

LuminArx Capital Management

July 2023

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Any information regarding portfolio composition or investment restrictions are intended as guidelines which may be modified or changed by LuminArx in its discretion and without notice. No guarantee or representation is made that the Fund’s investment program, including, without limitation, its investment objectives, diversification strategies, or risk monitoring goals, will be successful, and investment results may vary substantially over time. Nothing herein is intended to imply that the Fund’s investment methodology may be considered “conservative”, “safe”, “risk free” or “risk averse”. Economic, market and other conditions could also cause the Fund to alter its investment objectives, guidelines, and restrictions.



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Firm Overview

LuminArx Capital Management is a global alternative investment manager founded in 2023

Focused on special situations investing with an eye towards providing innovative, flexible, and strategic capital solutions

Led by a seasoned team that has a combined investment experience of over 100 years

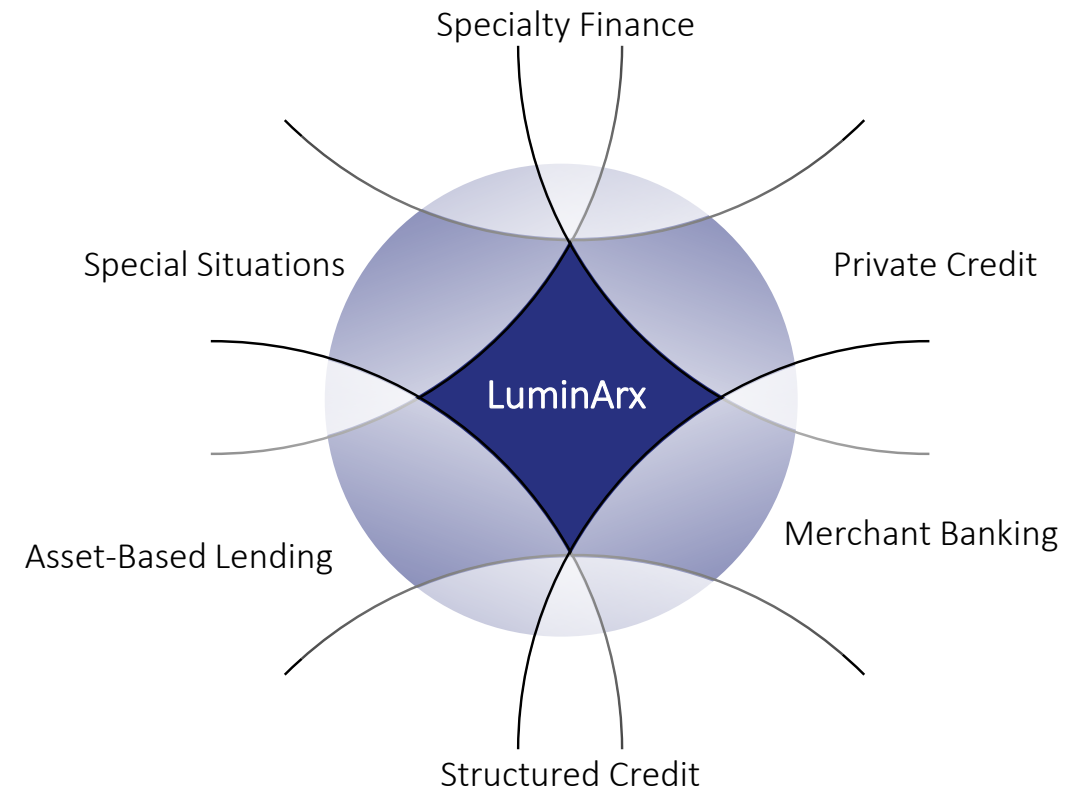
Partner with leading institutional investors across the globe including established industry leaders

Target consistent returns across market environments, while mitigating downside risks, with upside participation and low correlation to traditional markets

Utilize a diverse ecosystem of mutually beneficial relationships across banks, corporates, governments, and insurance companies

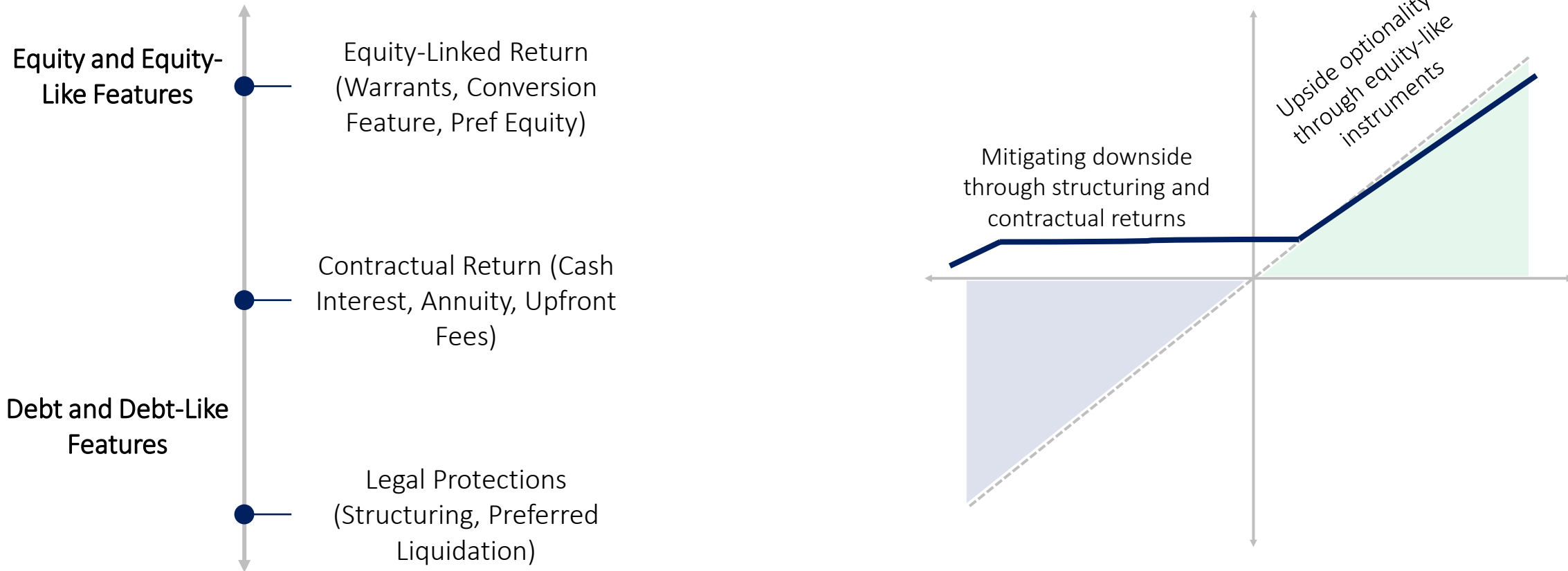
Investment Strategy – Principles

- Don't always do different things. **Do things differently**
- View capital as a service and seek situations where compelling returns can be generated by **solving problems through creativity and flexibility**
- Focus on situations with **a limited number of independent variables** to underwrite, and predictable variance in each variable to manage downside protection
- **Manage risk** through thoughtful portfolio construction, hedging, and **structuring**



Investment Strategy

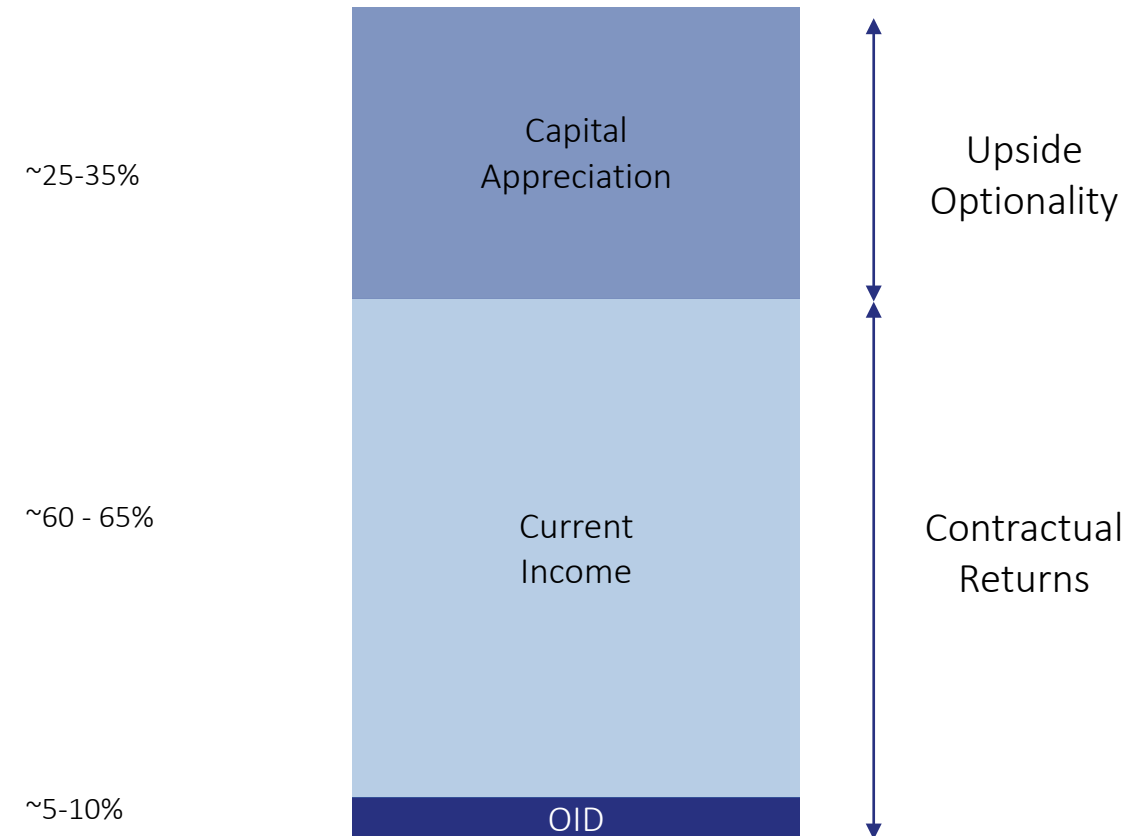
LuminArx has a keen focus on capital preservation and downside protection while retaining upside



Investment Strategy – Total Return Decomposition

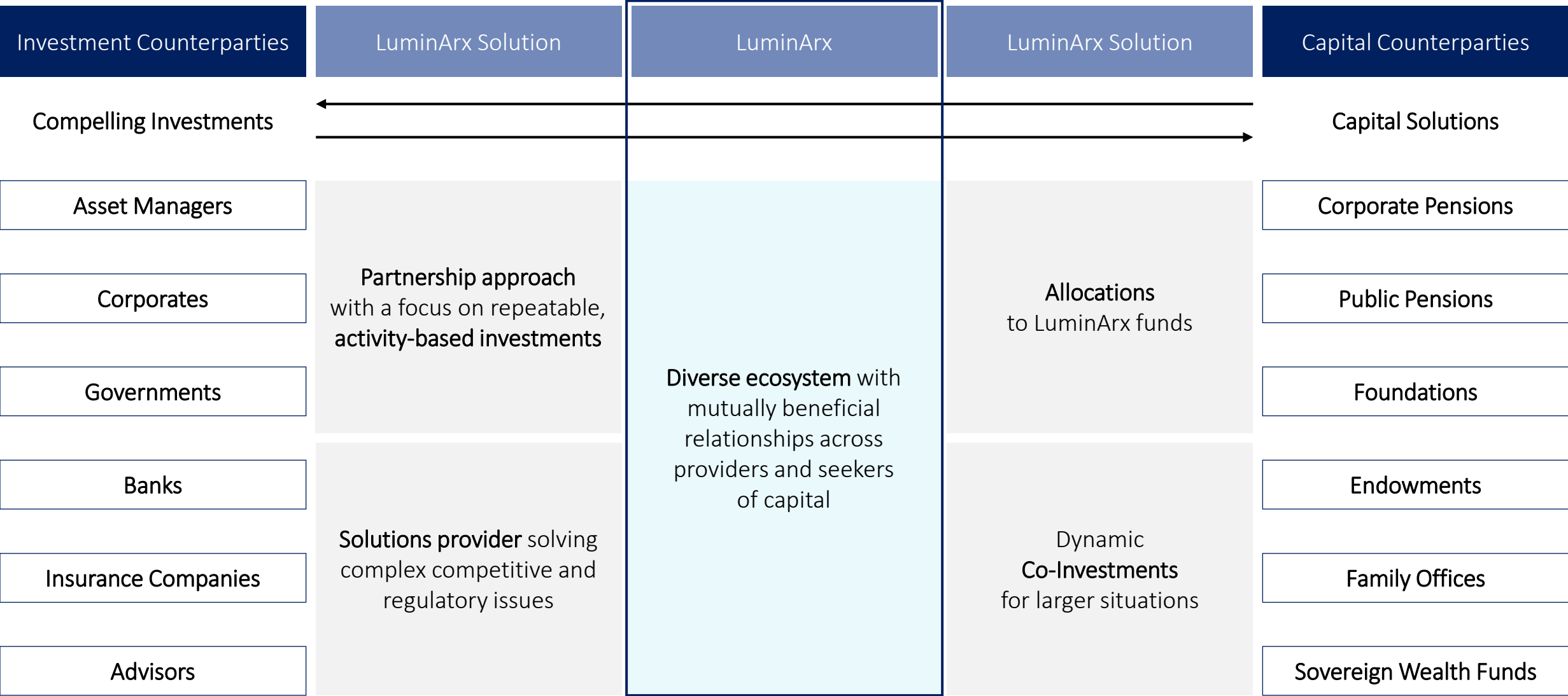
- Blending traditional equity and credit risk profiles, as appropriate, creates potential for higher-expected-value investments with lower risk
- Target consistent returns through a combination of structuring, contractual returns and upside participation across economic cycles

Composition of Total Return¹



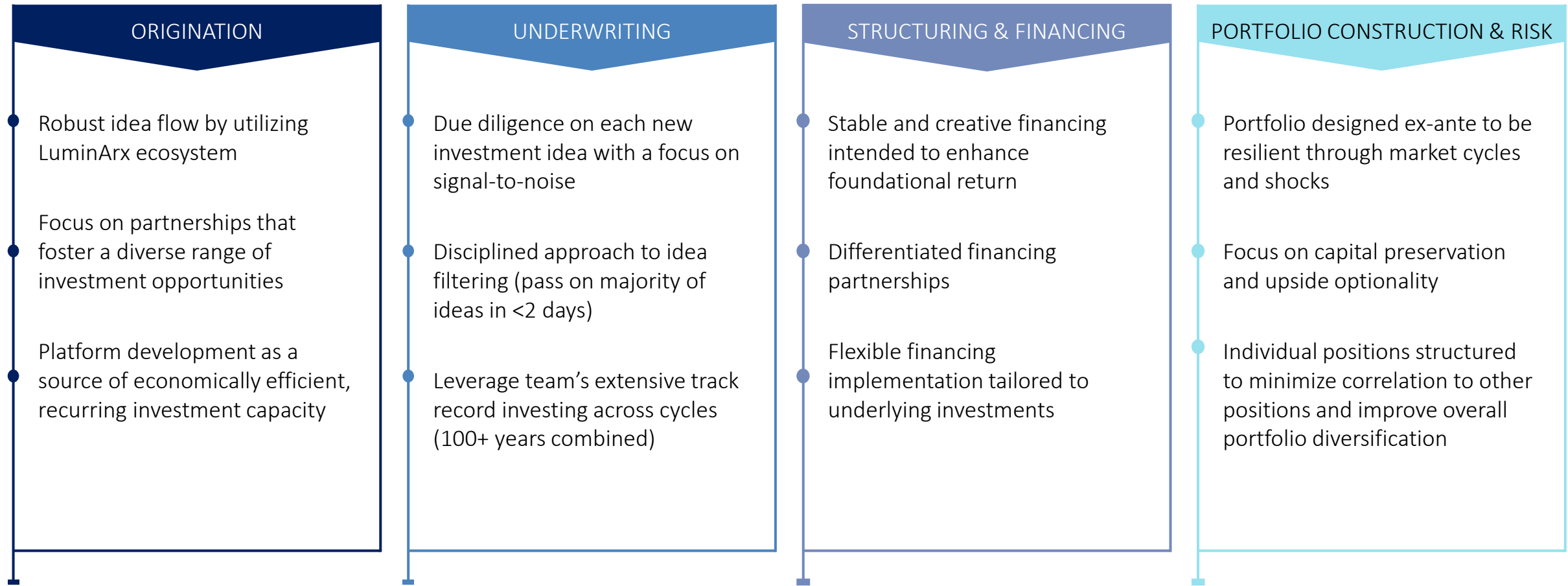
1. Illustrative purposes only. Excludes fees, expenses, hedging and other costs.

The LuminArx Ecosystem



Investment Process

LuminArx's investment process is underpinned by a focus on isolating high signal-to-noise ratio investments, where the distribution of outcomes is narrowed by a combination of structural and contractual dynamics determined prior to investment



Investment Process – Origination

Access to differentiated sourcing mechanisms

COUNTERPARTIES	HOW LUMINARX INTERACTS
Corporates	<ul style="list-style-type: none">• Complex capital needs requiring flexible solutions
Governments	<ul style="list-style-type: none">• Non-economic actors; frequently willing to provide excess return in exchange for addressing social objectives
Banks	<ul style="list-style-type: none">• Highly regulated which results in non-economic behavior and significant limitations on allowable activities• Opportunities include risk-transfer deals and providing solutions to increase their competitiveness
Insurance Companies	<ul style="list-style-type: none">• Excellent source of financing alternatives

Investment Process – Underwriting

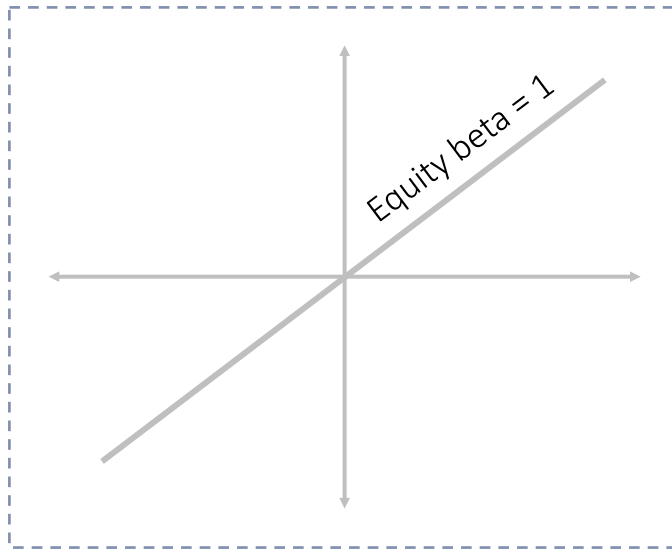
LuminArx evaluates investments through a specific lens

CRITERIA	OUTCOME
How many variables must be underwritten?	Favor investments with fewer degrees of freedom; less to underwrite and less can go wrong
How “noisy” are the variables?	Favor investments where range of outcomes for underwritten variables is narrow / there are structural protections with respect to large deviations from base case
What is our ability to underwrite them?	Limit investments to situations where LuminArx can reliably handicap the range of potential outcomes for the variables in question
Is the structure forgiving in the context of variance?	Attempt to achieve structural protections such that downside risk is mitigated even when variables don’t achieve expectations
Is the return commensurate with the variance?	LuminArx needs to believe the returns are commensurate with the risks
What is the likelihood of capital impairment?	Pre-mortem – under what scenario would capital be impaired and what is the likelihood? Must be highly unlikely and with limited correlation to other risks in portfolio
Is there a better structure to accommodate desired risk / return?	If the underlying risk / return is compelling, is there an opportunity to improve the answers to the questions above through structure?

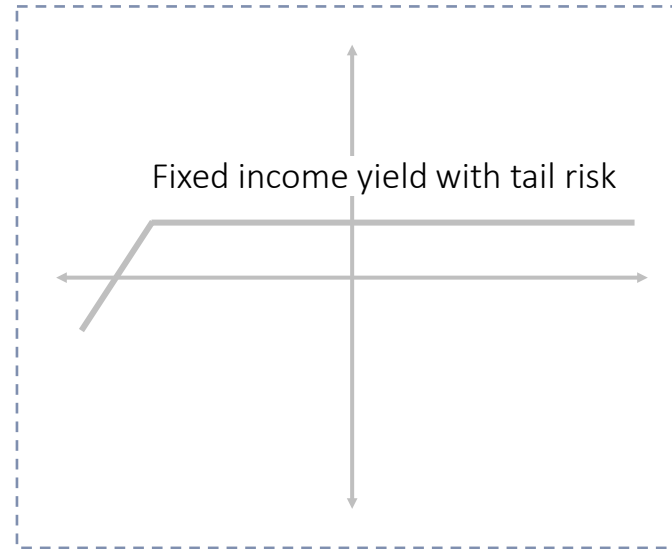
Investment Process – Structuring & Financing

Blending traditional equity and credit risk profiles, as appropriate, can create potential for higher expected-value investments with lower risk

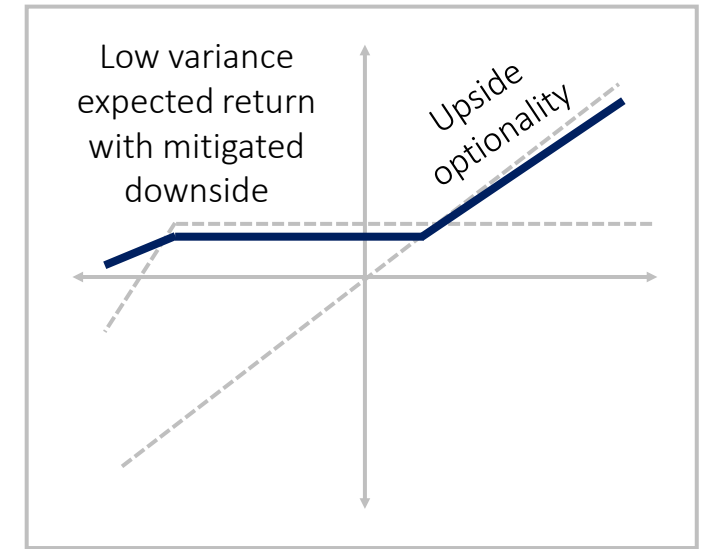
Typical Equity Risk Profile



Typical Credit Risk Profile



LuminArx Target Risk Profile



Illustrative Structuring Tools

Warrants

Knock-in Options

Liquidation Preference

Pref Equity Line of Credit

Investment Process – Portfolio Construction & Risk Management

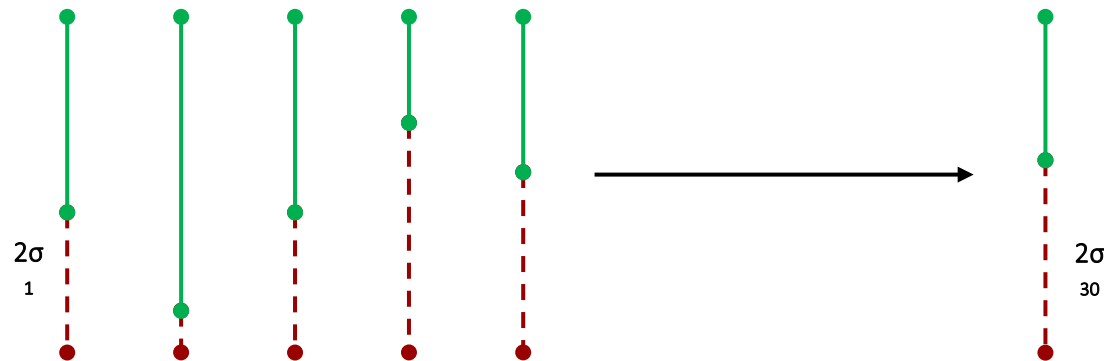
Risk management is at the core of our investment philosophy

Core Portfolio Construction Philosophy

Seek to structure trades where loan-to-value is protected from 2 standard deviation moves in collateral value, with upside

This implies that for a portfolio with 30 such investments that are reasonably independent, impairment risk at the portfolio level should be minimal

Portfolio of 30 positions

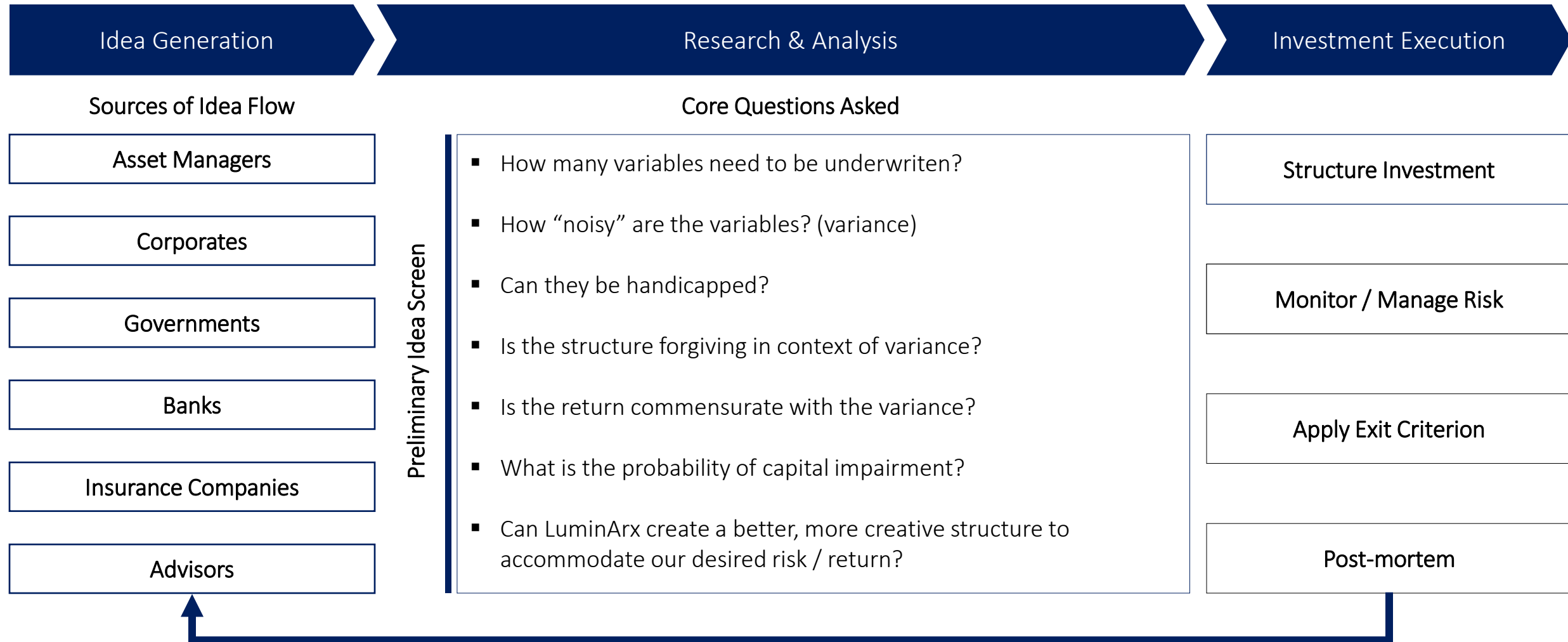


Core Risk Management Philosophy

- Proactively manage risk vs. simply respond to risk events
- Embed risk management into investment structures from the outset
- Design portfolio ex-ante as a collection of uncorrelated positions where capital impairment requires multiple two standard deviation moves across many of the positions simultaneously
- Limit single position concentration to 15% at cost
- Limit individual sector concentration to 25% at cost
- Limit individual country exposure (other than USA) to 30% at cost
- Seek to limit ex-ante expected loss in any single position to 3% of NAV
- Generally, spend 50 to 100 bps as appropriate for hedges and downside protection

Investment Process – Continuous Improvement

Analysis for all investments, contemplated and executed, is continued throughout the research process



Market Environment

Curtailment of activity in traditional markets creates a compelling backdrop for opportunities for flexible solution providers



16.7%

Drop in U.S Fixed
Income Securities
Issuance⁽¹⁾

60.6%

Fall in Global Issuance
of Equity IPOs⁽²⁾

+133 bps

Spread Widening in
Floating-Rate Loans⁽³⁾

+428 bps

Increase in
Benchmark
Borrowing Rates⁽⁴⁾

With new financing scarce, LuminArx believes there will be an increasing need for flexible capital that can provide customized solutions and generate attractive risk-adjusted returns for the providers of that capital

Key Information

Fees	1.5% management fee, 20% incentive fee, 6% annual preferred return
Minimum Investment	\$5 million
Liquidity Terms	Semi-annual redemptions, 180-day notice, passthrough liquidity
Initial Target Fund Size	\$2 billion
Co-investments	0% management fee, 10% incentive fee
Administrator	HedgeServ
Auditor	Ernst & Young LLP
Legal	Paul, Weiss; Maples Group

Appendix

LuminArx

01

Bios

Gideon Berger

Co-Founder & CEO

Before launching LuminArx Capital Management LP in 2023, Mr. Berger was a Senior Managing Director and the co-Chief Investment Officer of Blackstone Alternative Asset Management (“BAAM”). Mr. Berger was the Chairman of BAAM’s Investment Committee and a member of BAAM’s Management Committee. During his tenure at BAAM, Mr. Berger oversaw the management of client asset growth from ~\$1bn to ~\$80bn. Mr. Berger conceived and led several strategic initiatives that contributed to BAAM’s evolution from a traditional fund of funds to a hedge fund solutions provider with a variety of strategies for both institutional and individual investors and a combination of both direct and fund investments. Prior to joining BAAM, Mr. Berger co-founded a technology startup Ez-Ways.com focused on logistics.

Mr. Berger holds a BA in Mathematics and Physics from Vassar College, an MS in Applied Physics from Columbia University, and a PhD in Computer Science from the Courant Institute at NYU.

Min Htoo

Co-Founder & CIO

Before launching LuminArx Capital Management LP in 2023, Mr. Htoo was a Senior Managing Director and the co-Chief Investment Officer of BAAM. Mr. Htoo was a member of BAAM’s Investment Committee and Management Committee. Before joining BAAM, Mr. Htoo was the Founder, Chief Executive Officer, and Chief Investment Officer at Anandar Capital Management LP. Before the launch of his own firm, Mr. Htoo was a day-one Partner at Magnetar Capital where, as a Senior Portfolio Manager, he invested in both fundamental and quantitative strategies. Mr. Htoo began his investment career as an Analyst at Och-Ziff Capital Management Group and then as a Portfolio Manager at Citadel. Prior to that, Mr. Htoo worked in the Mergers & Acquisitions department of Morgan Stanley’s Investment Banking Division.

Mr. Htoo received a BA in Business Economics with Honors from Brown University. He was honored with The Wall Street Journal Award for earning the highest departmental GPA and was elected a member of the Phi Beta Kappa Society and Omicron Delta Epsilon, the International Honor Society for Economics.