

Cover Page

Wrap Fee Program Brochure

Lombard Advisers Incorporated

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This wrap fee program brochure provides information about the qualifications and business practices of Lombard Advisers Incorporated. If you have any questions about the contents of this brochure, please contact us at: (410) 342-1300. 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 Lombard Advisers Incorporated is available on the SEC's website at <https://adviserinfo.sec.gov>.

Disclaimer:

Lombard Advisers Incorporated is a registered investment adviser with the United States Securities and Exchange Commission (SEC). The word "registered" in the term "registered investment adviser" does not imply a certain level of skill or training.

March 27, 2024

Form ADV, Part 2A Appendix 1, Item 2

Material Changes

Current Disclosure Brochure Date: March 30, 2023 (as amended March 27, 2024)

This page updates information last provided on March 30, 2023.

Material Changes since the Last Update

This page provides a summary of material changes to our firm's ADV Part 2A, Disclosure Brochure. There have been no material updates to our Client Relationship Summary (Form CRS) since the last update provided.

Certain material change updates require timelier disclosure, and we will provide these types of material disclosures promptly, as necessary.

This brochure has been amended to add as a service the use of a third-party order management platform to facilitate the management of held away assets such as defined contribution plan participant accounts, with discretion. Amended sections include:

- Item 4 – Services, Fees, and Compensation
- Item 6 – Portfolio Manager Selection and Evaluation

Full Brochure Available

To obtain a copy of our firm's Client Relationship Summary (Form CRS), Disclosure Brochure or Supplemental IAR Biographies, Code of Ethics, Business Continuity Plan Summary Disclosure, or our Privacy Disclosure, please contact the Chief Compliance Officer at 410-342-1300.

You may also contact our firm by post at:

Lombard Advisers Incorporated
Attn: Chief Compliance Officer
1820 Lancaster Street
Baltimore, MD 21231

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Services, Fees and Compensation

Firm Description

Lombard Advisers Incorporated (“Lombard Advisers”) was established in 1991 as a wholly owned subsidiary of Lombard Securities Incorporated, a Maryland corporation founded in June 1990.

Lombard Advisers is a Securities and Exchange Commission (“SEC”) Registered Investment Advisor and provides personalized investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses. Advice is provided through consultation with the client and includes general portfolio management, growth and/or income investing, education funding, and retirement planning.

Principal Owners

Lombard Securities Incorporated is a 100% stockholder of Lombard Advisers Incorporated.

Types of Advisory Services

Lombard Advisers sponsors the following types of wrap fee programs:

- a) Investment Adviser Representative (IAR) Directed Discretionary Investment Management – A Lombard Advisers sponsored program in which the firm and IAR fully manage and direct the assets in the client’s platform account with discretion, that is without prior consent of the client. Discretionary authority is limited to prudently buying and selling securities with the amount of capital in the platform account. Margin trading is not permitted in discretionary accounts. The firm’s discretionary authority rests with the advisory agreement which, for a discretionary account contains a limited power of attorney.
- b) Client Directed Portfolio Management (non-discretionary) – A Lombard Advisers sponsored program in which the firm and IAR *assist* the client in managing and directing the assets in the client’s platform account in which the ultimate decision on how to direct the account including all purchases and sales of securities rests with the client.
- c) Held Away Asset Management – A program by which the firm and IAR utilize an unaffiliated third-party order management system to facilitate management of certain held away assets, such as defined contribution plan accounts, with discretion. Discretionary authority is limited to the review of available investment options, allocation of investments, and rebalancing when deemed appropriate. The firm’s discretionary authority rests with the advisory agreement which, for a discretionary account contains a limited power of attorney.

Lombard Advisers’ sponsored programs are maintained within a Wrap Fee Program. A “wrap fee program”, for purposes of the SEC is a program under which investment advisory and brokerage execution services are provided for a single “wrapped” fee that is not based on the transactions in a client account. Clients within Lombard Wrap Fee Program accounts will be provided with this Brochure.

Tailored Relationships

The goals and objectives for each client are documented on Lombard Securities' client profile. Portfolio management should reflect the stated goals and objectives for each client. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

Lombard Advisers sponsored programs with respect to platform accounts, utilize one standard Investment Advisory Agreement which covers both discretionary and non-discretionary investment management services.

Lombard Advisers utilizes a separate agreement that is specific to the management of held away assets on a discretionary basis.

Advisory Service Agreement

Although Advisory Agreements are ongoing agreements and adjustments are sometimes required, the length of service to the client is at the client's discretion. The client or Lombard Advisers may terminate an Agreement by written notice to the other party. At termination of an agreement related to a platform account, fees will be billed on a pro-rata basis for the portion of the quarter completed. The net portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

For held away asset management accounts, the pro-rata fee billed at termination is determined pursuant to the fee negotiated between the IAR and the client at the inception of the arrangement.

Asset Management

Platform Accounts (held through the clearing firm)

Assets may be invested in no-load mutual funds, exchange-traded funds, equities, corporate bonds, municipal securities, U. S. government securities, covered call options contracts, FDIC insured CDs and bank deposits and certain other investments approved by Lombard Advisers. At present, Lombard Advisers' clients must have a designated advisory account set up at the firm's parent, Lombard Securities and all brokerage transactions and reporting are handled by Lombard Securities' correspondent clearing firm, First Clearing. No commissions are charged to the client with regards to purchases or sales of securities in an advisory account. There may be other brokerage-related fees charged to your account. (Please see the "Other Fees" section below).

Held Away Asset Management

Investment options, in most cases open end mutual funds, are determined by the Client's plan sponsor. At the inception of the arrangement, a link is provided to the Client allowing them to connect an account(s) to the third-party order management system. Once the Client account(s) is connected to the system, the IAR will review the current investment options, account allocation, and when deemed necessary, the IAR will rebalance the account considering client investment goals and risk tolerance.

Termination of Agreement

A Client may terminate the aforementioned advisory agreement within 5 days of signing, without penalty. Thereafter, the Client may terminate at any time by notifying Lombard Advisers in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client has made any advance payment, Lombard Advisers will refund any unearned portion of the advance payment.

Lombard Advisers may also terminate the aforementioned advisory agreement at any time by notifying the client in writing.

Fees and Compensation

Description

Platform Accounts (held through the clearing firm)

Lombard Advisers bases the fees for its sponsored programs on a percentage of assets under management. The annual fee for the firm's Advisory Agreement is provided to the client in writing prior to the start of the relationship.

The annual Advisory Agreement fee is negotiated between the firm, its IAR(s), and client and is based on a percentage of the net assets (total asset value less debit balance in a margin account) according to the following guidelines:

Up to 1.70% on the first \$1,000,000

Up to 1.00% on the next \$2,000,000

Up to .75% on the next \$7,000,000.

Lombard Advisers does not charge a minimum fee and may charge a lesser investment advisory fee based on certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.).

Held Away Asset Management

For Held Away Asset Management accounts, Lombard Advisers provides two methods with respect to fee determination.

1. Lombard Advisers bases the fee on a percentage of the market value of the account.

The annual fee is negotiated between the firm, its IAR(s), and client and is based on a percentage of the market value of the account according to the following guidelines:

Up to 1.70% on the first \$1,000,000

Up to 1.00% on the next \$2,000,000

Up to .75% on the next \$7,000,000

Lombard Advisers does not charge a minimum fee and may charge a lesser investment advisory fee based on certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). The annual fee percentage is negotiated at the beginning of the arrangement and will be reassessed during the arrangement at regular intervals.

2. Lombard Advisers also offers a fixed fee subscription-based arrangement for the management of held away assets. The subscription-based fixed fee charged is based on various factors such as frequency of monitoring, frequency of rebalancing, and number of investment choices, with a holistic view of the client relationship. The fixed fee is negotiated in advance and agreed upon through the Investment Advisory Agreement. The fixed fee is negotiated at the beginning of the arrangement and will be reassessed during the arrangement at regular intervals.

Fee Billing

Platform Accounts (held through the clearing firm)

Investment management fees are billed quarterly, in advance, meaning that you are charged at the beginning of the quarterly billing cycle. Payment in full for each quarter is automatically deducted at the time of billing from the designated Lombard Securities client platform account, based on the net value of the account on the last business day of the most recent month. The client must provide written consent in advance to direct debiting of their investment account which is detailed in the Investment Advisory Agreement. Clients are charged \$25.00 annually for administrative costs related to the fee-billing process.

Held Away Asset Management

For Held Away Asset Management accounts, Lombard Advisers provides two options with respect to fee billing.

1. The fee is based on the market value of the client's held away account at the beginning of the arrangement and is reassessed during the arrangement at regular intervals. The annual fee is divided by four and the client is invoiced each quarter, in advance. The client pays the invoice electronically through ACH via a third-party payment solution in which the client will securely input payment information and pay the advisory fee through a secure portal. Lombard Advisers will not have access to the Client's banking information. Payment amounts are negotiated in advance and agreed upon through the Investment Advisory Agreement.

2. **Fixed Fee Subscription Invoice** - The subscription-based fixed annual fee amount is based on various factors such as frequency of monitoring, frequency of rebalancing, and number of investment choices, with a holistic view of the client relationship. The fixed annual fee is paid in monthly/quarterly installments by the client electronically through ACH via a third-party payment solution in which the client will securely input payment information and pay the advisory fee through a secure portal. Lombard Advisers will not have access to the Client's banking information. Payment amounts are negotiated in advance and agreed upon through the Investment Advisory Agreement. The fixed annual fee amount will be reassessed during the arrangement at regular intervals.

Other Fees

In addition to advisory fees paid to Lombard Advisers as explained above, clients are charged custodial service, account maintenance, transaction, and other fees associated with maintaining the account, however Lombard Advisers pays some or all of these fees for designated Wrap Accounts. Therefore, these fees are included in the fee schedule above. These fees vary by broker dealer and/or custodian. Additionally, for any mutual funds purchased, the client may pay their proportionate share of the funds' distribution, internal management, investment advisory and administrative fees (See Expense Ratios below). Such fees are not shared with Lombard Advisers and are compensation to the fund manager. Clients are urged to read the mutual fund prospectus prior to investing.

Commissions and sales charges: Advisory accounts are not charged a sales charge or commission by Lombard Advisers in conjunction with the purchase or sale of any security.

Expense Ratios

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Lombard Advisers. The firm only uses advisory share classes of mutual funds in its platform accounts (with the exception of other share classes transferred into the account from other firms or accounts converted from Lombard Securities Incorporated). Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Form ADV, Part 2A Appendix 1, Item 5

Account Requirements and Types of Clients

Description

Lombard Advisers generally provides investment advice to individuals, banks or thrift institutions, investment companies, pension and profit-sharing plans, trusts, estates, or charitable organizations, corporations, or business entities,

Client relationships vary in scope and length of service.

Account Minimums

There is no account minimum, required by the firm.

Form ADV, Part 2A Appendix 1, Item 6

Portfolio Manager Selection and Evaluation

Lombard Advisers may act as the portfolio manager for its Wrap Fee Program accounts. There is no conflict of interest with the arrangement.

Firm Description

Lombard Advisers Incorporated (“Lombard Advisers”) was established in 1991 as a wholly owned subsidiary of Lombard Securities Incorporated, a Maryland corporation founded in June 1990.

Lombard Advisers is a Securities and Exchange Commission (“SEC”) Registered Investment Advisor and provides personalized investment management to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and small businesses. Advice is provided through consultation with the client and includes general portfolio management, growth and/or income investing, education funding, and retirement planning.

Principal Owners

Lombard Securities Incorporated is a 100% stockholder of Lombard Advisers Incorporated.

Types of Advisory Services

Lombard Advisers sponsors the following types of wrap fee programs:

Investment Adviser Representative (IAR) Directed Discretionary Investment Management – A Lombard Advisers sponsored program in which the firm and IAR fully manage and direct the assets in the client’s platform account with discretion, that is without prior knowledge of the client. Discretionary authority is limited to prudently buying and selling securities with the amount of capital in the platform account. Margin trading is not permitted in discretionary accounts. The firm’s discretionary authority rests with the advisory agreement which, for a discretionary account contains a limited power of attorney.

Client Directed Portfolio Management (non-discretionary) – A Lombard Advisers sponsored program in which the firm and IAR *assist* the client in managing and directing the assets in the client’s platform account in which the ultimate decision on how to direct the account including all purchases and sales of securities rests with the client.

Held Away Asset Management – A program by which the firm and IAR utilize an unaffiliated third-party order management system to facilitate management of certain held away assets, such as defined contribution plan accounts, with discretion. Discretionary authority is limited to the review of available investment options, allocation of investments, and rebalancing when deemed appropriate. The firm’s discretionary authority rests with the advisory agreement which, for a discretionary account contains a limited power of attorney.

Tailored Relationships

The goals and objectives for each client are documented on Lombard Securities’ Client Profile. Portfolio management should reflect the stated goals and objectives for each client. Clients may impose restrictions on investing in certain securities or types of securities.

Types of Agreements

For Lombard Advisers sponsored programs with respect to platform accounts, one standard Investment Advisory Agreement is utilized which covers both discretionary and non-discretionary investment management services.

Lombard Advisers utilizes a separate agreement that is specific to the management of held away assets on a discretionary basis.

Advisory Service Agreement

Although Advisory Agreements are ongoing agreements and adjustments are sometimes required, the length of service to the client is at the client’s discretion. The client or Lombard Advisers may terminate an Agreement by written notice to the other party. At termination of an agreement related to a platform account, fees will be billed on a pro-rata basis for the portion of the quarter completed. The net portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

For held away asset management accounts, the pro-rata fee billed at termination is determined pursuant to the fee negotiated between the IAR and the client at the inception of the arrangement.

Asset Management

Platform Accounts (held through the clearing firm)

Assets may be invested in no-load mutual funds, exchange-traded funds, equities, corporate bonds, municipal securities, U. S. government securities, covered call options contracts, FDIC insured CDs and bank deposits and certain other investments approved by Lombard Advisers. At present, Lombard Advisers’ clients must have a designated advisory account set up at the firm’s parent, Lombard Securities and all brokerage transactions and reporting are handled by Lombard Securities’ correspondent clearing firm, First Clearing. No commissions are charged to the client with regards to purchases or sales of securities in an advisory account. There may

be other brokerage-related fees charged to your account. (Please see the “Other Fees” section within this brochure).

Held Away Asset Management

Investment options, in most cases open end mutual funds, are determined by the Client’s plan sponsor. At the inception of the arrangement, a link is provided to the Client allowing them to connect an account(s) to the third-party order management system. Once the Client account(s) is connected to the system, the IAR will review the current investment options, account allocation, and when deemed necessary, the IAR will rebalance the account considering client investment goals and risk tolerance.

Termination of Agreement

A Client may terminate the aforementioned advisory agreement within 5 days of signing, without penalty. Thereafter, the Client may terminate at any time by notifying Lombard Advisers in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client has made any advance payment, Lombard Advisers will refund any unearned portion of the advance payment.

Lombard Advisers may also terminate the aforementioned advisory agreement at any time by notifying the client in writing.

Performance-Based Fees and Side By Side Management

Lombard Advisers does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or appreciation of the assets of a client. Our fees are calculated as described in the Fees and Compensation section above and are not charged on the basis of performance in your advisory account.

Methods of Analysis

Security analysis methods may include charting, fundamental analysis, technical analysis, and cyclical analysis.

Sources of information include but are not limited to financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses, filings with the Securities and Exchange Commission, and company press releases.

Other sources of information that Lombard Advisers may use include subscription-based or online research services.

Investment Strategies

The investment strategy tailored for a specific client is based upon the objectives stated by the client during the account opening process and during later consultations. The client may change these investment objectives by updating his or her suitability information at any time.

Risk of Loss

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for your particular investment goals, you should carefully consider these risks, as they all bear varying degrees of risks.

Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. It is the risk that a bond's yield will rise (as its price falls) after it has been purchased.
- **Market Risk:** The prices of securities in which clients invest may decline in response to certain events taking place around the world, including those directly involving the companies whose securities are owned by the client or an underlying fund; conditions affecting the general economy; overall market changes; local, regional, or global political, social, or economic instability; and currency, interest rate and commodity price fluctuations. Investors should have a long-term perspective and be able to tolerate potentially sharp declines in market value.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of clients who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk to profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Below are some more specific risks of investing:

Management Risk: Lombard Advisers' investment approach may fail to produce the intended results. If our perception of the performance of a specific security asset class or underlying fund is not realized in the expected time frame, the overall performance of a client's portfolio may suffer.

Equity Risk: Equity securities tend to be more volatile than other investment choices. The value of an individual mutual fund or ETF can be more volatile than the market as a whole. This volatility affects the value of the client's overall portfolio. Small- and mid-cap companies are subject to additional risks. Smaller companies may experience greater volatility, higher failure rates, more limited markets, product lines, financial resources, and less management experience than larger companies. Smaller companies may also have a lower trading volume, which may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies.

Fixed Income Risk: The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer could default on its obligation. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return. As nominal interest rates rise, the value of fixed income securities is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate.

Municipal Securities Risk: The value of municipal obligations can fluctuate over time, and may be affected by adverse political, legislative and tax changes, as well as by financial developments that affect the municipal issuers. Because many municipal obligations are issued to finance similar projects by municipalities (e.g., housing, healthcare, water, and sewer projects, etc.), conditions in the sector related to the project can affect the overall municipal market. Payment of municipal obligations may depend on an issuer's general unrestricted revenues, revenue generated by a specific project, the operator of the project, or government appropriation or aid. There is a greater risk if investors can look only to the revenue generated by the project. In addition, municipal bonds generally are traded in the "over-the-counter" market among dealers and other large institutional investors. From time to time, liquidity in the municipal bond market (the ability to buy and sell bonds readily) may be reduced in response to overall economic conditions and credit tightening.

Investment Companies Risk: When a client invests in open end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund (such as the use of derivatives). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases

in stock prices) halts stock trading generally; or (iv) the ETF may not effectively track the segment of the market it was designed to mirror. Lombard Advisers has no control over the risks taken by the underlying funds.

Form ADV, Part 2A Appendix 1, Item 7

Client Information Provided to Portfolio Managers

Lombard Advisers may directly provide the portfolio management services for the Wrap Fee Program accounts. As such, Lombard Advisers receives all information provided by the Client through a formal needs analysis and consultation with the Client. Advice is provided through consultation with the client and may include determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Form ADV, Part 2A Appendix 1, Item 8

Client Contact With Portfolio Managers

There are no restrictions placed on Lombard Advisers' clients' ability to contact and consult with their portfolio manager(s).

Form ADV, Part 2A Appendix 1, Item 9

Additional Information

Legal and Disciplinary

In March 2018 the Commonwealth of Virginia State Corporation Commission Division of Securities and Retail Franchising alleged that Lombard Advisers allowed an associated person to represent themselves and act as a registered investment advisor representative prior to the approval of the associated person's registration by the state. Without admitting or denying the allegations Lombard Advisers agreed to settle the matter for \$40,000 (monetary penalties) and \$5,000 to defray the costs of an investigation.

Affiliations and Other Material Disclosures

Lombard Advisers is an independent SEC Registered Investment Advisor, incorporated in the state of Maryland, which is a wholly owned subsidiary of Lombard Securities Incorporated, a registered broker/dealer, member FINRA, SIPC and introduces its client accounts through its correspondent clearing firm, First Clearing.

The IAR may also be a registered representative of Lombard Securities Incorporated. Lombard Advisers and its IARs currently direct client's securities brokerage business to Lombard Securities Incorporated.

Advisory clients must be aware that advisory fees will probably be higher than commissions charged in an identical non-advisory account if trading activity is modest.

The IAR may also be associated with Lombard Securities Incorporated insurance affiliate Lombard Agency, or various other non-affiliated insurance agencies. **Outside of the advisor capacity, in a separate non-investment advisor account**, the IAR may earn commissions from insurance sales to his/her advisory clients as insurance clients. Lombard Advisers prohibits the sale of insurance products in any advisory account.

Lombard Securities Incorporated, in its role as appointed broker/dealer of Lombard Advisers, may receive selling compensation in connection with any securities transactions effected for any non-advisory accounts of clients maintained at the firm and, the IAR, in his/her individual capacity as registered representative of Lombard Securities Incorporated, may receive commission or concession compensation from Lombard Securities Incorporated in connection with any securities transactions effected for the other non-advisory accounts of clients maintained at or through Lombard Securities Incorporated.

Lombard Advisers, its IARs, Lombard Securities Incorporated and their affiliates may perform, among other things, research, brokerage, and investment advisory services for other clients. Advice may be given, and action undertaken in the performance of their responsibilities to other clients, which advice and actions may differ from that provided or undertaken for client.

Through our clearing firm, First Clearing, clients are provided with an automated sweep to a bank insured FDIC vehicle at no additional cost. The firm receives a rebate from First Clearing based on the value of client sweep account assets. Therefore, we have an incentive to recommend that clients use a sweep account and recommend certain money market funds that pay the highest rebates.

All Lombard Advisers IARs are prohibited from earning any commissions, 12b-1 fees, and sales charges in any of their respective advisory accounts. 12b-1 fees are administrative fees charged by mutual funds generally ranging from .1% to .75% annually. Lombard Advisers IARs are permitted to sell only institutional or advisory share classes of mutual funds which generally provide for no or lower 12b-1 fees than A, B, and C share classes. As a result of client account transfers into Lombard Advisers, clients may own classes of A, B, and C mutual funds when they transfer their accounts to us. The advisory firm may receive 12b-1 fees charged to clients that own certain mutual funds in their accounts. However, any 12b-1 fee payments the firm receives for eligible mutual funds held in advisory accounts are credited back to the client. The receipt of 12b-1 fees may give the firm an incentive to recommend mutual funds that pay these 12b-1 fees rather than recommend another investment that may have a lower net cost to the client.

Code of Ethics

Lombard Advisers' Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect client interests at all times and to demonstrate our commitment to fiduciary duties of honesty, good faith, and fair dealing. All Lombard Advisers' Associated Persons are expected to strictly adhere to these guidelines. Persons associated with Lombard Advisers are also required to report any violations to the Code of

Ethics. Additionally, the firm maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about our clients or client accounts by persons associated with our firm.

Participation or Interest in Client Transactions

Lombard Advisers does occasionally participate in some riskless principal trades, meaning client trades are purchased through Lombard's proprietary account. Lombard Advisers does not charge a mark-up or mark-down on these trades. Principal trading could create a potential conflict of interest because it could give the firm an incentive to make recommendations and enter trades that are not in the best interest of the client for the firm's financial gain. This conflict of interest is mitigated by the fact that Lombard Advisers has a fiduciary duty to act in the best interest of clients, and these trades are not charged a mark-up or mark-down.

Personal Trading

Lombard Advisers, its IARs and its employees may have positions in securities that are also held by clients. Firm policy prohibits any associated person or employee to trade ahead of client orders. However, if an employee trades in the same security that is in the client's account, it could have an adverse impact on the marketplace of that security.

The Chief Compliance Officer of Lombard Advisers is C. Curtis Fox. He reviews all employee trades each quarter. His personal trades are reviewed by the Chief Financial Officer of Lombard Securities.

The Code of Ethics is available for review by clients and prospective clients by contacting us at (410) 342-1300.

Periodic Reviews

Account reviews are performed periodically by Lombard Advisers' Compliance Department. Account reviews are performed more frequently when market conditions dictate.

Regular Reports

Clients receive brokerage statements at least quarterly on their platform accounts. Statements include information with respect to gains and losses. IARs may elect to mail periodic comparative financial reports to clients which must be pre-approved by the firm's compliance department.

For Held Away Asset Accounts, statements are provided directly through the custodian holding the account(s), in most cases, quarterly.

Incoming Referrals

Lombard Advisers has been fortunate to receive client referrals over the years. Referrals come from current clients, estate planning attorneys, accountants, employees, personal friends of

employees and other similar sources. The firm does not compensate referring parties for these referrals.

Referrals Out

Lombard Advisers does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

Form ADV, Part 2A Appendix 1, Item 10

Requirements for State Registered Investment Advisers

This section is not applicable, as Lombard Advisers is an SEC registered firm.