



Media Release

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LUMX GROUP LIMITED ANNOUNCES 2018 INTERIM RESULTS

LUMRISK FINTECH SUBSIDIARY TO SEEK CAPITAL INCREASE TO FUND GROWTH OPPORTUNITIES

LumX Group Limited (ticker: LUMX) (“LumX”, the “Group”, the “Company”, or “we”), an alternative investment specialist focused on providing leading investment, risk management, and structuring solutions, announces its interim results for the six months ended 30 June 2018.

Highlights

- **LumRisk**, the Group’s Fintech and also Regtech subsidiary, now has contractual agreements in place with 11 of the leading investment banks, which is expected to facilitate further client mandates in the alternative risk premia industry
- **LumRisk** selected for a significant mandate by a European institutional investor to provide position-level transparency and analysis on entire multi-asset portfolio for regulatory reporting purposes. This mandate will start on 1 January 2019
- Full-year revenues from **LumRisk** are anticipated to reach USD 2.5 million due to planned onboarding of new client mandates in H2 2018. Further revenue growth is expected for 2019
- The Group will actively look to raise direct capital in **LumRisk** in the near-term to fund its ambitious growth plans
- Renewed activity for **LumMap** fund structuring business, with second externally managed fund expected to launch in Q4
- Previously disclosed agreement with new strategic investor, **China Silver Asset Management**, relating to issue of convertible bonds in an aggregate amount of CHF 4.5 million, of which CHF 2.0 million has already been drawn down
- Group net revenues of USD 3.8 million for the period
- Reduction of operating expenses by 11% on a like-for-like basis
- Net loss for the period of USD 4.5 million

Commenting, Arpad Busson, Executive Chairman stated:

“I am very excited by the growth prospects for the Group as it enters the next phase of its corporate turnaround, while acknowledging the ongoing headwinds that we face. Our LumRisk subsidiary, which has experienced significant growth and generated new revenue streams for the Group, will look to raise direct capital in the near term to fund its ongoing expansion. While our asset management business continues to face challenges, I am pleased to report that we have started to gain traction in our LumMap and multi-asset initiatives. I am reassured by the continuing support from the Group’s **long-standing and new shareholders**, and by the high level of motivation among our staff to execute our current strategy.”

For Additional Information

LumX Group Limited
Andrew Crawford
Tel: +41 22 363 6863

Media Enquiries
Jan Gregor
Tel: +41 44 212 4141



Strategy and Plans

LumRisk, a risk aggregation and reporting Fintech and also Regtech business, and Group subsidiary, continues to be a major growth driver, consolidating its position as the leading independent provider of position-level transparency solutions for investors allocating to alternative risk premia across multiple providers. LumRisk continues to grow headcount, most recently through the hiring of additional quantitative analysts and technology specialists. A particular focus during the past 6 months has been the build-out of technology infrastructure to ensure the continued speed, security and scalability of the platform in order to cater for both the observed and expected future growth of the business.

In terms of business development, LumRisk has increased the number of strategic discussions it is having with potential partners around the world. Our strategy here continues to be to focus on market-leading brands with attractive access to either geographic regions of interest or specific client sectors.

LumRisk's client pipeline continues to grow in both size and geographic penetration. This is a function of both the continued impressive growth of the alternative risk premia industry (also known as quantitative investment strategies (QIS)) – plus the significant recent acceleration in the number of banks that have signed-up to LumRisk. We believe LumRisk is close to fulfilling one of its core strategic objectives of becoming the industry standard risk and reporting platform for the sector, with currently 11 investment banking partners (out of a cohort of 14) representing approximately 80% coverage of the sector.

The Group intends to raise additional direct capital for LumRisk to facilitate the execution of its ambitious growth plan through reinvestment into new hires and infrastructure.

The **LumMap** fund structuring business provides bespoke investment solutions to respond to the regulatory and compliance needs of both managers and investors. It offers managers a suitable structure to distribute their funds under AIFMD, and allocators high standards of governance. LumMap services are complemented by the benefits of full transparency offered by LumRisk and potential services offered by LumX's asset management team. LumMap expects to see the launch of a second fund structure in Q4 2018 (the first launch took place in June 2018) and is in ongoing discussions with managers, external allocators, family offices and institutions looking for bespoke fund structuring solutions. The Group is closely monitoring the current Brexit negotiations and their potential impact on financial services in the UK and are keeping all options open in relation to its LumMap business.

The Group continues to evaluate the adjustment and positioning of its asset management business in response to investor trends and headwinds. LumX Asset Management has recently launched its first in-house trend-following premia, with new products planned. Its private wealth multi-asset business has grown thanks to net new assets and positive performance.

The Group's efforts to restructure its business and implement its strategy have been made possible thanks to the team spirit, motivation, and talent of its principal asset: its employees. The Group has implemented a new long-term incentive plan consisting of equity grants for select employees to ensure alignment of interests with the Group and its shareholders, and a share in its future success.



Outlook

The Group continues to execute its strategy and lay the necessary foundations to rebuild its business, generate new revenue streams, and maintain cost-efficiencies.

The Group anticipates full-year revenues from LumRisk to reach USD 2.5 million in 2018 thanks to new client mandates that are expected to be onboarded in the second half of the year, with further revenue growth expected in 2019.

LumRisk has been selected by a European asset owner for a significant multi-asset mandate to consolidate, analyse, and report on position-level investment data from multiple sources and assist with regulatory reporting requirements and is continuing to tender for similar mandates. This mandate will have a positive impact on revenues starting 1 January 2019 and open a potentially larger market for its risk data aggregation and reporting services to investors allocating across multiple asset classes and strategies.

LumRisk is seeing increased demand from asset managers, family offices, and asset owners for its innovative position-level transparency solutions for risk management and regulatory reporting purposes.

Fee-earning assets

The fee-earning assets of the Group as at 30 June 2018 were USD 7.1 billion, a small decrease of 4% when compared with the figure of USD 7.4 billion at 31 December 2017.

The value of client portfolios that LumRisk provides consolidated risk reporting services on experienced a slight decrease (-1.6%), due to general underperformance of clients' exposure towards alternative risk premia. The LumRisk business has signed additional reporting mandates with end clients during H1 2018 which are expected to be onboarded in the second half of the year.

Assets in the Group's Alternative Investment Solutions business of USD 2.2 billion (of which USD 1.8 billion are assets in respect of which advisory mandates are performed) decreased due mainly to the ongoing orderly winddown of legacy multi-manager strategies. Alternative risk premia mandates were impacted by negative performance across the industry during the first half of 2018. The Group's multi-asset business, displayed under "other activities" in the table below, grew thanks to net new assets and positive performance.

The breakdown of assets across business lines is as follows:

Fee-Earning Assets	Jun 2018 (USD billion)	Dec 2017 (USD billion)	% change
Alternative Investment Solutions ¹	2.24	2.48	-9.7%
LumRisk ²	4.39	4.47	-1.6%
Other activities	0.46	0.45	+2.3%
Total fee-earning assets	7.09	7.40	-4.2%

¹ of which assets in respect of which the Group performs advisory mandates represented USD 1.82 billion as at June 2018 and USD 1.87 billion as at December 2017.

² This figure represents the fee-earning value of client mandates. When taking account of the notional value of the underlying instruments that some investors have in place directly with their banks, it represents gross exposure of approximately USD 27 billion of assets. LumRisk fee-earning assets displayed above exclude LumX-managed assets where risk reporting services are provided.

Note: percentage changes and amounts are rounded.



Financials

The Group's net revenues for the 6-month period to June 30, 2018 were USD 3.8 million. Management fees were USD 2.9 million, reflecting the orderly winddown of legacy multi-manager portfolios. LumRisk fees were USD 0.8 million, an increase of 13% compared with the same period in 2017.

Despite the ongoing investment in the growth of LumRisk and LumMap, operating costs continued to decrease, and were USD 8.1 million during the first six months of 2018, compared with USD 9 million during the first six months of 2017 representing a reduction of 11% on a like-for-like basis.

The Group's cashflow position is expected to improve in 2019 as legacy obligations, equivalent to an expected amount of USD 2.2 million in 2018, will no longer exist.

Personnel expenses were reduced from USD 5.8 million at June 30, 2017 to USD 5.3 million in June 2018. LumX currently has 48 employees on a full time equivalent basis.

The net attributable loss amounted to USD 4.5 million for the 6 months to 30 June 2018.

Please visit <https://www.lumxgroup.com/financial-information/financial-section> to view a copy of the 2018 interim report.

About LumX Group Limited

Incorporated in Guernsey and listed on the SIX Swiss Exchange, LumX Group Limited (ticker: **LUMX**) is the holding company of an alternative investment specialist focused on bringing leading investment, risk management, and structuring solutions to a primarily institutional client base.

The LumX Group has offices in Guernsey, Geneva (Nyon), London, New York, Luxembourg, and an affiliate office in Melbourne.