



## SEC Form ADV Part 2

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**Date:** December 31<sup>st</sup>, 2015

**Disclaimer:** This brochure provides information about the qualifications and business practices of LUMA Capital LLC. If you have any questions about the contents of this brochure, please contact us at (239) 659 2888. 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 LUMA Capital LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). LUMA Capital LLC is an S.E.C. registered investment advisor. Registration of an Investment Advisor does not imply a certain level of skill or training.

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## **Item 1: Advisory Business**

LUMA Capital LLC (LUMA) provides independent, non-biased and customized investment management advice and services to family offices, high net worth investors, individuals, retirement plans, foundations, trustees and estates, and other investment companies. LUMA provides both discretionary and non-discretionary advisory services.

LUMA's traditional investment strategy is based upon a combination of fundamental research, due diligence and macro analysis.

The investment strategy is tailored to each individual client according to their goals, objectives and needs. Clients may and do impose restrictions on investing in certain types of securities.

In addition to a traditional asset management function, LUMA also advises family offices and institutional investors on their asset allocation and manager selection. This advisory practice is driven by fundamental research, due diligence, analysis and macro-economic views of LUMA.

The principal owner is Daniel Keller. He has a Bachelor of Arts in Accounting from Webster University and an MBA in Analytical Finance and Econometrics and Statistics from the University of Chicago. From 1986 thru 1989, he was a senior accountant at Prager and Fenton in Geneva, Switzerland. From 1989 thru 1997, he served as a partner and director of a Swiss Accounting firm and Asset Management firm in Geneva, Switzerland. He holds the Series 65 license. LUMA Capital was created in March of 2001.

As of December 31, 2015 LUMA Capital had \$131,016,463 in assets under its advisory or management.

## **Item 2: Fees and Compensation**

Advisory fees are paid by clients to LUMA Capital for ongoing investment management services and are determined by application of a market value based schedule. Advisory fees are negotiable depending on the client mandate and portfolio size.

Traditional Advisory Fee Schedule	Annual Fee in %
\$500,000 to \$1.5 Million	1.5%
\$1.5 Million to \$ 5 Million	1.0%
On the amount over \$ 5 Million	.5%

Family office (F/O) clients and F/O's have separate, customized fees based upon agreed goals and objectives. In general, the fees involve a negotiated annual retainer and an advisory fee on assets under management. Additional fees for time and analysis on specific projects are frequently negotiated.

In certain cases, LUMA is also entitled to an incentive fee subject to hurdles which are generally calculated upon a return of capital plus some extra amount. These fees are described below in more detail. These are negotiated rates with each client depending on the portfolio construction and client's objectives.

Clients can also incur costs from investments made in other investment vehicles like money market funds, mutual funds, ETF's and other investments. These are not fees charged by LUMA but rather costs from these investment vehicles.

Investment trades placed with custodians holding client assets are subject to additional individual fixed charges which are assessed and incurred for the sole benefit of the custodian. A typical flat fee for equity, option or mutual fund trades is assessed. For bond investments, there is generally a built in market up for the custodian and sometimes additional fees. These fees are for the sole benefit of the custodian. All fees from the custodian are disclosed by the custodian to the client when the client account is established.

Mutual funds, exchange traded funds and private investment funds (e.g. private equity and hedge funds) also charge internal management fees. These are disclosed in the underlying funds prospectus. In addition, private investment funds may charge performance based fees. Such charges, fees and commissions are exclusive of and in addition to the management fee paid to LUMA. LUMA does not receive any portion of these commissions, fees or costs.

Clients who are invested in various limited partnerships managed by LUMA's affiliates will pay two levels of advisory fees. One of these fees is based upon the value of the client's portfolio, which can include the investment and value of the LUMA limited partnership funds, and is paid directly to LUMA. The other is an advisory fee assessed by the LUMA funds and borne directly by the client as an investor in the LUMA fund. The indirect fee is paid to a LUMA affiliate. In the case of LUMA funds, clients complete separate subscription documents fully disclosing the costs of each fund.

Advisory fees charged by LUMA are charged at the end of a quarter, based upon assets under management at that time. Fees are not charged in advance. In general, client's advisory fees are deducted directly from their custodian accounts; however, they can opt to pay our advisory fees directly.

### **Item 3: Performance Based Fees and Side-by-Side Management**

In some cases with family offices or high net worth investors and at the request of clients, LUMA has agreed to incentive based fees. LUMA manages accounts and acts as an advisor to clients whom both pay flat rates as a percentage of assets under management and for clients who have an incentive based formula.

It is important to understand that this could create a conflict of interest. Having both incentive-based and flat rate fees could create a conflict of interest if LUMA were to favor or pay more attention to the incentive based accounts/clients.

Incentives fees are due when certain hurdles are met. In the case of private equity investments, whether direct or via funds, the hurdle is either based upon an amount in excess of a stated rate or return or of a multiple of cash invested. In the case of public market securities, the hurdle rates are generally well known indexes. Incentive fees, if applicable, are negotiated rates.

#### **Item 4: Types of Clients**

LUMA provides discretionary and non-discretionary investment management services to individuals, high net worth individuals, family offices, trusts, estates, charitable organizations, endowments, institutions and retirement plans.

#### **Item 5: Methods of Analysis, Investment Strategies and Risk of Loss**

There are inherent risks when investing. Investing in securities involves a risk of loss and clients should be prepared to bear losses on portfolios. Additionally, frequent trading of investments can dramatically decrease investment returns due to direct costs and other transaction costs.

LUMA Capital LLC provides investment advice with a wide variety of investments, such as equity securities (both exchange listed and over-the-counter); corporate debt securities: commercial paper; certificates of deposits; municipal securities; mutual fund shares; U.S. Government securities; securities of foreign (non-U.S.) issuers; option contracts on securities; exchange traded shares; and interests in partnerships investing in a variety of investment strategies.

Investment analysis is conducted on an in depth basis with focus on both a fundamental and cyclical approach. The sources of information that are typically utilized during the research process include but are not limited to financial newspapers and magazines; research generated by the institutions and the brokerage community; annual reports, prospectuses, and filings with the Securities and Exchange Commission. Whenever possible, LUMA will meet with management and inspect the activities of the firm.

The investment strategies employed to implement investment advice given to clients will vary dependent upon the individual requirements and limitations of each client. In general, some of the strategies that will be employed are long-term purchases of securities (held for at least one year), short-term purchases (under one year); short-term sales (sales held for less than 30 Days); short sales; margin transaction; and option writing.

#### **Item 6: Disciplinary Information**

Neither LUMA nor any of its employees have ever been involved in any legal dispute, arbitration or received any disciplinary action or sanctions of any kind with regards to business practices with the SEC, a client or otherwise.

#### **Item 7: Other Financial Industry Activities and Affiliations**

LUMA routinely recommends and selects other managers for their clients. We receive no compensation from these managers.

LUMA and its principals are often limited partners alongside their clients in the same managers at the same terms and conditions as its clients. We receive no reduced rates or fees.

LUMA's principal has acted as a director or corporate officer in various entities. These were not investment vehicles nor marketed to clients but were rather operating and holding companies so there are no conflicts.

LUMA's principal and affiliate has also acted as an advisor for private equity and single-purpose feeder vehicles into well known private equity funds. In order to avoid conflicts here, clients if they choose to invest complete separate subscription documents to the underlying fund and have full access to all information relating to the underlying investment. (See Item 2 regarding Fees).

LUMA currently is not registered and does not have an application pending to register as a broker-dealer.

#### **Item 8: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

LUMA has adopted a Code of Ethics, which outlines the standards of business conduct expected of the firm's employees. The Code of Ethics is designed to prevent potential conflicts of interest between client's and LUMA.

Employees of the firm are not restricted from taking positions in securities substantially similar, if not exactly the same, as investment advisory clients. Care will be taken so that no positions are bought and sold which would create a material detriment to a client's similar transaction. As most trading is done in very liquid stocks, bonds and options, and because the volume of trading is not too extensive, the risks from pricing/trading on proprietary trading are minimized. Nevertheless, employees are required to disclose on a monthly basis all trades made for and account statements of their personal accounts or any investment clubs or similar to which they belong. These trade disclosures are kept in a specific file and reviewed by LUMA's Chief Compliance Officer. All trading of securities of a substantially similar nature to those of clients' must be disclosed ahead of time, with permission granted from the Chief Compliance Officer.

All supervised employees are required to read and sign an Acknowledgement Statement admitting adoption of the Code of Ethics. A copy of the Code shall be provided to all employees. In addition, employees shall be required to certify annually that they understand and embrace the Code in its entirety.

#### **Item 9: Brokerage Practices**

LUMA will assist clients with selection of their brokers and/or custodians. However, clients are able to use whichever broker/custodian they prefer. Selection and assistance on choice of brokers/custodians primarily involve analyzing the costs of trading, custody costs and other services the client might need from the broker/custodian.

LUMA receives no soft dollars or rebates for research for client brokerage/custodian decisions. LUMA Capital LLC does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non- research services) in connection with giving advice to clients.

**Item 10: Review of Accounts**

The President of LUMA reviews all transactions in client accounts daily. The President reviews all Account portfolios weekly.

On a quarterly basis, clients receive a review that compares the portfolio's performance with that of the major market indices and a Quarterly review letter describing LUMA's views of the economy and the stock market including a discussion of its current investment posture.

The client's custodian and/or broker supply year-end tax information.

**Item 11: Client Referrals and Other Compensation**

LUMA does not directly or indirectly compensate any person for client referrals.

**Item 12: Custody**

Clients receive statements directly from their broker/dealers. The external custodians/brokers deliver statements directly to clients on a monthly basis. These statements routinely show holdings, valuations, and change in positions, income and other transactions.

In the case of private securities like hedge funds or private equity funds, clients receive statements directly from the underlying fund or their fund administrator. LUMA is copied on these statements for portfolio reporting.

Our reporting statements to clients frequently consolidate multiple investments across different strategies.

For non-traditional assets, due to timing differences on reporting from managers, dates for audits, K1's and due to timing differences with administrators, it is imperative that client's double check all statement from broker/dealers for inaccuracies.

**Item 13: Investment Discretion**

LUMA accepts and provide both discretionary and non-discretionary investment mandates. Clients can place limits on our discretionary mandates. For example, some clients have requested no-tobacco related investments in their portfolio. Procedurally, clients grant our office a limited power of management at their brokerage firm for implementation of investment strategy.

#### **Item 14: Voting Client Securities**

As of the first quarter of 2012, LUMA will no longer vote proxies on behalf of clients. The decision was reached to have brokers, custodians send all proxy solicitations, class action notices, and similar notices to the customer holding the security, and it is up to the customer to vote or otherwise respond in a timely manner. This decision was reached as it was beneficial for clients to vote their own securities.

#### **Client Information**

LUMA's prior proxy voting policies and procedures are available to clients upon request. To clients for whom LUMA had proxy voting authority prior to 2012, we will provide a summary upon request of our proxy voting policies and procedures as well as a summary of how their proxies were voted.

#### **Record Keeping**

LUMA will compile and maintain the proxy voting records which include (1) copies of its proxy voting policies and procedures, (2) a copy of each proxy statement received for client securities, (3) a record of each vote cast on behalf of a client, (4) a copy of any document created by LUMA that was material to making the voting decision or other pertinent resources, and (5) a copy of each written client request for information on how LUMA voted proxies on the client's behalf, as well as a copy of any written or oral client request for such information.

LUMA will maintain proxy records for five years, with at least the most recent two years' records on file in our office.