

**Item 1. Cover Page**

**Form ADV Part 2A**

**Lombard Investments, Inc.**

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United States of America

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January 7, 2021

**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 1.415.397.5900. 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 us is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Lombard Investments, Inc. is registered with the SEC as an investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.**

## **Item 2. Material Changes**

This brochure is dated January 7, 2021, and is an other-than-annual update of our brochure. The last update of our brochure was made on June 29, 2020. The following is a discussion of the material changes to our brochure since that date:

1. Lombard Investments, Inc. (the “Firm”) has moved from One Embarcadero Center, Ste. 320, San Francisco, CA 94111 to 950 John Daly Boulevard, Suite 260, Daly City, CA 94105.

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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 current and former 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**”) in accordance with the terms of each Fund’s disclosure documents and relevant offering materials and organizational and other governing documents (together, the “**Governing 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, as amended (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., Scott P. Sweet, and Pote Videt.

Each of Lombard Holdings, Lombard HK and PETCL are “**relying advisers**” with respect to the Firm. The relying advisers are deemed to have been registered through the Firm’s Form ADV pursuant to an umbrella registration provision which, among other things, requires that: (i) the Firm (the “**filing adviser**”) and the relying advisers advise only private funds or certain separate accounts with investors who are “qualified clients,” as defined under Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”); (ii) the filing adviser’s principal office and place of business is in the United States and the substantive provisions of the Advisers Act and the rules thereunder apply to the filing adviser’s and each relying adviser’s dealings with each of its clients; (iii) the relying advisors and their 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; (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; and (v) the filing adviser and the relying advisers operate under a single set of written policies and procedures adopted and implement in accordance with Rule 206(4)-(7) under the Advisers Act and a single Chief Compliance Officer.

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, through a representative office, in

Ho Chi Minh City, and PETCL, which employs staff based in Bangkok (Lombard HK and PETCL together, the “**Offshore Affiliates**”); and 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 most recently established Funds have focused on markets within the Asia-Pacific region. 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 disclosed in the offering documents for the Fund and/or as 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/or side letter agreements negotiated with Investors, as applicable. Lombard provides investment advice directly to the Funds, and not individually to Investors in a Fund. 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.

As described more fully in Item 8, below, we routinely enter into side letter agreements with certain Investors in Funds providing such Investors with customized terms, which often result in preferential treatment.

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

We do not participate in wrap fee programs.

### **E. Managed Assets**

As of September 30, 2020, we managed \$385,906,408 of Client assets on a discretionary basis in the following Funds:

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

LAIII was formed in 2006 to make direct, private equity investments in certain markets of the Asia-Pacific region. The investment period for LAIII has ended. LAIII AIV, L.P. (“**LAIII AIV**”), an associated Fund, was formed in 2008 to make a direct, private equity investment in

Taiwan. The shares of the sole portfolio company held by LAIII AIV were sold, and the proceeds from the sale and other net assets of LAIII AIV were distributed in 2013. LAIII AIV was dissolved on January 6, 2014.

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

LAIV was formed in 2012 primarily to make direct, private equity investments in certain markets of the Asia-Pacific region. The investment period for LAIV has ended.

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

Lombard (including its affiliated Fund general partners) generally receives management fees and carried interest allocations in connection with the investment management and administrative services provided to the Funds. The Funds’ portfolio companies will also make payments to Lombard for services provided to such portfolio companies which, in certain cases, will reduce management fees payable. Additionally, the Funds or their portfolio companies will bear certain out of pocket expenses incurred by Lombard in connection with the services provided to the Fund or such portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Management Fees**

Our Funds pay us management fees in exchange for our investment management and administrative services. The specific amount of, and manner and calculation of, management fees payable by a Fund are established and negotiated with the Investors in our Funds at the time the Fund is formed, and are set out in the Funds’ Governing Documents. The management fees are typically paid quarterly and in advance, but also can be charged at a later date. Investors in our Funds bear indirectly their pro rata share of such management fees. In certain cases a Fund’s general partner will not be required to bear a share of the Fund’s management fee, though in such cases it will be required to bear its pro rata share of other Fund expenses.

### **Other Fees**

We will 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 will 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.

In general, the management fees that the Funds pay us are reduced by all or a portion of Other Fees, if any, received by us in connection with the activities of the Funds. Such reduction will be

offset for our share of third party expenses related to unconsummated Fund transactions with respect to which a binding agreement (or the equivalent) has been entered into (“**broken deal costs**”) which we have previously been required to bear under the Fund’s Governing Documents. 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. Generally, 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.

Fees, including management fees, are typically deducted from the accounts of the Funds at the payment date, but also can be charged at a later time. Investors in the Funds bear indirectly their pro rata share of management fees and Fund expenses for the time period they are invested in the 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 be required to 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, including custody; (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.

Each Fund will typically pay all 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, including travel, printing, legal, capital raising, accounting, regulatory compliance and administrative and other filings. Organizational expenses above an agreed upon cap, as provided for in the Governing Documents of the relevant Fund, are typically borne by Lombard through an offset to the management fee. In certain cases such offset may be spread over a number of subsequent quarterly periods.

From time to time the general partner of a Fund will create special purpose vehicles, holding companies or similar structuring vehicles for the purpose of accommodating certain tax,

regulatory or other considerations of Investors or transactions. In the event such an entity is formed, such entity (and indirectly the Fund and its Investors) will bear all costs and expenses related to its organization, operation, maintenance and dissolution as well as other expenses incurred for the benefit of such entity.

The definition of Fund expenses will differ from one Fund to another. The Fund expenses described above are generally subject to waiver or reduction by Lombard in its sole discretion. To the extent Lombard elects to voluntarily waive or reduce a Fund's expenses, such election does not permanently modify its right to charge such amounts in the future.

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

#### Carried Interest

Please see Item 6, below, regarding "carried interest" that the Funds pay.

#### Allocation of Fund Expenses

Fund expenses pertaining directly to a Fund will be charged to that Fund. If any Fund expenses are associated with more than one Fund, such expenses will be allocated in a reasonable manner amongst the Funds taking into consideration the nature of the expenses and the relative interests of the Funds in the activity or activities giving rise to the expenses.

#### Co-Investment Vehicle Expenses

Under a Fund's Governing Documents a co-investment vehicle, or other similar vehicle established to enable Investors to invest along-side a Fund may be formed in connection with a proposed investment. In the event a co-investment vehicle is formed, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred for the benefit of such vehicle. A co-investment vehicle will typically be required to bear its pro rata share (based on relative amounts of capital invested) of the fees, costs and expenses incurred in making an investment. If a proposed transaction is not consummated, however, such co-investment vehicle typically will not have been formed and the amount of any expenses relating to such proposed but unconsummated transaction would therefore be borne by the Fund involved in such proposed transaction. As a general matter, a potential investor in a co-investment vehicle will be required to bear expenses associated with such co-investment vehicle only after such person has entered into a binding agreement to make such investment.



### Senior Advisors

Lombard may assist a portfolio company in the engagement of an advisor or advisors during the life of a Fund (each such advisor a “**Senior Advisor**”), including Senior Advisors who are former senior executives with operating experience and industry-specific knowledge. Such Senior Advisors are not employees of Lombard, but are consultants who are expected to help the concerned portfolio company with, among other things, organizational, re-structuring, or growth initiatives, and who will receive compensation for such services from the portfolio company under terms agreed to by such Senior Advisors and the relevant portfolio company. Any such compensation will not affect the management fee received by Lombard.

### **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 Governing 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 distributed to it 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” can 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, as described in Item 4 above.

Investors are generally “accredited investors” within the meaning of Rule 501(a) under the Securities Act and are generally either “qualified purchasers” within the meaning of Section 2(a)(51) under the Investment Company Act of 1940, as amended, or “qualified clients” within the meaning of Rule 205-3 under the Advisers Act.

## **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 our current Funds 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. Our Funds can also make limited debt investments, either separately or in conjunction with an equity or equity-linked investment. Funds generally will not invest in publicly-traded securities, subject to certain exceptions for privately-negotiated transactions as set out in the underlying Fund's Governing Documents.

#### **Geographic Focus**

LAIV focused on investment opportunities primarily in Thailand, the Philippines, and Indochina. Investment restrictions in the Fund's Governing Documents limit investments in portfolio companies organized outside of Thailand to 35% of LAIV's aggregate capital commitments. LAIII focused on investment opportunities in the Asia-Pacific region.

#### **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 can involve a long period of time to develop relationships and trust with prospective portfolio company shareholders and management. This long lead-time will generally 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 will generally seek to protect the interests of our Funds in portfolio companies by obtaining or establishing protection or control rights such as 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 will 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 involves risks not normally present in countries with larger, more developed and more regulated markets and economies. Such risks 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; few investor protections, less stringent fiduciary duties and difficulties in enforcing contractual obligations; 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 are generally subject to less rigorous government regulation and supervision.

### **Foreign Investment Policies**

The availability of investment opportunities for our Funds depends to a large extent on the continuation of the economic reform and liberalization policies of 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, our Funds' ability to achieve their investment objectives may be impaired. In addition, there can be no guarantee that our Funds can successfully qualify their investments for protection under investor protection treaties, or that qualification under any such treaty will have its intended protective effects. Economic sanctions and anti-corruption laws will also limit the Funds' ability to transact business with certain countries, individuals or companies. Such restrictions limit the ability of the Funds or their portfolio companies to make certain investments or participating in certain businesses or activities. While Lombard has implemented policies and procedures designed to ensure compliance with these laws, such policies and procedures may not be effective in all circumstances to prevent violations.

### **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, which is the U.S. dollar for LAIII and LAIV. Accordingly, changes in currency exchange rates between the U.S. dollar and the currencies in which a Fund's investment assets are denominated will 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 generally do not hedge investments against currency exchange risk. 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 will generally 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 owns, while possibly listed on a securities exchange, will 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 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 will 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.

### **Side Letters**

A Lombard Fund or its general partner will often enter into side letters or similar arrangements with particular Investors in such Fund. Such side letters will have the effect of establishing rights under, altering, or supplementing the terms of such Fund's Governing Documents with respect to such Investors in a manner more favorable to such Investors than those applicable to other Investors in such Fund. Any rights established or any terms of the Governing Documents altered or supplemented, in side letters or other similar arrangements with investors, will govern solely with respect to such Investors, notwithstanding any other provisions of the Governing Documents. Such rights or terms may include: (i) excuse rights applicable to particular investments (which may increase the percentage interest of other Investors in and contribution obligations of other Investors with respect to such investments); (ii) additional information rights or reporting obligations to accommodate a particular Investor's regulatory or policy requirements; (iii) waiver or modification of certain confidentiality obligations; (iv) consent of the General Partner to certain transfers by such Investors, or other exercises by such Fund's general partner of its discretionary authority under the Fund's Governing Documents; (v) withdrawal rights due to legal, regulatory or policy matters; (vi) obligations or restrictions with respect to the structuring of certain investments (including with respect to alternative investment vehicles); and (vii) other rights or terms required in connection with the particular legal, tax, regulatory or policy requirements or characteristics of an Investor. Except as otherwise agreed with the Investors in such Fund, entry into such a side letter does not require the approval of any other Investor in the Fund, nor are the terms of such side letter required to be disclosed to such other Investors.

## **Cybersecurity**

Lombard's information and technology systems, as well as the information and technology systems of its and its Fund's service providers, may be vulnerable to potential damage, interruption or other ongoing cybersecurity risks. To the extent a portfolio company of a Fund is subject to cyber-attack or other unauthorized system access is gained, such event may result in substantial losses due to stolen, lost or corrupted: (i) customer data or payment information; (ii) financial information of such company or its customers; (iii) operating software, contact lists or other databases; (iv) confidential or proprietary information or trade secrets; or (v) other items. In certain circumstances, a portfolio company's failure or deemed failure to address and mitigate certain cybersecurity risks will result in civil litigation or regulatory or other action, which could result in substantial losses to the Fund and its Investors. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Lombard or one of its service providers holding Lombard's financial or Investor data, Lombard or the Funds may also be at risk of loss.

## **Market Disruption, Natural Disasters, Health Crises and Geopolitical Risk**

A Fund is subject to the risk that war, terrorism, natural disasters, global or regional health crises and other related geopolitical events will lead to increased short-term market volatility and have adverse long-term effects on regional or world economies and markets generally, as well as adverse effects on issuers of securities and the value of a Fund's investments. Those events as well as other changes in regional or world economic, political and health conditions could also adversely affect individual issuers or related groups of issuers, securities markets, inflation, currency exchange rates, cross-border commercial activities, investor sentiment and other factors, all of which could materially and adversely affect the value of a Fund's investments. Such events may also materially and adversely impact Lombard's ability to source, manage and divest investments and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to such Fund and its Investors.

## **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:

- Lombard Asia IV GP, LLC, a Delaware limited liability company, which is the general partner of LAIV;
- Lombard Asia Advisors LLC, a Delaware limited liability company, which is the general partner of LAIII; and
- Lombard Holdings, LLC, which is the sole shareholder of Lombard Investments (HK) Limited and the majority owner of PETCL.

Lombard currently acts as investment adviser or manager to two 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 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. (See also “Conflicts of Interest” in this Item 11.)

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 will also receive a carried interest from such Fund. The general partner of each Fund makes capital commitments to such Fund. Also, in addition to their interests as participants in the general partner of LAIV, several senior Lombard professionals made individual capital commitments to LAIV as limited partners, with the same rights and obligations with respect to those capital commitments as the other limited partners of LAIV. We also 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) board member fees are typically determined by the concerned portfolio companies of our Funds; (iii) we are not receiving consulting or servicing fees from any of the portfolio companies, but, if we should receive such fees, they would be negotiated with the concerned portfolio companies; and (iv) all or a portion of any board member fees we receive (and any consulting or servicing fees we might receive from portfolio companies) 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 Governing 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 Governing Documents.

*Investments by Funds in Companies in which a Supervised Person has an Interest.* A Supervised Person may own securities of a potential portfolio company of a Fund. If an investment committee of a Lombard Fund considers a possible investment in such company, securities of the company are placed on a Lombard restricted list, the Supervised Person is expected to disclose his or her position to the Chief Compliance Officer, and during the period in which Lombard is considering such investment or a Fund holds an interest in such company, the Supervised Person (and all other Supervised Persons) may not effect any transactions in the securities of such company (including the sale of existing interests) without the prior approval of the Chief Compliance Officer. In addition, such ownership is required to be disclosed to the relevant Fund advisory committee and, unless otherwise approved by such advisory committee, such Supervised Person shall be screened from the investment process (as well as later monitoring or divestment processes) relating to that investment and required to recuse himself or herself from any votes taken with respect to the investment in, or divestment of, securities in such company.

## **Item 12. Brokerage Practices**

We do not make regular use of brokers for the purposes of purchasing securities on behalf of our Funds because the securities that we purchase are typically acquired in privately negotiated transactions. However, on occasion we will use brokers to effect transactions in the acquisition of publicly-traded securities, and we will use brokers to effect sales of publicly-listed securities resulting from, or in connection with, our portfolio investments. In those instances, we have full discretionary authority with respect to the selection of, and commissions paid to, brokers. Where a broker is engaged by Lombard, we 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 each Fund are also provided with audited annual 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 will 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 the Funds.

In addition, we provide a copy of each Fund's audited annual financial statements, prepared in accordance with U.S. generally accepted accounting principles, to the Investors in such Fund within 120 days after the Fund's fiscal 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 Governing 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 Governing 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, will 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 under 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 can 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.

*Class Action Notices.* While class action lawsuits are not typical in most jurisdictions in which the Funds invest, Lombard may from time to time receive a class action notification inviting a Fund to participate in a class action lawsuit and/or settlement, as applicable. In such situations, Lombard will estimate the costs of participation, including projected legal and administrative costs, and the projected recovery amount. If the cost of participation appears likely to exceed the projected recovery amount or would result in a de minimis settlement amount to the Funds, Lombard may conclude that it is not appropriate for the Fund to participate in such class action.

#### **Item 18. Financial Information**

Lombard does not require or solicit the prepayment of management fees or other compensation six months or more in advance.

As of the date of this brochure, Lombard is not aware of any financial condition reasonably likely to impair its ability to meet its contractual commitments to the Funds.

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

This item is not applicable to Lombard as it is not registered in any states.