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FORM ADV PART 2A: Firm Brochure

This Brochure provides information about the qualifications and business practices of HQ Capital Private Equity LLC ("HQC PE" or the "Firm"). If you have any questions about the contents of this Brochure, please contact HQ Capital's Chief Compliance Officer ("CCO"), Janine Diljohn at (212) 863-2300 or janine.diljohn@hqcapital.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.

HQC 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 HQ Capital Private Equity LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 | Material Changes

As of September 1, 2015, Auda Private Equity LLC and Real Estate Capital Partners L.P., each a registered investment advisor with the SEC, will be operating under the single brand of HQ Capital. HQ Capital is a part of the HQ Group of companies which are all owned and controlled by the Quandt Family.

The two companies will be renamed HQ Capital Private Equity LLC and HQ Capital Real Estate L.P., respectively. Equita, an HQ Group subsidiary that invests directly in small and medium-sized enterprises in the German-speaking regions of Europe, will also come under the HQ Capital brand and be renamed HQ Equita GmbH. The combination of the HQ Group's three alternative investment businesses under the HQ Capital brand should enhance the service offered to investors and LPs.

Similarly, as part of this rebranding, several of the Auda corporate entities have also been renamed as HQ Capital entities. See Item 4 below for more information.

Our move to a single operating structure formalizes the way in which we have historically operated, as a closely coordinated group, drawing on our collective strengths and resources. By combining resources under a single operating structure, HQ Capital will be able to provide investors with a broader investment program, while at the same time generating new growth opportunities for the Firm.

This change will not affect our on-going partnerships or relationships with our investors, as all current direct contacts within HQ Capital will remain the same.

Please visit our new website for more information – www.hqcapital.com.

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Item 4 | Advisory Business

HQ Capital Private Equity LLC (collectively with its affiliated entities “**HQC PE**” or the “**Firm**”) was formally established in 2005 and is 100% owned by HQ Capital U.S. LLC. HQ Capital U.S. LLC is 100% owned by HQ Capital International L.P., which is 100% owned by the Harald Quandt family through HQ Capital GmbH & Co. KG.

HQC PE is a specialized, privately held company investing exclusively in private equity and providing advisory services to pooled investment vehicles and separate managed accounts. HQC PE’s private equity investments include commingled primary fund-of-funds, secondary fund-of-funds and direct co-investment funds (collectively, the “**Funds**”), as well as investments made on behalf of separate managed accounts for institutional investors and high net worth individuals. HQC PE’s worldwide investor base consists of insurance companies, pension funds, corporations, endowments, foundations, high net worth individuals and family offices. HQC PE considers the Funds and separate managed accounts to be its clients, as opposed to the underlying investors in the Funds.

HQC PE’s advisory services primarily include identification of underlying private fund managers and recommendation of securities and investments in existing relationship and non-relationship limited partnerships and operating companies. The underlying investments of the private equity funds consist primarily of small and mid-cap growth equity and buyout investments in the United States, Europe and Asia.

As of June 30, 2015, HQC PE had regulatory assets under management of \$3.8 billion and a total of \$5.6 billion in original commitments to diversified fund-of-funds, concentrated fund-of-funds, secondary funds (including one special purpose vehicle), co-investment funds and the separate managed accounts. HQC PE currently has 69 employees as of August 2015, 25 of whom perform investment advisory functions including research, managing approximately \$2.7 billion on a discretionary basis and approximately \$1.1 million on a non-discretionary basis.

Item 5 | Fees and Compensation

For its investment advisory services related to the Funds, HQC PE receives management fees at an annual rate generally ranging from 0.50% to 1.50% (“**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. HQC PE may also receive administrative fees for certain additional negotiated services.

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 (“**Performance Fees**”), are generally subject to a hurdle rate. All fees for the Funds will be disclosed in the relevant Fund’s offering documents, which are provided to all prospective investors.

All Performance Fees imposed by HQC PE will be charged in compliance with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). While certain accounts managed by HQC PE may be subject to higher fees, potentially incentivizing HQC PE to favor those accounts over others, HQC PE aims to provide the same level of diligence in its advisory services to all of its clients and does not believe that the level of fees affect its investment decisions.

HQC 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, agrees to provide greater levels of portfolio transparency, and/or include certain other clauses beneficial to the investor.

Item 7 | Types of Clients

As discussed in Item 4, HQC PE considers its Funds and separate managed accounts as its clients, as opposed to the investors into the Funds. HQC PE primarily acts as investment adviser to pooled investment vehicles and separate managed accounts for institutional clients and high net worth individuals. HQC PE's worldwide investor base consists of insurance companies, pension funds, corporations, endowments, foundations, high net worth individuals and family offices.

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 commitment in a Fund ranges from \$1,000,000 to \$5,000,000 and typically around \$50,000,000 to \$100,000,000 for managed account mandates, although HQC PE may accept commitments of lesser amounts.

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

Methods of Analysis and Investment Strategies

HQC PE primarily offers advice on investments in private equity funds and direct private equity co-investments. These investments primarily consist of small and mid-cap growth equity and buyout investments in the United States, Europe and Asia.

HQC 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, HQC 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 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 portfolio company's management to enhance the profitability of the company. The average investment holding period for a portfolio company in a Fund is approximately 5 years, while the life of the Fund is approximately 10-12 years with the option of extension. A typical exit would be the sale to a strategic or financial buyer, or potentially into the public market.

Principal Risks

Investing in non-public companies involves the risk of loss. Investors must have the financial wherewithal and appropriate professional experience or advice 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 the 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 HQC 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

HQC PE is responsible for managing the assets of the Funds, which includes the formulation and implementation of investment policies and strategies. The Funds invest in underlying funds that are predominantly managed by investment managers who are not controlled by or related to HQC PE and who select all investments made by the underlying funds. The Funds, therefore, 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.

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 HQC PE, its affiliates, its managing principals nor 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

HQC 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. HQC PE has non-U.S. affiliates engaged in similar business activities as HQC PE outside the United States, which include providing investment management and research services to private equity funds of funds outside the United States. Certain employees of HQC PE may serve on the advisory boards of funds in which clients of HQC PE are invested.

Additionally, as explained above, under the HQ Capital umbrella, the Firm shares common ownership with HQ Capital Real Estate Partners L.P., formerly Real Estate Capital Partners, a registered investment adviser focused on real estate investments.

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

Participation or Interest in Client Transactions

HQC 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. HQC PE and its related persons may also recommend to clients trades in securities or investment products in which HQC PE and its related persons have some financial interest. More specifically, HQC PE and its related persons act as investment adviser and general partner to certain related investment partnerships and funds. HQC 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, HQC 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. For example, while HQC PE, its employees, and related persons may take positions in securities for their own accounts that are inconsistent with recommendations made to clients, all private placements are required to be pre-cleared prior to making such investments. If a conflict is determined to exist, it is resolved in favor of the client.

Code of Ethics and Personal Trading

HQC PE has adopted a Code of Ethics governing personal trading by its personnel. HQC PE's employees and certain access persons are required to pre-clear non-public securities transactions and initial public offerings, 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 HQC PE manages private equity investments, 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 HQC PE does not ordinarily select or recommend brokers for clients. Clients of HQC 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 HQC PE may assist the client on disposing of such securities.

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

HQC PE monitors 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 HQC PE's investment advisory Funds and separate managed accounts are regularly reviewed by portfolio managers and members of HQC PE's Investment Committee on a formal and informal basis. Portfolios may also be reviewed by other HQC PE personnel, including the accounting, reporting, client service and marketing teams, as needed to properly service the clients' accounts.

HQC PE provides unaudited financial reports on behalf of the Funds to their investors 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 to investors on an annual basis.

Item 14 | Payment for Client Referrals

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

Item 15 | Custody

HQC PE does not have physical custody of any cash or publicly traded securities held by any client; they are held by qualified custodians. Investments in underlying private equity funds held by Funds and other client accounts managed by HQC 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 HQC PE manages and the audited financial statements are distributed to the investors in each pool. In certain advisory agreements, HQC 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

HQC PE has complete discretion to select the underlying funds or direct co-investments in which each Fund will invest. Most of the separate managed accounts, however, are non-discretionary and require approval from the client for each investment recommended by HQC PE. HQC PE generally has discretion 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 HQC 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

HQC PE has adopted a Corporate Action policy designed to monitor the Firm's proxy voting and corporate action decisions with respect to client securities. HQC PE aims to resolve all corporate actions in the best interests of its clients. The policy also requires that HQC 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 policy is in the best interests of the client or whether taking alternative action may be more appropriate. HQC PE generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). Generally, HQC PE will vote against proposals that make it more difficult to replace members of a board of directors. For all other proposals, HQC 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 HQC 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 HQC PE's Corporate Action policy and information about how HQC PE voted its clients' proxies by contacting the Firm's Investment Relations Department at (212) 863-2300.

Item 18 | Financial Information

HQC PE has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. Further, it has never been the subject of any bankruptcy proceeding.