

# AURORA PRIVATE WEALTH, INC.

*a Registered Investment Adviser*

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This brochure provides information about the qualifications and business practices of Aurora Private Wealth, Inc. (hereinafter “Aurora Private Wealth”, the “Firm”, or “we”, “our” or “us”). If you have any questions about the contents of this brochure, please contact the Firm at the telephone number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or by any state securities authority. Additional information about the Firm is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

## Item 2. Material Changes

This section is used to provide our clients with a summary of new or updated information. We will inform you of the revisions 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.

Since the Firm's last annual updating amendment on May 17, 2019, it has materially amended the following items:

- Item 4 – We added disclosures about services provided in conjunction with Envestnet, including our participation in Envestnet's wrap fee program and client access to an online account reporting platform sponsored by Envestnet.
- Item 4 and 5 – Our firm enables its financial advisors, which are sometimes referred to as investment advisor representatives ("IARs") to provide customized advice to their clients. These IARs are permitted great latitude in selecting investments, investment strategies and delivering investment advice to our clients, which remains subject to the supervision of our compliance department. We enhanced certain disclosures in these items to better describe which services are performed by IARs.
- Item 5 – We enhanced our disclosures about how we offer clients the ability to open accounts with our affiliate, APW Capital, Inc., who introduces client accounts to Pershing LLC on a fully disclosed basis. We enhanced our disclosures under the heading "Additional Fees and Expenses" surrounding our affiliates receipt of compensation associated while acting as a broker-dealer. APW Capital, Inc. discloses these fees and expenses in various other documents.
- Item 8 – We included a disclosure about the risks of market timing, which is a strategy that involves looking at technical factors or trends in the market to predict when to enter or exit the market or increase allocations to equity positions.
- Item 10 – We enhanced disclosure in this item to describe our affiliated insurance agency and describe how certain management personnel of our firm and IARs are licensed to sell insurance through this agency. We also describe the conflicts of interest this arrangement creates and how we seek to mitigate these conflicts.
- Item 12 – We enhanced our disclosures about our brokerage practices and further elaborated on our ability to offer clients the ability to open accounts with our affiliate, APW Capital, Inc. and provided information about how this practice impacts our ability to seek "best execution".
- Item 13 – We revised our stated schedule for performing account reviews, although your IAR may provide more frequent account reviews than are stated in this item.

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## Item 4. Advisory Business

Aurora Private Wealth is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”) with its principal place of business located in Rockaway, New Jersey. Aurora Private Wealth 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 the Firm). Timothy Liam Smith, President, is the Firm’s primary shareholder (i.e., those individuals and/or entities controlling 25% or more of this company).

As of December 31, 2019, the Firm had \$650,145,314 in assets under management, all of which are managed on a discretionary basis. Aurora Private Wealth offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Aurora Private Wealth rendering any of these advisory services, clients are required to enter into one or more written agreements with Aurora Private Wealth setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

Our firm offers services through our network of investment advisor representatives (“Advisor Representatives” or “IARs”). IARs may have their own legal business entities or doing business as (dba) names whose trade names and logos are used for marketing purposes and may appear on marketing materials or client statements. The Client should understand that the businesses may be legal entities of the IAR and not of our firm Aurora Private Wealth. The IARs are under the supervision of our firm Aurora Private Wealth, and the advisory services of the IAR are provided through our firm—Aurora Private Wealth. Our firm Aurora Private Wealth has the arrangement described above with the following Advisor Representatives:

- **Brio Financial Services**  
Matthew Compton
- **Indigo Wealth Management**  
Glad Perez
- **JFL Total Wealth Management**  
Jerry Lynch
- **Moore Wealth Management**  
Willard David Moore
- **Nielson Financial Group**  
Martin Nielson
- **Planned Professional Advisory**  
Charles Mishler, Kristy Berger
- **Main Street Private Advisors**  
Stephen Molinelli, Kevin Ryan
- **Spring Delta Asset Management**  
Michael Lackwood
- **Standard Pension Services**  
Peter Devlin, Eric Monroe,  
Howard Zodicoff
- **Sterling Global Strategies**  
Michael Haig, John Paladino
- **Wachtel Capital Advisor**  
Harold Wachtel
- **WealthPlan Advantage**  
Daniel Nardolillo, Gregory Nardolillo

We offer various advisory services to our clients. However, it is important to understand that our firm enables its financial advisors, which are sometimes referred to as investment adviser representatives (“IARs”) to provide customized advice to their clients. These IARs are permitted great latitude in selecting investments, investment strategies and delivering investment advice to our clients, which remains subject to the supervision of our compliance department. Each of our advisory programs that our IARs may use in servicing their clients are described in greater detail below.

Your IAR may recommend, and our Firm permits, APW Capital, Inc. (“APW Capital”), a registered broker-dealer and our affiliate, to provide brokerage services as an introducing broker-dealer on transactions. Please refer to Item 12 for additional information about this arrangement.

### **Financial Planning and Consulting Services**

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Aurora Private Wealth offers clients a broad range of financial planning and consulting services, which include any or all of the following functions:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate Planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

In performing these services, the Firm is not required to verify any information received from the client or from the client’s other professionals (e.g., attorneys, accountants, etc.) and is expressly authorized to rely on such information. The Firm may recommend certain clients engage Aurora Private Wealth for additional related services, its IARs in their individual capacities as insurance agents or registered representatives of a broker-dealer and/or other professionals to implement its recommendations. Clients are advised that a conflict of interest exists when the Firm recommends that clients engage Aurora Private Wealth or its affiliates to provide (or continue to provide) additional services for compensation, including investment management services. Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by Aurora Private Wealth under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating or revising Aurora Private Wealth’s recommendations and/or services.

### **Investment and Wealth Management Services**

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Aurora Private Wealth manages client investment portfolios on a discretionary or non-discretionary basis, and may recommend or invest in various securities, including mutual funds, exchange-traded funds (“ETFs”), individual debt and equity securities, commercial paper, certificates of deposit, options, warrants,

other derivative securities, structured products and structured notes, oil/gas and real estate partnerships in accordance with clients' stated investment objectives. It may also recommend or select independent investment managers ("Independent Managers").

Where appropriate, the Firm also provides advice about any type of legacy position or other investment held in client portfolios. Clients can engage the Firm to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, the Firm directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

Aurora Private Wealth tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on an ongoing basis, that client portfolios are managed in a manner consistent with those needs and objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify the Firm if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if the Firm determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

The Firm's investment management services are provided principally through its IARs subject to oversight and review by Aurora Private Wealth's compliance and operations personnel. The Firm gives each IAR broad discretion in making investment decisions for or constructing portfolios that they believe are appropriate for their clients. The Firm offers clients various investment programs, depending on their desired preferences. A brief description of each of these investment management programs is provided below.

### **Individual Portfolio Management Program**

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Through this program, the Firm provides continuous or less frequent asset management services 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, the client's IAR develops a client's personal investment policy and creates and manages a portfolio based on that policy. The client's investment advisor representative is responsible for making day-to-day discretionary investment decisions subject to oversight and review by Aurora Private Wealth's compliance and operations personnel. During the data-gathering process, the IAR determines the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, the IAR also reviews and discusses a client's prior investment history, as well as family composition and background. 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.

### **Model Portfolio Management Program**

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Through this program, the Firm provides periodic portfolio management services to clients using model asset allocation portfolios designed by the Firm's IARs. Each model portfolio is designed to meet a particular investment goal and not necessarily each client's individual needs. However, a model is selected

or recommended for a client based on their investment objectives. The Firm uses two particular strategies to construct and make revisions to its model portfolios:

- Strategic Asset Allocation: portfolio assets are allocated among a broad universe of mutual funds or ETFs, asset classes and style categories;
- Tactical Asset Allocation: portfolio assets are allocated among various mutual fund or ETF classes with an overlay of technical analysis, i.e. asset management charting software.

Through personal discussions with the client in which the client's goals and objectives are established, the Firm determines which model portfolio is suitable for the client's circumstances. 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.

### **Independent Manager Selection Program**

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Through this program, the Firm provides clients an asset allocation strategy that is employed through the use of Independent Managers. The asset allocation strategy is 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. The client's IAR will then perform management searches of various unaffiliated Independent Managers to identify which Independent Manager'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 Independent Manager.

Once we select one or more Independent Manager for the client, the IAR provides the selected Independent Manager(s) with the client's PIPS or the client otherwise provides their PIPS to the Independent Manager. The Independent Manager then creates and manages the client's portfolio based on the client's individual needs as exhibited in the PIPS. The IAR monitors the performance of the selected Independent Manager(s). If the IAR determines that a particular selected Independent Manager(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, the IAR may suggest that the client contract with a different Independent Manager or we may use our discretion to select a new Independent Manager. Whether we maintain discretion to select a new Independent Manager is outlined in our investment advisory agreement.

### **Affiliated and Unaffiliated Wrap Programs**

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The Firm also provides investment management services as the sponsor and manager of the Aurora Private Wealth Select Wrap Fee Program (the "Wrap Program"), a wrap fee program (i.e., an arrangement where brokerage commissions and transaction costs are absorbed by the Firm). Accounts managed through the Wrap Program are done so in substantially the same manner as those managed under a non-wrap arrangement, meaning that the client's IAR is responsible for making investment decisions. Participants in the Wrap Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. IARs are generally free to recommend either the Wrap Program or a non-Wrap Program account to clients, and clients remain responsible for selecting an appropriate account. Aurora Private Wealth does not review a client's selection to enter into the Wrap Program or a non-Wrap Program relationship and that decision also remains the responsibility of the client. Additional information about the Wrap Program is available in Aurora Private Wealth's Wrap Brochure, which appears as Part 2A Appendix

1 of the Firm's Form ADV.

The Firm is also a participating investment adviser in an unaffiliated wrap fee program sponsored by Envestnet. With respect to this wrap-fee program, clients pay their fees directly to the sponsor who, in turn, remits a portion of those fees to the Firm. The advisory fees remitted to Aurora Private Wealth are based upon an annual percentage of assets under management and are calculated by the sponsor on a quarterly basis.

In the event that Aurora Private Wealth is engaged to provide investment management services as part of an unaffiliated wrap-fee program, the Firm will be unable to negotiate commissions and/or transaction costs. Under a wrap program, the wrap program sponsor arranges for the investor to receive investment management services, the execution of securities brokerage transactions, custody and reporting services for a single specified fee. Participation in a wrap program may cost the participant more or less than purchasing such services separately.

### **Retirement Plan Consulting Services**

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The Firm also provides various consulting services to qualified employee benefit plans and their fiduciaries. This suite of institutional services is designed to assist plan sponsors in managing and optimizing their retirement plans. Each engagement is individually negotiated and customized, and includes any or some or all of the following:

- Investment policy statement preparation
- Investment Selection
- Investment performance monitoring
- Participant education

As disclosed in the Advisory Agreement, certain of the foregoing services are provided by Aurora Private Wealth as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In accordance with ERISA Section 408(b)(2), each plan sponsor is provided with a written description of Aurora Private Wealth's fiduciary status, the specific services to be rendered and all direct and indirect compensation the Firm reasonably expects under the engagement.

### **Other Consulting Services**

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The Firm also provides investment consulting services to individuals, trusts, estates and charitable organizations.

### **Use of Independent Managers**

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As mentioned above, Aurora Private Wealth selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets which they should read carefully. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers. Aurora Private Wealth seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives.



## **Envestnet Managed Account Platform (Envestnet Platform”)**

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Aurora Private Wealth offers certain of its investment management services through a third-party managed account platform operated by Envestnet. The platform allows investment advisers, such as the Firm, to manage client assets through managed accounts on the Envestnet Platform. Client assets may be allocated to custom model portfolios constructed by the Firm or among various Independent Managers offering advisory services through the Envestnet Platform.

Aurora Private Wealth may also provide its clients with access to an online platform hosted by Envestnet. The Envestnet platform allows a client to view their complete asset allocation, including those assets that the Firm does not manage (the “Excluded Assets”). Aurora Private Wealth does not provide investment management, monitoring, or implementation services for the Excluded Assets. Unless otherwise specifically agreed to, in writing, the Firm’s service relative to the Excluded Assets is limited to reporting only. Therefore, the Firm shall not be responsible for the investment performance of the Excluded Assets. Rather, the client and/or their advisor(s) that maintain management authority for the Excluded Assets, and not Aurora Private Wealth, shall be exclusively responsible for such investment performance. Without limiting the above, the Firm shall not be responsible for any implementation error (timing, trading, etc.) relative to the Excluded Assets. The client may choose to engage the Firm to manage some or all of the Excluded Assets pursuant to the terms and conditions of an Investment Advisory Agreement between Aurora Private Wealth and the client.

## **Item 5. Fees and Compensation**

The Firm allows its IARs to negotiate its fees with clients’ subject to certain parameters. IARs may determine to offer clients fixed and/or hourly fees, as well as fees based upon assets under management or advisement. Additionally, certain of the Firm’s IARs are also registered representatives of our affiliate, APW Capital. Certain are also licensed insurance agents, including some who are licensed with our affiliated insurance agency, Aurora Insurance Services, Inc. (“AIS”). In these capacities, they may offer and recommend securities and insurance products on a commission basis. Each of these relationships and their conflicts of interest are described in greater detail below in Item 10 - Other Financial Industry Activities and Affiliations. In addition, as described below under the heading of “Additional Fees and Expenses”, accounts held at Pershing are subject to normal and customary transaction fees, and client’s advisory fees are not reduced or offset based on APW Capital’s receipt of this compensation.

## **Financial Planning and Consulting Fees**

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Aurora Private Wealth charges a fixed and/or hourly fee for providing financial planning and consulting services under a stand-alone engagement. These fees are negotiable and are typically determined on a fixed fee basis and/or from \$50 to \$800 on an hourly basis, depending upon the scope and complexity of the services and the professional rendering the financial planning and/or the consulting services. The Firm may request a retainer upon completion of its initial fact-finding session with the client; however, advance payment will never exceed \$1,200 for work that is not expected to be completed within six months. The balance is due upon completion of the plan. The client will typically be billed for financial planning and consulting services quarterly in arrears based on actual hours accrued. If the client engages the Firm for additional investment advisory services, Aurora Private Wealth may (but is not obligated to) offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

The terms and conditions of the financial planning and/or consulting engagement are set forth in the client's Advisory Agreement.

### **Investment Management Fees**

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Aurora Private Wealth charges its client's fees for investment management services typically based on the client's assets under management although the Firm may charge fixed or hourly fees in its sole discretion.

The Firm's fees for investment management services provided through its Individual Portfolio Management Program, the Model Portfolio Management Program, and the Independent Manager Selection Program are typically based on a percentage of assets under management, which generally ranges from 0.50% to 2.95% per annum as determined by the Firm's IAR and their client. They may take into consideration various factors including, but not limited to, the complexity of the client's circumstances or needs; assets to be placed under management; anticipated future additional assets; related accounts; portfolio style; account composition; and reports, among other factors. The Firm may, but is not obligated to, group certain related client accounts for the purpose of determining the annualized fee. Discounts not generally available to the Firm's advisory clients may be offered to family members and friends of associated persons of the Firm.

The annual fee is prorated and charged quarterly or monthly in advance based upon the market value of the assets being managed by Aurora Private Wealth on the last day of the previous billing period. For the initial period of an engagement, the fee is calculated on a pro rata basis. For assets added after the commencement of a billing period, the fee for such billing period is prorated and billed in the following quarter or month, as applicable. For assets withdrawn before the end of a billing period, the Firm charges a prorated amount based on the amount of time during the billing period that the assets were maintained in the account. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding or unearned portion of the fee is charged or refunded to the client, as appropriate.

Notwithstanding the foregoing, the Firm may charge fixed fees for model portfolio management services, as 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. These fixed fees vary and are negotiated between the IAR and their clients and are typically billed quarterly in advance.

The Firm's fees for assets managed through the Independent Manager Selection Program do not include advisory fees charged by Independent Managers selected to manage client assets as those fees are separate from and in addition to the Firm's investment management fees and will be disclosed in the client's new account paperwork.

For clients whose assets are managed using the Envestnet Platform, the Firm's investment management fee includes a platform fee, a portion of which is retained by Aurora Private Wealth. Aurora Private Wealth's retention of a portion of the platform fee results in a conflict of interest as it creates an incentive for the Firm to use the Envestnet Platform to manage client assets. We mitigate this conflict of interest by disclosing it to clients.

Clients participating in the Wrap Program pay fees that differ from those described above. For a description of the fees associated with participation in the Wrap Program, please see the Firm's Wrap Brochure.

## **Retirement Plan Consulting Fees**

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Aurora Private Wealth offers retirement plan consulting services for fixed fees, hourly fees, and/or fees based upon assets under advisement. When the fee is based on assets under advisement, the annual fee varies depending on the services requested and the size of the plan. Fees will be charged quarterly in advance based upon the market value of the plan assets as of the last day of the previous billing period. Fees will not be adjusted based on additions and withdrawals during the calendar quarter. Alternatively, Aurora Private Wealth may charge a fixed and/or hourly fee for providing retirement planning consulting services. These fees are negotiable depending upon the scope and complexity of the services and the professional rendering the financial planning and/or consulting services. The Firm may request a retainer upon completion of its initial fact-finding session with the client.

## **Other Consulting Fees**

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The Firm's fee arrangements for consulting services provided to individuals, trusts, estates and charitable organizations resemble those for retirement planning consulting services although each engagement is negotiated on a case-by-case basis.

## **Additional Fees and Expenses**

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In addition to the advisory fees paid to Aurora Private Wealth, clients also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively "Financial Institutions"). These additional charges include securities brokerage commissions, transaction fees, custodial fees, reporting charges, management fees charged by the Independent Managers, margin costs, charges imposed directly by a mutual fund or ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For example, our affiliate, APW Capital, charges commissions on the purchase and sale of securities as an introducing broker-dealer for accounts maintained at Pershing LLC. In addition, APW Capital charges other fees and expenses associated with maintaining a brokerage account. These fees and expenses can be found at <https://www.aurorapw.com/fees.php>. Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

## **Direct Fee Debit**

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Clients generally provide Aurora Private Wealth with the authority to directly debit their accounts for payment of the investment advisory fees. The Financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Aurora Private Wealth.

## **Use of Margin**

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There are times when clients will want to use margin in their accounts or when Aurora Private Wealth recommends using margin. The use of margin is not suitable for all investors due to the increased risk. Moreover, the use of margin in an investment advisory account affects a client's asset-based fee. If margin is used to purchase additional securities, the total value of eligible account assets increases, thereby

increasing the client's asset-based fee. The receipt of a higher asset-based fee by Aurora Private Wealth creates a conflict of interest since it is incentivized to recommend the use of margin to either purchase additional securities or avoid liquidating securities in the client's portfolio. In addition, having a margin account may incur some associated costs. Clients will be charged margin interest by the custodian on the debit balance in their custodial account. Clients should be aware that if a margin account is opened with Pershing, Aurora Private Wealth will receive a portion of the margin fee.

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#### **Account Additions and Withdrawals**

Clients can make additions to and withdrawals from their account at any time, subject to Aurora Private Wealth's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to Aurora Private Wealth, subject to the usual and customary securities settlement procedures. Aurora Private Wealth may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and tax ramifications.

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#### **Additional Compensation from Mutual Funds for Accounts Held at Pershing**

As described in greater detail in Item 10 below, Aurora Private Wealth is affiliated with APW Capital, an SEC registered broker-dealer and FINRA member. Rule 12b-1 fees are fees paid by a mutual fund on an ongoing basis from a mutual fund's assets for shareholder services, distribution, and marketing expenses. APW Capital is entitled to receive rule 12b-1 fees from accounts held at Pershing LLC based on the recommendation or selection of mutual funds held in clients' accounts. Aurora Private Wealth and its IARs will recommend or select mutual funds that pay rule 12b-1 fees to APW Capital, including when a less expensive share class is available that does not pay a rule 12b-1 fee. IARs of Aurora Private Wealth, may select the more expensive share class for a variety of reasons, including when one of our IARs determines that it is an appropriate decision to avoid paying transaction fees.

To eliminate this conflict, Pershing provides each client with a credit in the amount of the rule 12b-1 fees that APW Capital receives from mutual funds held in their account. In addition, Aurora Private Wealth maintains policies and procedures relating to the selection of appropriate share classes for clients and for reviewing and monitoring client holdings.

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#### **Conflict of Interest Related to Broker-Dealer, Insurance Agency and Insurance Agents**

Management personnel and IARs of our firm are licensed as registered representatives of APW Capital, Inc., a broker-dealer and/or licensed as insurance agents or brokers (including with our affiliated insurance agency). These individuals are able to implement investment and insurance recommendations for clients for separate and typical compensation (i.e., commissions or other sales-related forms of compensation).

The most common types of securities that are recommended to clients through APW Capital, Inc. are variable annuities and 529 plans.

When APW Capital, Inc. acts as a broker-dealer, including when we recommend securities transactions or recommend that you engage us for investment advisory services, APW Capital, Inc. does not act as a "fiduciary" under the federal securities or retirement laws nor as a registered investment adviser. When

APW Capital, Inc. acts as broker-dealer, it is subject to the Securities Exchange Act of 1934, the Securities Act of 1933, the rules of the Financial Industry Regulatory Authority (FINRA), and applicable state laws. The standards for broker-dealers under these rules and regulations include a duty to deal fairly with customers, make sure that the commissions and other fees charged to customers are not excessive, and APW Capital, Inc. must have a reasonable basis for believing that any securities recommendations it makes to you is suitable and appropriate for you, given your individual financial circumstances, needs and goals.

APW Capital, Inc. generally compensates your IAR on all of the revenue that he or she generates, and therefore, your IAR and Aurora, have an incentive to recommend strategies, products and services that generate more overall compensation.

We permit your IAR to recommend managing sub-accounts of variable annuities through Aurora on an advisory basis, even if that IAR sold you the variable annuity through APW Capital, Inc. and earned a commission. This presents a conflict of interest and gives our IARs an incentive to recommend investment products based on the compensation received, rather than on a client's needs. The fees that APW Capital, Inc. receives from a client's purchase of a variable annuity are outlined in the prospectus.

We address this conflict of interest by disclosing it to clients, informing clients that they are under no obligation to purchase securities or insurance products from our IARs, permitting clients the ability to reject the management of their sub-accounts, and requiring our IARs to answer any questions that a client or prospective client may have about their receipt of additional compensation.

Clients have the option to purchase investment products that their IARs recommend through other unaffiliated broker-dealers and insurance agents. The implementation of any or all recommendations to purchase securities on a commission-basis is solely at the discretion of the client.

As described below under the heading of "Additional Fees and Expenses", accounts held at Pershing are subject to normal and customary transaction fees, and client's advisory fees are not reduced or offset based on APW Capital, Inc.'s receipt of this compensation.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Aurora Private Wealth does not provide any services for a performance-based fee (i.e., a fee based on a share of capital gains or capital appreciation of a client's assets).

## **Item 7. Types of Clients**

Aurora Private Wealth offers services to individuals (including high net worth individuals), trusts, estates, pension and profit-sharing plans, charitable organizations, corporations or other businesses not listed above.

### **Minimum Account Requirements**

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Aurora Private Wealth does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain Independent Managers may, however, impose more restrictive account requirements and billing practices from the Firm. In these instances, Aurora Private Wealth may alter its corresponding account requirements and/or billing practices to accommodate those of

the Independent Managers.

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

### **Methods of Analysis**

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Our IARs use the following methods of analysis in formulating their investment advice.

**Charting.** In this type of technical analysis, the Firm reviews 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.** The Firm attempts 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.** The Firm analyzes 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, the Firm attempts 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.** The Firm looks 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. The Firm also looks 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.

The Firm also monitors 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 the Firm does 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.

**Independent Manager Analysis.** The Firm examines the experience, expertise, investment philosophies, and past performance of Independent 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. The Firm monitors the Independent Manager's underlying holdings, strategies, concentrations and leverage as part of the Firm's overall periodic risk assessment. Additionally, as part of the Firm's due diligence process, the Firm surveys the Independent Manager's compliance and business enterprise risks.

A risk of investing with an Independent Manager who has been successful in the past is that it may not be able to replicate that success in the future.

In addition, as the Firm does not control the underlying investments in an Independent Manager's portfolio, there is also a risk that the Independent Manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for the Firm's clients. Moreover, as the Firm does not control the Independent Manager's daily business and compliance operations, the Firm may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

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

## **Investment Strategies**

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The Firm uses 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.** The Firm purchases securities with the idea of holding them in the client's account for a year or longer. Typically, the Firm employs this strategy when:

- it believes the securities to be currently undervalued, and/or
- it wants 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, The Firm may not take advantage of short-term gains that could be profitable to a client. Moreover, if the Firm's predictions are incorrect, a security may decline sharply in value before the Firm makes the decision to sell. **Short-term purchases.** When utilizing this strategy, the Firm purchases securities with the idea of selling them within a relatively short time (typically a year or less). The Firm does this in an attempt to take advantage of conditions that it believes will soon result in a price swing in the securities it purchases.

**Margin transactions.** The Firm will purchase stocks for a client's portfolio with money borrowed from the

client's brokerage account. This allows the client to purchase more stock than the client would be able to with available cash and allows the Firm to purchase stock without selling other holdings.

Option writing. The Firm 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.

Two principal types of options are calls and puts:

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

The Firm may use options to speculate on the possibility of a sharp price swing. The Firm may also use options to "hedge" a purchase of the underlying security. In other words, The Firm may use an option purchase to limit the potential upside and downside of a security the Firm has purchased for a client's portfolio.

The Firm may use "covered calls", in which it sells an option on security a client owns. In this strategy, the client receives a fee for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price.

The Firm may use a "spreading strategy", in which it purchases two or more option contracts (for example, a call option that a client buys and a call option that the client sells) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

Certain of our IARs may use strategies that involve market timing, which generally involves looking at technical factors or trends in the market to predict when to enter or exit the market or increase allocations to equity positions. These strategies typically rely on investment signals provided by third parties but could be determined by one of our IARs. These strategies will not always, and may never, enter and exit the market at the most favorable price in the particular price trend or other pattern being traded. Incorrect signals or investment decisions may cause clients to exit the market when prices continue to rise or miss out on re-entry into the market and cause them to avoid market gains or both. There is no guarantee that any market timing strategy will perform as planned. In addition, these strategies may involve higher than average trading, which will cause clients to incur transaction fees. Trading fees can reduce the amount of your overall investment.

These strategies at times will involve high cash and cash-equivalent holdings in your account. Certain strategies undertaken by IARs involve investing a client's portfolio either fully or partially in one or more securities, and depending on actual or perceived market factors, selling all or part of those securities and maintaining a portfolio that is either fully or partially invested in cash or cash-equivalent positions. The



specific details of your IARs approach may vary and you should discuss the details of the strategy with your IAR. Depending on your IAR's strategy, your portfolio may remain in cash or cash-equivalent positions for extended periods. Because this is part of the intended strategy, your account will continue to be subjected to advisory fees outlined above even at times when your portfolio is invested in cash or cash-equivalent positions. You will receive periodic account statements reflecting your portfolio's allocation. After your review of any account statement, if you no longer desire for your portfolio to be invested in cash or cash-equivalent positions, you should discuss your preference with your IAR and you can mutually agree on a different investment strategy.

## **Risk of Loss**

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Securities investments are not guaranteed, and clients may lose money on their investments. The Firm asks clients to work with it to help it understand their tolerance for risk.

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

### *Market Risks*

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.

### *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.

### *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.

### *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.

### *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.

### *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.

### *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**

Aurora Private Wealth has not been involved in any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of its management.

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

This item requires investment advisers to disclose certain financial industry activities and affiliations.

### **Related Broker Dealer and Supervised Persons as Registered Representatives**

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Management personnel and IARs of Aurora Private Wealth may be licensed as registered representatives of APW Capital, an affiliate broker-dealer. These individuals can affect securities transactions on a commission basis for which they will receive separate, yet customary compensation. Please refer to the "Conflict of Interest Related to Broker-Dealer, Insurance Agency and Insurance Agents" section in Item 5 for additional information about the conflicts of interests that this relationship creates and how we seek to mitigate them. In addition, APW Capital charges commissions on the purchase and sale of securities as an introducing broker-dealer for accounts maintained at Pershing LLC. Please refer to the "Additional Fees and Expenses" section in Item 5 of this Form ADV for additional information.

APW Capital has also entered into a marketing support arrangement with a provider of structured note products where APW Capital receives compensation for providing educational support and referrals with respect to such products. A conflict of interest exists because Aurora Private Wealth has an incentive to recommend such products to its advisory clients as a result of this marketing support arrangement entered into by its affiliate. Nonetheless, Aurora Private Wealth will only recommend such structured note products when it believes such products are in its clients' best interest. No IAR of Aurora Private Wealth other than Timothy Smith has a financial interest arising out of the marketing support arrangement described above.

Management personnel of our firm and IARs, in their individual capacities, may be agents for various insurance companies, including AIS, a licensed insurance producer (agency), which is currently licensed to sell life, accident, health, sickness and variable insurance. AIS is under common control with us. As such, these individuals and AIS 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 or AIS 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 IARs and/or AIS creates a conflict of interest that affects the objectivity of our IARs when making advisory recommendations. Aurora Private Wealth seeks to mitigate this conflict of interest by taking the following steps:

- IARs (other than Tim Smith, Aurora Private Wealth and APW Capital's President) do not receive any portion of the commission compensation received by APW Capital. Mr. Smith stands to receive profits distributions from APW Capital, if any.
- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm, our affiliates 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 or insurance products on a commission-basis 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 commission-based recommendations of securities 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 need for having a reasonable and independent basis for the investment advice provided to clients.

### **Related Investment Adviser**

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Aurora Private Wealth is under common control with Comprehensive Capital Management, Inc. ("CCM"), an SEC registered investment adviser. Certain IARs of Aurora Private Wealth also serve in the same or similar capacity for CCM.

## **Item 11. Code of Ethics**

The Firm has adopted a code of ethics in compliance with applicable securities laws ("Code of Ethics") which sets forth high ethical standards of business conduct that it requires of its employees, including compliance with applicable federal securities laws.

The Firm and its personnel owe a duty of loyalty, fairness and good faith towards its 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.

The Firm's Code of Ethics includes policies and procedures that address principles governing personal investment activities of IARs. Among other things, the Firm's 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.

The Firm's Code of Ethics also includes provisions addressing oversight, enforcement and recordkeeping. The Firm's Code of Ethics also includes a policy prohibiting the use of material non-public information. While the Firm does not believe that it has any particular access to non-public information, all IARs are reminded that such information may not be used in a personal or professional capacity.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm may be separately registered as securities representatives of APW Capital, a broker-dealer. Related persons may also be IARs of another registered investment adviser and licensed as an independent insurance agent/broker of various insurance companies. Please refer to Item 10 and 5 for a detailed explanation of these relationships and important conflict of interest disclosures.

Clients and prospective clients may request a copy of the Firm's Code of Ethics by contacting [compliance@aurorapw.com](mailto:compliance@aurorapw.com) or by calling the Compliance Department at 973-394-0404.

## **Item 12. Brokerage Practices**

### **Recommendation of Broker-Dealers for Client Transactions**

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Aurora Private Wealth permits its IARs to recommend a broker-dealer to hold their account. IARs of the Firm may request or require that clients use APW Capital/Pershing or Charles Schwab & Co., Inc. through its Schwab Advisor Services division ("Schwab") or another broker-dealer to maintain their account.

#### **Offering of Accounts Introduced by APW Capital (Pershing)**

Our determination to permit APW Capital/Pershing is based on our decision that we can provide efficient and cost-effective services through our affiliated broker-dealer. However, the use of an affiliated broker-dealer is an inherent conflict of interest between Aurora Private Wealth and its clients because recommending that our clients to use APW Capital as their broker-dealer allows our affiliate to earn additional compensation that we would not otherwise, which is described in Item 5 above. Clients should understand that not all investment advisers recommend the use of a particular broker-dealer or require the use of a broker-dealer that is affiliated with the investment adviser.

The offering of Pershing (which is not affiliated with Aurora Private Wealth or APW Capital) is based on the fact that APW Capital has established a clearing agreement with Pershing. Because Aurora Private Wealth and APW Capital are under common ownership, the decision to use Pershing was mutually determined by both parties. While it may (or may not) not provide the lowest trading costs to clients, we have considered the positive factors to this approach which include the ability to better negotiate brokerage costs such as transaction fees, the ability to better analyze speed of execution, and the ability to compare and negotiate services. However, we have determined that the use of APW Capital/Pershing allows us to provide streamlined operational and trading services. Considering Aurora Private Wealth permits its IARs to recommend the brokerage services of APW Capital and Pershing, it may not be able to achieve the most favorable execution of client transactions and therefore this option may cost clients more money compared to advisory programs offered by other investment advisers or even the selection of other broker-dealers.

While clients may be able to attain brokerage services with lower costs and expenses from other broker-dealers, clients should be aware of some of the qualitative factors Aurora Private Wealth considers for permitting its IARs to recommend APW Capital, /Pershing as a brokerage platform. These factors include, but are not necessarily limited to, being able to rely on the internal staff of APW Capital to provide operations, trading, and other services. Pershing is able to provide numerous specialized service groups and a Client Service Manager who is dedicated to servicing our accounts. Their back-office system generates exception reports designed to monitor all aspects of brokerage accounts, including trading, money movement, transfers, and client account data. Client paperwork is processed through a secure electronic workflow and storage system. Pershing's electronic trading platform provides a real-time order matching system, ability to "block" client trades, investment research tools, automated rebalancing, account balance and position information, and access to mutual fund families, many of which have no transaction fees. Clients may access their account information over the internet, including balances, transactions, positions, statements, confirmations, and tax documents.

Certain of the support services and products that Aurora Private Wealth and APW Capital receive may assist in managing and administering client accounts. Others assist them to manage and further develop their business enterprise.

#### Offering of Accounts Held at Schwab and other Non-Affiliated Broker-Dealers

Factors which Aurora Private Wealth considers in recommending Schwab and other non-affiliated broker-dealers include their respective financial strength, reputation, execution, pricing, research and service. Schwab enables the Firm to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other broker dealers.

The commissions paid by Aurora Private Wealth's clients to Schwab comply with the Firm's duty to seek "best execution." Clients may pay commissions that are higher than another broker dealer might charge to affect the same transaction where Aurora Private Wealth determines that the commissions are 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 among others, the value of research provided, execution capability, commission rates and responsiveness. Aurora Private Wealth seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. While Aurora Private Wealth endeavors to purchase the most appropriate mutual fund share classes for its clients, there is no guarantee that Aurora Private Wealth will be successful in purchasing the least-expensive share class in hindsight.

Consistent with obtaining best execution, brokerage transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Aurora Private Wealth in its investment decision-making process. Such research will be used to service all of the Firm's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Aurora Private Wealth does not have to produce or pay for the products or services.

#### Review of Best Execution

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Aurora Private Wealth periodically and systematically reviews its policies and procedures regarding its

recommendation of broker-dealers in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

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Aurora Private Wealth receives from Schwab free support, computer software, related systems support, as well as other third-party support as further described below (together “Support”) which allow Aurora Private Wealth to better monitor client accounts maintained at Schwab and otherwise conduct its business. Aurora Private Wealth receives the Support free because the Firm renders investment management services to clients that maintain assets at Schwab. The Support is not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The Support benefits Aurora Private Wealth, but not its clients directly. Clients should be aware that Aurora Private Wealth’s receipt of economic benefits such as the Support creates a conflict of interest since these benefits may influence the Firm’s choice of one broker-dealer over another that does not furnish similar software, systems support or services, especially because the support is contingent upon clients placing a certain level(s) of assets at Schwab. In fulfilling its duties to its clients, Aurora Private Wealth only recommends custodians for client accounts that comply with its obligation to seek best execution.

Specifically, Aurora Private Wealth receives the following benefits from Schwab: i) receipt of duplicate client confirmations and bundled duplicate statements; ii) access to a trading desk that exclusively services its institutional traders; iii) access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and iv) access to an electronic communication network for client order entry and account information.

In addition, the Firm receives funds to be used toward qualifying third-party service providers for research, marketing, compliance, technology and software platforms and services. Schwab’s services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to the Firm other products and services that benefit the Firm but may not benefit its clients’ accounts. These benefits include free attendance at national, regional or Firm specific educational events organized and/or sponsored by Schwab, including the annual IMPACT conference. Other potential benefits may include occasional business entertainment of personnel of Aurora Private Wealth by Schwab personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist Aurora Private Wealth in managing and administering clients’ accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of the Firm’s fees from its clients’ accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of the Firm’s accounts, including accounts not maintained



at Schwab. Schwab also makes available to Aurora Private Wealth other services intended to help the Firm manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to the Firm by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to the Firm. While, as a fiduciary, Aurora Private Wealth endeavors to act in its clients' best interests, the Firm's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefits received and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which creates a potential conflict of interest.

Aurora Private Wealth receives discounted access to certain business-related software, from SEI Investment Company (SEI). SEI is a global provider of investment processing, investment management, and investment operations solutions. SEI provides products and services to institutions, private banks, investment advisors, investment managers, and private clients. This financial planning software is provided at a lower cost to Aurora Private Wealth IARs. Aurora Private Wealth receives the software and related support at a reduced cost because Aurora Private Wealth renders investment management services to clients that maintain assets at SEI. The software and support are not provided in connection with securities transactions of clients (i.e., not "soft dollars"). Aurora Private Wealth's receipt of this economic benefit from SEI creates a conflict of interest since these benefits may influence Aurora Private Wealth and its IAR's choice of SEI over another financial services company that does not furnish similar software, systems support or services.

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### **Directed Brokerage**

The Firm generally does not accept instructions from clients to use a particular broker dealer to execute some or all transactions for the client. Nonetheless, when the Firm accepts such directed brokerage instructions, the client will negotiate terms and arrangements for the account with that broker dealer and the Firm will not seek better execution services or prices from other broker dealers or be able to "batch" client transactions for execution through other broker dealers with orders for other accounts managed by Aurora Private Wealth (as described above). As a result, the client may pay higher commissions or other transaction costs, greater spreads or may receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Aurora Private Wealth may decline a client's request to direct brokerage if, in the Firm's sole discretion, such directed brokerage arrangements would result in additional operational difficulties or violate restrictions imposed by other broker-dealers (as further discussed below).

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### **Trade Aggregation**

Because each IAR is generally responsible for providing investment advice to clients, the decision of whether to aggregate trades will be determined by each IAR. IARs will aggregate trades if they determine it is administratively and operationally feasible, including in situations to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among the Firm's clients differences in prices and commissions or other transaction costs that might not have been obtained had such orders been placed independently. IARs are generally only able to aggregate trades among clients whose accounts are held at the same Financial Institution. Aurora Private Wealth's block trading policy and procedures comply with applicable law.

## **Item 13. Review of Accounts**

### **Account Reviews**

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For clients participating in the Independent Portfolio Management Program or the Model Portfolio Management Program, Aurora Private Wealth monitors client portfolios on a periodic basis while regular account reviews are conducted at least annually, depending on the type of engagement. 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. Such reviews are conducted by the client's IARs. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Aurora Private Wealth and to keep the Firm informed of any changes thereto.

For clients that participate in the Independent Manager Selection Program, accounts are reviewed by the client's IAR at least annually or as otherwise agreed upon in the client's Advisory Agreement.

For clients that receive retirement plan consulting services, the Firm will review the client's IPS whenever the client advises the Firm of a change in circumstances regarding the needs of the plan. Aurora Private Wealth 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 annually and are conducted by the client's IAR.

### **Account Statements and Reports**

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Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker dealer where their assets are held. Additionally, with certain exceptions, the Firm can make available online access to quarterly reports summarizing account performance, balances and holdings, except in cases where the securities used do not provide the Firm with electronic information access. The Firm provides reports to clients receiving retirement planning consulting services based on terms contained in their Advisory Agreements. Whenever clients receive reports from the Firm, they should compare the account statements they receive from their custodian with any documents or reports they receive from Aurora Private Wealth or an outside service provider.

## **Item 14. Client Referrals and Other Compensation**

### **Client Referrals**

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In the event a client is introduced to Aurora Private Wealth by either an unaffiliated or an affiliated solicitor, the Firm may pay that solicitor a referral fee in accordance with applicable state securities laws. Unless otherwise disclosed, any such referral fee is paid solely from Aurora Private Wealth's investment management fee and does not result in any additional charge to the client. However, because our IARs generally negotiate their advisory fees with clients, a client introduced by a Solicitor may pay more than other clients of the firm. However, in most instances, they will pay the same rate as other clients being serviced by that IAR. If the client is introduced to the Firm by an unaffiliated solicitor, the solicitor is required to provide the client with Aurora Private Wealth's written brochure(s) and a copy of a solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement. Any affiliated solicitor of Aurora Private Wealth is required to disclose the nature of his or her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Firm's written brochure(s) at the time of the solicitation.



## **Other Economic Benefits**

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

## **Item 15. Custody**

The Advisory Agreement and/or the separate agreement with any broker dealer authorizes Aurora Private Wealth to debit client accounts for payment of the Firm's fees and to directly remit that those funds to the Firm in accordance with applicable custody rules. The broker dealer that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to Aurora Private Wealth. Where appropriate, Aurora Private Wealth also sends to clients a written invoice itemizing the fee.

In addition, as discussed in Item 13, Aurora Private Wealth will also send, or otherwise make available, periodic supplemental reports to clients. Clients should carefully review the statements sent directly by their qualified custodian and compare them to those received from Aurora Private Wealth.

## **Item 16. Investment Discretion**

Aurora Private Wealth, in many circumstances, is given the authority to exercise discretion on behalf of clients. Aurora Private Wealth is considered to exercise investment discretion over a client's account if it can affect and/or direct transactions in client accounts without first seeking their consent. Aurora Private Wealth is given this authority through a limited power-of-attorney included in the agreement between Aurora Private Wealth and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold).

## **Item 17. Voting Client Securities**

Aurora Private Wealth does not accept the authority to vote a client's securities (i.e., proxies) on their behalf. Clients receive proxies directly from the broker dealer where their assets are held and may contact the Firm at the contact information on the cover of this brochure with questions about any such issuer solicitations.

## **Item 18. Financial Information**

Aurora Private Wealth is not required to disclose any financial information due to the following:

- The Firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The Firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The Firm has not been the subject of a bankruptcy petition at any time during the past ten years.