



## Auda Private Equity LLC

888 Seventh Avenue  
41<sup>st</sup> Floor  
New York, NY 10106  
(212) 863-2300

**March 2011**

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**"), Robert Kirby at (212) 863-2300. 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 of 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](http://www.adviserinfo.sec.gov).

NEW YORK

LONDON

BAD HOMBURG

HONG KONG

## Item 2: Material Changes

---

On July 28, 2010, the SEC published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a new document prepared by Auda according to the SEC's new requirements and rules. As such, this document is materially different in structure from the former Form ADV II and Schedule F and requires certain new information that the previous Form ADV II and Schedule F did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

Item 3: Table of Contents

---

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

#### Item 4: Advisory Business

---

Auda Private Equity LLC ("**Auda PE**" or the "**Firm**") provides investment advisory services to pooled investment vehicles for which it may serve as a general partner or investment advisor. Generally, these vehicles operate as private equity funds of funds, with the exception of six vehicles that operate as direct co-investment funds (collectively, the "**Funds**"). Auda PE's advisory services primarily include identification of underlying private funds 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. These investments consist primarily of growth equity and buyout transactions, as well as venture capital investments.

Auda Private Equity comprises 39 employees managing \$4.4 billion in commitments for 39 investment advisory vehicles and separately managed accounts. Of the 39 employees, 12 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 such Fund's net asset value or remaining invested capital or some other mechanism to decrease the fees in later years ("**Management Fees**"). These fees typically are paid on a quarterly basis.

Limited partners in Auda PE's Funds may not withdraw capital from any Fund other than when and as required to be distributed 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, 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**").

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

---

Auda PE primarily acts as investment adviser to pooled investment vehicles and separately managed accounts.

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 an Investment Vehicle or Client Account ranges from US \$1,00,000 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 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 for manager selection generally include a review of 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.

Risk of Loss Factors

Investing in non-public companies involves risk of loss and 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 the fund program. Additionally, 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.

*Risks Inherent in Investments in the Fund Program*

A successful program of investing 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 investments in other partnerships 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 the investment policies and strategies. In this regard, prospective investors should note that the continued provision of investment management services by Auda PE is subject to many factors, including the death or disability of the investment principals.

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 them. 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.

#### Secondary and Foreign Investments

##### *Certain Risks Particular to Secondary Investments*

There is no established market for secondary investments 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, 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 its investors.

#### Item 9: Disciplinary Information

---

Neither Auda PE, its affiliates nor its Managing Principals have been subject to any disciplinary action, whether criminal, civil or administrative (including regulatory) in any jurisdiction. Likewise, no persons involved in the management of the Firm have been subject to such action.

#### Item 10: Other Financial Industry Activities and Affiliations

---

Although Auda PE has no Financial Industry affiliations, certain employees may hold advisory board memberships. Auda PE is a registered investment adviser that is 100% owned by Auda U.S. LLC, the parent company of Auda PE.

---

**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 buy and/or sell securities for itself that it may also recommend to clients. Auda PE 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 offer and sell such interests in the partnerships to Auda PE's advisory clients and to others. 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 respective compensation and the possibility of conflicts of interest.

From time to time, Auda PE and its related persons invest client accounts in securities which Auda PE or its employees or affiliates also buy and sell for their own accounts. In such cases the client's interest 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 and 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 Compliance. Clients or prospective clients may obtain a copy of the Code of Ethics by contacting Compliance at (212) 863-2300.

---

**Item 12: Brokerage Practices**

---

As Auda PE is a private equity fund of funds, it does not engage in the trading of exchange-listed securities and so its investments are not made through brokerage firms.

---

**Item 13: Review of Accounts**

---

Auda PE manages 39 investment advisory vehicles and managed accounts which are regularly reviewed by members of Auda PE's Investment Committee on a formal and informal basis, as well as by other members of Auda PE.

Auda PE provides unaudited financial reports to its advisory clients on a quarterly basis, however, 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. Auda PE provides 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**

---

As a matter of policy and practice, Auda PE generally maintains client funds or securities over which it has custody with qualified custodians. An independent public accountant audits annually the pooled investment vehicles that Auda PE manages and the audited financial statements are distributed to the investors in the pool annually. In certain advisory agreements, Auda PE may be granted the authority to directly debit advisory fees and/or pay expenses in connection with the pooled investment vehicles that the Firm advises.

---

**Item 16: Investment Discretion**

---

To the extent the Funds managed by Auda PE are deemed to be the "client", Auda PE has complete discretion to select the underlying funds or direct co-investments in which each Fund 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 used by each client and their fit within the portfolio.

Auda Hedge, LLC, which is a related person to Auda PE as described above, provides investment advisory services to certain individually managed accounts that are invested in certain Funds managed by Auda PE. This relationship is fully disclosed to affected clients and fee rebates are enacted to ensure that duplicative levels of fees are not incurred.

---

**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 some other 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 the Applicant'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 Applicant's Procedures and information about how the Applicant voted its clients' proxies by contacting Compliance 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 Private Equity LLC 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.