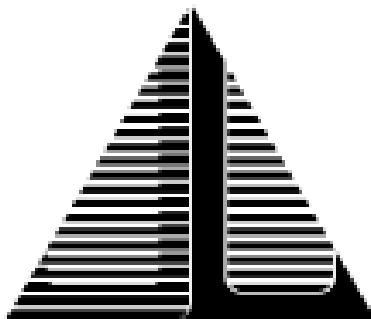


**Item 1. Cover Page**

# **Luminus Management, LLC**



1700 Broadway, 38<sup>th</sup> Floor  
New York, NY 10019

March 2012

**Part 2A of Form ADV  
(the “Brochure”)**

This Brochure provides information about the qualifications and business practices of Luminus Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (212) 615-3450. 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 Luminus Management, LLC is available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2.      Material Changes**

There have been no material changes since Luminus' last Brochure filing, dated August 2, 2011.

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

Luminus Management, LLC (“Luminus” or the “Company”) manages assets on a discretionary basis on behalf of private pooled investment vehicles (the “Funds”). As of December 31, 2011, Luminus’ regulatory assets under management (“AUM”) were approximately \$2.5 billion. Luminus presently provides investment advisory services to Luminus Energy Partners Master Fund, Ltd., Luminus Energy Partners QP, LP, and Luminus Energy Partners, Ltd. (the “Energy Partners Funds”); and Luminus Investment Partners Master Fund, LP, Luminus Investment Partners QP, LP, and Luminus Investment Partners, Ltd. (the “Investment Partners Funds”).

Investments in the Funds are limited to qualified clients and qualified purchasers as defined by Rule 205-3(d)(1) and Section 3c-7 under the Investment Advisers Act of 1940 and Investment Company Act of 1940 respectively.

Luminus does not provide investment advice to individual investors in the Funds. Rather, Luminus provides investment advice to the Funds.

Luminus’ investment strategies generally focus on public companies within the power, energy, utilities and related sectors. The Funds’ advisory agreements provide Luminus with discretionary investment authority and, as such, Luminus utilizes a wide range of securities and related instruments to express its investment views. Investments utilized in the management of the Funds’ portfolios include without limitation long or short positions in public equities, bonds, notes,

convertible securities, debt participations, options, warrants, derivatives, and private equities, among others.

Please refer to the Funds' private placement memoranda for more detailed information regarding the topics discussed in this Brochure.

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

The Energy Partners Funds pay Luminus a management fee of 2% per annum based on the market value of each investor's capital account balance. The Investment Partners Funds pay Luminus a management fee of 1.25% per annum based on the market value of each investor's capital account balance.

In addition to management fees, the Funds pay performance fees equal to 20% of each investor's profits subject to a high water mark and, in the case of the Investment Partners Funds, comparison to a benchmark value. Performance fees are crystalized and due as of the end of the Funds' fiscal year or as of an investor's redemption date.

Performance fee arrangements may create an incentive for the Company to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Certain of the assets held in the Funds' portfolios are fair valued by Luminus. Fair valued securities create an inherent conflict of interests since Luminus' fees are based on the value of such assets. In addition, calculation of performance fees earned is, in part, based on unrealized gains that may never materialize.

Further, each Fund will bear its own costs and expenses. The Funds are responsible for fees and out-of-pocket expenses of their respective third-party administrators. In addition, each of the Funds will be responsible for its initial and ongoing costs and expenses associated with their operations including without limitation organizational expenses, brokerage commissions, research expenses, quotation and valuation expenses, general legal expenses and legal expenses incurred for the negotiation and/or review of side letters, accounting and auditing expenses, and investment-related consultants and other service provider expenses, investment-related travel costs, expenses incurred with respect to the preparation, duplication and distribution of offering documents, annual reports and other financial information, other offering expenses, other operational expenses and extraordinary expenses.

Fees and expenses are generally paid directly from the Funds' brokerage/custodial accounts.

Notwithstanding the general fee structure described above, Luminus has negotiated different fee structures with certain investors. Such negotiations and agreements are governed by separate agreements commonly referred to as "side letters". The side letter provisions, which are not found in the Funds' organizational or offering documents, entitle certain investors to different terms and conditions related to fees, reporting, liquidity, and notifications, among other terms. The Company reserves the right, but does not have the obligation, to negotiate or waive fees as well as other investor terms and conditions.

The general partner of each Fund may retain affiliated and non-affiliated marketing consultants and agents.

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

### **Performance Based Fees**

As described in the Fees and Compensation section of this Brochure, the Energy Partners Funds pay performance fees which are based on a share of gains on, income from, or appreciation of the Funds' assets. The Investment Partners Funds pay performance fees based on a comparison of the Funds' performance to a benchmark value.

Performance fee arrangements may create an incentive for Luminus to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. In addition, calculation of performance fees earned is, in part, based on unrealized gains that may never materialize.

### **Side-by-Side Management**

Luminus manages accounts for several Funds and executes orders for affiliates of the Funds that invest in the same or similar securities as the Funds. Luminus' aggregation and allocation policies and procedures are designed to identify and mitigate potential conflicts of interest among and between Funds and affiliates during the trade execution process. Luminus seeks to ensure that no Fund will be favored over any other Fund on an overall, long-term basis. In addition, no affiliate will be favored over any Fund on an overall, long-term basis.

Luminus' order allocation policies and procedures seek to allocate investment opportunities among Funds over time in the fairest possible way, taking into account the best interests and account-specific mandates of each Fund. Performance fees, management fees, incentive fees, and/or the status of performance hurdles will not influence allocation decisions. Each investment will be appropriate for the particular Fund in light of the characteristics of the specific investment opportunity and the overall portfolio composition of such Fund.

### **Order Aggregation**

Luminus may or may not aggregate multiple orders, and certain Funds or affiliates may be excluded from aggregated orders. When determining whether or not to aggregate orders on behalf of Funds and/or affiliates, Luminus will consider factors applicable to each possible participant, including without limitation:

- Investment objectives and strategies
- Fund-specific investment targets
- Fund-specific limitations or requirements
- Timing of orders
- Status of pending orders
- Availability of securities

If orders are aggregated, the respective Funds and/or affiliates will participate at the average share price of all trades in the aggregated order. In addition, each account participating in an aggregated order will share commissions and other trade related costs based on its level of participation.

#### Allocation of Aggregated Orders

Luminus may or may not allocate aggregated orders on a pro rata basis based on net assets of each participating account. If Luminus does not allocate aggregated orders on a pro rata basis based on net assets of each participating account, Luminus will allocate to participating accounts in specified ratios based on various factors, including without limitation:

- Investment objectives and strategies
- Fund-specific investment targets
- Fund-specific limitations or requirements
- Timing of orders
- Status of pending orders
- Availability of securities
- Whether a Fund is in its investment or ramp-up phase
- Whether a Fund has recently received a capital infusion or withdrawal request
- Fund cash balances and liquidity requirements
- Fund risk tolerances and concentration limits

Portfolio management personnel and the CCO will conduct periodic reviews of a sample of aggregated trade allocations to ensure that such allocations are fair to all participating Funds.

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

Luminus' clients are the Funds, which are unregistered pooled investment vehicles. The Funds are structured as limited partnerships, limited liability companies or similar legal entities which Luminus and its related parties control. Although Luminus is a registered investment adviser, the Funds rely on rules promulgated under the United States federal securities laws that exempt privately offered partnerships from registering as investment companies.

Investment in the Funds is limited to investors that meet certain financial sophistication requirements. Investors in the Funds must be (i) accredited investors within the meaning of Regulation D under the Securities Act of 1933, as amended; and (ii) qualified purchasers within the meaning of the Investment Company Act of 1940, as amended. Prospective investors may be required to meet additional suitability requirements. Investors considering investment in the Funds should consult with their own investment, tax and/or legal consultants prior to investing.

The minimum subscription that will be accepted from a new investor in the Energy Partners Funds is \$1,000,000, with any amount in excess thereof to be subscribed in increments of \$100,000. The minimum subscription that will be accepted from a new investor in the Investment Partners Funds is \$10,000,000, with any amount in excess thereof to be subscribed in increments of \$1,000,000. The general partner of each Fund, in its sole discretion, may waive or reduce these minimums.

Luminus does not currently manage any separate accounts, but Luminus may, without notice, elect to manage separate accounts for individual or institutional clients.

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

Luminus seeks to achieve positive investment returns for the Funds by identifying inefficiencies in the power, energy, utilities and related industries and sectors. Luminus' investment professionals have extensive backgrounds and experience analyzing operating companies specializing in power generation. Luminus' investment professionals utilize fundamental as well as technical analysis to formulate investment decisions.

The Company's core strategy focuses on investments across the capital structure of publicly traded power, energy, utility and related companies. Luminus also may implement opportunistic investments in the power markets and private investments within the power, energy, utilities and related industries and sectors.

Each of the Funds' portfolios is concentrated in companies that operate within the power, energy, utilities and related industries and sectors. Adverse performance of these sectors may negatively impact the performance of the Funds' portfolios.

Certain derivative instruments utilized in the investment strategy may increase leverage, returns, risk and possibilities of rapid gains or losses as well as expose the Funds to counterparty risk. As with any investment, an investment in the Funds has the possibility of loss, including the loss of principal.

The Funds' investments may be in securities or investments that are considered illiquid or semi-illiquid, or could become illiquid or semi-illiquid in a difficult market environment. Illiquid securities may be difficult to price and/or sell in an orderly manner at prices estimated to be fair market value.

The Funds may utilize leverage to attempt to enhance returns. The use of leverage may also magnify the possibility of loss and may cause Luminus to sell positions collateralizing leveraged positions.

### **Energy Partners Funds' Investment Strategy**

The Energy Partners Funds' investment objective is to seek to generate attractive absolute returns by investing in the power, energy, utilities and related industries and sectors. To achieve this objective the Energy Partners Funds utilize long and short positions in public equities, bonds, notes, convertible securities, debt participations, options, warrants, derivatives, and private debt and equities, among others. The Energy Partners Funds typically employ leverage. Luminus may seek both short-term and long-term trading opportunities.

Portfolio selection is based primarily on fundamental investment research while taking into consideration macro trends impacting the power, energy, utilities and related industries and

sectors. The Energy Partners Funds' portfolio construction takes into account the relative valuation of the power, energy, utilities and related industries and sectors. Such analysis may involve the review of publicly available information; ongoing dialogue with company management, industry participants and regulators, research analysts and industry professionals; internal information flow; identification of economic and industry drivers; development of detailed financial models; and identification of events that may trigger changes in the investor base's perception of value.

The Energy Partners Funds' portfolio may from time-to-time be net long, net neutral or net short. The determination of the net long/short position of the portfolio will be a function of Luminus' judgment.

### **Investment Partners Funds' Investment Strategy**

The Investment Partners Funds' investment objective is to achieve attractive excess returns relative to a benchmark index value, on a total return basis, primarily by taking long positions in equity securities and related instruments of issuers in the power, energy, utilities and related industries and sectors. Such securities and instruments may include, without limitation, common stock and swaps. Luminus may seek both short-term and long-term trading opportunities.

### **Other Risk Factors**

An investment in the Funds will involve significant risks, including loss of the entire investment. Investors should have the financial ability and willingness to accept the risk characteristics of the Funds' investments. Such risks include, without limitation:

- Limited operating history of the Funds
- Interests in the Funds will be illiquid
- No secondary market for interests in the Funds
- Reliance on key personnel
- Fees and expenses offset profits
- Legal, tax and regulatory risks
- Market volatility and liquidity changes
- Default risks of debt investments
- Competition among market participants

Investment performance is not guaranteed and past performance is not indicative of future performance. In addition, securities markets are subject to substantial fluctuations. Investors should independently evaluate the information provided in this Brochure and the offering documents of the Funds. Investors should consult with their own investment, tax and/or legal consultants as part of that evaluation.



## **Item 9. Disciplinary Information**

Luminus and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of Luminus or its personnel.

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

Luminus is affiliated with LS Power Equity Advisors, LLC, LSP Credit Advisors I, LLC, Edge Principal Advisors, LLC and Aterian Investment Advisors, LLC (collectively, "Affiliated Advisers"). In addition, Luminus is affiliated with LS Power Development, LLC ("LS Power Development"), which is engaged in the development, acquisition and management of power generation and transmission infrastructure, and Tiber Capital Corp. ("Tiber Capital"), which owns investment related entities, including Edge Principal Advisors, LLC and Aterian Investment Advisors, LLC. Luminus and its employees provide support for certain investment-related activities of Luminus' affiliates.

The Affiliated Advisers are also registered as investment advisers with the Securities and Exchange Commission ("SEC"). Additional information about such Affiliated Advisers is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

### **Conflicts of Interest**

Luminus' affiliates and their respective officers and employees directly or indirectly manage the assets of other funds and have other clients and business activities that may in some respects compete with the Funds for certain investments. In addition, the Funds' investment flexibility may be constrained (e.g., the Funds may be forced to forgo certain potentially profitable investment opportunities or may be unable to dispose of an investment at an opportune time) as a result of certain material non-public information held by Luminus or its affiliates or other reasons, including reasons arising from Luminus' affiliates' management of other funds. These limitations could have a material adverse effect on the Funds' performance.

The Affiliated Advisers, LS Power Development, Tiber Capital and other affiliates of Luminus engage in a broad spectrum of activities, including financial advisory activities. The Affiliated Advisers and other affiliates engage in investment activities for their own accounts or the accounts of others that are independent from and that may from time to time conflict with those of the Funds. Luminus' affiliates may provide services to, invest in, advise, sponsor and/or act as investment manager to investment vehicles and other persons or entities, including prospective investors in the Funds, which may have similar structures and investment objectives and policies to those of the Funds. These other entities may compete with the Funds for investment opportunities or, in certain cases, may invest alongside the Funds in certain transactions.

Luminus' affiliates are not obligated to share investment ideas or opportunities with Luminus or the Funds, regardless of whether or not such activities, investments or ventures are of the same nature as, and/or compete with the Funds. Luminus' affiliates are not obligated to account to the Funds or any investor for any profits or benefits earned or derived therefrom, or to disclose or refer to the Funds or any investor any of the investment or service opportunities obtained through

such activities or ventures. Luminus has implemented a Code of Ethics, trading policies and procedures and a compliance oversight program to address these conflicts.

The private placement memoranda of the Funds contain more detailed descriptions of the applicable and respective conflicts of interests.

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

Luminus makes a concerted effort to create and support a culture of compliance. Luminus expects its officers, senior management and employees to comply with all applicable laws and regulations and to act in accordance with high ethical standards in matters with competitors, counterparties, regulators, and those who do business with or seek to do business with Luminus.

Luminus has developed and implemented a Code of Ethics (the “Code”) in an effort to ensure proper oversight around Luminus’ regulatory obligations, establish accountabilities for employees and outline certain of the Company’s key compliance policies and procedures. The Code requires that Luminus and its employees comply with their regulatory requirements, meet the fiduciary obligations to the Funds and adhere to sound business ethics and principles. Each of Luminus’ employees must acknowledge their receipt of the Code, their understanding of the provisions contained in the Code, and their agreement to abide by the principles, policies and procedures set forth in the Code.

Luminus’ Code addresses, among other things:

- Identification and handling of material non-public information;
- Prevention of insider trading; and
- Reporting and pre-clearance of:
  - personal securities transactions and holdings;
  - gifts and entertainment;
  - political contributions; and
  - outside business activities

To avoid potential conflicts of interest involving Luminus employees’ personal trades, Luminus has adopted trade reporting and monitoring procedures. Luminus’ Code and personal trading policies prohibit Luminus’ employees from buying or selling securities for their own account which are also recommended to the Funds. These restrictions, however, do not apply to certain security types in which the Funds may also invest, including money market funds, index-based securities (ETFs, iShares, SPDRs), and U.S. Treasuries, among others.

In addition, Luminus’ Code requires, among other things, that employees:

- Act within an ethical manner with the public, investors, prospective clients and investors;
- Place the interests of the Funds above their own personal interests;
- Not take inappropriate advantage of their position;
- Attempt to avoid actual or potential material conflicts of interest;

- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities; and
- Comply with applicable provisions of the federal securities laws.

Employees also are required to disclose all outside business activities. In the event an outside business activity presents a material conflict of interest with the Funds, Luminus reserves the right to restrict these outside business activities.

A copy of Luminus' Code of Ethics is available upon request by contacting Luminus' Chief Compliance Officer, Jeff Wade; (212) 615-3450; [jwade@luminusmgmt.com](mailto:jwade@luminusmgmt.com).

## **Item 12. Brokerage Practices**

Luminus selects brokers based on several factors, including experience, expertise, cost, and execution capabilities. Luminus has instituted policies and procedures to ensure that it will place Fund transactions with appropriate care and diligence, seek best execution and address material conflicts of interest.

Luminus currently does not have any formal soft dollar arrangements or other arrangements that would commit the Company or the Funds to any specific or implied level of trading. As an institutional money manager, Luminus receives access to research made available through brokerage counterparties. Luminus believes this research is available to all institutional money managers of similar size.

Investment research received from executing brokers may be used by Luminus in servicing various Funds. Not all research provided will benefit all Funds. Relationships with broker-dealers providing research to Luminus may influence Luminus' judgment in allocating brokerage business and may create a conflict of interest in using the services of such broker-dealers to execute securities transactions for the Funds. Selecting broker-dealers on the basis of considerations other than applicable commissions may at times result in higher transaction costs than would otherwise be the case.

Luminus derives direct and indirect benefit from research received from broker dealers, particularly to the extent the same research offsets expenses which Luminus would otherwise pay. Research is not a determining factor for placement of trades or execution. Luminus strives to select broker-dealers that provide favorable execution capabilities and qualities. Brokers may be utilized due to their presence in certain markets and ability to trade certain securities.

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

The portfolio manager, analysts and traders review all Fund accounts on a daily basis. A number of factors including, but not limited to, macroeconomic events or policies, political occurrences, weather patterns, natural disasters, research or technological development, company specific events, public filing disclosures, and/or general market price movements may trigger Luminus to consider a new investment or review an existing position.

Luminus furnishes audited financial statements for the Funds to all investors on an annual basis. The Funds' financial statements including the Funds' holdings are examined by independent certified public accountants.

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

The general partner of each Fund may, but typically does not, retain affiliated and non-affiliated marketing consultants and agents. As part of these agreements, and in accordance with applicable regulation, the consultants and/or agents may be paid a fee related to the amount of capital raised for each Fund. The Energy Partners Funds and the Investment Partners Funds are not responsible for the payment of such fees.

#### **Item 15. Custody**

To the extent possible, all Fund assets are held in custody by unaffiliated broker/dealers or banks. Luminus is deemed to have custody of the Funds' assets because of Luminus' affiliation to the general partner of each Fund and the general partner's authority over the Funds' assets. Fund investors will not receive statements from the custodian(s). Instead, the Funds are subject to an annual audit by independent certified public accountants and the audited financial statements are distributed to each investor. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed to Fund investors within 120 days of the Funds' fiscal year end.

#### **Item 16. Investment Discretion**

The Funds' private placement and offering memoranda and investment management agreements authorize Luminus to use a broad range of investment vehicles and strategies with very few, if any, limitations. For a complete explanation of Luminus' trading and portfolio management authority please request a copy of the Funds' private placement memoranda, partnership agreements and/or investment management agreement.

It is Luminus' policy to correct errors occurring in the management or trading of the Funds' accounts as soon as practicable. The Fund's private placement memoranda shall govern the treatment of trade errors committed by Luminus. Absent any specific trade error policies and procedures in a Fund's offering documents, limited partnership agreement or subscription agreement, it shall be Luminus' policy to reimburse the Funds for any trade errors that are committed by Luminus as a result of gross negligence.

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

Luminus has the authority to vote the proxies received on securities held by the Funds. Luminus' objective is to vote proxies in the best interests of the Funds as mandated by the Funds' objectives described in the private placement memoranda.

Analysts assigned to cover specific companies are designated to monitor and opine on proxy proposals. Analysts consult with the portfolio manager regarding proxy proposals.

The analysts assigned to cover the issuer, in consultation with the portfolio manager, will consider whether Luminus is subject to any material conflict of interest in connection with each proxy vote. Analysts must notify the CCO if they are aware of any material conflict of interest associated with a proxy vote. Potential conflicts will be assessed on a case-by-case basis.

Luminus may abstain from voting if the Company deems that abstinence is in the Funds' best interests.

Current investors may request a copy of the Company's full proxy voting policies and procedures and the voting records as provided by Rule 206(4)-6. Please contact Luminus' Chief Compliance Officer, Jeff Wade; (212) 615-3450; [jwade@luminusmgmt.com](mailto:jwade@luminusmgmt.com).

## **Item 18. Financial Information**

Luminus has never filed for bankruptcy and is not aware of any financial condition that is reasonably expected to affect its ability to manage the Funds' accounts.