

# Landmark Advisers Inc.

## FORM ADV PART 2A

[Firm Brochure, March 22, 2017]

### **Landmark Advisers Inc.**

10 Mill Pond Lane

Simsbury, CT 06070

(860) 651-9760

[www.landmarkpartners.com](http://www.landmarkpartners.com)

**March 22, 2017**

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**Item 1 - Cover Page**

**Form ADV Part 2A: Firm Brochure**

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This Brochure provides information about the qualifications and business practices of **Landmark Advisers Inc.** (“LAI,” “us,” “we,” or “our”). If you have any questions about the contents of this Brochure, please contact Antoinette Lazarus, Chief Compliance Officer, at (860) 651-9760 or [antoinette.lazarus@landmarkpartners.com](mailto:antoinette.lazarus@landmarkpartners.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.

We are a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information which you may use to determine to hire or retain an investment adviser.

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

Unless otherwise indicated, the term “Landmark” or “the Firm” is broadly used within this Brochure to refer to the entire Landmark Partners enterprise and not to a specific legal entity.

**Item 2 - Material Changes**

The Material Changes section of the Brochure will be updated annually when material changes occur since our last annual update.

**Material Changes**

The date of our last annual updating Brochure was March 30, 2016.

- Landmark Equity Partners IV has been liquidated

Please contact Antoinette Lazarus, Chief Compliance Officer, at 860-651-9760 to obtain a free copy of our Brochure.

Additional information about Landmark Advisers Inc. is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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**Item 4 - Advisory Business**

We are a wholly-owned subsidiary of Landmark Partners Inc. (“LPI”). Messrs. Francisco L. Borges and Timothy L. Haviland are the principal owners of LPI.

Our clients consist mainly of privately offered pooled investment vehicles (“fund of funds”) that acquire and hold as investments interests in other private equity funds (“underlying funds”). The fund of funds are primarily “secondary” funds which acquire interests in the underlying funds from existing underlying fund investors. All of the funds we currently advise are outside their investment periods and are not seeking new investments and are closed to new investors. The underlying funds in which our funds of funds have invested consist primarily of venture capital, buyout, and mezzanine funds.

We provide investment advisory services to the funds on a discretionary basis. The investors in the private funds we advise are pension and profit sharing plans and other institutional investors such as endowments, foundations, insurance companies and banks, and high net worth individuals. We, along with Landmark Realty Advisors (“LRA”) and Landmark Equity Advisors (“LEA”), have formed private equity and real estate funds focused primarily on venture capital, buyout, mezzanine, and real estate partnerships since 1989. LRA and LEA are SEC-registered investment advisers.

As of December 31, 2016, the Affiliated Advisers collectively managed on a discretionary basis “Regulatory Assets under Management” of \$9,562,507,790 and \$477,380,040 on a non-discretionary basis.

Currently, we provide investment advisory services to the following private funds:

- Landmark Equity Partners V
- Landmark Mezzanine Partners (“LMP”)

As of December 31, 2016, we managed “Regulatory Assets under Management” of \$17,013,166 on a discretionary basis.

Additional information with respect to the other affiliated advisers of LAI (see Item 10 for a list of these affiliated advisers) is available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 5 - Fees and Compensation****Advisory Fees, Withdrawals and Termination**

The funds we advise have reached the end of their extension periods and the general partners are proceeding with an orderly we do not charge ongoing investment advisory fees. Once a fund is established, the advisory fees will not be negotiable over the life of such fund without our consent of the general partner and the limited partners of the fund.



Generally, withdrawals from the funds are not permitted; however, investors subject to ERISA and governmental plans may have a limited right to withdraw from a fund if continued participation by those investors would violate ERISA or applicable law or the investors' internal policies.

Upon termination of a fund or account, any prepaid, unearned advisory fees will be refunded.

### **Performance-based Fees**

See Item 6 below for information with respect to performance-based fees.

### **Other Costs and Expenses**

Our advisory fees are exclusive of other costs and expenses the funds may incur, which are borne by and payable out of the assets of the funds and not by us, including charges imposed by custodians and administrators, transaction and consulting fees, legal and accounting fees, taxes and certain fund organizational and operating expenses, as well as the advisory fees, organizational and operating expenses charged by the underlying funds in which the fund holds investments, all as more particularly described in the organizational and offering documents of the funds we advise and their underlying funds.

We are not collecting any Advisory fees.

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

The funds we advise provide for performance-based fees or "carried interest" distributions to the general partners, so that the members of general partners (certain of whom are also our members and officers) are entitled to receive 10% of the cumulative distributions made by the funds after their partners have received distributions equal to their total capital contributions plus a pre-determined preferred return. More detailed information about a particular fund's performance-based distribution arrangements may be obtained by the investors in the fund from the private placement memorandum and organizational documents of the fund.

Carried interest distributions can create incentives for us to recommend investments which are riskier or more speculative than those which would be recommended under a different fee arrangement. They can also create an incentive for us to favor higher fee generating investments and clients over lower fee generating investments and clients. In instances in which such conflicts may arise, the limited partnership agreements and investment guidelines of the funds may prescribe specific factors to be taken into account by us in allocating investment opportunities among the participating funds.

Generally when making allocation decisions, we consider a variety of factors including, among others, the investment objective of the particular fund or client account, the sourcing of the investment opportunity, the composition of the portfolios of each of the funds and other client accounts, the composition of the underlying portfolio and the risks and obligations associated with that portfolio, available capital, risk tolerance, and investment objectives and guidelines of each such fund and other client account, the aggregate size of the investment, including whether



follow-on investments may be required, the investment strategy and restrictions or other obligations or requirements related to the proposed investment, legal, tax, regulatory and other considerations, and the availability of other investment opportunities. In addition, the method of allocating investment opportunities may change over time, particularly as each fund's investment period comes to an end. Although we seek to allocate investment opportunities in a fair and equitable manner, decisions as to the allocation of investment opportunities which present numerous conflicts of interest may not always be resolved in the manner that is favorable to the interests of a particular fund or separate account client.

The funds we advise have reached the end of their extension periods.

### **Item 7 - Types of Clients**

Our primary clients are the funds. Investors in the funds may include pension and profit sharing plans and other institutional investors such as endowments, foundations, insurance companies and banks, as well as high net worth individuals.

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

The funds we advise have reached the end of their extension periods. There are no investments being made into these funds.

### **Risks of Loss**

Investments in the funds we advise involve a high degree of risk and should be regarded as speculative. Investing in the funds should be considered only by institutions and individuals who can reasonably afford a loss of their entire investment. The following risk factors are relevant to the funds we advise:

#### *Nature of Private Equity Investment*

Private equity investments require a long-term commitment by investors, extending up to 12 years or more. Capital is contributed on an as needed basis and capital calls may be made over the entire term of the fund and upon short notice. Accordingly, prospective investors must have and maintain over the life of a fund sufficient available capital assets to support their capital commitments. Investors who are unable or unwilling to comply with their capital contribution obligations risk forfeiture of a portion, and possibly all, of their investment.

#### *Illiquid Nature of Investment in the Funds*

Investments in the funds we advise are highly illiquid. Investors may not redeem their interests and may be unable to transfer or liquidate their investments during the lives of the funds.

Investment in the funds requires a long-term commitment, with no certainty of return. In the early life of the fund, cash flow available to the limited partners is likely to be limited. The funds' investments will be highly illiquid, and there can be no assurance that a fund will be able



to realize on such investments in a timely manner. Dispositions of such investments may require a lengthy time period or may in some situations result in distributions in kind to the partners.

#### *Nature of Underlying Fund Investments*

The success of each of the underlying funds (and, as a result, a large measure of a fund's success) is subject to those risks which are inherent in venture capital, buyout, and mezzanine investments. These risks are generally related to (i) the ability of each of the underlying funds to select and advise successful investment opportunities; (ii) the quality of the management of each portfolio company in which the underlying funds invest; (iii) the ability of the underlying funds to liquidate their investments; and (iv) general economic conditions. Fund of funds are neither able to control the underlying funds in which they hold investments nor the portfolio companies in which the underlying funds have invested. Consequently, we are not able to control the amount or timing of distributions our funds receive from the underlying investments, which may affect investors' returns.

#### *General Partner May Retain and Reinvest Proceeds of Investments and Recall Distributions*

Certain funds may elect to use proceeds from the disposition of interests in underlying funds to satisfy, or establish reserves for current or anticipated obligations (including, without limitation, advisory fees and any other fund expenses as well as obligations relating to additional investments). If a fund reinvests such amounts, the amount so reinvested will not reduce any limited partner's capital commitment.

A fund may at any time recall distributions made to its partners. Recalls may be made to satisfy expense and indemnity obligations of the fund itself or to satisfy recall requests received from the underlying funds. A fund or its underlying funds may require re-contributions of distributions for various reasons, including as a result of the use of over-commitment strategies, to satisfy indemnification, reimbursement, contribution and similar obligations or because capital had been returned to its limited partners without having been invested or having been invested for only a short period of time. Amounts recalled generally will not reduce a limited partner's remaining capital commitment.

#### *Underlying Funds May Make Commitments in Excess of Their Capital Commitments.*

Certain underlying funds may make commitments to portfolio companies in excess of the total capital committed to such funds. As a result, in certain circumstances, an underlying fund may need to retain distributions from its investments or recall distributions or liquidate certain of its investments prematurely at potentially significant discounts to market value if the fund does not generate sufficient cash flow from its investments to meet these commitments. Likewise, the funds we advise may also be exposed to these risks if the funds do not generate sufficient cash flow to satisfy its recall obligations to their underlying funds.

#### *Past Performance Is Not Necessarily Indicative of Future Results of the Funds*

At the time investors invest in our funds, the funds typically have no prior operating history upon which an investor can base its prediction of success or failure. The results of earlier investment





funds formed by us or our affiliates are not necessarily indicative of the results that a new fund will achieve.

### *Risks Relating to the Use of Leverage by the Underlying Funds*

Certain of the funds we advise generally do not borrow except for short-term financing pending capital drawdowns. The underlying funds and/or their portfolio companies may use leverage for a variety of purposes including, but not limited to, acquiring, directly or indirectly, new investments, leveraging existing investments to permit distributions or additional investments, facilitating hedging activities and bridging fundings for investments in advance of capital calls. The leverage may take the form of indebtedness for borrowed money as well as financial leverage in the form of short sales, forward contracts, options, derivatives, and other similar transactions, which may expose a fund to greater risks than if the underlying funds did not use leverage. Gains made with borrowed funds generally would cause the underlying funds' value to increase faster than without borrowed funds. However, losses incurred with borrowed funds would cause the underlying funds' value to decrease faster and more significantly than without the use of borrowed funds. Money borrowed for the purpose of leveraging investments will also be subject to interest costs as well as financing, transaction and other fees and costs that may not be recovered by returns on the underlying funds' investments or other investment positions taken by the underlying funds.

The risks of loss described herein should not be considered to be an exhaustive list of all the risks which investors in the funds we advise should consider. Investors should refer to the respective fund's private placement memorandum and organization documents for additional information on risk factors and risk of loss.

### **Market and Credit Risks of Debt Securities**

Investments of LMP and to a lesser degree other funds include underlying funds that invest in debt securities. Investment portfolios with debt securities are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

### **Commodity Futures Trading Commission Matters**

Our funds (including for this purpose any alternative investment entities or parallel investment entities) may trade in instruments regulated by the U.S. Commodity Futures Trading



Commission (the “CFTC”), and in such event each fund’s General Partner and/or its affiliates intend to qualify for an applicable exemption from registration with the CFTC as a commodity pool operator (“CPO”) with respect to each Fund (and/or such entities) pursuant to an exemption under CFTC Regulation 4.13(a)(3), which requires filing a notice of exemption with National Futures Association. This Regulation also generally requires that (i) the limited partner interests are exempt from registration under the Securities Act and are not publicly marketed in the United States and (ii) at the time of the relevant investment, with respect to each fund’s positions in CFTC-regulated instruments: (A) aggregate initial margin and related amounts required to establish such positions will not exceed five percent of the liquidation value of each fund’s portfolio, after taking into account unrealized profits and unrealized losses on any such positions; or (B) the aggregate net notional value of such positions, determined at the time the most recent position was established, does not exceed 100 percent of the liquidation value of each fund’s portfolio, after taking into account unrealized profits and unrealized losses on any such positions. Therefore, unlike a registered CPO, each of the fund’s General Partner and/or such affiliates would not be required to deliver a CFTC-compliant disclosure document and a certified annual report to investors. Nonetheless, each Fund’s General Partner does intend to provide investors with annual audited financial statements and the reports described in the respective fund’s Partnership Agreement.

***Investing in securities involves risk of loss that clients should be prepared to bear.***

#### **Item 9 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the investment adviser or the integrity of the investment adviser’s management.

We do not have any disciplinary information to disclose.

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

Certain of our principal executive officers, including certain of our investment committee members and chief compliance officer, spend a significant amount of their time engaged in the private equity and real estate-related activities of affiliated advisers. In connection with performing services for these affiliated advisers, our officers and employees will receive compensation.

Our affiliated advisers, Landmark Partners LLC (“LP”), Landmark Realty Advisers (“LRA”) and Landmark Equity Advisers (“LEA”) are also investment advisers registered with the SEC. LP, LRA and LEA share our office space as well as compliance personnel, including the chief compliance officer, and, to the extent applicable, compliance policies and procedures addressing common regulatory requirements and issues. We have material business relationships with the affiliated advisers within the Landmark group of companies.

With the exception of LP, the affiliated advisers create limited partnerships and may act as investment advisers to such limited partnerships. We, or any of the affiliated advisers, may make



investments in these investment partnerships. In addition, our individual managing members and affiliated advisers may be the general partners of the limited partnerships.

In addition, Brent R. Nicklas, a Principal of Lexington Partners, is a vice president and director of Landmark Advisers, Inc., and also a partner of general partner vehicles sponsored by LAI.

### **Item 11 - Code of Ethics**

We have adopted a Code of Ethics ( the “**Code**”) designed to address and prevent potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act. The Code describes our standard of business conduct and fiduciary duty to our clients and prospective clients. The Code includes, among other items, provisions relating to the confidentiality of client information, prohibition on insider trading, prohibition of spreading rumors, restrictions on the acceptance of extravagant gifts and entertainment, the reporting of certain gifts and business entertainment, and personal securities trading procedures.

The Code is designed to ensure that the personal securities transactions, activities and interests of our employees will not materially interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-approval of certain transactions. Employee trading is monitored by the Chief Compliance Officer to reasonably detect and prevent conflicts of interest between us and our clients.

Among others, the Code requires supervised/accessed persons to:

- Submit to the Chief Compliance Officer an initial and an annual report listing their securities holdings and a quarterly report of transactions;
- Obtain approval from the Chief Compliance Officer prior to investing in IPOs and Private Placements (limited offerings);
- Certify that they have read and understand the Code and to report any violations of the Code to the Chief Compliance Officer;
- Not trade either in their personal accounts or on behalf of clients on the basis of material non-public information; and,
- Not inappropriately use their position for a personal benefit.
- Protection of persons who engage in “whistle blowing” activities from retaliation.

Employees who violate the Code of Ethics and our Compliance policies are subject to disciplinary action including, but not limited to, written warnings, and termination of employment.

We will provide a copy of our Code of Ethics to any investor or prospective investor in a fund upon request made to Antoinette Lazarus, Chief Compliance Officer.

**Item 12 - Brokerage Practices**

From time-to-time, a fund may receive portfolio company securities as part of an underlying fund's general distribution. In these instances, we generally utilize the services of a limited number of brokers, who are familiar with our fund's requirements and procedures, to execute all such sales. The use of a limited number of brokers allows for uniformity, consistency and economy of scale. We are not contractually bound to utilize a particular broker and the broker's retention is subject to continued competitive pricing and satisfactory execution.

We do not obtain proprietary and third-party research services or products with clients' commissions or "soft dollars."

See Item 14 below for additional information with respect to payment for investor referrals.

**Item 13 - Review of Accounts***Account Reviews*

Client accounts are reviewed on a quarterly basis by the private equity controller and a partner.

*Client Reports*

We provide quarterly capital account balances to the funds' limited partners. Investors in the funds receive their respective fund's audited annual report and tax reports as soon as possible after the end of each fiscal year.

**Item 14 - Client Referrals and Other Compensation***Investor Referrals*

*The funds are closed to new investors. Accordingly, there are no agreements with placement agents to assist in identifying investors for the funds.*

*Other Compensation*

We have not entered into any arrangement under which we receive any economic benefit, including sales awards or prizes, from a person who is not a client for providing advisory services to clients.

**Item 15 - Custody**

We maintain custody of client assets which are primarily limited partnership interests in funds, member interests in private limited liability companies or interests in private companies. Partnerships and limited liability companies' interests do not lend themselves to custody by qualified custodians and are typically not transferrable without the consent of the fund's general partner. All client assets in the form of cash or liquid securities and private company securities



are held by a qualified custodian. The custodians are either banks or regulated brokerage firms, which provide statements to the funds.

It is our policy to have the funds audited annually by a nationally recognized independent auditor registered with and subject to regular inspection by the Public Company Accounting Oversight Board. We distribute copies of the audited financial statements prepared to the respective fund's investors no later than 180 days, or as required after the end of the fund's fiscal year end.

In addition, in connection with the final liquidation of the respective fund, we will obtain a final audit and distribute audited financial statements to all fund investors promptly after completion of the audit.

### **Item 16 - Investment Discretion**

As an investment adviser, we are granted the discretionary authority pursuant to the investment management and limited partnership agreements with the funds to determine the respective fund's private equity. In addition, we are granted authority with respect to the liquidation of any investment, pursuant to the investment management and limited partnership agreements with the funds.

### **Item 17 - Voting Client Securities**

We have implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Investment Advisers Act.

This Rule generally requires us to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to securities in clients' accounts where we exercise voting discretion are voted in the best interest of clients; (ii) to disclose how information may be obtained on how we vote proxies; and (iii) to maintain records relating to our proxy voting.

We will provide, at no cost, a copy of its proxy voting policies and will provide clients with information regarding how proxies were voted by contacting Antoinette Lazarus, Chief Compliance Officer.

### **Item 18 - Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about their financial condition.

We do not have any financial commitments that impair our ability to meet contractual and fiduciary commitments to clients. In addition, we have not been the subject of a bankruptcy proceeding.