

Disclosure Brochure

March 26, 2012

Luminous Capital, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Luminous Capital, LLC (hereinafter "Luminous Capital"). If you have any questions about the contents of this brochure, please contact Matthew A. Sonnen at (424) 204-0871. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Luminous Capital, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Luminous Capital, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since Luminous Capital's last annual update dated March 17, 2011. Luminous Capital has the following material changes to disclose.

As further disclosed in response to Item 12, Luminous Capital receives compensation from *Fidelity* based on that portion of client assets held at *Fidelity* which consist of no transaction fee (NTF) mutual funds. Luminous Capital is paid approximately 19 basis points on applicable client assets on an ongoing basis for providing back-office, administrative, custodial support and clerical services to *Fidelity* in connection with client accounts. This relationship creates a potential conflict of interest as Luminous Capital would benefit more by recommending NTF funds for clients. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of additional compensation from *Fidelity* creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.

Certain companies that provide or sponsor products in which Luminous Capital's advisory clients invest have contributed costs towards certain of the firm's employee and client events. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of compensation towards employee and client events from these providers or sponsors creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of products over others.

Item 3. Table of Contents

Firm Disclosure Brochure

Item 1. Cover Page	i
Item 2. Material Changes	ii
Item 3. Table of Contents	iii
Item 4. Advisory Business	4
Item 5. Fees and Compensation	7
Item 6. Performance-Based Fees and Side-by-Side Management	9
Item 7. Types of Clients	10
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss	10
Item 9. Disciplinary Information	13
Item 10. Other Financial Industry Activities and Affiliations	13
Item 11. Code of Ethics	14
Item 12. Brokerage Practices	15
Item 13. Review of Accounts	18
Item 14. Client Referrals and Other Compensation	18
Item 15. Custody	19
Item 16. Investment Discretion	19
Item 17. Voting Client Securities	20
Item 18. Financial Information	20

Item 4. Advisory Business

Luminous Capital provides financial planning, consulting, and investment management services. Prior to engaging Luminous Capital to provide any of the foregoing investment advisory services, the client is required to enter into one or more written agreements with Luminous Capital setting forth the terms and conditions under which Luminous Capital renders its services (collectively the “*Agreement*”).

Luminous Capital has been in business since May 2008. Luminous Capital Holdings, LLC is the principal owners of Luminous Capital. David Hou, Alan Zafran, Kim Ip, Robert Skinner, Mark Sear and Eric Harrison are the Partners of Luminous Capital.

Luminous Capital has \$4,998,744,355 of assets under management as of February 29, 2012. \$4,540,576,837 of these assets are managed on a discretionary basis, and \$458,167,518 are managed on a non-discretionary basis.

This Disclosure Brochure describes the business of Luminous Capital. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of Luminous Capital's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on Luminous Capital's behalf and is subject to Luminous Capital's supervision or control.

Financial Planning and Consulting Services

Luminous Capital may provide its clients with a broad range of comprehensive financial planning and consulting services. In performing its services, Luminous Capital is not required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information. Luminous Capital may recommend the services of itself, and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists if Luminous Capital recommends its own services. The client is under no obligation to act upon any of the recommendations made by Luminous Capital under a financial planning or consulting engagement or to engage the services of any such recommended professional, including Luminous Capital itself. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any of Luminous Capital's recommendations. Clients are advised that it remains their responsibility to promptly notify Luminous Capital if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Luminous Capital's previous recommendations and/or services.

Investment Management Services

Clients can engage Luminous Capital to manage all or a portion of their assets on a discretionary or non-discretionary basis.

Luminous Capital, LLC Disclosure Brochure

Luminous Capital primarily allocates clients' investment management assets among *Independent Managers* (as defined below), mutual funds, exchange-traded funds ("ETFs"), and individual debt and equity securities in accordance with the investment objectives of the client. In addition, Luminous Capital may recommend that clients who are "accredited investors" as defined under Rule 501 of the Securities Act of 1933, as amended, invest in private placement securities, which may include debt, equity, and/or pooled investment vehicles when consistent with the clients' investment objectives and risk tolerance. Luminous Capital may also provide advice about any type of investment held in clients' portfolios.

Luminous Capital also may render non-discretionary investment management services to clients relative to variable life/annuity products that they may own, their individual employer-sponsored retirement plans, and/or 529 plans or other products that may not be held by the client's primary custodian. In so doing, Luminous Capital either directs or recommends the allocation of client assets among the various investment options that are available with the product. Client assets are maintained at the specific insurance company or custodian designated by the product.

Luminous Capital tailors its advisory services to the individual needs of clients. Luminous Capital consults with clients initially and on an ongoing basis to determine risk tolerance, time horizon and other factors that may impact the clients' investment needs. Luminous Capital ensures that clients' investments are suitable for their investment needs, goals, objectives and risk tolerance.

Clients are advised to promptly notify Luminous Capital if there are changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon Luminous Capital's management services. Clients may impose reasonable restrictions or mandates on the management of their account (e.g., require that a portion of their assets be invested in socially responsible funds) if, in Luminous Capital's sole discretion, the conditions will not materially impact the performance of a portfolio strategy or prove overly burdensome to its management efforts.

Use of Independent Managers

As mentioned above, Luminous Capital recommends that certain clients authorize the active discretionary management of a portion of their assets by and/or among certain independent investment managers ("*Independent Managers*"), based upon the stated investment objectives of the client. The terms and conditions under which the client engages the *Independent Managers* are set forth in a separate written agreement between Luminous Capital or the client and the designated *Independent Managers*. Luminous Capital also monitors and reviews the account performance and the client's investment objectives. The firm receives an annual advisory fee based upon a percentage of the market value of the assets being managed by the designated *Independent Managers*.

When recommending or selecting an *Independent Manager* for a client, Luminous Capital reviews information about the *Independent Manager* such as its disclosure brochure and/or material supplied by the *Independent Manager* or independent third parties for a description of the *Independent Manager's*

investment strategies, past performance and risk results to the extent available. Factors that Luminous Capital considers in recommending an *Independent Manager* include the client's stated investment objectives, as well as the *Independent Manager's* management style, performance, reputation, financial strength, reporting, pricing, and research. The investment management fees charged by the designated *Independent Managers*, together with the fees charged by the corresponding designated broker-dealer/custodian of the client's assets, may be exclusive of, and in addition to, Luminous Capital's investment advisory fee set forth above. As discussed above, the client may incur additional fees than those charged by Luminous Capital, the designated *Independent Managers*, and corresponding broker-dealer and custodian.

In addition to Luminous Capital's written disclosure brochure, the client also receives the written disclosure brochure of the designated *Independent Managers*. Certain *Independent Managers* may impose more restrictive account requirements and varying billing practices than Luminous Capital. In such instances, Luminous Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

If Luminous Capital refers a client to an *Independent Manager* where Luminous Capital's compensation is included in the advisory fee charged by such *Independent Manager* and the client engages the *Independent Manager*, Luminous Capital is compensated for its services by receipt of a fee to be paid directly by the *Independent Manager* to Luminous Capital in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities laws, rules, regulations, or requirements. Any such fee is paid solely from the *Independent Manager's* investment management fee, and does not result in any additional charge to the client.

Management of Collective Investment Vehicle

Luminous Capital is the investment manager of Luminous Capital Special Situations Fund, L.P., Luminous Capital Special Situations Fund-A, L.P., Luminous Capital Senior Credit Fund, L.P., Luminous Capital Senior Credit Fund-A, L.P., Luminous Capital Net Lease Income Fund, L.P., Luminous Capital Net Lease Income Fund-A, L.P., Luminous Capital Distressed Credit Opportunities Fund, L.P., Luminous Capital Distressed Credit Opportunities Fund-A, L.P., LC – FCO II, L.P., LC Life Settlements Fund, L.P., LC – U.S. Farming Realty Fund, L.P., LC Rimrock, L.P., LCDBSO, L.P., LC Real Estate Opportunities Fund, L.P., LC Special Opportunities Fund, L.P., LC – GOF III, L.P., LC – Diversified Portfolio, L.P., and LC – FCO III, L.P. (together, the "*Private Funds*").

In addition, an affiliate of Luminous Capital acts as the general partner of the *Private Funds*. Interests in the *Private Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Private Funds* currently rely on an exemption from registration in reliance on Section 3(c)(1) and/or Section 3(c)(7) of the Investment Company Act of 1940, as amended (the "Company Act").

If eligible, Luminous Capital may recommend that certain clients invest in the *Private Funds*. All relevant information, terms and conditions relative to the *Private Funds*, including the compensation received by

Luminous Capital, LLC Disclosure Brochure

Luminous Capital or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the relevant confidential private offering memorandum (the “*Memorandum*”), investor agreement, and Subscription Agreement (the *Memorandum*, investor agreement and Subscription Agreement together the “*Offering Documents*”), which each investor is required to receive and/or execute prior to being accepted as an investor in the *Private Funds*.

While each *Private Fund* is generally Luminous Capital’s client (and not the individual investors), the term “client(s)” sometimes refers to the investors in the *Private Funds*.

Luminous Capital will devote its best efforts with respect to its management of both the *Private Funds* and its individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Private Funds*, Luminous Capital may give advice or take action with respect to the *Private Funds* that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the *Private Funds* and certain individual client accounts, such investments will be allocated between the *Private Funds* and the individual client accounts pro rata based on the assets under management or in some other manner which Luminous Capital determines is fair and equitable under the circumstances to all of its clients.

Sponsor and Manager of Wrap Program

Luminous Capital is the sponsor and manager of Luminous Capital, LLC Program (the “*Program*”), a wrap fee program. The services and management style provided in the *Program* is identical to that provided through Luminous Capital’s non-wrap service. In the *Program*, however, Luminous Capital provides its investment management services and arranges for brokerage transactions under a single annualized fee. For certain participants in the *Program*, investment management fees charged by the designated *Independent Manager(s)* (as defined below) shall also be included in the single annualized fee. Participants in the *Program* may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the *Program*’s terms and conditions (including fees) are contained in the *Program*’s wrap fee brochure.

Item 5. Fees and Compensation

Luminous Capital offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

Luminous Capital may charge a fixed fee for financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$50,000, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client

Luminous Capital, LLC Disclosure Brochure

engages Luminous Capital for additional investment advisory services, Luminous Capital may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging Luminous Capital to provide financial planning and/or consulting services, the client is required to enter into a written agreement with Luminous Capital setting forth the terms and conditions of the engagement. Generally, Luminous Capital requires one-half of the financial planning / consulting fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

Luminous Capital provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by Luminous Capital. For services provided outside of the *Program*, Luminous Capital's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. Luminous Capital does not, however, receive any portion of these commissions, fees, and costs. Luminous Capital's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by Luminous Capital on the last day of the previous quarter. The annual fee varies (between 0.15% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

Luminous Capital, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, *pro bono* activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), Luminous Capital generally recommends that clients utilize the brokerage and clearing services of Fidelity Institutional Wealth Services ("*Fidelity*") and/or Charles Schwab & Co., Inc. ("*Schwab*") for investment management accounts.

Luminous Capital may only implement its investment management recommendations after the client has arranged for and furnished Luminous Capital with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, *Fidelity*, *Schwab*, any other broker-dealer recommended by Luminous Capital, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "*Financial Institutions*").

Clients may incur certain charges imposed by the *Financial Institutions* and other third parties such as fees charged by *Independent Managers* (as defined below), custodial fees, charges imposed directly by a mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management

fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to Luminous Capital's fee.

Luminous Capital's *Agreement* and the separate agreement with any *Financial Institutions* may authorize Luminous Capital or *Independent Managers* to debit the client's account for the amount of Luminous Capital's fee and/or the Independent Manager's fee to directly remit that management fee to Luminous Capital or the *Independent Managers*, respectively. Any *Financial Institutions* recommended by Luminous Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Luminous Capital. Alternatively, clients may elect to have Luminous Capital send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a *pro rata* basis.

The *Agreement* between Luminous Capital and the client will continue in effect until terminated by either party pursuant to the terms of the *Agreement*. Luminous Capital's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to Luminous Capital's right to terminate an account. Additions may be in cash or securities provided that Luminous Capital reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. Luminous Capital may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets on notice to Luminous Capital, subject to the usual and customary securities settlement procedures. However, Luminous Capital designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

If assets are deposited into or withdrawn from an account after the inception of a quarter that exceed \$25,000,000, the fee payable with respect to such assets will be prorated based on the number of days remaining in the quarter.

Item 6. Performance-Based Fees and Side-by-Side Management

Luminous Capital does not provide any services for performance-based fees. Performance-based fees are those based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Luminous Capital provides its services to individuals, investment limited partnerships or other collective vehicles, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities.

Minimums Imposed By Independent Managers

Although Luminous Capital does not impose a minimum portfolio size or minimum annual fee, certain *Independent Managers* may impose more restrictive account requirements and varying billing practices. In such instances, Luminous Capital may alter its corresponding account requirements and/or billing practices to accommodate those of the *Independent Managers*.

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

Methods of Analysis and Investment Strategies

Luminous Capital firmly believes that diversification is the key to maximizing risk-adjusted returns over time. Luminous Capital believes that diversification is the last “free lunch” in the investment world whereby asset classes and managers are combined in such a way that allows for participation in upside returns but lowers the volatility and downside risk of the overall portfolio. Luminous Capital diversifies across asset classes which include, geographic regions, security types (including stocks, bonds, currencies, and commodities) and individual positions within an overall portfolio. Within each asset class, Luminous Capital looks for managers who have exhibited an ability to deliver attractive returns, in light of the risks assumed, relative to their peers and benchmark over extended periods of time and ideally through multiple market cycles.

One fundamental principle that Luminous Capital employs in managing client assets is to continually evaluate an investment’s risk/reward profile. Namely, Luminous Capital looks to invest in asset classes in which the upside profit potential outweighs the downside risk (referred to as “asymmetric risk/reward”). Client portfolios are typically broadly diversified with investments that reflect Luminous Capital’s best expectation for positive returns. A defined investment thesis is behind every asset class.

The output of the analyses Luminous Capital conducts with regard to asset class exposure and manager selection is incorporated into a template, referred to as the “Model Portfolio”. The Model Portfolio embodies Luminous Capital’s best ideas about how to position a portfolio that is unconstrained by income requirements, time horizons, and liquidity considerations. Luminous Capital then creates variations to the Model Portfolio to designate differences in risk tolerance. Thereafter, Luminous Capital marries the client’s specific investment objectives and constraints with the market viewpoints expressed in one of the Model Portfolios. The final portfolio recommendation is then presented to the client for review, followed by an open discussion regarding any concerns and/or suggestions.

Luminous Capital defines risk as the likelihood of permanent loss of capital. Therefore, within Model Portfolio recommendations, Luminous Capital takes into consideration that significant negative events can and do occur in the market, with seeming regularity. Luminous Capital's ability to predict these events is imperfect but if there are detectable risks, Luminous Capital requests the ability to de-risk the portfolio.

The traditional measure of risk, the standard deviation of returns, is factored into Luminous Capital's recommendations. However, Luminous Capital focuses more on downside risk than standard deviation since it is the downside risk that poses the potential for permanent loss of capital. Therefore, while Luminous Capital reviews the Sharpe Ratio, it also considers the Sortino Ratio in its evaluation of managers to help understand the returns managers are achieving in down markets.

In terms of manager selection, Luminous Capital holds the belief that very few investment managers are truly talented. Therefore, Luminous Capital invests primarily in a small group of core investment managers that have demonstrated their ability to outperform over an entire economic cycle. Luminous Capital will invest in these managers regardless of the structure of the investment vehicle (i.e., separately managed account, mutual fund, limited partnership, exchange-traded funds, etc.), however consideration is given to the type of vehicle to assess its appropriateness for the investment style. Generally, Luminous Capital prefers fundamentally-based, absolute return-oriented managers. With an absolute return orientation, Luminous Capital strives to make money for clients regardless of market conditions. The managers that Luminous Capital utilizes have historically proven their ability to participate in the positive returns of the market but have also shown their ability to protect to the downside. The basis for this philosophy is that Luminous Capital understands the asymmetry of investment returns – for example, a 25% decline requires an increase of 33% just to break even. Luminous Capital also prefers to give managers the latitude to invest wherever they see opportunity, irrespective of market capitalization, geography or security.

Luminous Capital takes a long-term investment perspective with a core group of managers while being tactical with short-term, opportunistic investments to add alpha when the situation presents itself. These tactical investments allow Luminous Capital to take advantage of asymmetric risk/reward opportunities as they become available in the market, from time to time.

Risks of Loss

Mutual Funds and Exchange Traded Funds (ETFs)

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (e.g., sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ significantly from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for indexed-based ETFs and more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 50,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares.

Market Risks

The profitability of a significant portion of Luminous Capital's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that Luminous Capital will be able to predict those price movements accurately.

Use of Independent Managers

Luminous Capital may recommend the use of *Independent Managers* for certain clients. Luminous Capital will continue to do ongoing due diligence of such managers, but such recommendations rely, to a great extent, on the *Independent Managers'* ability to successfully implement their investment strategies. In addition, Luminous Capital does not have the ability to supervise the *Independent Managers* on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Private Collective Investment Vehicles

Luminous Capital may recommend the investment in privately placed collective investment vehicles (some of which may be typically called "hedge funds") by certain clients. The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Use of Margin

To the extent that a client authorizes the use of margin, and margin is thereafter employed by Luminous Capital in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to Luminous Capital will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to Luminous Capital. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

Luminous Capital is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Luminous Capital does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Luminous Capital is required to disclose any relationship or arrangement that is material to its advisory business or to its clients with certain related persons. Luminous Capital has described such relationships and arrangements below.

Receipt of Insurance Commission

Luminous Capital is under common control with Luminous Capital Insurance Services LLC, a duly licensed insurance agency. Certain of Luminous Capital's *Supervised Persons*, in their individual capacities, are also licensed insurance agents with Luminous Capital Insurance Services, and in such capacity, may recommend, on a fully-disclosed commission basis, the purchase of certain insurance

products. While Luminous Capital does not sell such insurance products to its investment advisory clients, Luminous Capital does permit its *Supervised Persons*, in their individual capacities as licensed insurance agents, to sell insurance products to its investment advisory clients. A conflict of interest exists to the extent that Luminous Capital recommends the purchase of insurance products where Luminous Capital's *Supervised Persons* receive insurance commissions or other additional compensation.

Item 11. Code of Ethics

Luminous Capital and persons associated with Luminous Capital ("Associated Persons") are permitted to buy or sell securities that it also recommends to clients consistent with Luminous Capital's policies and procedures.

Luminous Capital has adopted a code of ethics that sets forth the standards of conduct expected of its associated persons and requires compliance with applicable securities laws ("*Code of Ethics*"). In accordance with Section 204A of the Investment Advisers Act of 1940 (the "Advisers Act"), its *Code of Ethics* contains written policies reasonably designed to prevent the unlawful use of material non-public information by Luminous Capital or any of its associated persons. The *Code of Ethics* also requires that certain of Luminous Capital's personnel (called "*Access Persons*") report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

As specifically permitted in Luminous Capital's *Code of Ethics*, its *Access Persons* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Luminous Capital's clients. However, when Luminous Capital is purchasing or considering for purchase any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Luminous Capital is selling or considering the sale of any security on behalf of a client, no *Access Person* may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients and prospective clients may contact Luminous Capital to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, Luminous Capital generally recommends that clients utilize the brokerage and clearing services of *Fidelity* and *Schwab*.

Factors which Luminous Capital considers in recommending *Fidelity*, *Schwab* or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. *Fidelity* and *Schwab* enable Luminous Capital to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by *Fidelity* and *Schwab* may be higher or lower than those charged by other *Financial Institutions*.

The commissions paid by Luminous Capital's clients comply with Luminous Capital's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where Luminous Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Luminous Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Luminous Capital periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

The client may direct Luminous Capital in writing to use a particular *Financial Institution* to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that *Financial Institution*, and Luminous Capital will not seek better execution services or prices from other *Financial Institutions* or be able to "batch" client transactions for execution through other *Financial Institutions* with orders for other accounts managed by Luminous Capital (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Luminous Capital may decline a client's request to direct brokerage if, in Luminous Capital's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Luminous Capital decides to purchase or sell the same securities for several clients at approximately the same time. Luminous Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Luminous Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and

allocated among Luminous Capital's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Luminous Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Luminous Capital's *Supervised Persons* may invest, Luminous Capital generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Luminous Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Luminous Capital determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a *de minimis* allocation in one or more accounts, Luminous Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Luminous Capital in its investment decision-making process. Such research generally will be used to service all of Luminous Capital's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Luminous Capital does not have to produce or pay for the products or services.

It is Luminous Capital's policy to minimize the occurrence of trade errors. Should any trade errors occur, however, Luminous Capital shall take any steps necessary to put the client in the position it should have been but for the trade error. In the event Luminous Capital determines that a bona fide trade error has occurred, Luminous Capital may move offsetting trades into its error account. Depending on the internal trade error policies and procedures of the particular custodian/broker-dealer for the account, Luminous Capital's error account may be debited if the offsetting trade results in a loss or credited if the offsetting trade results in a gain. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of a

credit for a gain creates certain conflicts of interest including influencing Luminous Capital's choice of a particular broker-dealer over another that does not have a similar policy.

Software and Support Provided by Financial Institutions

Luminous Capital may receive from *Fidelity* and *Schwab*, without cost to Luminous Capital, computer software and related systems support, which allow Luminous Capital to better monitor client accounts maintained at *Fidelity* and *Schwab*. Luminous Capital may receive the software and related support without cost because Luminous Capital renders investment management services to clients that maintain assets at *Fidelity* and *Schwab*. The software and related systems support may benefit Luminous Capital, but not its clients directly. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Luminous Capital may receive the following benefits from *Fidelity* and *Schwab* through their respective institutional divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively service their institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Luminous Capital shall receive additional compensation from *Fidelity* based on that portion of client assets held at *Fidelity* which consist of no transaction fee (NTF) mutual funds. Luminous Capital is paid approximately 19 basis points on applicable client assets on an ongoing basis for providing back-office, administrative, custodial support and clerical services to *Fidelity* in connection with client accounts. This relationship creates a potential conflict of interest as Luminous Capital would benefit more by recommending NTF funds for clients. Moreover, Luminous Capital has received monetary support from *Fidelity* towards the implementation of Advent APX portfolio management, accounting and client relationship management technology. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of additional compensation from *Fidelity* creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.

In addition, Luminous Capital may also receive additional monetary support for technology needs from *Schwab*. Moreover, Luminous Capital shall receive additional compensation from *Schwab* based on revenue from all net new assets (NNA) transferred to *Schwab*, subject to a minimum asset hurdle as well as date restrictions. Luminous Capital's receipt of additional compensation from *Schwab* creates a

conflict of interest since this benefit may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.

Certain companies that provide or sponsor products in which Luminous Capital's advisory clients invest have contributed costs towards certain of the firm's employee and client events. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of compensation towards employee and client events from these providers or sponsors creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of products over others.

Item 13. Review of Accounts

For those clients to whom Luminous Capital provides investment management services, Luminous Capital monitors those portfolios as part of an ongoing process while regular account reviews are conducted on at least a quarterly basis. For those clients to whom Luminous Capital provides financial planning and/or consulting services, reviews are conducted on an "as needed" basis. Such reviews are conducted by one of Luminous Capital's investment adviser representatives. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with Luminous Capital and to keep Luminous Capital informed of any changes thereto. Luminous Capital contacts ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Upon client request, trade confirmation notices may be suppressed pursuant to custodial firm policies. Those clients to whom Luminous Capital provides investment advisory services will also receive a report from Luminous Capital that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis. Clients should compare the account statements they receive from their custodian with those they receive from Luminous Capital.

Those clients to whom Luminous Capital provides financial planning and/or consulting services will receive reports from Luminous Capital summarizing its analysis and conclusions as requested by the client or otherwise agreed to in writing by Luminous Capital.

Item 14. Client Referrals and Other Compensation

Luminous Capital is required to disclose any relationship or arrangement where it receives an economic benefit from a third party (non-client) for providing advisory services. In addition, Luminous Capital is required to disclose any direct or indirect compensation that it provides for client referrals.

If a client is introduced to Luminous Capital by either an unaffiliated or an affiliated solicitor, Luminous Capital may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from Luminous Capital's investment management fee, and does not result in any additional charge to the client. If the client is introduced to Luminous Capital by an unaffiliated solicitor, the solicitor provides the client with a copy of Luminous Capital's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation. Any affiliated solicitor of Luminous Capital discloses the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of Luminous Capital's written disclosure brochure at the time of the solicitation.

Item 15. Custody

Luminous Capital's *Agreement* and/or the separate agreement with any *Financial Institution* may authorize Luminous Capital through such *Financial Institution* to debit the client's account for the amount of Luminous Capital's fee and to directly remit that management fee to Luminous Capital in accordance with applicable custody rules.

The *Financial Institutions* recommended by Luminous Capital have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Luminous Capital. In addition, as discussed in Item 13, Luminous Capital also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from Luminous Capital.

Item 16. Investment Discretion

Luminous Capital may be given the authority to exercise discretion on behalf of clients. Luminous Capital is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Luminous Capital is given this authority through a power-of-attorney included in the agreement between Luminous Capital and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Luminous Capital takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made;
- The *Financial Institutions* to be utilized; and

- The *Independent Managers* to be hired or fired.

Item 17. Voting Client Securities

Luminous Capital is required to disclose if it accepts authority to vote client securities. Luminous Capital does not vote client securities on behalf of its clients. Clients receive proxies directly from the *Financial Institutions*.

Item 18. Financial Information

Luminous Capital does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance. In addition, Luminous Capital is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients. Luminous Capital has no disclosures pursuant to this Item.

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