

## AXA Private Equity UK Ltd. Pillar 3 Disclosure

This disclosure is made for AXA Private Equity UK Ltd. (the “Firm”) which acts as an investment manager and advisor to private equity funds. This document meets the Firm’s obligation under Chapter 11 of the BIPRU Sourcebook in the Financial Services Authority (“FSA”) Handbook of Rules and Guidance.

The Firm’s regulator has implemented rules in its Handbook under which authorised investment managers must assess the amount of capital for internal prudential and proper corporate governance and senior management responsibility purposes that must be retained to adequately meet future business activities and mitigate against challenges to the prudential soundness of those firms.

The FSA has created a three Pillar framework in order to address these risk-linked regulatory capital requirements.

Pillar 1 sets the minimum capital that must be maintained by an authorised entity to meet credit, market and operational risk.

Pillar 2 requires a firm to assess firm-specific risks and maintain additional capital as needed to ensure adequate capital will be available in the event that a risk is realised. Pillar 2 sees the creation of an Internal Capital Adequacy Assessment Process (“ICAAP”) which links risk to capital for internal capital management purposes.

Pillar 3 goes a step further from Pillar 2 and instructs authorised firms to present information about its risk assessment processes and outcomes, risk management processes and the resulting capital position in a public disclosure document.

The rules require disclosure of material information to be made, however recognises/ that some information must be excluded from the public disclosure document due to it being proprietary or confidential information such that to disclose it would affect the value of a firm’s investments, undermine a competitive position, or breach a contractual of other requirement for confidentiality.

Information is considered:

- (i) Material if its omission or misstatement could change or influence the assessment or decision of a user relying on that information.
- (ii) Confidential if there is obligation binding a firm to confidentiality.
- (iii) Proprietary if sharing that information would undermine a competitive position.

The Firm's Board of Directors possesses the appropriate expertise and experience to control the company's activities. The Firm's Board in coordination with its parent and affiliates sets the Firm's strategy and risk appetite. The composition of the Board adds to the level of understanding of how the Firm fits into its client relationships with Funds. The Board is composed of the following members:

Dominique Senequier	CF 2 - Non-Executive Director	CEO, AXA Private Equity
Vincent Gombault	CF 2 - Non-Executive Director	Member of AXA Private Equity Executive Board
Dominique Gaillard	CF 2 - Non-Executive Director	Member of AXA Private Equity Executive Board
Christophe Florin	CF 2 - Non-Executive Director	Member of AXA Private Equity Executive Board
Stephen Illenberger	CF 2 - Non-Executive Director	Member of AXA Private Equity Executive Board
Olivier Decanniere	CF 1 - Executive Director	SMD AXA Private Equity
Stefano Mion	CF 1 - Executive Director	MD AXA Private Equity
Michael Ferragamo	CF 1 - Executive Director	COO AXA PE UK

Risks and mitigating factors are identified through analysis of the Firm's operations and consultation with directors and the investment team. The compliance officer documents each risk and scores it as to probability and impact. The probability and impact are set based on the past occurrence of a risk; the Firm's business activities; and mitigating factors. These aspects of risk management, review and reporting are subject to review by the Board. Due to the direct involvement and oversight by the Firm's three Executive Directors the Firm's activities are constantly monitored and any possible risk to the Firm is reviewed and resolved as quickly as possible. The full Board is informed of any possible substantial risk and is actively involved in remedying these situations or matters.

The Firm's Pillar 1 capital requirement is the greater of:

- Base capital of €50,000
- The sum of the market risk requirement and credit risk requirement; or
- The Fixed Overhead Requirement

The Firm's Fixed Overhead Requirement is the greater of these possible base levels and therefore the market risk and credit risk are considered adequately met. The Firm holds capital significantly in excess of its Pillar 1 requirement

at December 31, 2010 and foresees no impediments to continuing to hold capital in excess of the Fixed Overhead Requirement in the future.

The Firm's Pillar 2 Capital reserve represents its assessment of its Operational Risk. This position was reached following detailed analysis undertaken which revealed that where there are other forms of risk faced by the Firm, those risks are either minor as to have no appreciable significant effect on the Firm, or are simply irrelevant given the nature and relative simplicity of the business activities of the firm.

<b>FSA Risk Categorisation</b>	<b>AXA PE UK Risk Definition</b>	<b>How Assessed For CRD Purposes</b>
i) Credit risk	Credit risk	No outstanding large exposures.
ii) Market risk	Market risk	<p>The downward movement of the public markets will not affect our current revenue projections; it might impact future earning potential because investors may have less liquid assets they can commit for a long term investment like private equity but it would not change current revenue projections because fees are set by contract.</p> <p>Movement of currencies may affect the amount of fees received in GBP verse Euro but an analysis conducted demonstrated that the impact on the Firm would not create a need for additional Pillar 2 reserves to meet our contractual obligations or FOR.</p>
iii) Operational risk	Operational risk	Minimal Risk – Most back office functions performed by parent. A Pillar II reserve is held against the risk of missed, late, incorrect approval or payment or receipt of client calls or distributions for which the Firm has responsibility.
iv) Liquidity risk	Investment Risk	Minimal risk – fees are fixed by contract and most are paid quarterly in advance.
v) Insurance risk	N/A	N/A
vi) Concentration risk	Strategic Risk	Loss of assets from clients might impact future earning potential but would not change current revenue projections because fees are set by contract.
vii) Residual risk	N/A	The Company maintains

		enough capital for an orderly wind-down.
viii) Securitisation risk	N/A	N/A – the business does not securitize assets
ix) Business risk	Strategic Risk	Loss of clients might impact future earning potential but would not change current revenue projections because fees are set by contract.
x) Interest rate risk	N/A	N/A – no dependence on interest bearing loans.
xi) Reputational risk	N/A	Reputational risk is mostly tied to the performance of the globally sponsored funds; the Firm's treatment of client's and their information; and actions taken by AXA Private Equity as a whole (i.e., bad press, fraudulent acts, etc). Any risk to the Firm's reputation is spread across the Firm globally. Furthermore, the Firm's activities involve institutional investors who are sophisticated investors and more easily understand the activities of and information provided by the Firm.
xii) Pension obligation risk	N/A	N/A
xii) Any other risks identified	Weakening of Euro verse Pound	Decrease in Euro value will affect fees received in Euro. As stress tested this risk would impact our P&L but would not put the Company in jeopardy of falling below our adequacy levels.

Stress Tests were considered and, where necessary, conducted to determine the impact of market movements on the financial viability of the Firm.

The Company has considered several Stress Test Scenarios:

1. 40% Drop in Global Equity Markets;
2. Loss of AXA UK (the largest investor for whom the Company is a manager) assets in the future; and
3. The weakening of the Euro verses GBP, because of our business model and the mitigations and safeguards we have in place, as explained in our Risk Matrix, seems to be the most apparent risk to our revenues forecast for the next 5 years and that could create a need to hold reserves above our FOR.

The Firm concluded based on analysis of these specific matters that no additional reserves were necessary.

The summary of accounts reflects the Firm's 31 December 2010 audited financials.

2010	£000
Share Capital	1,050
Audited Reserves	947
Core Tier 1 Capital	1,997
Total Tier 1 Capital before deductions	1,997
Total Tier 1 Capital	1,997
Total Capital Resources	1,997