

AURORA PRIVATE WEALTH SELECT WRAP FEE PROGRAM

Sponsored by

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” or the “Firm”). 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. The Firm is a registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

In this Item, Aurora Private Wealth is required to discuss any material changes that have been made to the brochure since the last annual amendment. Since the Firm's last annual updating amendment, the Firm has updated much of this brochure. Below is a summary of the material changes. Clients should request a full copy of the brochure to see all of the Firm's current disclosures.

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Item 4. Advisory Business

The Aurora Private Wealth Select Wrap Fee Program (the “Program”) is an investment advisory program sponsored by Aurora. In addition to the Program, the Firm offers a variety of advisory services, which include financial planning, consulting, and investment management services under different arrangements than those described herein. Prior to Aurora rendering any of the foregoing 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”).

Aurora 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 began conducting business in 2015. 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, 2022, the Firm had \$311,307,433 in assets under management managed on a discretionary basis and \$3,955,776 managed on a non-discretionary basis. Of the total AUM \$315,263,209, \$195,603,082 is in the Wrap Program. Aurora offers a variety of advisory services, which include financial planning, consulting, and investment management services. Prior to Aurora rendering any of the foregoing advisory services, clients are required to enter into one or more written agreements with Aurora setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

While this brochure generally describes the business of Aurora certain sections also discuss the activities of its Supervised Persons, which refer to the Firm’s officers, partners, directors (or other persons occupying a similar status or performing similar functions), employees or other persons who provide investment advice on Aurora behalf and are subject to the Firm’s supervision or control.

Aurora offers services through its 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 Aurora. To be clear, however, the IARs are under the supervision of Aurora, and the advisory services of the IAR are provided through Aurora. Our firm has the arrangement described above with the following Advisor Representatives:

- **Brio Financial Services**
Matthew Compton
- **Indigo Wealth Management**
Glad Perez
- **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
- **Standard Pension Services**
Peter Devlin, Eric Monroe,
Howard Zodicoff
- **WealthPlan Advantage**
Gregory Nardolillo, Daniel Nardolillo,

Description of the Program

The Program is offered as a wrap fee program, which provides clients with the ability to trade in certain investment products without incurring certain brokerage commissions or transaction charges. A wrap fee program is considered any arrangement under which clients receive investment advisory services (which may include portfolio management or advice concerning the selection of other investment advisers) and the execution of client transactions for a specified fee or fees not based upon transactions in their accounts. Clients must also open a new securities brokerage account and complete a new account agreement with Schwab Advisor Services™ (“Schwab”), APW Capital, Inc. (“APW Capital”), or another broker-dealer that Aurora approves under the Program (collectively “Financial Institutions”). APW Capital, the Firm’s affiliate, may be recommended by an IAR to provide brokerage services as an introducing broker-dealer on transactions. Please refer to Item 12 of our Form ADV Part 2A for additional information about this arrangement, which is incorporated by reference.

At the onset of the Program, clients complete an investor profile describing their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors pertinent to their specific financial situations. After an analysis of the relevant information, assists its clients in developing an appropriate strategy for managing their assets.

It is important to understand that Aurora enables its 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 Aurora’s compliance department.

Fees for Participation in the Program

The Program is offered on a fee basis. Participants pay a single annualized fee based upon assets under management (“Program Fee”) that includes brokerage services (unless otherwise disclosed). This Program Fee generally varies between 65 and 295 basis points (0.65% – 2.95%), depending, in part, on factors including the negotiations between the IAR and the client, 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 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 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 period. 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. Additionally, for asset management services the Firm provides with respect to certain client holdings (e.g., held-away assets, concentrated stock positions, accommodation accounts, alternative investments, etc.), Aurora may negotiate a fee rate that differs from the range set forth above.

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.

The Firm provides additional services, including financial planning and consulting, retirement plan consulting and other non-wrap management services as described in the Disclosure Brochure.

Fee Comparison

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). The Firm and its IARs do not recommend Wrap Program accounts and instead view the decision to offer a Wrap Program to a client as a courtesy and a business decision. Neither the Firm nor any IAR are required to offer this arrangement to any client or prospective client. Not all of the Firm's IARs offer Wrap Program accounts. The IARs that offer the Wrap Program are responsible for the trading costs incurred in the management of the Wrap Program accounts. Accounts managed through the Wrap Program by an IAR are done so in substantially the same manner as those managed under a non-wrap arrangement by that IAR, meaning that the client's IAR is responsible for making investment decisions. The IAR generally will not consider trading costs and the expense associated with trading in rendering advice to clients. All else equal, an IAR's client that is offered the Wrap Program will have lower expenses, and therefore better returns than had they not been offered the Wrap Program. Neither the Firm nor its IARs monitor (1) the effect of whether a client is in a Wrap Program or non-Wrap Program account, or (2) whether a client would fare better in a Wrap Program account over a non-Wrap Program account or vice versa, because the client will always fare better in the Wrap Program account to the extent their IAR decides to offer it.

As IARs absorb certain transaction costs for client accounts within the Program, IARs have a financial incentive not to execute transactions in those accounts or to limit the number of transactions executed on behalf of such accounts since the execution of transactions increases transaction costs. IARs also have an incentive to invest in products that

cost less to the Firm, including the use of mutual funds that do not have transaction charges, but have higher expenses to the client.

For clients whose assets are managed using the Envestnet Platform (as described below), the Firm's fee includes a platform fee, a portion of which is retained by Aurora. Aurora'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 and by meeting its fiduciary duty to act in the best interests of its clients.

Fee Discretion

Aurora may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention, pro bono activities, or competitive purposes.

Other Charges

In addition to the advisory fees paid to Aurora, clients can also incur certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions. These additional charges can include transaction costs for securities transactions executed away from approved broker-dealers, mark-ups and mark-downs on fixed-income transactions, fees charged by the Independent Managers (as described herein and in the Disclosure Brochure), reporting charges, 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 Program Fees and other fund expenses), fees and commissions for held-away assets (such as 401(k) or 529 plan assets), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees.

As mentioned below, the Firm may recommend clients allocate a portion of their assets to third-party investment managers ("Independent Managers"). In addition to the investment management fees charged by those Independent Managers, clients will typically be responsible for paying brokerage commissions and/or transaction charges resulting from securities transactions effected by such Independent Managers.

Direct Fee Debit

Clients generally provide Aurora and/or certain Independent Managers 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.

Account Additions and Withdrawals

Clients may make additions to and withdrawals from their account at any time, subject to Aurora'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 decline to accept particular securities into a client's account. Clients may withdraw account assets on notice to Aurora, subject to the usual and customary securities settlement procedures. Aurora 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 charge) and/or tax ramifications.

Use of Margin

There are times when clients will want to use margin in their accounts or when Aurora recommends using margin. The use of margin is not suitable for all investors due to the increased risk. The Firm's management fees are assessed net of margin. A conflict of interest exists as the Firm has an incentive to use margin to increase its fees. In addition, having a margin account will 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, APW Capital will receive a portion of the margin fee. This results in another conflict of interest where the Firm is incentivized to use or recommend margin in client accounts. .

Commissions and Sales Charges for Recommendations of Securities and Insurance Products

As described in greater detail below, Aurora is affiliated with APW Capital, an SEC registered broker-dealer and FINRA member. Clients can engage certain persons associated with Aurora to render securities brokerage services under a separate commission-based arrangement. Clients are under no obligation to engage such persons and may choose brokers or agents not affiliated with Aurora.

Under this arrangement, the Firm's Supervised Persons, in their individual capacities as registered representatives of APW Capital, can provide securities brokerage services and implement securities transactions under a separate commission-based arrangement. Supervised Persons are entitled to a portion of the brokerage commissions paid to APW Capital, as well as a share of any ongoing distribution or service (trail) fees from the sale of mutual funds. Aurora can also recommend no-load or load-waived funds, where no sales charges are assessed, but where the Supervised Person receives other forms of compensation. Prior to effecting any transactions, clients are required to enter into a separate account agreement with APW Capital.

Mutual Fund 12b-1 Fees: Certain mutual funds pay ongoing fees to third-parties under Rule 12b-1 for shareholder services, distribution, and marketing expenses. APW Capital and its Supervised Persons are entitled to receive rule 12b-1 fees for mutual funds held in clients' brokerage accounts. APW Capital and its registered representatives will recommend or select mutual funds that pay rule 12b-1 fees, including when a less expensive share class is available that does not pay a rule 12b-1 fee. The registered representatives of APW Capital may select the more expensive share class for a variety of reasons, including when one of APW Capital's registered representatives determines that it is an appropriate decision to avoid paying transaction fees charged to the client.

A conflict of interest exists to the extent that a Supervised Person of Aurora recommends the purchase or sale of securities through a brokerage relationship where that Supervised Persons and/or APW Capital receive commissions or other additional compensation as a result of that recommendation (the "Brokerage Relationship"). Because the Supervised Persons and/or APW Capital receive compensation in connection with the sale of securities in the Brokerage Relationship, a conflict of interest exists as such Supervised Persons have an incentive to recommend more expensive securities or services to clients where such Supervised Persons earn more compensation with respect to the sale of such securities through the Brokerage Relationship rather than through an advisory relationship with the Firm. The Firm has procedures in place to ensure that any recommendations made by such Supervised Persons to engage in the Brokerage Relationship are in the best interest of that client. Clients should understand that the investments made in the Brokerage Relationship are not receiving advisory services from the Firm. Therefore, the Firm does not have

a fiduciary duty over the Brokerage Relationship recommendations. An additional conflict exists because BD is affiliated with the custodian that the Firm recommends for advisory clients, as described below.

To further mitigate 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 has developed and implemented policies and procedures relating to the selection of appropriate share classes for clients and for reviewing and monitoring client holdings.

Compensation for Recommending the Program

Aurora has no internal arrangements in place whereby persons recommending the Program are entitled to receive additional compensation as a result of clients' participation. However, IARs are paid a portion of their advisory fees as they would be for non-Program accounts.

Item 5. Account Requirements and Types of Clients

Aurora 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

Aurora 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 may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

Item 6. Portfolio Manager Selection and Evaluation

Clients' investment portfolios are managed either directly by Aurora or through the use of certain Independent Managers, as referenced above.

Side-By-Side Management

Aurora 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).

Methods of Analysis

Aurora's 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

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

Risk of Loss

The following list of risk factors does not purport to be a complete enumeration or explanation of the risks involved with respect to the Firm's investment management activities. Clients should consult with their legal,

tax, and other advisors before engaging the Firm to provide investment management services on their behalf.

Market Risks

Investing involves risk, including the potential loss of principal, and all investors should be guided accordingly. The profitability of a significant portion of Aurora's recommendations and/or investment decisions may depend to a great extent upon correctly assessing the future course of price movements of stocks, bonds and other asset classes. In addition, investments may be adversely affected by financial markets and economic conditions throughout the world. There can be no assurance that Aurora will be able to predict these price movements accurately or capitalize on any such assumptions.

Volatility Risks

The prices and values of investments can be highly volatile, and are influenced by, among other things, interest rates, general economic conditions, the condition of the financial markets, the financial condition of the issuers of such assets, changing supply and demand relationships, and programs and policies of governments.

Cash Management Risks

The Firm may invest some of a client's assets temporarily in money market funds or other similar types of investments, during which time an advisory account may be prevented from achieving its investment objective.

Equity-Related Securities and Instruments

The Firm may take long positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include, without limitation, factors specific to an issuer and factors specific to the industry in which the issuer participates. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments, and the stock prices of such companies may suffer a decline in response. In addition, equity securities are subject to stock risk, which is the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future. In addition, investments in small-capitalization, midcapitalization and financially distressed companies may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Fixed Income Securities

While the Firm emphasizes risk-averse management and capital preservation in its fixed-income bond portfolios, clients who invest in this product can lose money, including losing a portion of their original investment. The prices of the securities in our portfolios fluctuate. The Firm does not guarantee any particular level of performance. Below is a representative list of the types of risks clients should consider before investing in this product.

- Interest rate risk. Prices of bonds tend to move in the opposite direction to interest rate changes. Typically, a rise in interest rates will negatively affect bond prices. The longer the duration and average maturity of a portfolio, the greater the likely reaction to interest rate moves.

- Credit (or default) risk. A bond's price will generally fall if the issuer fails to make a scheduled interest or principal payment, if the credit rating of the security is downgraded, or if the perceived creditworthiness of the issuer deteriorates.
- Liquidity risk. Sectors of the bond market can experience a sudden downturn in trading activity. When there is little or no trading activity in a security, it can be difficult to sell the security at or near its perceived value. In such a market, bond prices may fall.
- Call risk. Some bonds give the issuer the option to call or redeem the bond before the maturity date. If an issuer calls a bond when interest rates are declining, the proceeds may have to be reinvested at a lower yield. During periods of market illiquidity or rising rates, prices of callable securities may be subject to increased volatility.
- Prepayment risk. When interest rates fall, the principal of mortgage-backed securities may be prepaid. These prepayments can reduce the portfolio's yield because proceeds may have to be reinvested at a lower yield.
- Extension risk. When interest rates rise or there is a lack of refinancing opportunities, prepayments of mortgage-backed securities or callable bonds may be less than expected. This would lengthen the portfolio's duration and average maturity and increase its sensitivity to rising rates and its potential for price declines.

Mutual Funds and ETFs

An investment in a mutual fund or ETF involves risk, including the loss of principal. Mutual fund and ETF shareholders are necessarily subject to the risks stemming from the individual issuers of the fund's underlying portfolio securities. Such shareholders are also liable for taxes on any fund-level capital gains, as mutual funds and ETFs are required by law to distribute capital gains in the event they sell securities for a profit that cannot be offset by a corresponding loss.

Shares of mutual funds are generally distributed and redeemed on an ongoing basis by the fund itself or a broker acting on its behalf. The trading price at which a share is transacted is equal to a fund's stated daily per share net asset value ("NAV"), plus any shareholders fees (*e.g.*, sales loads, purchase fees, redemption fees). The per share NAV of a mutual fund is calculated at the end of each business day, although the actual NAV fluctuates with intraday changes to the market value of the fund's holdings. The trading prices of a mutual fund's shares may differ from the NAV during periods of market volatility, which may, among other factors, lead to the mutual fund's shares trading at a premium or discount to actual NAV.

Shares of ETFs are listed on securities exchanges and transacted at negotiated prices in the secondary market. Generally, ETF shares trade at or near their most recent NAV, which is generally calculated at least once daily for index-based ETFs and potentially more frequently for actively managed ETFs. However, certain inefficiencies may cause the shares to trade at a premium or discount to their pro rata NAV. There is also no guarantee that an active secondary market for such shares will develop or continue to exist. Generally, an ETF only redeems shares when aggregated as creation units (usually 20,000 shares or more). Therefore, if a liquid secondary market ceases to exist for shares of a particular ETF, a shareholder may have no way to dispose of such shares. *Use of Independent Managers*

As stated above, Aurora selects certain Independent Managers to manage a portion of its clients' assets. In

these situations, Aurora continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. In addition, Aurora does not have the ability to supervise the Independent Managers on a day-to-day basis.

Options

Options allow investors to buy or sell a security at a contracted "strike" price at or within a specific period of time. Clients may pay or collect a premium for buying or selling an option. Investors transact in options to either hedge (i.e., limit) losses in an attempt to reduce risk or to speculate on the performance of the underlying securities. Options transactions contain a number of inherent risks, including the partial or total loss of principal in the event that the value of the underlying security or index does not increase/decrease to the level of the respective strike price. Holders of options contracts are also subject to default by the option writer which may be unwilling or unable to perform its contractual obligations.

Use of Margin

While the use of margin borrowing for investments can substantially improve returns, it may also increase overall portfolio risk. Margin transactions are generally effected using capital borrowed from a Financial Institution, which is secured by a client's holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution may liquidate account assets to satisfy the client's outstanding obligations, which could have extremely adverse consequences. In addition, fluctuations in the amount of a client's borrowings and the corresponding interest rates may have a significant effect on the profitability and stability of a client's portfolio.

Currency Risks

An advisory account that holds investments denominated in currencies other than the currency in which the advisory account is denominated may be adversely affected by the volatility of currency exchange rates.

Interest Rate Risks

Interest rates may fluctuate significantly, causing price volatility with respect to securities or instruments held by clients.

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.

Voting of Client Securities

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

Item 7. Client Information Provided to Portfolio Managers

In this Item, Aurora is required to describe the type and frequency of the information it communicates to the Independent Managers, if any, managing its clients' investment portfolios. Clients participating in the Program generally grant Aurora the authority to discuss certain non-public information with the Independent Managers engaged to manage their accounts. Depending upon the specific arrangement, the Firm may be authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, tax identification numbers and account numbers. Aurora may also share certain information related to its clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its clients' portfolios.

Item 8. Client Contact with Portfolio Managers

In this Item, Aurora is required to describe any restrictions on clients' ability to contact and consult with the portfolio managers managing their investment portfolios. There are no restrictions on clients' ability to correspond with Aurora. Clients can generally contact the Independent Managers managing their portfolios through Aurora by providing the Firm with written request and identification of the questions or issues to be discussed with the Independent Managers. After receiving the client's written request, Aurora, at its sole discretion, may contact the Independent Managers for the client or arrange for the Independent Managers and the client to communicate directly.

Item 9. Additional Information

Instead of reiterating the information in Aurora Private Wealth's Form ADV Part 2A that is found in Items 9 (Disciplinary Information), 10 (Other Financial Industry Activities and Affiliations), 11 (Code of Ethics, Participation or Interest in Client Transactions and Personal Trading), Item 12 (Brokerage Practices), 14 (Client Referrals and Other Compensation), and 18 (Financial Information), that information is incorporated by reference. Clients and prospective clients should review those sections of the Disclosure Brochure carefully.

Account Reviews

Aurora monitors Program accounts 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. Reviews are conducted by the client's IAR. All investment advisory clients are encouraged to discuss their needs, goals and objectives with Aurora and to keep the Firm informed of any changes thereto.

Account Statements and Reports

Clients are provided with transaction confirmation notices and regular summary account statements directly from the Financial Institutions where their assets are held. Additionally, with certain exceptions, the Firm makes 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. 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 or an outside service provider.