

**Item 1. Cover Page**

**Form ADV Part 2A**

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**This brochure provides information about the qualifications and business practices of Lombard Investments, Inc. If you have any questions about the contents of this brochure, please contact us at (415) 397-5900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about us is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**We refer to ourselves as a “registered investment adviser.” Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This is the annual update of our brochure. The last update of our brochure was made on December 14, 2012. Since that date, we had a second closing for Lombard Asia IV, L.P. (“**LAIV**”); we concluded, by mutual agreement, non-discretionary monitoring services for a non-U.S. institutional client unaffiliated with the Firm (described as the “Other Client” in the last update of our brochure), and references to these services are therefore deleted from this brochure; and the English name (but not the local Chinese name) of our affiliated entity in Hong Kong was changed from “Lombard/APIC (HK) Limited” to “Lombard Investments (HK) Limited” to identify more clearly its relationship with the Firm. The following Items are updated:

- i Item 4 - Updated to reflect the second closing of LAIV; the new name of our Hong Kong affiliate; the status of Lombard Holdings, LLC, Lombard Investments (HK) Limited, and Private Equity (Thailand) Company Limited as “relying advisers”; and assets under management as of March 31, 2013;
- i Item 10 - Updated to reflect a new affiliate of the Firm;
- i Items 13 and 15 – Updated to reflect resumption of the provision of audited financial statements annually to the sole limited partner of one of our Funds, Lombard/Pacific Partners, L.P., on an annual basis; and
- i Items 4, 5-8, 10, 13 and 15 – References to “Other Client” are deleted.

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#### **Item 4. Advisory Business**

##### **A. Description of Advisory Firm and Principal Owner(s)**

Lombard Investments, Inc. (the “Firm”), a California corporation, was formed in San Francisco in 1985. Currently, the Firm is owned by three of its senior professional staff members: Thomas J. Smith, Jr., Peter H. Sullivan, and Scott P. Sweet.

##### **B. Types of Advisory Services Offered**

The Firm provides discretionary investment management and administrative services to certain private partnerships and private investment funds (each a “**Fund**” and, collectively, the “**Funds**”) including related feeder funds (“**Feeder Funds**”), in accordance with the terms of each Fund’s disclosure documents and relevant offering materials and governing documents (together, the “**Fund Documents**”). Interests in the Funds are typically offered and sold in reliance on the private placement exemptions provided under the U.S. Securities Act of 1933 (the “**Securities Act**”), including Regulation D and/or Regulation S relating to certain non-U.S. offerings.

The Firm is affiliated with Lombard Holdings, LLC (“Lombard Holdings”), Lombard Investments (HK) Limited (“Lombard HK”), and Private Equity (Thailand) Company Limited (“PETCL”). The Firm, Lombard Holdings, Lombard HK, and PETCL are all part of a single advisory business controlled by Thomas J. Smith, Jr., Peter H. Sullivan, and Scott P. Sweet.

In accordance with the 2012 ABA SEC No-Action Letter, the Firm is the “filing adviser” and Lombard Holdings, Lombard HK and PETCL are “relying advisers.” As required by the 2012 ABA SEC No-Action Letter, (i) the Firm, Lombard Holdings, Lombard HK and PETCL only advise private funds and separate accounts with investors that are “qualified clients,” as defined under Rule 205-3 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”); (ii) the relying advisers’ personnel are subject to the filing adviser’s supervision and control and are “persons associated with” the filing adviser, as defined in Section 202(a)(17) of the Advisers Act; (iii) the filing adviser’s principal office and place of business is in the US; (iv) the advisory activities of each relying adviser are subject to the Advisers Act and the rules thereunder and each relying adviser is subject to examination by the SEC; (v) the filing adviser and the relying advisers operate under a single code of ethics and compliance manual and have a single Chief Compliance Officer; and (vi) the filing adviser discloses in Schedule D of Form ADV that it and its relying advisers are together filing a single Form ADV in reliance on the 2012 ABA SEC No-Action Letter.

The Firm provides its services to the Funds through or with the assistance of Lombard Holdings, Lombard HK, which employs staff based in Hong Kong, and PETCL, which employs staff based in Bangkok (Lombard HK and PETCL together, the “**Offshore Affiliates**”); and (ii) other affiliated entities, including the general partner of each Fund (the Firm, Lombard Holdings, the

Offshore Affiliates, and the other affiliated entities, including the general partner of each Fund, collectively, “Lombard,” “us,” “we”, and “our”).

### **C. Tailoring of Advisory Services to Client Needs; Client Restrictions**

The term “**Client**” as used in this brochure generally refers to one of the Funds or any future fund or pooled investment vehicle that Lombard may, from time-to-time, manage or advise. The term “**Investors**” generally refers to the limited partners or other equity owners of one or more of the Funds. Lombard’s four most recently established Funds have focused on markets within the Asia-Pacific region, while an earlier Fund was initially formed to invest in the Asia-Pacific region and North America. The terms upon which Lombard serves as an investment manager of a Fund are established at the time each Fund relationship is established and are generally set out in an investment management agreement and/or limited partnership agreement or other governing documents entered into by Lombard with respect to the relevant Fund, and disclosed in the offering documents for the relevant Fund, as applicable. These terms, which vary as among each Fund, may restrict Lombard’s advice concerning investment in certain securities or geographies, or concentration limits, among others.

### **D. Wrap Fee Program**

We do not participate in wrap fee programs.

### **E. Managed Assets**

As of March 31, 2013, we managed \$455,887,265 of Client assets on a discretionary basis in the following Funds:

#### **Lombard Asia III L.P. (“LAIII”) and LAIII AIV, L.P. (“LAIII AIV”)**

LAIII was formed in 2006 to make direct, private equity investments in certain markets of the Asia-Pacific region. LAIII AIV, an associated Fund, was formed in 2008 to make direct, private equity investments in Taiwan. The investment periods for LAIII and LAIII AIV have ended.

#### **Thailand Equity Fund (“TEF”)**

TEF is a special-purpose Thai mutual fund formed in 2001 to make direct, private equity investments in Thailand. As required by Thailand law, the MFC Asset Management Public Company Limited (the “**MFC**”), an unrelated entity, is the licensed Thai mutual fund manager of TEF. Lombard provides investment advice and administrative services to TEF. A senior

professional of Lombard serves as head of a dedicated Fund management group within the MFC established with respect to TEF. The investment period for TEF has ended.

### **Lombard/Pacific Partners, L.P. (“LPP”)**

LPP was established in 1995 to make investments in private equity opportunities throughout the Asia-Pacific region and North America. As of March 31, 2013, LPP’s remaining assets consisted primarily of an interest in an escrow account established in connection with the sale of a portfolio company, and interests in certain milestone payments to be made if construction commences on a project related to that former portfolio company. We are working towards the distribution of LPP’s remaining assets and the wind-down of LPP.

### **Lombard Asia IV, L.P. (“LAIV”)**

We held a first closing for LAIV on October 12, 2012, and a second closing on May 10, 2013. LAIV was formed primarily to make direct, private equity investments in certain markets of the Asia-Pacific region.

## **Item 5. Fees and Compensation**

### **Management Fees**

Our Clients generally pay us management fees in exchange for our investment management services. The specific management fees payable by a Fund are negotiated at the time the Fund is formed, as provided for in the limited partnership agreements and/or the investment management agreements or other organizational documents that they enter into with us. The management fees are paid quarterly and in advance; however, no management fee has been paid by LPP since March, 2008.

### **Other Fees**

We may receive directors’, consulting, monitoring and other similar fees and financing or other transaction fees in connection with the investment activities of the Funds (“Other Fees”). In addition, we may be reimbursed by the Funds’ portfolio companies for expenses we incur in connection with our performance of the services that give rise to Other Fees. These Other Fees are generally agreed at the closing of a Fund’s investment in a portfolio company.

In general, the management fees that certain of the Funds pay us are reduced by a portion of Other Fees, if any, received by us in connection with the activities of the Funds, and by an offset for our share of third party expenses related to certain unconsummated Fund transactions (broken

deal costs). As a general matter, if the next installment of the management fee payable by a Fund is reduced to zero as a result of our receipt of Other Fees, the excess is carried over to the succeeding management fee payment date(s) and applied as a reduction of the management fee, but not below zero. Upon dissolution of a Fund, we will refund the excess (up to the amount of aggregate management fees previously paid by the Fund) to such Fund for the benefit of its Investors.

We deduct management fees from the accounts of certain Funds.

If we cease to serve as the investment manager of a particular Fund during a quarterly period, the management fee payable by that Fund for such quarterly period will be prorated based on the number of days during such quarterly period that we served as investment manager, and we will refund any excess in the event of liquidation of that Fund.

Each Fund will typically pay legal, organizational and offering expenses, including the out-of-pocket expenses of the Fund's general partner and its agents, actually incurred in the formation of such Fund and such general partner and, if required, Lombard. Investors in the Funds will typically receive a reduction in management fees with respect to all such organizational expenses in excess of specific amounts as described in the investment management agreement and/or limited partnership agreement or other governing documents of the relevant Fund.

In addition, each Fund will typically pay all costs and expenses relating to its operations, including, but not limited to: (i) legal, auditing, consulting, and accounting fees and expenses (including costs of reports to the Fund's Investors, financial statements, tax returns and Schedules K-1); (ii) expenses of meetings of the Fund's advisory committee and of Investors; (iii) all indemnification and insurance expenses; (iv) all expenses associated with the acquisition, holding and disposition of its proposed or actual portfolio investments; (v) all extraordinary expenses (such as litigation); (vi) interest on and fees and expenses arising out of all permitted borrowings made by the Fund; (vii) an agreed portion of broken deal costs; (viii) all expenses of liquidating the Fund; (ix) any taxes, fees or other governmental charges levied against such Fund; and (x) all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund, including all expenses incurred by the Fund's general partner in connection with its duties as the tax matters partner of the Fund.

Neither we nor any of our "supervised persons" (as defined at Item 11) accept compensation for the sale of securities or other investment products.

## **Item 6. Performance-Based Fees and Side-By-Side Management**

The general partner of each Fund is generally entitled to a "carried interest" on such Fund's profits in accordance with the provisions of such Fund's Fund Documents. The "carried

interest” is generally equal to a percentage of the investment proceeds distributed by a Fund in excess of the capital invested by such Fund’s Investors, and is subject to a preferred return. The general partner of each Fund is also subject to a “clawback” of “carried interest” previously received to the extent that such general partner has received cumulative distributions in excess of amounts otherwise distributable to it by such Fund as “carried interest”, applied on an aggregate basis covering all transactions of the applicable Fund. In no event will the general partner of a Fund be required to restore more than the cumulative distributions received by such general partner as “carried interest” determined on an after-tax basis. The “carried interest” percentage to which the general partner of a Fund is entitled is negotiated at the time such Fund is formed.

The existence of the “carried interest” may create an incentive for us to make more speculative portfolio investments on behalf of our Clients than we might otherwise make in the absence of such performance-based arrangements.

## **Item 7. Types of Clients**

We provide discretionary investment advice solely to the Funds.

We do not have any requirements for opening or maintaining an account.

## **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss**

### **A. Methods of Analysis and Investment Strategies**

#### **General Investment Strategy**

The general investment strategy of LAIV is to build a diversified investment portfolio consisting primarily of equity and equity-linked investments in middle-market, growth oriented companies. Such companies are generally required to be based in emerging markets of the Asia-Pacific region. LAIV may also make limited debt investments, either separately or in conjunction with an equity or equity-linked investment. LAIV generally may not invest in publicly-traded securities, subject to certain exceptions for privately-negotiated transactions as set out in the underlying Fund Documents. The investment periods for LAIII, LAIII AIV, TEF, and LPP have ended.

#### **Geographic Focus**

LAIV focuses on investment opportunities primarily in Thailand, the Philippines, and Indochina, and may consider selected opportunities elsewhere in the Asia-Pacific region. Investment



restrictions in the underlying Fund Documents, however, limit non-Thai investments to 35% of LAIV's aggregate capital commitments. We do not anticipate that we will find suitable investment opportunities in all the markets upon which LAIV may focus. LAIII focused on investment opportunities in the Asia-Pacific region, LAIII AIV focused exclusively on Taiwan, TEF focused exclusively on Thailand, and LPP focused on the Asia-Pacific region and North America.

### **Investment Evaluation Process**

Investment opportunities are identified, screened, reviewed, discussed, analyzed, structured and closed following a process that is designed to draw input from a majority of our supervised persons. Targeting investment opportunities may involve a long period of time to develop relationships and trust with prospective portfolio company shareholders and management. This long lead-time may permit us to perform due diligence over an extended period of time.

### **Approach to Investment Management**

Our investment management approach includes:

*Aligning Interests.* We seek investments in companies where the management team invests personal capital side-by-side with our Funds, in companies that are targeting to improve productivity, efficiency and quality standards, and in companies which conform to, or have indicated a willingness to adopt, high standards of corporate governance. We may seek to protect the interests of our Funds in portfolio companies by obtaining or establishing protection of control rights including supermajority voting rights, pre-agreed voting arrangements, share lock-ups for management and key shareholders, and special exit provisions.

*Strategic Planning and Acquisitions.* We seek to provide strategic planning and implementation advice to portfolio companies on both financial and operational matters. In some cases, we may seek to help portfolio companies identify, evaluate, and negotiate mergers and acquisitions.

*Promoting Corporate Governance Standards.* We seek to promote high standards of corporate governance and improvements in investor relations among the Funds' portfolio companies as a strategy for adding value to the portfolio companies and improving the liquidity of the Funds' investment portfolios.

### **Structuring Investments**

We seek to structure investments in a tax-efficient manner in consideration of local tax laws and regulations, taking into consideration relevant foreign exchange controls, repatriation or other local laws and regulations restricting the cross border movement of funds, as well as withholding taxes.

## **B. Material Risks Involved in Each Significant Investment Strategy or Method**

Private equity investing involves significant risks, including risk of loss of all or a substantial portion of invested capital. Investments in the Funds involve risks relating both to the types of investments contemplated by the Funds, and the Funds' abilities to achieve their investment objectives. Investment in the Funds is limited to Investors who are "accredited investors".

We provide prospective Investors in a Fund with a disclosure document for such Fund that sets forth the terms of investment and identifies the Fund's investment objectives along with risk factors. Prospective Investors should carefully review these risks before investing in a Fund.

## **C. Specific Risks Involved in Investing in the Asia-Pacific Region**

Investing in the Asia-Pacific region may involve risks not normally present in countries with larger, more developed and more regulated markets and economies. Such risks may include the following: political or economic instability; the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to foreign investors in particular; the imposition or modification of controls on foreign currency exchange, repatriation of income or other proceeds, or foreign investment; the imposition or increase of withholding and other taxes on income and gains; price volatility; governmental influence on the national and local economies; unconventional accounting and financial reporting systems; and fluctuations in currency exchange rates. As compared to companies in the United States and certain other developed countries, companies in the Asia-Pacific region generally disclose less financial and other information publicly, and securities exchanges, brokers and issuers in the Asia-Pacific region may be subject to less rigorous government regulation and supervision.

### **Foreign Investment Policies**

The availability of investment opportunities for LAIV depends to a large extent on the continuation of the economic reform and liberalization policies of the countries in the Asia-Pacific region and the continued encouragement of private sector initiatives. In the event of significant curtailment or reversal of these policies, LAIV's ability to achieve its investment objectives may be impaired. In addition, there can be no guarantee that LAIV can successfully qualify its investments for protection under investor protection treaties, or that qualification under any such treaty will have its intended protective effects.

### **Currency Risks**

In general, each Fund's investments are denominated in local currencies. The financial records of each Fund are maintained, and distributions made, in the Fund's functional currency. Accordingly, changes in currency exchange rates between the U.S. dollar and the currencies in which a Fund's investment assets are denominated may affect that Fund's net asset value, the

value of dividends and interest earned, gains and losses realized on the disposition of investments, and net investment income and capital gains, if any, to be distributed to that Fund's Investors. The Funds do not hedge investments against currency exchange risk, although a Fund may, in certain situations, use forward currency contracts or other hedging techniques to hedge against currency risks for actual remittances to be made to or by that Fund. In addition, certain countries in the Asia-Pacific region impose foreign exchange controls over their currencies. The current restrictions and uncertainties relating to the currency conversion systems in these countries give rise to risks affecting the ability of a Fund to obtain adequate foreign exchange at acceptable rates when making, exiting, or repatriating income in or from, investments in such countries.

#### **D. Certain Other Material Risks in Investing in Lombard's Funds**

##### **Liquidity Risks**

Initially, there may not be a substantial market or any market at all for the securities issued by companies in which a Fund will invest. As a result, the Fund may not be able to sell such securities when the general partner of that Fund desires to do so or to realize what the general partner believes to be their fair market value upon sale. In addition, certain of the securities which a Fund may own, while possibly listed on a securities exchange, may be infrequently traded. In connection with the termination of a Fund, the Fund will normally seek to wind down its operations and liquidate its remaining investments in an orderly manner. Although each Fund will seek to maximize profits with respect to its investments in portfolio companies by disposing of its investments at optimum times and prices, there can be no assurance that a Fund will be able to dispose of its investments at such times or prices, particularly in connection with the termination of that Fund. A Fund's having obtained inside information regarding a portfolio company could also impact its ability, from a legal perspective, to sell the securities involved. In addition, when a Fund maintains a significant position in a listed portfolio company, it could be required to make various disclosure filings in the jurisdictions, if any, in which such portfolio company's securities are traded.

##### **Restrictions on Transfer and Withdrawal**

A secondary market for Investor interests in the Funds is not expected to develop because such interests are subject to significant restrictions on transfer. All transfers require the prior written consent of the general partner of the relevant Fund, which generally may be withheld at the general partner's sole discretion. Investors may not withdraw from a Fund in whole or in part without the prior written consent of the general partner of that Fund, which may be withheld at the general partner's sole discretion.

### **Investment in Newly Established Companies**

Some of a Fund's investments may be in relatively newly-established companies. The risks associated with such investments are usually greater than the risks associated with investments in companies with established historical records of profitable performance. In particular, companies in the early stage of development usually need substantial capital to support the expenses of launching new businesses, and there can be no assurance that these new businesses will be successful enterprises.

### **Potential Conflicts of Interest**

The structure and operation of each Fund raise the potential for certain conflicts of interest with the general partner of that Fund. Our operation of more than one Fund also raises the potential for conflicts of interest, including allocation of investment opportunities among our Funds, and allocation of time of our personnel to the business affairs of the Funds. (See Items 10 and 11, which discuss this issue in more detail.)

### **Additional Risks**

The risks described above are not a complete list of risks involved with investing in any Lombard Fund. As noted earlier, we provide prospective Investors in a Fund with a detailed disclosure document for that Fund, and specific risks and conflicts of interest associated with an investment in that Fund are described in detail in the Fund's disclosure document. Investors and prospective Investors in a Fund should carefully review the Fund's disclosure document for further information.

### **Item 9. Disciplinary Information**

None.

### **Item 10. Other Financial Industry Activities and Affiliations**

The Firm and its affiliates are not registered, nor do any of them intend to register, as a broker-dealer or a registered representative of a broker-dealer. The Firm and its affiliates are also not registered, nor do any of them intend to register, as a commodity pool operator, a commodity trading advisor, or a futures commission merchant. Neither the Firm nor any of its affiliates are actively involved as a banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships excluding pooled investment vehicles.

The Firm's affiliates, in addition to the Offshore Affiliates, include:

- i Lombard Asia IV GP, LLC, a Delaware limited liability company, which is the general partner of LAIV;
- i Lombard Asia Advisors LLC, a Delaware limited liability company, which is the general partner of LAIII and LAIII AIV;
- i Lombard Holdings, LLC, which is the sole shareholder of Lombard Investments (HK) Limited;
- i Lombard Thailand Advisors, LLC, a Delaware limited liability company, which is a sponsor of a Feeder Fund investing in TEF;
- i Lombard Thailand Equity Fund Carried Interest Vehicle, LLC, a Delaware limited liability company, which is a general partner of TEF;
- i Lombard Thailand Intermediate Fund Manager, LLC, a Delaware limited liability company, which is the general partner of a Feeder Fund investing in TEF;
- i Lombard Thailand Managers, L.L.C., a Delaware limited liability company, which is general partner of a Feeder Fund investing in TEF; and
- i LPP Managing Partners, LLC, which is the general partner of LPP.

Lombard currently acts as investment adviser or manager to several Funds, and Lombard entities act as general partners (or similar managing fiduciaries) of such Funds. As a result, Lombard may face a number of potential conflicts of interest, including allocation of investment opportunities among our Funds, and allocation of time of our supervised persons to the business affairs of our Funds. (Such conflicts of interest are also discussed at Items 8 and 11.)

#### **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

We have adopted a Code of Ethics (the “**Code**”) which sets forth standards of business conduct that we require of all our employees at the Firm and the relying advisers (the “**supervised persons**”). The Code is intended to assist us and our supervised persons in complying with the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 (the “**Advisers Act**”), as well as provisions of the U.S. federal securities laws pertaining to insider trading.

The Code requires all our supervised persons to conduct themselves with integrity and dignity, to act in a professional and ethical manner in all dealings on behalf of Lombard, to comply with all applicable U.S. federal securities laws, to act with competence and strive to maintain and improve their competence, to use proper care and exercise independent professional judgment in the execution of their duties, and to avoid actions or relationships that might conflict or appear to conflict with job responsibilities or the interests of Lombard or the Funds.

The Code contains a Policy Statement and Procedures on Insider Trading to inform supervised persons of what constitutes material, nonpublic information and the U.S. laws and requirements relating to insider trading and confidentiality and our policies in those areas.

The Code also sets forth personal trading policies applicable to our supervised persons, and certain members of their families and related persons, that are designed to address actual or potential conflicts of interest (or appearances of conflicts) with the Funds and Investors (the “Policies”).

Our supervised persons may not trade for themselves, or recommend trading in, the securities of a company while in possession of material, nonpublic information concerning such company, or disclose such information to any person not entitled to receive it. In accordance with the Policies, our supervised persons are not permitted to effect transactions in companies that are Fund portfolio investments, or in certain companies which we may be considering for investment by a Fund, without the approval of the Chief Compliance Officer.

The Policies impose pre-clearance requirements relating to certain transactions involving initial public offerings of securities or private placements of securities by any supervised person.

To monitor compliance with the Policies, the Code requires our supervised persons to notify our Chief Compliance Officer of their securities holdings and accounts covered by the Code annually, and to report transaction information to us. Transactions in certain financial products, including direct obligations of U.S. and non-U.S. governments, open-end mutual fund shares, money market instruments, and high quality short-term debt instruments, are generally excluded from such requirements.

Our supervised persons are not restricted, under the Code or the Policies, from investments in any of the Funds or in a Lombard Fund management vehicle. We believe that personal investment by Lombard professionals in such Funds ensures a strong alignment of interests with the Funds’ Investors.

Copies of the Code are available to any Client or Investor and any prospective Client or Investor upon request.

### **Conflicts of Interest**

*Participation or Interest in Client Transactions.* As described in Items 5 and 6, we are generally entitled to receive management fees, and the general partner of each Fund may also receive a carried interest from such Fund. The general partner of each Fund also makes capital commitments to such Fund. We may receive fees from the Funds’ portfolio companies for performing consulting and other services for, or serving as directors (or similar positions) of,

such companies. Certain of the foregoing may represent a conflict of interest in our selection of portfolio investments for the Funds. These potential conflicts of interest are mitigated in part because (i) the general partner of each Fund has a capital commitment to such Fund; (ii) our consulting, servicing and board member fees are typically negotiated with applicable portfolio company management teams; and (iii) a portion of the consulting, servicing and board member fees we receive are offset against management fees otherwise payable by the Funds.

*Allocation of Investment Opportunities.* Lombard's allocation processes, including co-investment, are subject to our Allocation of Investment Opportunities Policy, which is intended to assist us in allocating investment opportunities among the Funds in a fair and equitable manner and to address potential conflicts of interest associated with investment allocations. Such allocation processes are supervised by our senior investment professionals. Copies of the Allocation of Investment Opportunities Policy are available to any Client or Investor and any prospective Client or Investor upon request.

*Principal Transactions.* We do not anticipate purchase or sale transactions between any Fund and the Firm, our affiliates or our supervised persons or entities owned by them. Any such transaction would be considered a "principal trade," which is governed by Section 206(3) of the Advisers Act. Any transactions between the Funds and accounts that are 25% or more owned by us or our supervised persons have the potential to be considered principal trades that trigger the restrictions imposed by Section 206(3). Any potential principal trade would require the written pre-approval of the Chief Compliance Officer who would, among other things, ensure strict compliance with all requirements imposed by Section 206(3) of the Advisers Act and compliance with each Fund's Fund Documents, including obtaining any required Investor advisory committee approvals.

*Agency Cross Transactions.* We are not affiliated with a registered broker-dealer and as such do not engage in agency cross transactions. We generally do not anticipate entering into any agency cross transactions between the Funds. Any agency cross transaction would require the written pre-approval of our Chief Compliance Officer and senior investment professionals and be made in accordance with the terms of the relevant Fund's Fund Documents.

## **Item 12. Brokerage Practices**

We do not make regular use of brokers for the purposes of purchasing or selling securities on behalf of the Funds because the securities that we typically purchase or sell on behalf of the Funds are acquired and/or disposed of in privately negotiated purchase and sale transactions. From time to time, we may use a broker to effect transactions in publicly-traded securities resulting from, or in connection with, portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and commissions paid to, brokers, except

for TEF, where any such transactions are subject to the discretion of the MFC as required under Thai law.

Where a broker is engaged by Lombard, we will select the broker considering the range and quality of its brokerage services, its execution capability, commission rate, financial responsibility and responsiveness.

We do not receive soft dollar benefits or client referrals from brokers or broker-dealers in connection with Client transactions.

### **Item 13. Review of Accounts**

Each Fund investment is monitored on an ongoing basis, usually by our personnel who were directly involved in the due diligence leading up to the investment. As indicated at Item 8, Lombard personnel seek to take an active role in portfolio company management, frequently serving on a portfolio company's board of directors. Senior management professionals of Lombard are frequently briefed by our supervised persons about ongoing portfolio company matters, and any significant issue is brought to the attention of senior management professionals on a case by case basis as warranted.

Investors in each Fund are provided with unaudited quarterly financial statements of such Fund, and quarterly descriptive information with respect to such Fund's portfolio investments. Investors in LAIV, LAIII, LAIII AIV, LPP, and TEF are also provided with audited financial statements. These statements, the descriptive information, and the reports may be distributed electronically. U.S. Investors are also provided with annual tax information.



## **Item 14. Client Referrals and Other Compensation**

### **A. Receipt of Economic Benefit from non-Clients**

We do not receive economic benefit from non-clients.

### **B. Compensation for Client Referrals**

Lombard sponsors the formation of each Fund and we do not engage or compensate third party referral agents to solicit new clients for us. From time to time, Lombard may utilize a placement agent to assist in the placement of Investor interests in a Fund. We bear the economic cost of any compensation paid to such placement agents by way of an offset in Fund management fees.

In the event that we engage, and will make a cash payment to, any solicitor of clients, we will do so in accordance with Rule 206(4)-3 under the Advisers Act. We will bear the full costs of any compensation paid to such solicitors.

## **Item 15. Custody**

We have engaged qualified custodians for LAIV, LAIII, LAIII AIV, and LPP, and, pursuant to agreement with the MFC, the MFC has engaged a qualified custodian for TEF.

In addition, we provide a copy of LAIV's, LAIII's, LAIII AIV's, LPP's and TEF's audited annual financial statements, prepared in accordance with U.S. generally accepted accounting principles, to the Investors in each such Fund within 120 days after year-end.

## **Item 16. Investment Discretion**

We have entered into an investment management agreement with each Fund. Each such agreement, together with the management authority granted to each Fund's general partner pursuant to the Fund's Fund Documents, provides us with discretion to determine investments to be purchased and sold on behalf of the Fund and the terms of the related transactions. Limitations on our investment discretion are set forth in the investment management agreement with, and the Fund Documents of, the Funds.

## **Item 17. Voting Client Securities**

While the securities evidencing the private equity investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the Funds, may be asked to vote the securities of the Funds on restructuring or other corporate matters. It is our general policy to vote Client securities in the interest of maximizing shareholder value.

In exercising voting rights of the Funds, Lombard is guided by general fiduciary principles. We must act prudently, solely in the interest of the Funds, and for the purpose of providing benefits to such Funds. We have developed a Voting of Securities Policy (the "**Voting Policy**") that is reasonably designed to assist us in voting proxies of the Funds' portfolio companies in the best interests of the Funds. The Voting Policy is designed to satisfy our obligations under Rule 206(4)-6 of the Advisers Act.

With respect to portfolio investments, our policy is to make proxy voting decisions (or other voting decisions in the case of non-public portfolio investments) in the manner most likely to protect and promote the economic value of the securities held by the relevant Fund. All voting decisions are made on a case-by-case basis.

We have designated a Proxy Voting Committee, consisting of senior investment professionals, which is responsible for determining votes with respect to portfolio investments. Decisions of the Proxy Voting Committee may be made by any two members of the Committee. One or more of our supervised persons (who may also be a member or members of the board of directors of the affected portfolio company) are designated for each portfolio investment to monitor corporate actions, analyze proxy solicitation materials (where relevant) and make recommendations for voting.

The Proxy Voting Committee will determine whether there is, or appears to be, a material conflict of interest that could influence the voting decision in a manner that would be adverse to the interests of any Fund.

Conflicts of interest can arise out of a variety of relationships. If the Proxy Voting Committee has identified a material conflict of interest, then the voting decision will be that recommended by the Fund's advisory committee.

A copy of our Voting of Securities Policy will be provided to any Client or Investor and any prospective Client or Investor upon request.

**Item 18. Financial Information**

Not applicable.

**Item 19. Requirements for State-Registered Advisers**

Not applicable.