



# **Aurora Capital Management LLC**

## **Firm Brochure**

### **Form ADV, Part 2A**

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This brochure provides information about the qualifications and business practices of Aurora Capital Management LLC.

If you have any questions about the contents of this brochure, please contact us at: +1.212.404.5740 or by email at: [gerry.jaeger@aurora-cm.com](mailto:gerry.jaeger@aurora-cm.com).

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. Investment adviser registration does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

Aurora Capital Management LLC filed an initial investment advisor registration as of February 14, 2012.

In 2010, The Securities and Exchange Commission ("SEC") adopted amendments to the original Part II of the Form ADV creating the new Part 2A ("Brochure"). The Brochure is a disclosure document that investment advisers provide to existing and prospective clients. There have been no material changes, as of November 16, 2020, since the last time the form was updated.

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## **Item 4 - Advisory Business**

### **The Company**

Aurora Capital Management LLC ("ACM") is a Delaware limited liability company that was formed in March of 2009. ACM initially began operations in the second half of 2009. ACM is owned by The Goldman Group LLC ("TGG").

ACM provides investment advisory services to hedge funds, institutions, and high net worth individuals.

### **Advisory Services**

ACM provides investment advisory services to separately managed accounts ("SMA"). In the case of a discretionary separately managed account, the advisory account is managed according to the client's investment guidelines as they appear in the client's investment management agreement.

Clients with discretionary accounts have the ability to place investment restrictions on the management of their assets. The portfolio manager and Director of Risk Management are responsible for monitoring the account's activity to ensure that ACM complies with the client's instructions.

## **Termination of Separately Managed Account Agreement**

An SMA client may terminate an investment management agreement at any time. Termination is effective after ACM receives a written notice of termination or on the date set forth in the notice of termination. ACM may also terminate an investment management agreement by notifying the client in writing at least 30 days in advance of the date of termination specified in the written notice.

## **Assets under Management**

As of December 31, 2020, ACM had approximately \$27,675,000 in assets under management. The entire asset base is managed on a discretionary basis.

## **Item 5 - Fees and Compensation**

### **Funds**

ACM's management fees for SMAs are negotiated with each client, and consequently fees will vary. Relevant factors in establishing any fee may include the complexity of the underlying investment program and the amount of assets to be managed for the account.

### **Funds - Deduction of Management Fees**

Management fees for all Funds and separately managed accounts are billed via invoice and are paid via wire to ACM.

### **Funds - Other Fees or Expenses Charged to the Funds**

Broker-dealers executing client trades generally charge a brokerage commission on equity securities and a markup or markdown on fixed income securities. In addition, clients may pay custodian fees and financing fees.

### **Other Fees or Expenses Charged to Separately Managed Accounts**

SMAs are generally charged a brokerage commission or another form of transaction cost. For example, equity securities are generally charged a brokerage commission while fixed income securities incorporate a markup/markdown. In addition, clients may be subject to custodian fees, wire transfer fees, and transaction fees by third party custodians, and all such fees are reflected on the client's brokerage account statements. For additional information regarding brokerage, clients should review Item 12 - Brokerage Practices.

### **Additional Compensation**

Neither ACM nor any of its employees are paid additional compensation such as commissions for purchasing or selling securities placed in a Fund or separately managed account portfolio.

## **Item 6 - Performance-Based Payment and Side by Side Management**

ACM's portfolio manager designates the particular client upon placing a trade order. In addition, ACM's specific client funds are located at different custodians, eliminating the possibility of moving a profitable or losing trade between accounts.

ACM does charge a client a flat fee for advisory services. ACM does not manage any securities for the client. ACM does not charge a fee that is calculated based on hourly rates.

## **Item 7 - Types of Clients**

ACM can have clients in the following categories: investment companies, business entities, high net worth individuals, foundations, and trusts. This list is not all inclusive, as other categories may be added as ACM grows.

- The minimum investment for a SMA is \$5,000,000.
- ACM may waive the minimum account size.

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

### **ACM Investment Strategies**

#### **Fixed Income and Equity Strategies**

ACM's approach is to capitalize on its strength, experience and expertise in analyzing investment opportunities across the capital structure, whether equity or debt.

ACM looks to event-driven investing. This investment approach seeks to realize value through purchases of securities at a discount due to corporate or other events. These opportunities may be independent of any particular market trend and are often non-repetitive with respect to a particular company.

ACM's strategy looks for specific events to improve a security's price or liquidity to make an investment. The strategy is designed to limit downside risk if the expected catalysts surrounding a particular investment do not materialize.

ACM does not employ leverage in its investing strategy.

ACM's equity strategy is to pursue absolute returns and achieve medium to long-term capital appreciation from equity investments issued by companies that ACM regards as mispriced.

#### **Investment Risk**

ACM, at times, employs a strategy of limited diversification, whether by company or industry. This may create greater volatility within the portfolio and could lead to greater returns and losses due to a change in value of one position. In addition, when dealing with corporate events, bankrupt or distressed entities, it may be difficult to obtain information as to the true condition of such entities. It might also take a significant period of time for these investments to reflect their intrinsic value.

Debt securities may be subject to credit and interest rate risk. Credit risk refers to possible default in the payment of principal and/or interest by an issuer. Further, lack or inadequate collateral may affect a debt instruments credit risk.

ACM is an active manager of risk and will use various techniques to lessen undesirable risk. Some, but not all, forms of risk may be hedged. A few forms of risk that may be hedged include interest rate risk, currency risk, and sector specific risk.

ACM's fixed income strategy is to maintain a portfolio by position size, sector concentration, capital structure position, maturity, and rating. At times, ACM may take large positions in certain investments where the investment payoff is particularly appealing or where hedges can be employed to lessen a significant portion of risk.

Equity securities movement may affect the value of the investments in ACM's equity strategies. Issues such as interest rates, the United States and certain foreign countries' economic growth rates, and political events may also have an impact on equity markets.

### **Management Risk**

ACM's opinion regarding the potential increase of a security's price may be incorrect and a security may not perform as anticipated. In addition, an individual security's value may change more than the stock market as a whole. It is possible that some of ACM's estimates regarding a security's value may be wrong, or may take longer than planned to happen even if correct.

Investing with ACM does not guarantee performance results for any of its products.

Clients must understand that investing in fixed and equity securities involves the risk of loss that clients should be prepared to bear.

### **Item 9 - Disciplinary Information**

ACM, and all related employees and managers have not been involved in any disciplinary or legal actions.

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

Registered Individuals of a Broker-Dealer

ACM has two employees that are registered with S Goldman Capital LLC and S Goldman Advisors LLC, affiliated broker-dealers. The positions the individuals serve in the respective broker-dealers are ownership, management and operational positions.

Neither ACM nor its employees is registered with, nor does ACM or its employees have a pending application to register as a futures commission merchant, commodity pool operator, or a commodity trading advisor. In addition, neither ACM nor its employees have any plans to register with any of the entities named above.

ACM does not recommend or select investment advisers for its clients.

### **Item 11 - Code of Ethics**

ACM has a code of ethics (the "Code") that outlines its policies regarding personal trading and various other conflicts of interest that may arise while servicing a client's account. The Code also requires all employees to disclose all brokerage accounts in which they have a beneficial interest (this includes accounts of immediate family). All employees are required to pre-clear their personal securities transactions through the ACM's Chief Compliance Officer or his designee. Employees are required to pre-clear their trades before an order for a personal security transaction is placed with an executing broker-dealer.

All employees that maintain brokerage accounts are required to instruct their respective brokerage firms to provide ACM with duplicate brokerage account statements and trade confirmations. ACM's pre-clearance officer is required to review these documents to determine if an employee has violated any provision of the Code.

A section of the Code addresses ACM's fiduciary duties, including placing the client first and the handling of confidential information. The Code also contains a gift policy that requires all employees to report to the Chief Compliance Officer all gifts accepted or given. Employees are not permitted to accept

or give gifts that exceed a certain nominal value. In addition, the Code requires certain employees to advise the Chief Compliance Officer when they entertain or are being entertained by individuals or entities conducting business or seeking to conduct business with ACM. Finally, the Code discusses the sanctions that may be imposed if an employee fails to comply with the Code's guidance.

ACM will provide a copy of the Code to any client upon request. Such requests should be directed to Aurora Capital Management LLC, 599 Lexington Avenue, 35th Floor, New York, New York 10022, to the attention of Mr. Gerald Jaeger, Chief Compliance Officer.

## **Item 12 - Brokerage Practices**

ACM uses broker-dealer proprietary research to assist with its investment decision making process. ACM may pay a higher brokerage commissions to obtain the broker-dealer proprietary research. Brokerage commissions paid to the firms that do not provide investment research are generally lower than the broker-dealers that do provide proprietary research. By using proprietary research, ACM is receiving benefits that it does not have to produce internally.

In addition to unsolicited proprietary research, certain broker-dealers may offer ACM's employees the option to participate in conferences and meetings with members of issuers' management teams.

ACM does not use its commission dollars to obtain research products, soft dollar benefits and other services through third party vendors.

### **Brokerage for Client Referrals**

ACM does not use its client's brokerage commissions to pay for referrals.

### **Directed Brokerage**

ACM does not have any directed brokerage arrangements.

### **Brokerage Allocation**

ACM may have potential conflicts of interest in connection with the allocation of investments or transaction decisions for SMAs. ACM may manage accounts that have investment objectives that are similar and/or that may seek to make investments in the same securities. This may create potential conflicts of interest and potential differences among the accounts, particularly where there is limited availability or limited liquidity for those investments. ACM has developed allocation policies and procedures that describe how the firm will allocate investment opportunities in a manner it considers to be reasonable and equitable over time.

ACM may allocate investment opportunities based on relative size of an order, investment objectives and guidelines, risk tolerance, availability of other investment opportunities, and available cash for investment. Although allocating orders among accounts may create potential conflicts, ACM will not make investment allocation decisions based on the allocation that generates higher fees.

ACM may determine that an investment opportunity or purchases or sales are appropriate for one or more SMAs, but not for a particular Fund. ACM may also decide that an investment is good for a Fund but in different sizes, terms, or timing than is appropriate for another account.

### **Item 13 - Review of Client Accounts**

ACM's Chief Investment Officer reviews the security positions in SMAs that ACM manages on a daily basis. The individual responsible for account reviews are primarily investment professionals at the chief investment officer level.

If an SMA client places additional investment restrictions (or places investment restrictions on the account for the first time), ACM will review the account to determine if and how the new restrictions impact the account. In addition, SMA clients receive monthly performance statements from ACM, which are reconciled to the securities held in the client's portfolio. SMA clients also receive monthly statements from their custodian. SMA clients should compare the information appearing in the two documents.

ACM provides a written monthly reconciliation to SMAs, reflecting the Net Asset Value of the account.

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

ACM does not enter into arrangements with unaffiliated third parties to obtain client referrals. ACM does not enter into arrangements with unaffiliated third parties to assist with the placement of units of the Funds.

### **Item 15 - Custody**

ACM does not provide custodial services to clients. Client assets are held with different qualified custodians.

With regard to SMAs, client assets are held by qualified custodians such as banks and registered broker-dealers. Clients receive statements at least quarterly from the custodians, and such statements should be reviewed carefully by clients. Clients also receive monthly performance reports from ACM. Clients should compare information in the reports provided by ACM to the statements provided by the clients' custodian.

### **Item 16 - Investment Discretion**

ACM manages all of its Funds and SMA assets on a discretionary basis.

For SMAs where ACM exercises investment discretion ("Discretionary SMAs"), the firm enters into an investment management agreement with the client, which agreement authorizes ACM to exercise investment discretion with respect to the SMA. Clients with Discretionary SMAs have the ability to place investment restrictions on the management of their SMA. The most common investment restriction placed on ACM prohibits ACM from purchasing specific types of securities. ACM abides by investment restrictions placed on the management of the SMAs. ACM's employees will periodically have conversations with SMA clients to provide and obtain information regarding the SMA and any investment restrictions.

### **Item 17 - Proxy**

ACM votes proxies according to its established guidelines. However, ACM may vote a proxy in a manner different from the established guidelines if circumstances warrant.

Upon request, ACM will provide a copy of its proxy voting policies and procedures as well as information on how a particular proxy was voted. Investors may direct requests for information concerning ACM's proxy voting policies and procedures to Aurora Capital Management LLC,

599 Lexington Avenue, 35<sup>th</sup> Floor, New York, New York 10022, to the attention of Mr. Gerald Jaeger, Chief Compliance Officer.

**Item 18 - Financial Information**

Certain registered investment advisers are required to provide financial information to investors if the investment advisor requires or solicits prepayment of more than \$1,200 in fees per client six months or more in advance. ACM does not require any fees in advance and as a result, is not required to provide its balance sheet to investors.