

Part 2A of Form ADV: Firm Disclosure Brochure



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Date of Brochure: March 30, 2015

This brochure provides information about the qualifications and business practices of Lumina Fund Management LLC. If you have any questions about the contents of this brochure, please contact us at (212) 918-4645 and/or email Eric Hoyle at: ehoyle@luminafund.com. Registration with the United States Securities and Exchange Commission does not imply a certain level of skill or training. 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. While Lumina Fund Management LLC may refer to itself as a “registered investment advisor” or “RIA”, clients should be aware that registration itself does not imply any level of skill or training.

Additional information about Lumina Fund Management LLC is also available on the SEC’s website at www.adviserinfo.sec.gov. The CRD number for Lumina Fund Management LLC is 144082.

Material Changes From Last Update

This Brochure dated March 30, 2015 is an update to the Brochure prepared on March 24, 2014. There have been no material changes to the Brochure over the last year.

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Advisory Business

Introduction

Lumina Fund Management LLC (hereafter “Lumina”) currently advises Lumina Partners LP, a private investment fund (the “Fund”) that is offered to institutional investors and high net worth, financially sophisticated individuals. Lumina also advises managed accounts for certain large, sophisticated institutional investors. Collectively, the Fund and Lumina’s other advisory clients are referred to herein as Lumina’s “Clients,” where appropriate.

Lumina was formed on September 25, 2003 as a Delaware Limited Liability Company and registered with the SEC as an investment advisor under Section 203(c) of the Investment Advisor Act of 1940 on September 12, 2007. The principal is Diego Giurleo and the experience, education and background of its professional staff is available in the Brochure Supplement document.

Types of Advisory Services

Lumina offers discretionary investment management services to both managed account clients and the Fund. Lumina tailors its investment strategies to meet established investment objectives. In constructing investment portfolios, Lumina primarily invests in exchange-listed stocks, stock options, exchange-traded funds (ETFs), ETF options and mutual funds. On occasion, Lumina may recommend investments in private investment funds that are suitable and meet specific client investment guidelines. The above mentioned securities entail a wide range of equity market investment risk, including some securities, such as options and private investment funds, which have high degrees of risk.

Lumina does not provide any “wrap programs” (programs that bundle brokerage and advisory services under a single comprehensive fee) so all securities recommended by Lumina may include additional transaction charges by the client’s broker-dealer/custodian separate from Lumina’s advisory fees.

Managed Accounts

For managed accounts, clients grant Lumina discretionary trading authority in their broker-dealer/custodian accounts, subject to restrictions agreed upon in advance. This is accomplished by executing an investment management agreement with Lumina and the appropriate documents with the client’s broker-dealer/custodian. The discretionary authority will allow Lumina to enter securities transactions on the client’s behalf, determining which securities and the amount of securities to buy or sell. Clients are notified of all transactions by trade confirmations from their broker-dealer/custodian.

Under the managed account agreements, Lumina does not have the authority to make any withdrawals from the client’s account(s) under management and Lumina does not provide any custodial functions. All withdrawals from the client’s account(s) under management will be initiated and authorized by the client through direct communication with the broker-dealer/custodian including the payment of advisory fees to Lumina. Lumina recommends that clients always review their brokerage account statements to verify the trading activity and withdrawals that occur in their account(s). “FEES AND COMPENSATION” is discussed at greater length in this FIRM BROCHURE.

As of December 31, 2014, Lumina's discretionary managed account assets totaled approximately \$857 million.

The Fund

Lumina provides the same discretionary management services to the Fund as described above for managed accounts. "FEES AND COMPENSATION" is discussed at greater length in this FIRM BROCHURE.

As of December 31, 2014, the Fund had approximately \$55 million in client assets.

Fees and Compensation

Fees for Managed Accounts

Lumina charges two types of fees for managed accounts: *management fee* and *performance fee*. Lumina may also negotiate *flat fee* arrangements with clients. In addition, clients may incur custodian, ETF and/or mutual fund expenses in connection with Lumina's advisory services.

Management Fee for Managed Accounts

Lumina charges an annual 2% management fee based on a percentage of assets under management. The management fee is paid quarterly in arrears. Lumina may negotiate its management fee and may offer discounts for strategic investors, employees, friends and family.

Lumina calculates and charges its management fee at the end of each calendar quarter. Once the fee amount is agreed upon between the client and Lumina, the client instructs its broker-dealer/custodian to withdraw the fee from the client's account and make the payment to Lumina. As stated above, with respect to managed accounts, Lumina does not have the authority to make any withdrawals from the client's broker-dealer/custodian account.

Performance Fee for Managed Accounts

Lumina is entitled to an annual performance fee of 20% of the participation of the net return generated for the client's account in arrears. The net return is defined as the gross return less annual management fees. Lumina may negotiate its performance fee and may offer discounts for strategic investors, employees, friends and family.

If the net return is negative, no performance fee is paid by the client to Lumina until the value of the client's account at the end of successive calendar years exceeds the highest level reached at the end for all previous calendar years.

Lumina calculates its performance fee at the end of each calendar year. Once the fee amount is agreed upon between the client and Lumina, the client instructs its broker-dealer/custodian to withdraw the fee from the client's account and make the payment to Lumina. As stated above, Lumina does not have the authority to make any withdrawals from the client's broker-dealer/custodian account.

Performance fees are typically paid in the month following the end of the calendar year (e.g. January, 2015 for the full year 2014 investment period).

Fees for the Fund

The Fund incurs two types of fees: *management fee* and *performance fee*. The Fund may incur additional administration, legal and accounting fees in compliance with its investment management and limited partnership agreement.

Management Fee for the Fund

Lumina charges an annual 2% management fee, based on a percentage of assets under management. The Fund's Administrator independently calculates the management fees, which is in turn verified by Lumina. The management fee is paid quarterly in arrears. Lumina may negotiate its management fee and may offer discounts for strategic investors, employees, friends and family.

Performance Fee for the Fund

The Fund's General Partner, Lumina Fund Advisors LLC, is entitled to an annual performance fee equal to 20% of the appreciation of each Limited Partner's Capital Account. The Fund's Administrator independently calculates the performance fees, which is in turn verified by Lumina. The performance fee will be calculated in arrears according to the guidelines stipulated in the Limited Partnership Agreement and Private Placement Memorandum. Lumina may negotiate its performance fee and may offer discounts for strategic investors, employees, friends and family.

If the net return is negative, no performance fee is paid by the Limited Partners until the value of the Limited Partners' Capital Account at the end of successive payment dates exceeds the highest level reached at the end for all previous calendar years.

Performance-Based Fees and Side-By-Side Management

As stated above, in addition to receiving performance fees based on the capital appreciation of assets under management, Lumina also receives management fees based on the client assets under management and flat fees from certain clients.

While managing these accounts side-by-side, Lumina is fully cognizant of its fiduciary obligations to its clients. There may be a conflict caused by offering a performance fee which may encourage undue risk taking. To avoid these conflicts, under supervision of Lumina's Chief Compliance Officer all actions undertaken by Lumina personnel are in strict accordance with Lumina's Policy and Procedures Manual, as well as Lumina's Code of Ethics, which outline Lumina's principles and business standards of conduct. The code emphasizes among other things, that it is the duty and obligation of each employee to put the interest of the client first, comply with all applicable securities laws, obtain approval before engaging in certain outside activities, avoid conflicts of interest, treat all client information with the

utmost confidence and report any violations of the code to the Chief Compliance Officer. Lumina's Policy and Procedures Manual and the Code of Ethics are available to any client upon request.

Types of Clients

Lumina provides advisory services to various types of clients.

Lumina's *Managed Account* clients can include: corporations, fund-of-funds, trusts, charitable organizations, such as endowments and foundations, and other institutional accounts. The minimum investment is \$25,000,000; however Lumina may accept smaller amounts.

Lumina's *Fund* investors can include: qualified high net-worth individuals, corporations, trusts, fund-of-funds, family offices and other institutional accounts. The minimum investment is \$1,000,000; however Lumina may accept smaller amounts.

Methods of Analysis, Investment Strategies and Risk of Loss

Lumina structures investment strategies to meet clients' financial goals within specific investment guidelines outlined in the investment management agreement with the client. In achieving this objective, Lumina applies fundamental, quantitative/technical and behavioral analyses to select investment candidates and construct client portfolios.

Lumina's fundamental analysis aims to estimate the intrinsic value of equities based on fundamental metrics including: analysis of financial statements, earnings, dividends, management structure, competitive advantages, product offerings, competitors and markets. Fundamental analysis provides a sound evaluation of the overall financial condition of investment candidates. Despite the fundamental analysis performed by Lumina, any investment in equity securities carries market risk and investors may lose their principal investment.

In its quantitative/technical analysis, Lumina does thorough research of past market price and volume trends to assist in projecting the future direction of equity prices. This is done by investigating past price movements to identify trends and patterns used in the selection of securities to purchase and price points to buy and sell. Lumina applies a set of parameters to chart and analyze the movement of various securities. Despite the quantitative/technical analysis performed by Lumina, any investment in securities carries market risk and investors may lose their principal investment.

In its behavioral analysis, Lumina applies the basic principles of behavioral finance to complement and strengthen its fundamental and quantitative/technical analysis. In deploying its behavioral finance approach, Lumina seeks to invest in securities that not only present attractive fundamental and quantitative metrics, but also demonstrate an element of over and/or under-reaction to material market information. Lumina focuses on information such as: earnings announcements, changes in analyst ratings and corporate actions. Despite the behavioral finance analysis performed by Lumina, any investment in securities carries market risk and investors may lose their principal investment.

In creating its investment strategies, Lumina uses the following main sources of information: its own proprietary research, research materials provided by others, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases and other financial publications.

The investment strategies may include: long term purchases (securities held over 1 year), short term purchases (securities held less than 1 year), trading (securities sold within 30 days), short sales, margin transactions and option buying and writing, including covered options, uncovered options and spread strategies.

While Lumina does not engage in day-trading, active strategies may entail additional risk due to a greater frequency in transactions. As such, active strategies may involve additional brokerage fees, transaction costs, and taxes. Also, strategies that use options may entail additional risk as losses may exceed those seen in the underlying stock. Lastly, strategies that include private investment funds entail greater risk as these offerings have limited regulatory oversight, have less liquidity, and depend on the due diligence of the investor or investment advisor.

Disciplinary Information

Neither Lumina nor any of its related persons have had any disciplinary events in their past. Clients and prospective clients can always view the CRD records (registration records) for Lumina or any of its related persons through the SEC's Investment Advisor Public Disclosure (IAPD) website at **www.adviserinfo.sec.gov**. The CRD number for Lumina is 144082. Lumina's *BROCHURE SUPPLEMENT* document contains biographical information for Lumina's personnel.

Other Financial Industry Activities and Affiliations

Lumina Fund Advisors LLC, an affiliated company of Lumina, is the General Partner of the Fund. Clients should be aware of potential conflicts of interest before considering an investment in the Fund. Accordingly, as a matter of policy and practice, Lumina discusses with every client in advance that (i) there is a conflict of interest; (ii) that the client is not required to invest with the Fund; (iii) that the client alone makes the decision to invest with the Fund.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Pursuant to SEC Rule 204A-1, Lumina has a Code of Ethics that promotes the fiduciary duty of Lumina and its personnel. The Code of Ethics articulates the importance of trust as a foundation to the relationship between an investment advisor and its clients and establishes policies and procedures to ensure that Lumina and its personnel place the interests of the clients first. The Code of Ethics requires that Lumina and its personnel adhere to all applicable securities and related laws and regulations. The Code of Ethics also requires that Lumina and its personnel follow industry "best practices" involving:

confidential information, suitability of investments, personal trading on the part of Lumina and its personnel, outside business activities of its personnel, and the disclosure of conflicts of interest.

A copy of the Lumina's Code of Ethics is available upon request for any client or prospective client.

Participation of Interest in Client Transactions

As explained in "OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS" above, an affiliate of Lumina, Lumina Fund Advisors LLC, is the General Partner of the Fund in which the principal of Lumina has personally invested. To avoid any conflict of interest between the investment activities of the Fund and those of any other Lumina advisory clients, Lumina strictly adheres to its Code of Ethics. (See CODE OF ETHICS Section above). Specific trading and investment guidelines are in place to ensure that best practices for all accounts are adhered to fairly, equally and in compliance with our Code of Ethics.

Personal Trading

Lumina may have an interest in client transactions insofar as Lumina, its affiliates, and/or its personnel may invest in the same securities recommended to advisory clients. These transactions involve a conflict of interest as Lumina, its affiliates, and/or its personnel may benefit from an increase in price from subsequent purchases by advisory clients. To address this conflict of interest, Lumina, its affiliates, and its personnel will adhere to the following procedures regarding their personal trading:

- (1) Client transactions will always be placed ahead of those for Lumina, its affiliates, and its personnel;
- (2) Lumina and its affiliates generally recommend investments that are widely traded;
- (3) Lumina, its affiliates and its advisory clients generally do not have enough funds invested in any given equity security to move the market in that particular security.

The Chief Compliance Officer is responsible for monitoring all personal trading and to insure conformity to the guidelines provided in Lumina's Code of Conduct.

Brokerage Practices

In selecting broker-dealers for client transactions, Lumina applies the following criteria: efficient trading platform, adept trade execution, low cost commission structure and smooth transaction settlement. In exercising its fiduciary duty, Lumina constantly canvasses the broker-dealer market place to ensure that advisory clients are benefitting from the best brokerage services at the most reasonable cost.

Research and other Soft Dollar Benefits

While Lumina has access to broker-dealer research and security pricing, which may be considered "soft dollar benefits" and constitute a conflict of interest, this does not factor in Lumina's decision to do business with any broker-dealer. Lumina does not receive any other "soft dollar benefits".

Directed Brokerage

Lumina only selects broker-dealers on the basis of our clients' interest in receiving the most favorable execution for its trades. As such, Lumina selects to execute transactions with specific brokers with the sole intention of receiving efficient low cost execution which is in our clients' best interest. Lumina does not engage in markups or markdowns of brokerage commissions. Lumina never directs client transactions to a particular broker dealer in return for client referrals. None of our clients require Lumina to direct its brokerage to any particular firm. Lumina has no affiliation with any broker-dealer.

Review of Accounts

Lumina reviews all client accounts on a regular basis. Lumina conducts regular portfolio reviews which involve performance and risk analysis and may result in the appropriate portfolio rebalancing to meet clients' investment objectives. Lumina's managed account clients have full access to all account details, transactions and net asset valuations on a daily basis, and also receive regular reports and monthly statements. The beneficial owners of the Fund receive regular monthly statements from the Fund's independent administrator.

Client Referrals and Other Compensation

In accordance with applicable SEC rules, Lumina may compensate other financial professionals to refer clients to Lumina for investment advisory services. For referrals that engage Lumina for investment advisory services, Lumina may compensate financial professionals a portion of Lumina's fees. The use of referral compensation may constitute a conflict of interest. Lumina ensures all conflict of interest issues are eliminated within the framework of Lumina's compliance guidelines and Code of Ethics. (See CODE OF ETHICS Section above).

Custody

For *Managed Accounts*, clients engage an independent broker-dealer/custodian to custody and maintain their accounts. Lumina does not have *physical* custody or access of clients' assets, monies, or securities. Clients receive and/or have access to account statements directly from the custodian.

For the *Fund*, the Fund engages an independent broker-dealer/custodian to custody and maintain its account. Lumina or an affiliate may be deemed to have custody over these assets as per SEC Rule 206(4)-2. Investors in the Fund receive monthly statements from an independent Administrator and the Fund's annual audited financial statements within 120 days following the end of the fiscal year. Investors should review all statements carefully.

Investment Discretion

As described in “ADVISORY BUSINESS” section of this FIRM BROCHURE, Lumina has investment discretion for its advisory clients. For its managed account clients, Lumina will execute an investment management agreement with each client which grants such authority within the specific guidelines of the agreement. Managed account clients will also sign a trading authorization form with their broker-dealer/custodian which specifies Lumina’s investment discretion in the clients’ accounts.

When managed account clients grant discretionary authority to Lumina, clients may still place restrictions on Lumina, such as a prohibition on investing in specific securities, industries, or markets that the client chooses. These restrictions are outlined and specified in the investment management agreements between Lumina and its clients.

For the Fund clients, Lumina has investment discretion as detailed in the Fund’s Limited Partnership Agreement and Private Placement Memorandum.

Voting Client Securities

With respect to managed accounts, for any security that entails a voting right in the underlying company, Lumina will not have or accept authority to vote client securities. All voting issues, proxies, and solicitations will be communicated to advisory clients through the client’s broker-dealer/custodian. Upon request, however, Lumina may help explain or answer questions regarding a given voting issue.

For the Fund, Lumina fulfills its voting duties with the best interest of clients in mind.

Financial Information

Lumina would be required to disclose additional financial information if it were to charge fees in advance, but as described in “ADVISORY BUSINESS” section of this FIRM BROCHURE, Lumina charges all advisory fees in arrears. Lumina has no material financial conditions (e.g. bankruptcies, liens, judgments) in its background that would be likely to impair its ability to meet contractual commitments.

Requirements for State-Registered Advisors

Not applicable.