



Auda Private Equity LLC

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This Brochure provides information about the qualifications and business practices of Auda Private Equity LLC ("**Auda PE**" or the "**Firm**"). If you have any questions about the contents of this Brochure, please contact Auda PE's Chief Compliance Officer ("**CCO**"), Tim Avery at (212) 863-2300 or avery@auda.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Auda PE is a registered investment adviser. Registration as an investment adviser does not imply that the firm or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Auda is available on the SEC's website at www.adviserinfo.sec.gov.

NEW YORK

LONDON

BAD HOMBURG

HONG KONG

Item 2: Material Changes

Mr. Tim Avery has been appointed as the CCO for Auda PE. Mr. Avery is also the Chief Financial Officer of Auda International L.P., Auda PE's parent company.

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Item 4: Advisory Business

Auda Private Equity LLC ("**Auda PE**" or the "**Firm**") was originally established in 2005 and is 100% owned by Auda U.S. LLC. Auda U.S. LLC is 100% owned by Auda International L.P., which is owned by certain of its managers and directors and by certain key investors in funds managed by Auda PE.

Auda PE provides investment advisory services to pooled investment vehicles for which it may serve as a general partner or investment adviser. Generally, these vehicles operate as private equity funds of funds, with the exception of five (5) vehicles that operate as direct co-investment funds (collectively, the "**Funds**"). Auda PE also manages separate accounts for institutional investors and high net worth individuals. Auda PE considers the Funds and separately managed accounts as its clients, as opposed to the investors into these Funds. Auda PE's advisory services primarily include identification of underlying private fund managers and recommendation of securities and investments in affiliated and unaffiliated investment limited partnerships and operating companies.

Auda PE primarily offers advice on investments in private equity funds and direct private equity co-investments. The underlying investments of the private equity funds consist primarily of growth equity and buyout transactions, as well as some venture capital investments.

Auda PE has 48 employees managing approximately \$4.6 billion in aggregate commitments as of December 31, 2011 of which approximately \$3.9 billion is managed by Auda PE on a discretionary basis and approximately \$750,000,000 million is managed on a non-discretionary basis. Of the 48 employees, 21 perform investment advisory functions including research.

Item 5: Fees and Compensation

For its investment advisory services related to the Funds, Auda PE receives management fees at an annual rate generally ranging from 0.50% to 1.50% based on the commitments of each Fund generally up to six years and thereafter based on each Fund's net asset value or remaining invested capital or some other mechanism to decrease the fees in later years ("**Management Fees**"). These fees are typically paid on a quarterly basis. Investors in the Funds are also subject to performance fees as described below. Fees charged to managed account clients are as negotiated with each client. In addition Auda may receive administrative fees for certain other entities.

Limited partners in Auda PE's Funds may not withdraw capital from any Fund except when required as part of a distribution by such Fund, and as set forth in each Fund's offering memorandum.

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

Performance fees or carried interest allocations, which generally range from 5% to 15% of net profits, are generally subject to a hurdle rate ("**Performance Fees**"). All fees for the Funds will be disclosed in the relevant Fund's offering documents, which are provided to prospective investors.

All Performance Fees imposed by Auda PE will be charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**"). Because certain accounts managed by Auda are subject to higher fees than other accounts, Auda PE may have an incentive to favor the accounts paying higher fees, although Auda PE does not believe that the level of fees affect its investment decisions.

Auda PE has entered into (and reserves the right to do so in the future) side letters with certain investors and/or clients whereby it waives or reduces fees and agrees to provide greater levels of portfolio transparency.

Item 7: Types of Clients

As discussed in Item 4, Auda PE considers its Funds and separately managed accounts as its clients, as opposed to the investors into the Funds. Auda PE primarily acts as investment adviser to pooled investment vehicles and separately managed accounts for institutional clients.

Investors in the Funds must meet the requirements for an “accredited investor” under the Securities Act of 1933, as amended (the “**1933 Act**”) and a “qualified purchaser” under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

In general, the minimum investment in a Fund or managed account ranges from US \$1,000,000 to US \$5,000,000, although Auda PE may accept investments in a lesser amount.

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

Methods of Analysis and Investment Strategies

Auda PE primarily offers advice on investments in private equity funds and direct private equity co-investments. These investments consist primarily of growth equity and buyout transactions, as well as some venture capital investments.

Auda PE utilizes a fundamental method of security analysis with respect to underlying managers who manage the assets of its clients. This analysis is generally based on contact with managers and historical performance. Other criteria considered in manager selection generally include a focused investment style, action-oriented decision-making, manager compensation tied to performance and personal commitment to the manager’s own strategy.

In addition, Auda PE uses both external and internal private equity databases that contain industry benchmarks as well as individual fund and company performances (tracked by internal databases).

Private equity and venture capital investments are long-term oriented and illiquid investments. The investments made by underlying funds are made typically in non-public companies. Once the investment is made, the underlying fund works with the company’s management to enhance the profitability of the company. The average investment holding period is approximately ten years. A typical exit would be the sale to a strategic or financial buyer as well as a sale into the public market.

Principal Risks

Investing in non-public companies involves risk of loss. Investors must have the financial wherewithal and appropriate experience to evaluate and bear the risks of an investment in the Funds. The Funds face significant investment risks in attempting to carry out their investment strategies. These include, but are not limited to, risks that the investments in the Funds’ portfolios will decline in value. In making an investment decision, prospective investors must rely on their own examination of the Funds and their offering terms.

While not a comprehensive list of risk factors, the following should be considered and investors are urged to consult their professional advisers before deciding to invest in the Funds.

Fund of Funds Structure

As private equity fund of funds, the Funds are subject to certain risks that are inherent in investments in other private equity funds, as well as the risks inherent in their underlying portfolios of private equity investments. Risk of loss may be affected by factors such as illiquidity of investments by the Funds and reliance on management of

underlying funds by investment managers not controlled by Auda PE. A fund of funds also involves two levels of management fees and administrative expenses, one at the fund of funds level and one at the underlying fund level.

Risks Inherent in Private Equity Fund Investments

A successful program of investing in private equity funds is subject to risks that include: (i) the ability of the management of the underlying funds to select successful investment opportunities; (ii) general economic conditions; and (iii) the ability of the Funds and the underlying funds to liquidate their investments. There can be no assurance that the investments made by the underlying funds in which the Funds invest will result in rates of return to the Funds that are equal to or better than the average rate of return on other investments, and the Funds may not be successful in meeting their performance objectives.

Illiquidity of Investments by the Funds

A limited market exists for the sale of the Fund's proposed investments in underlying funds and the transferability of such investments is generally restricted. The Funds may not be able to liquidate a particular interest in an underlying fund or directly held investment at a time and upon the terms it desires. Additionally, the timing of distributions from the underlying funds, if any, will likely be at their discretion and may not occur at a time that is preferable. Distributions from the underlying funds could be in the form of securities.

Reliance on Management of Underlying Funds

Auda PE is responsible for managing the assets of the Funds, which responsibility includes the formulation and implementation of investment policies and strategies. The Funds invest in underlying funds managed by investment managers not controlled or related to Auda PE and as such all investments by the underlying funds will be selected by those managers. The Funds will not have an active role in the day-to-day management of the underlying funds and will generally not have an opportunity to evaluate the specific investments made by the underlying funds. As a result, the returns of the Funds will depend on the performance of these unrelated investment managers and could be adversely affected by the unfavorable performance of a small number of them.

Certain Risks Particular to Secondary Investments

There is no established market for secondary investments in private equity funds, and although there has been an evolution and increasing volume of secondary activities, the market is expected to remain illiquid. Market conditions will continue to change and increased competition for investment opportunities could give rise to higher than expected prices or reduce the number of attractive transactions. Accordingly there can be no assurance the Funds will be able to identify an optimal number of secondary opportunities that meet the Funds' objectives.

Foreign Investments

The Funds are expected to make investments in multiple countries and currencies and may give rise to risks of loss associated with currency exchange rates, local economic and political risks, risk of adverse changes to tax matters, the imposition of foreign taxes on items of income and gain allocable to investors, and tax return filing requirements imposed on the Funds or their investors.

Item 9: Disciplinary Information

Neither Auda PE, its affiliates nor its managing principals or other persons involved in the management of the Firm have been subject to any disciplinary action, whether criminal, civil or administrative, in any jurisdiction.

Item 10: Other Financial Industry Activities and Affiliations

Auda PE provides investment advisory services to investment partnerships and other pooled investment vehicles for which it or an affiliate acts as general partner or investment adviser. Auda PE has non-U.S. affiliates engaged in similar business activities as Auda PE outside the United States, which include providing investment management and research services to private equity funds of funds outside the United States. The non-U.S. affiliates of Auda PE often invest in many of the same underlying funds as the clients of Auda PE. Certain employees of Auda PE may serve on the advisory boards of funds in which clients of Auda PE are invested.

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

Participation or Interest in Client Transactions

Auda PE and its related persons may invest in private equity funds and buy and/or sell other securities for itself that it may also recommend to clients. Auda PE and its related persons may also recommend to clients trades in securities or investment products in which Auda PE and its related persons have some financial interest. More specifically, Auda PE and its related persons act as investment adviser and general partner to certain related investment partnerships and funds. Auda PE may sell interests in such partnerships and funds to other advisory clients as well as third parties. The offering documents for such offerings contain disclosures about, among other things, Auda PE's duties as investment adviser to the partnerships and its role as general partner, its compensation and the possibility of conflicts of interest.

In all such cases the clients' interests are always paramount. Investment activity is reviewed carefully and continuously to ascertain, among other things, whether any possible conflicts of interest are presented by such investments. If a conflict is determined to exist, it is resolved in favor of the client. In addition, Auda PE, its employees, and related persons may take positions in securities for their own accounts that are inconsistent with recommendations made to clients.

Code of Ethics and Personal Trading

Auda PE has adopted a Code of Ethics governing personal trading by its personnel. Auda PE's employees are required to pre-clear non-public securities transactions and to report their personal securities transactions and holdings with the Firm's Compliance Department. Clients may obtain a copy of the Code of Ethics by contacting Compliance at (212) 863-2300.

Item 12: Brokerage Practices

As Auda PE manages private equity fund of funds, it does not ordinarily engage in the trading of publicly-traded securities. Accordingly, the portfolio investments of its clients are not generally executed through brokerage firms, and Auda PE does not ordinarily select or recommend brokers for clients. Clients of Auda PE may, on occasion, receive securities as a result of a distribution in kind from a private equity fund in which such client is invested, and Auda PE may assist the client on disposing of such securities.

In selecting a broker for any transaction, Auda PE may consider a number of factors, including, for example, broker's reputation, net price or spread, reputation, financial strength and stability, market access, efficiency of execution and error resolution, and the size of the transaction. Auda PE will not be obligated to obtain the lowest commission or best net price for a client on any particular transaction.

Auda PE will monitor transaction results as orders are executed to evaluate the quality of execution provided by the various brokers and dealers that we use in order to determine that commission rates are competitive and

otherwise to evaluate the reasonableness of the commission rates paid to those brokers and dealers in light of all the factors described above.

Item 13: Review of Accounts

The portfolios of investment advisory vehicles and accounts managed by Auda PE are regularly reviewed by members of Auda PE's Investment Committee on a formal and informal basis, as well as by other personnel of Auda PE.

Auda PE provides unaudited financial reports to its advisory clients on a quarterly basis. Other reports may also be provided as stipulated in individual advisory contracts or other agreements. In addition, certain large or strategic clients or investors may (upon request) be provided with more detailed information as to their portfolio holdings. The Funds provide audited financial reports on an annual basis.

Item 14: Payment for Client Referrals

Auda PE may make cash payments to third parties who provide client referrals for advisory clients in accordance with Rule 206(4)-3 of the Act.

Item 15: Custody

Auda PE does not have physical custody of any cash or publicly traded securities held by any client, all of which are held by qualified custodians. Investments in underlying private equity funds held by Funds and other client accounts managed by Auda PE are privately offered, uncertificated securities that are not required to be held by a qualified custodian, and are recorded on the books of the underlying fund in the name of the relevant Fund or managed account. On an annual basis, an independent public accountant audits the pooled investment vehicles that Auda PE manages and the audited financial statements are distributed to the investors in each pool. In certain advisory agreements, Auda PE may be granted the authority to directly debit advisory fees and/or pay expenses in connection with accounts that the Firm advises.

Item 16: Investment Discretion

Auda PE ordinarily has complete discretion to select the underlying funds or direct co-investments in which each Fund or managed account will invest, to determine the amount invested with each underlying fund manager or in each direct co-investment, and to add or eliminate underlying fund managers or direct co-investments or rebalance the investments made among underlying fund managers or direct co-investments. These decisions are based primarily upon Auda PE's evaluation of the performance of the underlying managers or direct co-investments held by each client and their fit within each client's portfolio.

Item 17: Voting Client Securities

Auda PE has adopted Corporate Action Policies and Procedures (the "**Procedures**") that are designed to ensure that the Firm will make a best efforts attempt to vote proxies with respect to client securities in the best interests of its clients. The Procedures also require that Auda PE identify and address conflicts of interest between its related persons and its clients. If a material conflict of interest exists, the Firm will determine whether voting in accordance with the guidelines set forth in the Procedures is in the best interests of the client or whether taking alternative action may be more appropriate. Auda PE generally votes in favor of routine corporate

housekeeping proposals, including election of directors (where no corporate governance issues are implicated). Generally, Auda PE will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, Auda PE will make a best effort attempt to determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others:

- (a) whether the proposal was recommended by management and Auda PE's opinion of management;
- (b) whether the proposal acts to entrench existing management; and
- (c) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Auda PE's Procedures and information about how Auda PE voted its clients' proxies by contacting the Firm's Compliance Department at (212) 863-2300.

Item 18: Financial Information

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