

## **Part 2A of Form ADV: *Firm Brochure***

### **AURORA PRIVATE WEALTH, Inc.**

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6/9/2017

This brochure provides information about the qualifications and business practices of Aurora Private Wealth, Inc. If you have any questions about the contents of this brochure, please contact us at 973-394-1069 or Tim Smith, [tim@aurorapw.com](mailto:tim@aurorapw.com). 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. Registration with the SEC or any state regulatory authority does not imply a certain level of skill or training.

Additional information about Aurora Private Wealth, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 281604.

## **Item 2 Material Changes**

This section is used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information, as appropriate.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Tim Smith was named Chief Compliance Officer on August 3, 2015.

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## Item 4 Advisory Business

Aurora Private Wealth, Inc. is a New Jersey registered investment adviser (pending approval) with its principal place of business located in Succasunna, New Jersey. Aurora Private Wealth, Inc. began conducting business in 2015.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Timothy Liam Smith, President
- Tara H. Smith, Shareholder

Aurora Private Wealth, Inc. offers the following advisory services to our clients:

### **INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and generally will include advice regarding the following securities:

- Exchange-listed securities
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit

- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

### **INVESTMENT SUPERVISORY SERVICES ("ISS") MODEL PORTFOLIO MANAGEMENT**

Our firm provides portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

(1) Strategic Asset Allocation: allocation of client assets to be selected from among a broad universe of mutual funds/ETFs, asset classes and style categories in accordance with a client's investment objectives;

(2) Tactical Asset Allocation: allocation of client assets among mutual fund/ETF classes with an overlay of technical analysis, i.e. asset management charting software;

(3) Also, through one or more of our representatives, a technical analysis signal program may be offered to and subscribed to by other unaffiliated Registered Investment Advisers for a fee.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Through personal discussions with the client in which the client's goals and objectives are established, we determine if the model portfolio is suitable to the client's circumstances. Once we determine the suitability of the portfolio, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain

individual ownership of all securities.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and generally will include advice regarding the following securities:

- Exchange-listed securities
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send periodic written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and

4. maintain client suitability information in each client's file.

## **INDIVIDUAL PORTFOLIO MANAGEMENT**

Our firm provides non-continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio on an ongoing basis, and if necessary, rebalance the portfolio on an annual or semi-annual basis, based on the client's individual needs.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and generally will include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities

- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

## MODEL PORTFOLIO MANAGEMENT

Our firm provides non-continuous portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal.

*1) Strategic Asset Allocation: allocation of client assets to be selected from among a broad universe of mutual funds/ETFs, asset classes and style categories in accordance with a client's investment objectives;*

*(2) Tactical Asset Allocation: allocation of client assets among mutual fund/ETF classes with an overlay of technical analysis, i.e. asset management charting software.*

*(3) Also, through one or more of our representatives, a technical analysis signal program may be offered to and subscribed to by other unaffiliated Registered Investment Advisers for a fee.*

Through personal discussions with the client in which the client's goals and objectives are established, we initially determine whether the model portfolio is suitable to the client's circumstances. Once we confirm suitability, the portfolio is managed based on the portfolio's goal, rather than on each client's individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the types of investments to be held in their account. Clients retain individual ownership of all securities.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Once the client's portfolio has been established, we review the portfolio on an ongoing basis, and if necessary, rebalance the portfolio on an annual or semi-annual basis, based on the client's individual needs. Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and generally will include advice regarding the following securities:

- Exchange-listed securities
- Warrants
- Corporate debt securities (other than commercial paper)



- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other

Because some types of investments involve certain additional degrees of risk, they only will be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

To ensure that our initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, we will:

1. send periodic written reminders to each Model Portfolio Management Services client requesting any updated information regarding changes in the client's financial situation and investment objectives;
2. at least annually, contact each participating client to determine whether there have been any changes in the client's financial situation or investment objectives, and whether the client wishes to impose investment restrictions or modify existing restrictions;
3. be reasonably available to consult with the client; and
4. maintain client suitability information in each client's file.

## **PENSION CONSULTING SERVICES**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. Pension Consulting Services are comprised of four distinct services. Clients may choose to use any or all of these services.

*Investment Policy Statement Preparation (hereinafter referred to as "IPS"):*

We will meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the plan sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written IPS detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance.

*Selection of Investment Vehicles:*

We assist plan sponsors in constructing appropriate asset allocation models. We will then review various mutual funds (both index and managed) and/or ETFs to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended will be determined by the client, based on the IPS.

*Monitoring of Investment Performance:*

We monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we supervise the client's portfolio and will make recommendations to the client as market factors and the client's needs dictate.

*Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide periodic educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

## **SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS**

We also offer advisory management services to our clients through our Selection and monitoring of Third-Party Money Managers programs (hereinafter, "Programs"). Third-Party Money Manager agreements will be obtained upon completion of registration.

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Personal Investment Policy Statement ("PIPS").

Based on the client's individual circumstances and needs (as exhibited in the client's PIPS) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the

opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's PIPS. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's PIPS, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

### **FINANCIAL PLANNING/ANALYSIS**

We provide financial planning and/or analysis services. Financial planning is an evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We may review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We may analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We may analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We may review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We may analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We may review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We may assist the client in assessing and developing long-term strategies,

including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, investment return objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or investment advisor or registered representative (although our associated persons may also serve as insurance brokers, investment advisory representatives and/or registered representatives). Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically the financial plan or analysis is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

### **ACTIVE MANAGEMENT SERVICES**

Aurora Private Wealth, Inc. provides the management of individual clients' portfolios, rendering advice as to the advisability of moving from one equity fund family to a defensive fund (within the same family of funds) in an attempt to capture gains during rising market periods and to preserve the client's capital during falling market periods. Our active management service is of a continuous nature, evaluating holdings and market positions on a daily basis. We will attempt to move funds from one specific fund group to a money market fund (within the same family) when the capital improvement potentiality is in question. The funds will be switched back to the same type of fund only when qualified factors indicate growth possibilities.

In order to effectively manage client funds, we request that each client provide the firm with discretionary authority to effect conversions between mutual funds on the client's behalf.

It is also noted that certain mutual funds allow for telephone switching services. This is perhaps the quickest way in which to effect a transaction on the client's behalf. As such, our firm will offer this service to a client, if the particular mutual fund under active management consideration has provisions for telephone switching privileges. If market conditions were to change rapidly, we are able to assist our clients in achieving the fastest possible response, given the individual circumstances.

Our primary objective is to preserve and increase the aggregate capital funds of any client.

## AMOUNT OF MANAGED ASSETS

At 12/31/16, the firm had a total of \$9,127,384 under management. This amount is expected to rise rapidly once the firm launches full operations in April, 2017. We anticipate filing for SEC registration later this year. 12/31/16 AUM consists of \$6,583,514 in 44 discretionary accounts and \$2,543,870 in 4 non-discretionary accounts.

## Item 5 Fees and Compensation

General Note about Fees: any investment advisory fee negotiated must be reasonable in light of the services to be provided, the experience and expertise of the investment advisory representative working with the client, and the sophistication and bargaining power of our client. All clients should be aware that lower fees for comparable services may be available from other advisors or service providers. We review all contracts to ensure that the negotiated advisory fee is reasonable for each client. Massachusetts Residents: Pursuant to 950 CMR 12.205(8)(d), the disciplinary history, if any, of all investment advisors and their representatives may be obtained by calling The Massachusetts Securities Division at (617) 727-3548.

### INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from **.50% to 2.50%**.

**We may also charge an administrative servicing fee on new monies deposited by the client, due at the time of such deposit. This fee may be up to 1% and is negotiable.**

**Limited Negotiability of Advisory Fees:** While Aurora Private Wealth, Inc. has established the aforementioned fee range, we retain the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT FEES

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from **.50% to 2.50%**.

**We may also charge an administrative servicing fee on new monies deposited by the**

**client, due at the time of such deposit. This fee may be up to 1% and is negotiable.**

***Limited Negotiability of Advisory Fees:*** While Aurora Private Wealth, Inc. has established the aforementioned fee range, we retain the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

### **PORTFOLIO MANAGEMENT SERVICES FEES**

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from **.50% to 2.50%**.

**We may also charge an administrative servicing fee on new monies deposited by the client, due at the time of such deposit. This fee may be up to 1% and is negotiable.**

***Limited Negotiability of Advisory Fees:*** While Aurora Private Wealth, Inc. has established the aforementioned fee range, we retain the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule.

These include the complexity of the client; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Portfolio Management Services may be charged as a **fixed fee**, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Aurora Private Wealth, Inc.'s fixed fees typically range from **\$1,000 to \$15,000**.

### **MODEL PORTFOLIO MANAGEMENT FEES**

Our annual fees for Model Portfolio Management Services are based upon a percentage of assets under management and generally range from **.50% to 2.50%**.

**We may also charge an administrative servicing fee on new monies deposited by the client, due at the time of such deposit. This fee may be up to 1% and is negotiable.**

***Limited Negotiability of Advisory Fees:*** While Aurora Private Wealth, Inc. has established the aforementioned fee range, we retain the discretion to set and negotiate fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and

reports, among other factors. The specific annual fee will be identified in the contract between the adviser and each client. We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Model Portfolio Management Services may be charged as a **fixed fee**, negotiated on a case-by-case basis. Overall factors to be considered will include the type and amount of assets to be managed and the complexity of the client's circumstances. Aurora Private Wealth, Inc.'s fixed typically fees range from **\$1,000 to \$15,000**.

### **PENSION CONSULTING FEES**

We charge an annual fee for Pension Consulting Services which ranges from **.50% to 2.50%** of plan assets depending on the services requested and the size of the plan.

Aurora Private Wealth, Inc. offers several fee options. Aurora Private Wealth, Inc. may be compensated based on an annual percentage of plan assets for services involving ongoing reviews or it may be compensated by an hourly fee or fixed fee. Alternatively, these different types of fees may also be combined as appropriate for the different types of services requested by the client.

Typically, the annual fee ranges from .50% to 2.50% of plan assets depending on the services requested and the size of the plan. Fees will be based upon the value of the plan at the end of the previous period. Fees will not be adjusted based on additions and withdrawals during the calendar quarter.

Aurora Private Wealth, Inc.'s hourly charges may range from \$50 to \$800 per hour. A fixed fee may be quoted based on an estimate of hours for the services requested. Aurora Private Wealth, Inc. may request a retainer for hourly and fixed fee arrangements. The amount of a requested retainer will never exceed the fee for services to be provided within the first six months of an engagement.

Pension Consulting Services may be charged as a **fixed fee**, negotiated on a case-by-case basis. Overall factors to be considered will include the services requested and the size of the plan. Aurora Private Wealth, Inc.'s fixed fees may typically range from **\$1,000 to \$15,000**.

Plan sponsors are typically invoiced in advance at the beginning of each calendar quarter or if a fixed fee, pursuant to the schedule in the fixed fee agreement. The client's Schedule A shall stipulate the manner of payment.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES**

We are paid by the independent adviser selected by the client for portfolio management services. Our fee is based on a percentage of the client's managed assets (typically 1% but ranging up to 50% of the fee charged by the independent investment adviser, depending on the size of the



account), which is included in the independent investment adviser's annual management fee. The portion of the advisory fee paid to us does not increase the client's ultimate advisory fee paid to the selected independent investment adviser.

Clients are provided with a separate disclosure document describing the fee paid to us by such independent registered investment advisers. The total asset management fee, including the referral fee paid to our firm, is disclosed in the independent investment adviser's disclosure document.

### **FINANCIAL PLANNING/ANALYSIS FEES**

Aurora Private Wealth, Inc.'s Financial Planning fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees may be calculated and charged on an hourly basis, ranging from \$50 to \$800 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

Our Financial Planning fees may be calculated and charged on a fixed fee basis, typically ranging from \$500 to \$15,000, depending on the specific arrangement reached with the client.

We may request a retainer upon completion of our initial fact-finding session with the client; however, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the plan.

***Financial Planning Fee Offset:*** Aurora Private Wealth, Inc. reserves the discretion to reduce or waive the hourly fee and/or the minimum fixed fee if a financial planning client chooses to engage us for our Portfolio Management Services.

The client will typically be billed for financial planning/analysis quarterly in arrears based on actual hours accrued. The client's Schedule A shall stipulate the manner of payment.

### **ACTIVE MANAGEMENT SERVICES FEES**

For these services, Aurora Private Wealth, Inc. is compensated based on a percentage of assets under management, typically **.50% to 2.75%**.

Our initial fees are payable and due within 30 days of entering into an Investment Advisory contract. On an ongoing basis, our fees are invoiced in advance on a quarterly basis.

At times, and depending upon individual circumstances, our fees may be negotiable. Furthermore, in isolated cases, based upon unique circumstances and relationships, the fee may be waived in whole or in part, at our discretion.

## POTENTIAL CONFLICT OF INTEREST

Management personnel and other related persons of our firm are licensed as registered representatives of a broker-dealer and/or licensed as insurance agents or brokers. In their separate capacity (ies), these individuals are able to implement investment or insurance recommendations for advisory clients for separate and typical compensation (i.e., commissions, 12b-1 fees or other sales-related forms of compensation). This presents a conflict of interest to the extent that these individuals recommend that a client invest in a security or insurance contract which results in a commission being paid to the individuals. Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

## GENERAL INFORMATION

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

***Mutual Fund Fees:*** All fees paid to Aurora Private Wealth, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not

limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

**ERISA Accounts:** Aurora Private Wealth, Inc. is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Aurora Private Wealth, Inc. may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Aurora Private Wealth, Inc.'s advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees. Also, some Third-Party Money Managers to whom we refer clients bill in arrears on a quarterly basis.

**Limited Prepayment of Fees:** Currently and primarily, client fees are billed in advance on a quarterly basis.

**Privacy:** Aurora Private Wealth, Inc. is forbidden to share any information, which qualifies as private, unless the investor specifically agrees thereto, or "opts in".

## Item 6 Performance-Based Fees and Side-By-Side Management

Aurora Private Wealth, Inc. does not charge performance-based fees.

## Item 7 Types of Clients

Aurora Private Wealth, Inc. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above

## Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

### METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict when how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Mutual Fund and/or ETF Analysis.** We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in

a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

**Third-Party Money Manager Analysis.** We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling

them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

**Margin transactions.** We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock may increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock may fall before the option expires.

We may use options to speculate on the possibility of a sharp price swing. We may also use options to "hedge" a purchase of the underlying security; in other words, we may use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

We may use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

We may use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

### ***Risk of Loss***

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

- 1) Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

- 2) Market Risk: The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- 3) Inflation Risk: When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- 4) Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- 5) Reinvestment Risk: This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- 6) Business Risk: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- 7) Liquidity Risk: Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- 8) Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Material risks associated with the methods of analysis and investment strategies used include actual company specific or market events that may contradict assumptions at the time a security was chosen, and/or a security's actual performance that may not follow trends previously identified in the analysis conducted. Any performance quoted represents past performance, is no guarantee of future results, and will not provide an adequate basis for evaluating the performance of the product over varying market conditions or economic cycles. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

## **Item 9 Disciplinary Information**

None.

## **Item 10 Other Financial Industry Activities and Affiliations**

Management personnel of Aurora Private Wealth, Inc. may be separately licensed as registered representatives of Comprehensive Asset Management and Servicing, Inc., an affiliate broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While Aurora Private Wealth, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Management personnel of our firm, in their individual capacities, may be brokers for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Aurora Private Wealth, Inc.'s management persons or employees creates a conflict of interest that may affect the objectivity of our firm and these individuals when making advisory recommendations. Aurora Private Wealth, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and



- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Aurora Private Wealth, Inc. may, from time to time, market itself in conjunction with other non-registered entities owned by its Investment Advisor Representatives (“Co-Branding”). Clients should understand that these businesses are legal entities owned by the Investment Advisor Representative and not Aurora Private Wealth, Inc. The Investment Advisor Representatives are under supervision of our firm, Aurora Private Wealth, Inc. and the advisory services of the Investment Advisor Representative are provided through our firm, Aurora Private Wealth, Inc.

The following entities maintain a Co-Branding relationship with Aurora Private Wealth, Inc.:

- Wealth Plan Advantage, LLC
- JFL Total Wealth Management, LLC

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Aurora Private Wealth, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures that address principles governing personal investment activities of supervised persons whereby the interests of client accounts will at all times be placed first. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering.

Our code also provides for oversight, enforcement and recordkeeping provisions. Aurora

Private Wealth, Inc.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [tim@artisanadvice.com](mailto:tim@artisanadvice.com) or by calling us at 973-394-1069.

Aurora Private Wealth, Inc. and individuals associated with our firm are prohibited from engaging in principal transactions.

Aurora Private Wealth, Inc. and individuals associated with our firm are generally prohibited from engaging in agency cross transactions. Only in situations where this action is deemed to be in the best interest of both parties will it be allowed; and only when written affirmative consent for a specific cross transaction is received from the relevant parties.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security (ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm may be separately registered as securities representatives of Comprehensive Asset Management and Servicing, Inc. a broker-dealer. Related persons may also be investment adviser representatives of another registered investment adviser, and licensed as an independent insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

### **Soft Dollar Arrangement:**

Aurora Private Wealth, Inc. will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, research, trading platform, and other services which will help Aurora Private Wealth, Inc. in providing investment management services to clients. Aurora Private Wealth, Inc. may, therefore recommend (or use) the use of a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Factors that Aurora considers in recommending *Schwab Advisor Services* (or another broker-dealer/custodian) include historical relationship with Aurora and/or its principals, financial strength, reputation, execution capabilities, pricing, research, and service. In return for effecting securities transactions through a designated broker-dealer/custodian, Registrant may receive certain investment research products or services which assist the Registrant in its investment decision-making process for the client pursuant to Section 28(e) of the Securities Exchange Act of 1934 (generally referred to as a "soft-dollar" arrangement). Although the commissions and/or transaction fees paid by Aurora's clients shall comply with Aurora's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Aurora determines, in good faith, that the commission/transaction fee is reasonable. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-

dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Aurora will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Aurora's investment management fee. Aurora's best execution responsibility is qualified if securities that it purchases for client accounts are mutual funds that trade at net asset value as determined at the daily market close.

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Aurora may receive from *Schwab* (or another broker-dealer/custodian, investment platform and/or mutual fund sponsor) without cost (and/or at a discount) support services and/or products, certain of which assist Aurora to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Aurora may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Aurora in furtherance of its investment advisory business operations.

Aurora's clients do not pay more for investment transactions effected and/or assets maintained at *Schwab* as a result of this arrangement. There is no corresponding commitment made by Aurora to *Schwab* or any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement.

As indicated above, certain of the support services and/or products that may be received may assist Aurora in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Aurora to manage and further develop its business enterprise.

Although the investment research products or services that may be obtained by Registrant will generally be used to service all of Registrant's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account. With respect to investment research products or services obtained by the Registrant that have a mixed use of both a research and non-research (i.e., administrative, etc.) function, Registrant shall make a reasonable allocation of the cost of the product or service according to its use - the percentage of the product or service that provides assistance to the Registrant's investment decision-making process will be paid for with soft dollars while that portion which provides administrative or other non-research assistance will be paid for by the Registrant with hard dollars. The brokerage commissions or transaction fees charged by the designated broker-dealer/custodian are exclusive of, and in addition to, Registrant's investment management fee.

Schwab may also provide the Registrant with other services intended to help the Registrant manage and further develop its business enterprise, including assistance in the following areas: consulting, publications and presentations, information technology, business succession,

and marketing. In addition, Schwab may make available or arrange and/or pay for these types of services provided by independent third parties, including regulatory compliance.

Except as otherwise provided, Schwab's responsibility is limited to executing transactions pursuant to the direction of the Registrant. Schwab has not assisted in the selection of the Registrant and the client has the sole and exclusive responsibility for the selection of the Registrant. The client agrees that the Registrant is solely responsible for the management of client's portfolio.

The Registrant's Chief Compliance Officer remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Aurora Private Wealth, Inc. requires that it be provided with written authority to determine the broker-dealer to use for client transactions and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

#### Block Trading:

Aurora Private Wealth, Inc. will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Aurora Private Wealth, Inc. will typically aggregate trades among clients whose accounts can be traded at a given broker. Aurora Private Wealth, Inc.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Aurora Private Wealth, Inc., or our firm's order allocation policy.
- 2) The trader in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Aurora Private Wealth, Inc. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon

completion, to those clients.

- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Aurora Private Wealth, Inc.'s client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Aurora Private Wealth, Inc.'s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

#### Directed brokerage:

In the event that the client requests that Aurora Private Wealth, Inc. ("Aurora") recommends a broker-dealer/custodian for execution and/or custodial services (exclusive of those clients that may direct Aurora to use a specific broker-dealer/custodian), Aurora generally recommends that investment management accounts be maintained at Schwab Advisor Services ("Schwab"). Prior to engaging Aurora to provide investment management services, the client will be required to enter into a formal *Investment Advisory Agreement* with Aurora setting forth the terms and conditions under which Aurora shall manage the client's assets, and a separate custodial/clearing agreement with each designated broker-dealer/custodian.

Aurora does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In such client directed arrangements, the client will negotiate terms and arrangements for their account with that broker-dealer, and Aurora will not seek better execution services or prices from other broker-dealers or be able to "batch" the client's transactions for execution through other broker-dealers with orders for other accounts managed by Aurora. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the client directs Aurora to effect securities transactions for the

client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to effect account transactions through alternative clearing arrangements that may be available through Aurora.

## **Item 13 Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES INDIVIDUAL PORTFOLIO MANAGEMENT**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines.

More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide online access to quarterly reports to most accounts summarizing account performance, balances and holdings.

### **INVESTMENT SUPERVISORY SERVICES MODEL PORTFOLIO MANAGEMENT SERVICE**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide online access to quarterly reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least annually. Accounts are

reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Aurora Private Wealth, Inc. will provide online access to quarterly reports summarizing account performance, balances and holdings.

### **MODEL PORTFOLIO MANAGEMENT SERVICES**

**REVIEWS:** While the underlying securities within Model Portfolio Management Services accounts are regularly monitored, these accounts are reviewed at least annually. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Model Portfolio Management Services clients receive from their broker-dealer, Aurora Private Wealth, Inc. will provide annual reports summarizing account performance, balances and holdings. These reports will also remind the client to notify us if there have been changes in the client's financial situation or investment objectives and whether the client wishes to impose investment restrictions or modify existing restrictions.

### **PENSION CONSULTING SERVICES**

**REVIEWS:** Aurora Private Wealth, Inc. will review the client's Investment Policy Statement (IPS) whenever the client advises us of a change in circumstances regarding the needs of the plan. Aurora Private Wealth, Inc. will also review the investment options of the plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** These client accounts will receive reports as contracted for at the inception of the advisory relationship.

### **SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS**

**REVIEWS:** These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent investment advisory firm.



Aurora Private Wealth, Inc. will provide reviews on a quarterly basis or as contracted for at the inception of the advisory relationship.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that investment advisory firm.

Aurora Private Wealth, Inc. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

### **FINANCIAL PLANNING SERVICES**

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

**REPORTS:** Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

### **ACTIVE MANAGEMENT SERVICES**

**REVIEWS:** Due to the nature of this service, in which we evaluate and monitor the holdings on a daily basis, our account reviews are frequent and regular. In addition, these accounts are reviewed at least quarterly. Accounts are reviewed in the context of each client's stated investment objectives and guidelines.

These accounts are reviewed by: the client's investment advisor representative(s).

**REPORTS:** In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide online access to quarterly reports summarizing account performance, balances and holdings, except in cases where the securities used do not provide us with electronic information access.

## **Item 14 Client Referrals**

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and

- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

As indicated in item 12, Aurora receives economic benefits from Schwab.

## **Item 15 Custody**

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct your broker dealer, bank or other qualified custodian, e.g., Schwab , (collectively called "custodian") to deduct our advisory fees directly from your account. Your custodian, however, maintains actual custody of your assets. Our firm does not have actual or constructive custody of client accounts. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Aurora Private Wealth, Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 Investment Discretion**

### **Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell and/or
- Determine the asset allocation of the account

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

### **VOTING CLIENT SECURITIES**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

## Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition. Aurora Private Wealth, Inc. has no additional financial circumstances to report.

Aurora Private Wealth, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.

## Item 19 Requirements for State Registered Advisors

Aurora hereby represents that all material conflicts of interest have been disclosed in this Part 2A disclosure Brochure.

Aurora maintains a Business Continuity Plan (BCP), which will be provided upon request.

Aurora's sole Management Person at this time is Timothy L Smith. Investment advisory representatives are Edward Reaven and Gregory Nardolillo.

- A. The business experience and educational background for each of these persons may be found on the Form ADV Part 2B.
- B. The sole business in which Aurora Private Wealth, Inc. is engaged is the investment advisory business.
- C. Neither Aurora nor any of its supervised persons receives any performance-based compensation.
- D. None of these persons has not been involved in any of the following types of events:
  - 1. An award or otherwise being *found* liable in an arbitration claim alleging damages in excess of \$2,500, *involving* any of the following:
    - (a) an investment or an *investment-related* business or activity;
    - (b) fraud, false statement(s), or omissions;
    - (c) theft, embezzlement, or other wrongful taking of property;
    - (d) bribery, forgery, counterfeiting, or extortion; or
    - (e) dishonest, unfair, or unethical practices.
  - 2. An award or otherwise being *found* liable in a civil, *self-regulatory organization*, or administrative *proceeding involving* any of the following:
    - (a) an investment or an *investment-related* business or activity;
    - (b) fraud, false statement(s), or omissions;
    - (c) theft, embezzlement, or other wrongful taking of property;
    - (d) bribery, forgery, counterfeiting, or extortion; or
    - (e) dishonest, unfair, or unethical practices.
- E. Neither Aurora nor any of its management persons have a relationship with an issuer of securities.