



Special Situation

Objective

Luminist Capital's **Special Situation** portfolio seeks to identify unique short-term investment opportunities by monitoring option order flow and assessing unusual activity. The opportunities are often event-based and can include earnings releases, significant corporate announcements or merger and acquisition activity. The **Special Situation** portfolio is an absolute return strategy that aims to produce positive returns over longer time frames even when the markets are flat, falling or volatile.

Strategy

Luminist applies a rules-based, active strategy utilizing the options market as a leading indicator. Option order flow is assessed to predict the direction, timing and magnitude of upcoming moves in individual stocks. Luminist builds defined risk option strategies based on these predictions. The strategies can be single call or put options, or combinations of calls and puts to take advantage of market expectations and create outstanding risk to reward scenarios.

Returns for any single position in the **Special Situation** portfolio can be extremely volatile. By carefully managing the size of each position, Luminist can successfully manage the impact of the losing positions and still deliver significantly positive returns.

How to use the Special Situation Portfolio

The **Special Situation** portfolio is designed to be used as an aggressive or alternative portion of a portfolio. The strategy is speculative and volatile. For these reasons, Luminist recommends allocating no more than 15% of investable assets to **Special Situation**. Investors in Special Situation can expect larger swings in returns while having the confidence each position has a fixed amount of risk. Let Luminist help you with asset allocation by answering a few questions about your financial situation and investing style.

For Discussion Sake only. These topics and hypothetical projections should not be considered a solicitation to buy or sell any asset. This is not investment advice. Hypothetical projections are for illustrative purposes only and contain many assumptions, including but not limited to assumed growth rates, transaction costs and tax laws. They do not reflect any specific asset. A minor variance in any of these variables may materially affect these hypothetical projections.

SPECIAL SITUATION AT A GLANCE

Why Special Situation?

1. Unique strategy
2. Upside potential
3. Defined Risk

Who should use Special Situation?

1. Aggressive investors
2. Speculators
3. Investors seeking uncorrelated returns

What stocks are eligible for Special Situation?

All stocks that pass our screening process for unusual activity and have potential for favorable risk to reward setups are eligible.

How do I add Special Situation to my portfolio?

Fill out Luminist's Investor Profile to see if Special Situation could be a good fit for you.