

**Form ADV  
Part 2**



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**March 30, 2021**

**This brochure provides information about the qualifications and business practices of AUA Private Equity Partners, LLC (“AUA Equity” or the “Firm”). If you have any questions about the contents of this brochure, please contact John Moore at (212) 231-8650 or [john.moore@auaequity.com](mailto:john.moore@auaequity.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.**

**Additional information about AUA Private Equity Partners, LLC also is available on the SEC’s website at <https://adviserinfo.sec.gov/>.**

**Any reference to AUA Private Equity Partners, LLC as a “registered investment adviser” or being “registered” does not imply a certain level of skill or training.**

## **ITEM 2 – MATERIAL CHANGES**

Since AUA Equity's previous annual amendment filing on March 30, 2020, the Firm has relocated its office to 1 North Clematis Street, 3<sup>rd</sup> Floor, West Palm Beach, Florida 33401.

AUA Equity routinely makes changes throughout its brochure in an effort to improve and clarify the description of its and its affiliates' business practices and compliance policies and procedures or in response to evolving industry and Firm practices.

We encourage all recipients to read this brochure carefully in its entirety.

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**ITEM 4 – AUA PRIVATE EQUITY PARTNERS, LLC**  
**ADVISORY BUSINESS**

AUA Private Equity Partners, LLC (“**AUA Equity**” or the “**Firm**”), a Delaware limited liability company, is headquartered in New York, NY, and is comprised of seasoned and experienced private equity professionals and operators of companies who have diverse and complementary backgrounds in operations, C-level corporate management, mergers & acquisitions, leveraged finance, and corporate law. The principal owner of AUA Equity is Andy Unanue (“**Managing Partner**”).

Along with Andy Unanue, Steve Flyer (“**Partner**”), David Benyaminy (“**Partner**”) and Kyce Chihi (“**Managing Director**”) have ownership interests in AUA Equity (the “**Principals**”). AUA Equity was formed in November 2011 and provides discretionary investment advice solely to private equity pooled investment vehicles that seek to generate long-term capital appreciation by investing in private equity securities in connection with leveraged and management buyouts, growth capital, recapitalizations and buy-and-build strategies targeting consumer, media and business services sectors with a particular focus on Hispanic-oriented companies and family-owned businesses, AUA Equity offers an integrated operational and investment platform with proven domain expertise.

AUA Equity provides discretionary investment advisory services and management services to AUA Private Equity Fund, LP, and AUA Private Equity Parallel Fund, LP (collectively “**Fund I**”), each a Delaware limited partnership. AUA Equity also advises AUA Private Equity Fund II, LP and AUA Private Equity Parallel Fund II, LP (collectively “**Fund II**”) each a Delaware limited partnership. The parallel fund vehicles were formed under provisions of the limited partnership agreements of Fund I and Fund II to accommodate the investment requirements of certain investors. Fund I and Fund II are collectively referred to as (the “**Funds**”) and are private equity pooled investment vehicles. AUA Private Equity Investments GP I, LP, a Delaware limited partnership, is the General Partner for Fund I, and AUA Private Equity Investments GP II, LP, a Delaware limited partnership is the General Partner for Fund II (collectively the “**General Partners**”). Investment advice is provided by AUA Equity directly to the Funds and not individually to the investors or limited partners thereof, subject to the direction and control of the General Partner. “**Investors**” refer to investors or limited partners in the Funds. All Funds are governed by a private placement memorandum and limited partnership agreements collectively referred to as (the “**Governing Documents**”). The Funds shall rely on all disclosures and conditions contained in the Governing Documents.

The limited partnership agreement of the Funds typically allows the General Partners of the Funds to establish one or more co-investment vehicles (each, a “**Co-Investment Vehicle**” and collectively the “**Co-Investment Vehicles**”) to facilitate additional investment by certain investors in some or all of the investments made by the Funds. Co-Investment Vehicles are generally structured as limited partnerships, limited liability companies or other similar entities. The Funds also invest in certain alternative investment vehicles (“**AIVs**”) that invest in businesses in accordance with the Funds’

strategy, with other third-parties. AUA Equity advises such AIVs. The Funds, Co-Investment Vehicles and AIVs are each a “**client**” and collectively the “**clients**” of the Firm.

AUA Equity may enter and have entered into side letters or other similar arrangements with certain investors that have the effect of establishing rights under, supplementing or altering a Fund’s partnership agreement or an investor’s subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to limited partnership who have capital commitments in excess of certain thresholds to one or more Funds), or transfer rights. For the most part, any rights established, or any terms altered or supplemented will govern only the investment of the specific investor and not the terms of a Fund as whole. Certain such additional rights but not all rights, terms or conditions may be elected by certain sizeable investors with “most favored nation” rights pursuant to a Fund’s limited partnership agreement.

AUA Equity does not participate in wrap fee programs.

As of December 31, 2020, the Firm’s regulatory assets under management were US \$368,802,532 on a discretionary basis and \$0 on a non-discretionary basis.

## **ITEM 5 – FEES AND COMPENSATION**

### *Management Fees*

As compensation for its advisory services to the Funds, AUA Equity receives a 2% management fee per annum of the aggregate commitments of the limited partners, fee payable semi-annually in advance and deducted from each limited partners interest in the respective Fund. The management fee is reduced after the Investment Period (see below) to 2% on unreturned capital contributions in respect of investments that have not been disposed of and, upon the charging or accruing of management fees by a successor fund, further reduced to 1.75% on the unreturned capital contributions in respect of investments that have not been disposed of. As a result, the Fund I management fee has been reduced to 1.75%.

For Fund II, AUA Equity receives a 2% management fee per annum of the aggregate commitments of the limited partners, fee payable semi-annually in advance and deducted from the Funds, thereafter 2% per annum of the total capital contributions for all funded and unrealized investments. Similar to Fund I, Fund II will reduce the management fee to 1.75% upon a successor fund commencing the charging or accruing of management fees. After the end of the Investment Period, Investors will remain obligated to fund their commitments, but only for follow-on investments and operating expenses (including management fees payable on invested capital).

### *Fund Expenses*

For Fund I, AUA Equity bears its ordinary day-to-day expenses incidental to the operation of the clients. In a completed acquisition transaction, the Funds will be responsible for transactional expenses, including the fees and expenses of its lenders, investors, attorneys, accountants, consultants and advisors and other costs associated with consummating the transaction, including out-of-pocket travel expenses. AUA Equity charges portfolio companies' directors' fees, transaction fees, monitoring fees, break-up fees and other similar advisory fees. The Funds are responsible for any transaction expenses incurred in connection with a transaction that is not consummated.

Fund II, bears all costs, fees and expenses incurred in the formation and organization of Fund II, the General Partner and the marketing and offering interests in Fund II, including but not limited to, legal, accounting and administrative costs, fees and expenses, travel, lodging and related costs and expenses, meals, communication and certain entertainment expenses, and filing costs and fees (collectively, "Organization Expenses"). Any Organizational Expenses, including fees or expenses of placement agents, in excess of \$1.25 million will be offset 100% against Fund II management fees.

Fund II pays all fees, costs and expenses relating to the operation of Fund II, including but not limited to, placement agent fees (subject to the offset as further discussed in Item 14), out of pocket expenses incurred in connection with maintain the existence of Fund II and the General Partner, all fees, costs and expenses associated with the organization or maintenance and operation of an investment related entity including excess organizational expenses, placement fees, out-of-pocket expenses incurred by the General Partner in connection with maintaining the existence of Fund II, all fees, costs and expenses related to Fund II's investment activities, including those related to sourcing, researching, conducting diligence, negotiating, acquiring, holding, seeking disposition opportunities, and disposing of investments and prospective investments, whether or not consummated as applicable, travel (including the cost of business class travel or any allocable fuel costs for travel by private aircraft, meals, lodging, communications expenses and expenses incurred for pursuing business opportunities not consummated including all attorneys and other third-party professional service provider fees (audit, litigation, D&O and E&O liability insurance, tax returns, K-1 and all tax matters), fees and expenses incurred related to establishing and drawing on a credit facility, and all costs incurred in preparation of reports and communications to investors and partners. In addition, Fund II will pay all expenses in connection with unconsummated transactions.

Fund II pays or reimburses expenses to "**Operating Executives**" who are unrelated third-parties for fees involving the sourcing of transactions or consulting related services for Fund II's existing or prospective portfolio companies. This includes the expenses associated with a single portfolio company of Fund II that directly engages the services of the Operating Executives.

The Management Fee paid by the Funds will be partially or entirely offset by the amount of certain fees received by AUA Equity or its affiliates, subject to certain exceptions. For

Fund II, AUA Equity or an affiliate will be entitled to receive topping, break-up, monitoring, consultancy, transaction, advisory and other similar fees in connection with underlying investments. Fund II's pro-rata share of such fees, net of specified expenses, will be offset against Fund II management fees.

Brokerage fees may be incurred in accordance with the practices set forth in Item 12 below, "*Brokerage Practices*."

The expenses described above are detailed, but do not include every possible expense a Fund may incur. Investors should review the applicable Fund's offering materials and limited partnership agreement for further details.

#### Co-Investment Vehicles

The General Partners of the Funds from time to time offers certain persons, including existing Investors, strategic partners or other third parties, the opportunity to co-invest in particular investments alongside of the Funds, subject to certain restrictions. In each case where co-investors participate in an investment, such co-investors will bear their pro rata share of any expenses associated with such investment but generally do not bear broken-deal expenses. Currently such co-investors are not charged any management fees in respect of their commitments to the applicable co-investment vehicle. AUA Equity has adopted policies and procedures to address co-investment opportunities, in an effort to offer co-investment opportunities to Investors and/or third parties, to which AUA Equity believes, may be suitable for co-investment opportunities.

Neither AUA Equity nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

#### Alternative Investment Vehicles

If the General Partner creates an AIV for investment purposes, all investment results will generally be aggregated solely for calculation purposes and allocated to the Funds based on pro-rata ownership.

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

An additional fee will include a performance-based carried interest of 20% of the net profits earned from all portfolio companies in the Funds, with a catch-up on the preferred return, calculated on each investment. The preferred rate of return will be 8% per annum on capital invested. The General Partners of the Funds are subject to a "clawback" of carried interest previously received to the extent that the applicable General Partner has received cumulative distributions in excess of amounts otherwise distributable to such general partner by the Funds as "carried interest". In no event will the General Partners of the Funds be required to restore more than the cumulative distributions received by such General Partner as "carried interest", determined on an after-tax basis. The existence of a General Partner's carried interest may create an incentive for the General Partners to

make investments that are riskier for the Funds than would be the case if the General Partners did not receive carried interest.

### **ITEM 7 – TYPES OF CLIENTS**

AUA Equity’s clients are solely private equity pooled investment vehicles and certain co-investment pooled investment vehicles. Interests in the Funds may be purchased only by individuals and entities who are “**accredited investors**” as defined in Regulation D promulgated under the Securities Act of 1933 (“**1933 Act**”) and “**qualified clients**” (as defined in Rule 205-3 of the Investment Advisers Act of 1940), or “**knowledgeable employees**” as identified in the Investment Company Act of 1940 (“**1940 Act**”). These may include other private funds, public and private pension funds, financial institutions, insurance companies, high net worth individuals and family offices.

Typically, the Funds require minimum investment amounts ranging from \$2 million for individual investors to \$5 million for institutional investors, but such amounts may be reduced with the prior agreement of AUA Equity, subject to applicable legal requirements.

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

AUA Equity seeks to generate long-term capital appreciation by investing in private equity securities in connection with leveraged and management buyouts, growth capital, recapitalizations and buy-and-build strategies targeting consumer, media and business services sectors with a particular focus on Hispanic-oriented companies and family-owned businesses.

Fund I is no longer in an investment period therefore is not pursuing additional platform investments. Fund II’s focus is on companies with enterprise values of \$25 million to \$200+ million and EBITDA in excess of \$5 million. AUA Equity targets investments in lower middle-market companies in the consumer, media and business services sectors with a particular focus on Hispanic-oriented companies and family-owned businesses. Given AUA Equity’s domain expertise and relationships, it is able to identify and capitalize on emerging “macro” trends from the evolving U.S. demographic landscape that affect consumption habits, direct marketing and advertising opportunities and outsourced business service needs. AUA Equity also partners with family-owned businesses seeking transition, succession planning or an inter-generational transfer of business ownership. AUA Equity believes that Hispanic-oriented and family-owned businesses are most-often found in the lower middle-market which is an attractive segment due to: (1) the vast number of companies that have revenues of less than \$100 million; (2) the significant value-creation potential typical of smaller companies; (3) relatively lower purchase price multiples; and (4) the existence of less sophisticated and less efficient processes in this segment.

AUA Equity takes an active, hands-on approach to private equity investing, deal sourcing and portfolio management. Their robust transaction origination is based on a



combination of the Principals' extensive network of relationships and its "top-down" macro-research efforts identifying trends and tailwinds that are affecting lower middle-market companies located in the U.S. The combination of these relationships in their targeted industries and their working knowledge of specific industries leads to more in-depth analysis and more investment opportunities originated outside of formal auctions.

AUA Equity may also identify individuals that are generally industry executives or independent sponsors (referred to as "**Strategic Partners**" or "**Operating Partners**") who assist with the sourcing of deals to meet the criteria of the Funds' investment strategy. Strategic Partners may be retained by the portfolio companies to act as members of a Board of Directors, to provide ongoing oversight of the business, as well as to collaborate with AUA Equity to achieve the investment goals of the portfolio company. Strategic Partners receive transaction fees, ongoing monitoring fees and incentive equity from the portfolio companies in exchange for the services they provide.

The Principals collectively bring decades of operating and private equity experience, providing "real-life" insights into the many challenges that arise in executing private equity investments and managing companies. As COO and Head of the Executive Management Committee of Goya, Mr. Unanue was responsible for developing and implementing the long-term strategic plan that resulted in new product development, new channels of distribution and margin enhancement that significantly grew Goya's operating profits. Messrs. Flyer and Benyaminy have actively participated on many companies' boards of directors where they provided strategic guidance, operational insights, best practices from previous experiences, and support to assist management teams in developing and executing their business plans. Through AUA Equity's integrated operating approach consisting of management teams, the Firm's investment professionals and its operating executives who provide operational and strategic support, AUA Equity believes it is ideally suited to drive value in its portfolio companies and help these companies reach their full potential.

### *Risks*

An investment in the Funds involves a high degree of risk. This following list of risk factors does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an interest in the Funds. Prospective Investors in the Funds should carefully consider the following investment risks and considerations in evaluating the Funds and its business before making a decision to purchase an interest in the Funds. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Funds will meet its investment objectives or otherwise be able to successfully carry out its investment program, or that an Investor will receive a return of capital.

**Operating History.** The Funds have limited operating history. Consequently, there is no information as to the nature and terms of particular investments which the Funds will acquire or manage. Determinations by Investors to invest in the Funds must be made

primarily on the basis of an Investor's appraisal of the ability of the Manager to implement the proposed objectives and operations of the Funds.

**Availability and Competition for Suitable Investments.** The Funds will compete for the acquisition of investments with other investors, some of which will have greater resources than the Funds. Identification of attractive investment opportunities is difficult and involves a high degree of uncertainty, and competition for such opportunities may become more intense. There are no assurances that the Funds will be able to find a sufficient number of attractive opportunities to meet its investment objectives and to enable the full amount of capital committed to the Funds to be invested.

**Nature of Investments by the Funds.** An investment in the Funds requires a ten-year commitment with no certainty of return. There most likely will be little or no near-term cash flow available to the Investors. Most of the Funds' investments will be highly illiquid, as the Funds will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act or in a private placement or other transaction exempt from registration under the Securities Act and even if registered, such securities may never become publicly tradable. Accordingly, there can be no assurance that the Funds will be able to realize such investments in a timely manner. Distributions in kind of illiquid securities to the Investors may be made. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Private equity investments often involve equity investments in businesses undertaking a significant amount of debt, thereby subjecting them to significant financial risks. Such investments are inherently more sensitive to declines in revenues, to increases in expenses and to other general economic conditions. The securities in which the Funds will invest will generally be among the most junior in a company's capital structure, and thus subject to the greatest risk of loss. In addition, the Funds may hold non-controlling interests in many of its portfolio companies, and therefore may have a limited ability to protect its position and interests in such portfolio companies. In addition, general economic or industry-specific conditions, which are not predictable, can have a material adverse impact on such investments.

**Illiquidity of Partnership Interests.** Investment in the Funds requires the financial ability and willingness to accept risks of illiquidity. The interests in the Funds have not been registered under the Securities Act or any other applicable securities law. There is no public market for the interests in the Funds, and none is expected to develop. The interests will not be redeemable and will not be transferable without the prior consent of the General Partners. Investors may not withdraw capital from the Funds. Consequently, Investors may not be able to liquidate their interest prior to the end of the term of the Funds.

**Business Risks.** The Funds' investment portfolio will consist primarily of securities issued by privately-held smaller middle market companies and investing in such companies involves a high degree of business risk and uncertainty. Furthermore, such portfolio companies may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, may require substantial addition capital to

support their operations, to finance expansion or to maintain their competitive position, or may otherwise have a weak financial position. In addition, such portfolio companies may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and other capabilities and a larger number of qualified managerial and technical personnel.

**Reliance on the Principals and Portfolio Company Management.** The Funds will be highly dependent on the financial and managerial expertise and investment acumen of the Principals as well as other executives of the General Partners and the Manager. The loss of one or more of the Principals could have a material adverse effect on the performance of the Funds. The General Partners will have the ultimate responsibility for the Funds' activities and, other than as may be set forth herein, Investors will, only at the General Partners' sole discretion, be able to participate in the structuring, monitoring or disposition of investments. In addition, the Principals may from time to time expand the Firm into other areas of business such as strategic advisory, wealth management and other financially-oriented businesses. Although the General Partners will monitor the performance of each investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the General Partners intend to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate successfully.

**Co-Investments.** AUA Equity in its discretion offers available co-investment opportunities to certain Investors that AUA Equity, in its sole discretion, deems suitable or strategic. AUA Equity is not required to offer such co-investment opportunities to all Investors and may select certain investors that it deems appropriate for co-investment opportunities. Co-investment opportunities may be made available through limited partnerships or other entities formed to make such investments. AUA Equity will allocate available investment opportunities among the Funds, any Co-Investment vehicle and any third parties as it may in its sole discretion determine. Therefore, in the event that a co-investment is a successful investment, an Investor(s) that did not participate in such co-investment or Co-Investment Vehicle will not participate in the profits of such investment upon a liquidity event of the underlying investment company or private fund.

**Leverage:** Certain investments include portfolio companies whose capital structures have significant leverage. Due to such leverage, such companies are more sensitive to adverse business or financial developments or economic factors. In an environment of rising interest rates a leveraged company will have increased interest obligations associated with its indebtedness. As such, the company's cash flow could be severely impaired resulting in the value of the portfolio company being significantly reduced or eliminated.

**Portfolio Company Management Risks:** The management team of a portfolio company may have a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance.

**Reliance on Corporate Management and Financial Reporting:** The strategy to be implemented by a Fund will rely on the financial information made available by each portfolio company. AUA may be limited in its ability to independently verify the financial information disseminated by any such portfolio company and is, therefore, dependent upon the integrity of both the management of such portfolio company and its financial reporting process in general.

**Valuation:** AUA and/or the General Partners are generally responsible for valuation of the Funds' assets. Given the nature of the portfolio investments, valuation may be difficult. There may be a relative scarcity of market comparables on which to base the value of a Funds' assets. Accordingly, the fair value of an investment of the Funds might not reflect the price at which such investment could be sold in the market, and the difference between fair value and the ultimate sales price could be material. In most cases, the investors will have no ability to assess the accuracy of the valuations received from AUA about the Funds. The valuation information received by the investors from AUA about the Funds will typically be estimates only.

**Cyber security risks:** AUA, the Funds and their service providers are susceptible to cyber security risks that include, among other things, theft, unauthorized monitoring, release, misuse, loss, destruction or corruption of confidential and highly restricted data; denial of service attacks; unauthorized access to relevant systems, compromises to networks or devices that AUA, the Funds and their service providers use to service the Funds' operations; or operational disruption or failures in the physical infrastructure or operating systems that support AUA, the Funds and their service providers. Cyber-attacks against or security breakdowns of AUA, the Funds or their service providers may adversely impact the Funds and their investors, potentially resulting in, among other things, financial losses; the inability of AUA or Fund investors to transact business and the Funds to process transactions; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs; and/or additional compliance costs. AUA and the Funds may incur additional costs for cyber security risk management and remediation purposes. In addition, cyber security risks may also impact issuers of securities in which the Funds invest, which may cause a Fund's investment in such issuers to lose value. There can be no assurance that AUA, the Funds or the service providers will not suffer losses relating to cyber-attacks or other information security breaches in the future.

**Legal, Tax and Regulatory Changes:** Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect such Fund. There is a material risk that regulatory agencies in the United States or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, or other changes that could adversely affect private equity firms and the Funds they sponsor.

**Epidemic Outbreak:** An epidemic outbreak and reactions to such an outbreak caused uncertainty in markets and businesses, including AUA Equity's business, and adversely

affect the performance of the global economy, including causing market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees and vendors to work at external locations, and extensive medical absences. AUA worked diligently with portfolio companies, vendors and employees to continue to deliver uninterrupted investment advisory services and addressed portfolio disruptions as disclosed to Investors. AUA has policies and procedures to address known situations, but because a large epidemic could cause significant market and business uncertainties and disruptions, not all events that could affect AUA Equity's business and/or the markets can be determined and addressed in advance.

**Other Catastrophic Risks:** In addition to the potential risks associated with COVID-19 as outlined above, AUA and/or the Funds may be subject to the risk of loss arising from direct or indirect exposure to a number of types of other catastrophic events, including without limitation (i) other public health crises, including any outbreak of SARS, H1N1/09 influenza, avian influenza, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof; or (ii) other major events or disruptions, such as hurricanes, earthquakes, tornadoes, fires, flooding and other natural disasters; acts of war or terrorism, including cyberterrorism; or major or prolonged power outages or network interruptions. The extent of the impact of any such catastrophe or other emergency on AUA and/or the Funds operational and financial performance will depend on many factors, including the duration and scope of such emergency, the extent of any related travel advisories and restrictions, the impact on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity, and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In particular, to the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participates (or has a material effect on any locations in which AUA operates or on any of its personnel) the risks of loss could be substantial and could have a material adverse effect on the Funds or the ability of AUA to achieve its investment objectives on behalf of the Funds.

The risk of loss described herein should not be considered to be an exhaustive list of all the risks which investors should consider. Investors in the Funds should refer to the applicable Governing Documents for additional information on risk factors and risk of loss.

## **ITEM 9 – DISCIPLINARY INFORMATION**

Neither AUA Equity nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

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

The Funds, each Delaware limited partnerships, are affiliates of AUA Equity, as is AUA Private Equity Investments GP I, LP, and AUA Private Equity Investments GP II, LP.

The General Partners are wholly owned by the Principals. These related persons are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to AUA Equity's registration. These affiliated investment advisers operate as a single advisory business together with AUA Equity and may share common owners, officers, partners, employees, consultants or persons occupying similar positions.

AUA Equity is affiliated with AUA, LLC, the family office of Andy Unanue and his family members.

## **ITEM 11 – CODE OF ETHICS**

AUA Equity maintains a Code of Ethics ("Code") that summarizes the Firm's ethical standards and its policies and procedures relating to:

- Use of material, non-public information;
- Insider trading;
- Gifts and entertainment;
- Fiduciary duty;
- Conflicts of interest; and
- Personal securities trading.

In the conduct of its business, AUA Equity owes its clients a fiduciary duty and, as such, is required to avoid even the appearance of a conflict of interest. When acting as a fiduciary, AUA Equity owes its clients a duty of loyalty and trust including a requirement to address, or at minimum disclose, conflicts of interest that may exist between different clients; between the Firm and clients; or between its employees and its clients. Therefore, the Code is designed to detect and prevent potential problems when AUA Equity employees own, buy or sell securities that also may be owned by, or bought or sold for funds that it advises. The Code's personal trading procedures also contain policies and procedures designed to address insider trading and the use of material, non-public information by Firm employees and to require periodic reporting of their securities transactions. Before an employee can initiate a personal securities trade, s/he is required to obtain pre-clearance from the compliance department. The Code also requires all employees to maintain accounts at certain designated brokerage firms and requires copies of all monthly statements to be sent to the Firm. These are then reviewed by compliance personnel for potential conflicts and for improper use of material, non-public information.

AUA Equity's policies and procedures also prohibit its employees, who acquire products and services that are used in our investment activities, from being unduly influenced by the receipt of gifts, meals or entertainment from the sellers of such products or services. Similarly, AUA Equity employees are instructed not to attempt to unduly influence

clients or potential clients with these or other inducements, such as charitable contributions or personnel gifts. In order to address these potential conflicts of interest, AUA Equity has adopted a policy and procedure for giving and receiving gifts and entertainment under our Code.

### **Participation or Interest in Client Transactions**

AUA Equity investigates and structures potential investments of the Funds, as described in Item 16 below. Partners, principals and employees of AUA Equity will have a material financial interest in these investments by virtue of their relationship to the General Partners of the Funds, as described in Item 6 above. The Code of Ethics and Compliance Manual are designed to ensure compliance with the provisions of each Partnership Agreement addressing potential conflicts of interest involving the AUA Equity and its related persons. The Chief Compliance Officer monitors all employee activities as they relate to complying with the Code.

A copy of the Code will be provided to our Investors and prospective Investors upon their request.

### **ITEM 12 – BROKERAGE PRACTICES<sup>1</sup>**

AUA Equity does not usually invest in publicly traded securities and therefore does not select broker-dealers on a regular basis, does not use soft dollars, receive client referrals from broker-dealers or require its clients to direct brokerage. If required to select a broker-dealer for transactions, best execution requirements will be followed and broker selection shall include an evaluation of a combination of cost, execution capability, and trading expertise consistent with the transaction.

### **ITEM 13 – REVIEW OF ACCOUNTS**

AUA Equity provides ongoing portfolio management and administrative services to the Funds, including analyzing, performing due diligence, structuring, executing and managing portfolio investments, reporting, communication and advising on disposition opportunities. The investment professionals meet formally at least once a week to discuss and analyze each potential investment opportunity under consideration as well as investment themes and new ideas to pursue. This collaborative effort is designed to lead to a more informed decision-making process. The decision to proceed to the next stage of an investment will be made on a weekly basis through informal discussion and will be re-evaluated each week based upon due diligence findings and further analysis.

Investors in the Funds will be provided with audited annual financial reports and quarterly unaudited summary financial information in accordance with the terms of the Funds' limited partnership agreement. This information may be provided electronically. Investors will also be provided with annual tax information. In addition to the

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information provided to all investors, AUA Equity may provide certain investors with additional information or more frequent reports that other investors will not receive.

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

##### *Solicitation Fees*

AUA Equity has engaged independent third-party placement agents to solicit investors and pay third parties a fee or compensation for the referral of an investor to one of the clients managed by AUA Equity. Any such third party is required to provide prospective investors with a current copy of AUA Equity's Part 2A of the Form ADV. Typically, the solicitor employee of the broker-dealer referring the investor will receive a percentage of the subscription amount of that referred Investor.

Any marketing fee or commission in connection with any investor referral activities, including ongoing payments, will be borne by Fund II, and to the extent the total Organizational Expenses exceed \$1.25 million, AUA Equity will bear the costs of such third -party solicitor. The CCO will review all fee arrangements with third-party marketers or solicitors to ensure compliance with AUA's policies and procedures and any applicable laws and/or regulations.

##### *Other Fees*

The General Partners, AUA Equity and their respective officers or employees are entitled to receive topping, break-up, monitoring, consultancy, directors', organizational, set-up, advisory, transaction and other similar fees in connection with the purchase, monitoring or disposition or investments or from unconsummated transactions, including warrants, options and other rights, in each case valued as of the day of grant ("Other Fees"). To the extent such expenses qualify as Fund expenses, AUA Equity will be reimbursed for such expenses. For any excess Other Fees, the General Partner or AUA Equity may elect to reduce subsequent payments of the management fee. Funds or co-investment vehicles that do not pay management fees will not receive the benefit of any offset.

#### **ITEM 15 – CUSTODY**

AUA Equity complies with the requirements of Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**") with regards to AUA Equity's custody of the assets and securities of the Funds and the assets and securities of certain other private equity pooled investment vehicles managed by AUA Equity by meeting the conditions of the pooled vehicle annual audit provision.

Annually, upon completion of the annual audit of the Funds and certain of the other private equity pooled investment vehicles managed by AUA Equity, AUA Equity shall seek to ensure that the audited financials are delivered to Investors within 120 days of the



fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles. Investors should carefully review the audited financial statements.

AUA may also establish co-investment vehicles or alternative investment vehicles to invest in a particular investment side-by-side with one or more of the investment vehicles. If any investor(s) in such co-investment vehicle and/or AIV is not an investor in an investment vehicle related to the co-investment vehicle and/or AIV, AUA Equity will ensure the co-investment vehicle and/or AIV is (i) audited at least annually and (ii) such audited financial statements are distributed to all investors in such co-investment vehicle and/or AIVs.

For certain other co-investment private equity pooled investment vehicles whereby Investors are related parties or existing Investors in the Funds, AUA Equity is relying on SEC IM Guidance (June 2014) that addresses the application of the custody rule as it applies to special purpose vehicles.

AUA Equity currently uses Bank of America, First Republic Bank and Silicon Valley Bank as a qualified custodians.

#### **ITEM 16 – INVESTMENT DISCRETION**

AUA Equity has complete investment discretion in managing the investments of the Funds, the Co-Investment Vehicles and AIV's. The terms of these investments, the Firm's investment strategy and guidelines around the use of the Firm's discretion are described in detail in the Funds' Private Placement Memorandum. Essentially, through the use of this discretion, AUA Equity will seek to generate long-term capital appreciation by investing in private equity securities in connection with leveraged and management buyouts, growth capital, recapitalizations and buy-and-build strategies targeting consumer, media and business services sectors with a particular focus on Hispanic-oriented companies and family-owned businesses.

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

AUA Equity invests primarily in private securities and therefore generally is not in a position to vote public company proxies. However, the Firm has established written policies and procedures setting forth the principles and procedures by which AUA Equity votes or gives consent with respect to securities owned by the Funds. A copy of AUA Equity's voting procedures are contained within the Firm's compliance manual and are available to Investors in the Funds upon request.

## **ITEM 18 – FINANCIAL INFORMATION**

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