable rates of return (high probability of achievement through current income and/or capital appreciation).

In addition, EPKS integrates economic, environmental, and social (“EES”) considerations throughout the investment process, including but not limited to the United Nations Sustainable Development Goals and EES impact themes such as economic growth (e.g., job creation and retention), underserved communities (e.g., low-income communities and rural areas)), underrepresented populations (e.g., persons of color, women, veterans); and environmental sustainability (e.g., reduction of carbon emissions, generation of renewable energy). EPKS measures the impact of each investment at the time of investment and at least annually thereafter. With respect to the PR Account, EPKS may measure and report on the impact of the PR Account’s investments on a more frequent periodic basis as requested.

EPKS also integrates throughout the investment process any regulatory requirements that are applicable, including with respect to the PR Account the public welfare requirements of the Community Development Regulations, and with respect to SBIC Fund I and SBIC Fund II, the SBIC Regulations.

Any securities investment involves a significant degree of risk, including loss of the full investment amount. There can be no assurance that a fund’s or account’s investment objectives will be achieved or that an investor will receive any return of capital. Investors should have the ability to sustain the entire loss of any investment.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Mr. Kasper has not been subject to any legal or disciplinary events required to be discussed in this Brochure.

## **ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

From 2008 through 2020 Mr. Kasper was employed by Enhanced Capital. Enhanced Capital and Tree Line are affiliates under common control as discussed in their respective Form ADV Part 2A Brochures that are available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

While employed by Enhanced Capital, Mr. Kasper served on the Investment Committees of, and provided portfolio management services to, funds and accounts managed by Enhanced Capital,



including the PR Mezzanine Fund, SBIC Fund I, and the State Investment Funds, and clients advised by Tree Line, including the Tree Line Funds and SBIC Fund II.

Potential conflicts of interest associated with these relationships could arise, for example, with respect to the allocation of limited investment opportunities. However, these risks are mitigated because (i) the PR Mezzanine Fund must invest in businesses that satisfy the requirements of the Community Reinvestment Act and the Community Development Regulations, (ii) SBIC Fund I and SBIC Fund II investments must be made in compliance with the SBIC Regulations, (iii) investments made by the PR Mezzanine Fund, the Tree Line Funds, SBIC Fund I and SBIC Fund II must be approved by other members of their Investment Committees in addition to Mr. Kasper, (iv) there is a low degree of overlap in the investment mandates of the PR Mezzanine Fund, the Tree Line Funds, and SBIC Fund II, and SBIC Fund I is not making new investments, and (v) EPKS has adopted and implemented procedures to ensure that all of its investment recommendations are made fairly and in keeping with its fiduciary duties, including with respect to allocation of follow on investment opportunities for SBIC Fund I that may also be appropriate for SBIC Fund II.

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

EPKS has adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 under the Advisers Act. The Code sets forth the fiduciary duties, ethical standards of business conduct, and federal and state securities laws that EPKS and Mr. Kasper must comply with. The Code also addresses conflicts that may arise from personal trading and other activities. The Code is reviewed on an annual basis.

The policies and procedures set forth in the Code recognize that EPKS 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 the firm and to address or mitigate actual and apparent conflicts of interest.

The Code requires EPKS to (i) act with integrity, honesty, competence, and in an ethical manner, (ii) adhere to the highest standards and act in clients’ best interest with respect to conflicts of interest, and (iii) generally preserve the confidentiality of information obtained in the course of EPKS’s business.

EPKS, as a firm, and Mr. Kasper as an individual, do not invest alongside EPKS’s clients or the funds and accounts they manage. If Mr. Kasper were to seek to invest alongside, he would do so only if appropriate disclosures concerning any conflict of interest were made in advance and Mr. Kasper’s investments were executed after, or simultaneously with, the client transactions.

EPKS has adopted inside information barrier policies and procedures to provide for the proper handling of material nonpublic information received or created by EPKS in connection with its business.

Further, the Code prohibits gifts and entertainment in excess of certain values and restricts Mr. Kasper's ability to conduct activities outside the firm that may conflict with the interests of EPKS's clients.

A copy of EPKS's Code of Ethics is available upon written request.

## **ITEM 12 – BROKERAGE PRACTICES**

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

## **ITEM 13 – REVIEW OF ACCOUNTS**

EPKS is committed to a disciplined, thorough evaluation of every potential investment opportunity for its clients. EPKS conducts robust due diligence focused on industry/marketplace factors, unit economics, financial models, management assessments, and confirmatory legal diligence. EPKS may use third parties as appropriate to assist in the due diligence process.

On an ongoing basis, both informally and formally through scheduled meetings, EPKS reviews and monitors market developments, investment mandate compliance, and the historic and anticipated performance of its clients and the funds and accounts they manage.

The nature and frequency of EPKS's regular reports are governed by its agreements with clients and the governing documents of the funds and accounts managed by its clients, as well as any applicable statutory and/or regulatory reporting requirements.

## **ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION**

EPKS does not compensate third parties for client referrals. EPKS does not receive any economic benefit from any third party for making client referrals and does not receive any compensation in addition to that it receives for providing investment advisory and consulting services, except that EPKS has not yet, but may, receive compensation from one third-party registered investment adviser for making introductions as a promoter, which such service is not material to EPKS's advisory business.

## **ITEM 15 – CUSTODY**

EPKS does not have custody of client assets. Should EPKS have custody of client assets in the future, it would comply with the safekeeping and other requirements of Rule 206(4)-2 under the Advisers Act.

## **ITEM 16 – INVESTMENT DISCRETION**

EPKS does not have investment discretion under the ECG Consulting Agreement or the Shared Services Agreement but provides regular portfolio management services to the funds and

accounts discussed at Item 4 and makes investment recommendations subject to their governing documents, investment management agreement(s), and/or applicable statutory mandates or regulatory restrictions.

#### **ITEM 17 – VOTING CLIENT SECURITIES**

Generally, the investments of EPKS's clients are in private companies and not publicly traded securities. In certain circumstances, however, if a private security becomes publicly registered, EPKS could be authorized with proxy voting responsibility. Accordingly, EPKS has adopted Proxy Voting Policies and Procedures. EPKS's proxy voting policy is to vote proxies in the best interests of the relevant fund or account.

A copy of any EPKS proxy voting history is available upon written request.

#### **ITEM 18 – FINANCIAL INFORMATION**

EPKS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to its clients and has not been the subject of a bankruptcy proceeding.