

AURORA^{SA} CAPITAL

own your future



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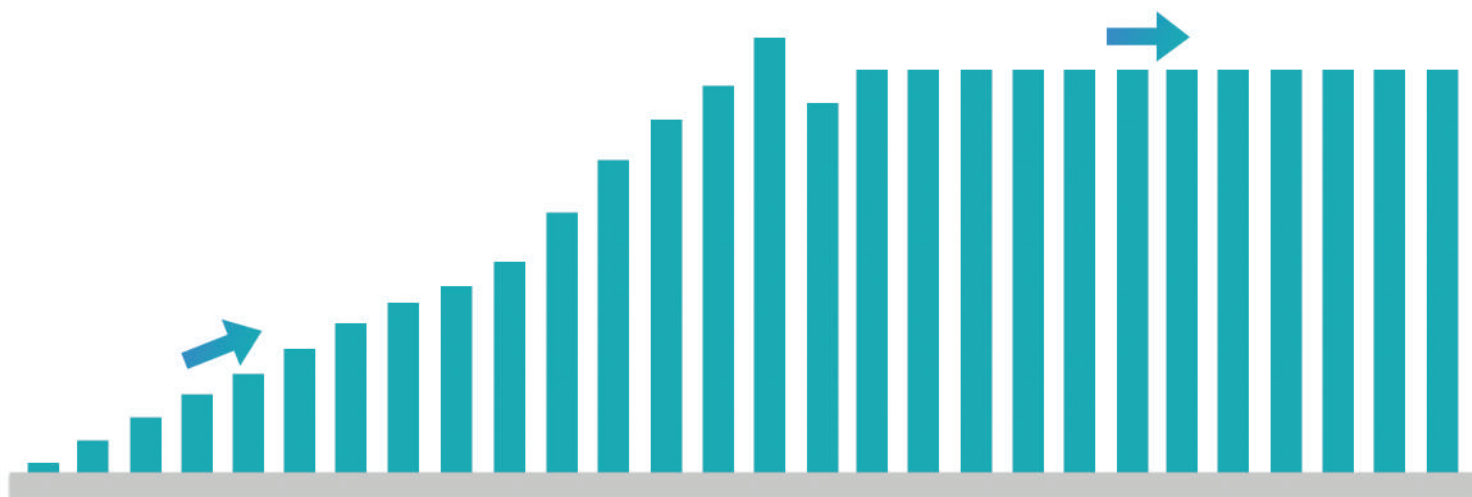
AURORA CAPITAL SA was founded by a group of innovative fund managers, working closely with likeminded financial advisers.

Uninspiring fund returns over the past decade prompted them to develop a range of solutions that will assist clients to better navigate their financial journey.



Your money, our journey

Each investor is unique, defined by the personal circumstances and investments or needs at a given point in time. Their journey is filled with obstacles over which they have little control.



The **ACCUMULATION** phase of their needs, investors want the certainty that they will reach their goals within the planned time frame.

When they start **USING** their savings, investors want to have the certainty that their savings will last as long as the need requires.

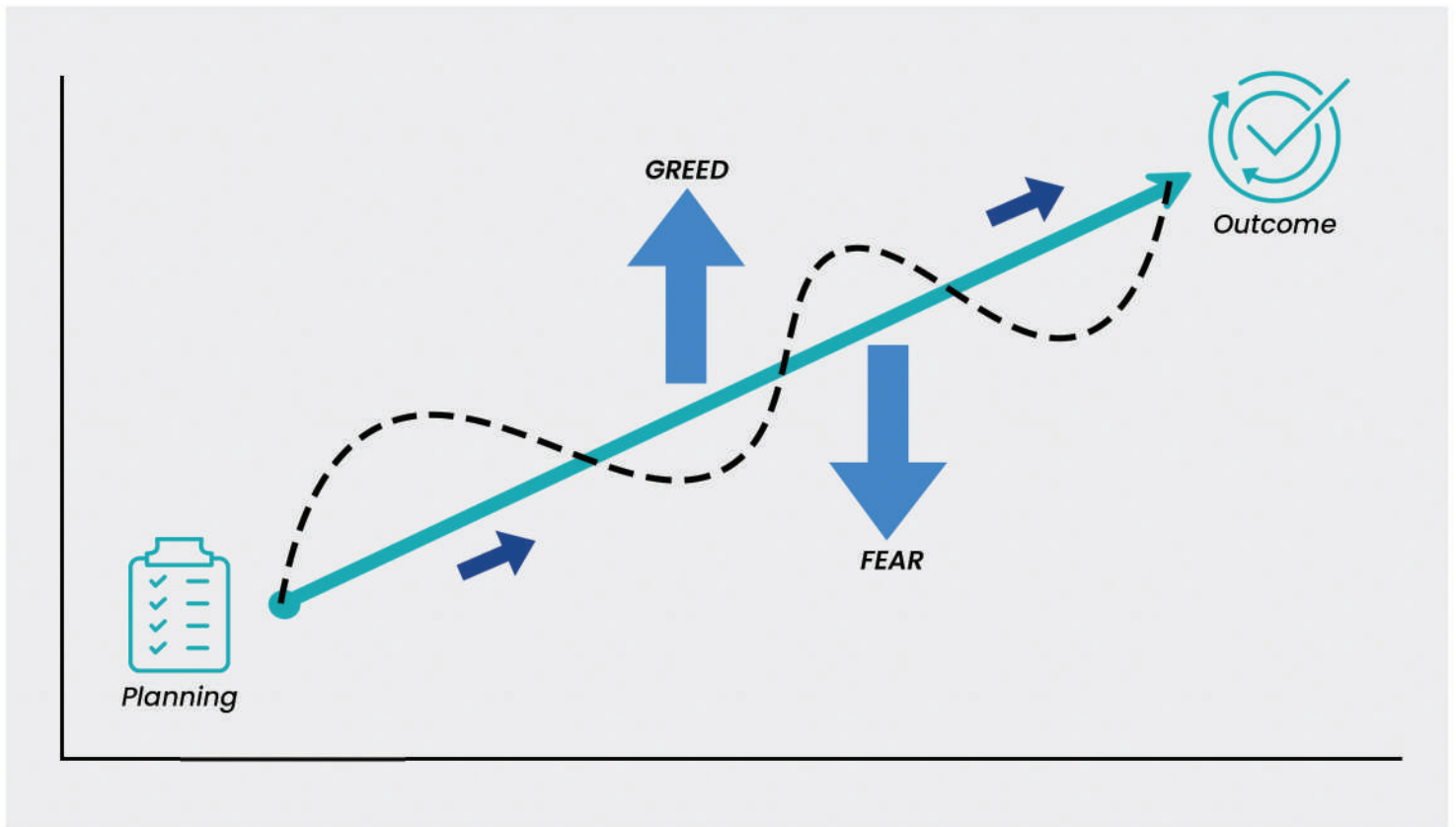
Regardless of where they find themselves, **CERTAINTY** or lack thereof, is a theme that emerges central to all investors requirements.

Until now certainty was undermined by several structural issues prevalent in the investment management world.



Spoilt for choice, or not?

There are hundreds of fund managers in South Africa with thousands of funds to choose from. While there are many funds that have performed well over long periods, picking the correct ones at the correct time, remains a challenge for investors.



Risk management

Volatility is not a measure of risk – but rather the predictability of outcome.

Planning for your investment goals are made relevant by a more predictable investment outcome.

By having line of sight for returns that are expressed – net of fees and taxes – removes nasty surprises along the way.

While we are free to choose our actions, we are not free to choose the consequences of our actions.

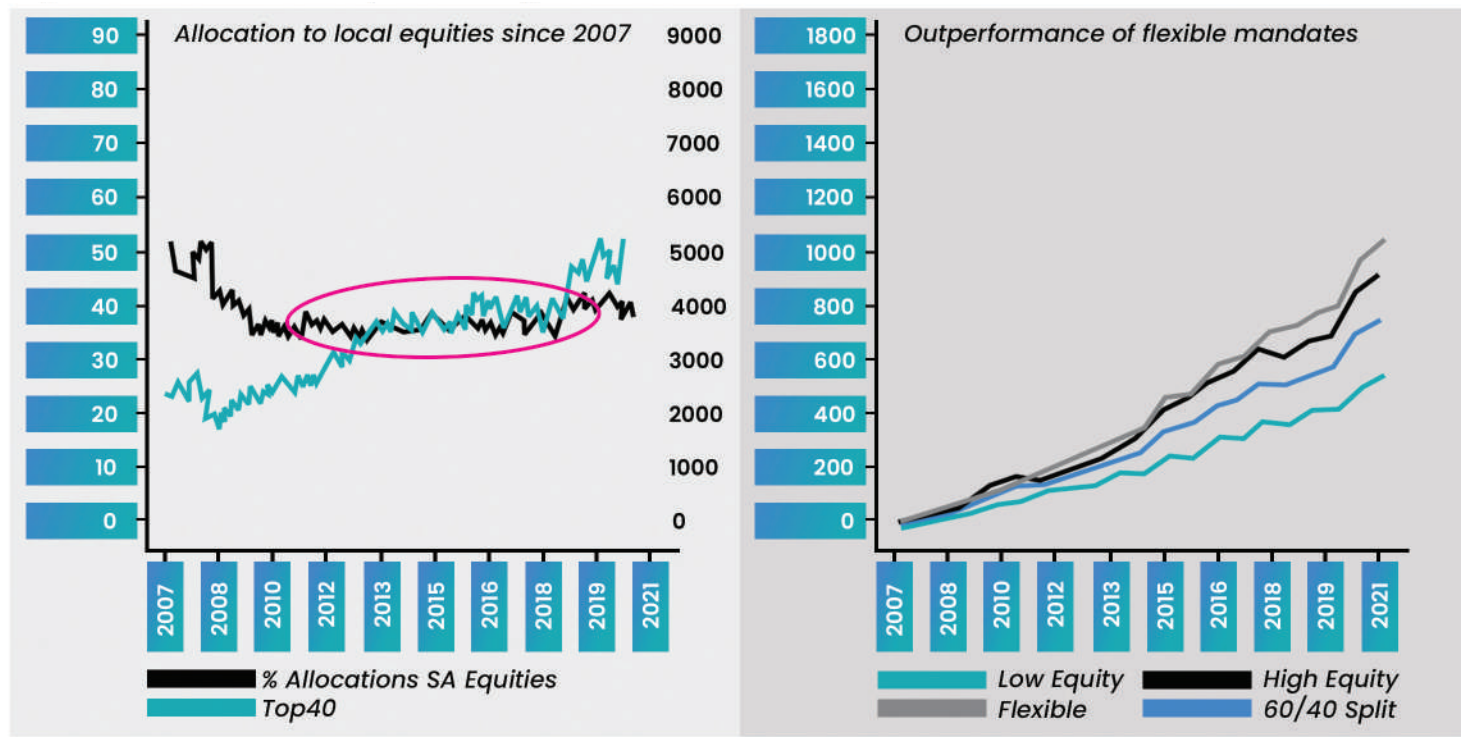
Stephen R. Convey (1932) American Author



Flexible or Rigid?

Fund managers are often content to leave assets where they are, even in the face of adverse threats. The idea is to “ride out the storm” by creating a diversified environment that can survive any challenge.

Whilst this approach does have merit, it is frequently far removed from an investor’s expectations even if risk profiles align.



The graph on the left illustrates the fairly rigid 45% exposure to SA Equities since 2010 in one of South Africa’s largest high equity funds. Understandably, the fund benefitted from the exposure during 2010 to 2015 but arguably during the “dead years” of 2015 to 2020 there was better value to be had elsewhere.

Since managers are often bound by rigid mandates, they tend to be overly benchmark or peer group-focused. As such, they are reluctant, or sometimes even prohibited to engage with conviction.

The value of a more flexible approach to asset allocation is illustrated by the graph on the right.

A low equity and high equity fund from the same manager, together with a static 60/40 split between them is shown.

The grey line shows the same funds, but NIMBLY BLENDED with more conviction. In other words, allowing freedom to be completely in either fund at any point in time. This example did not eliminate any asset class completely, it just allowed for more flexibility, resulting in clear outperformance over time.

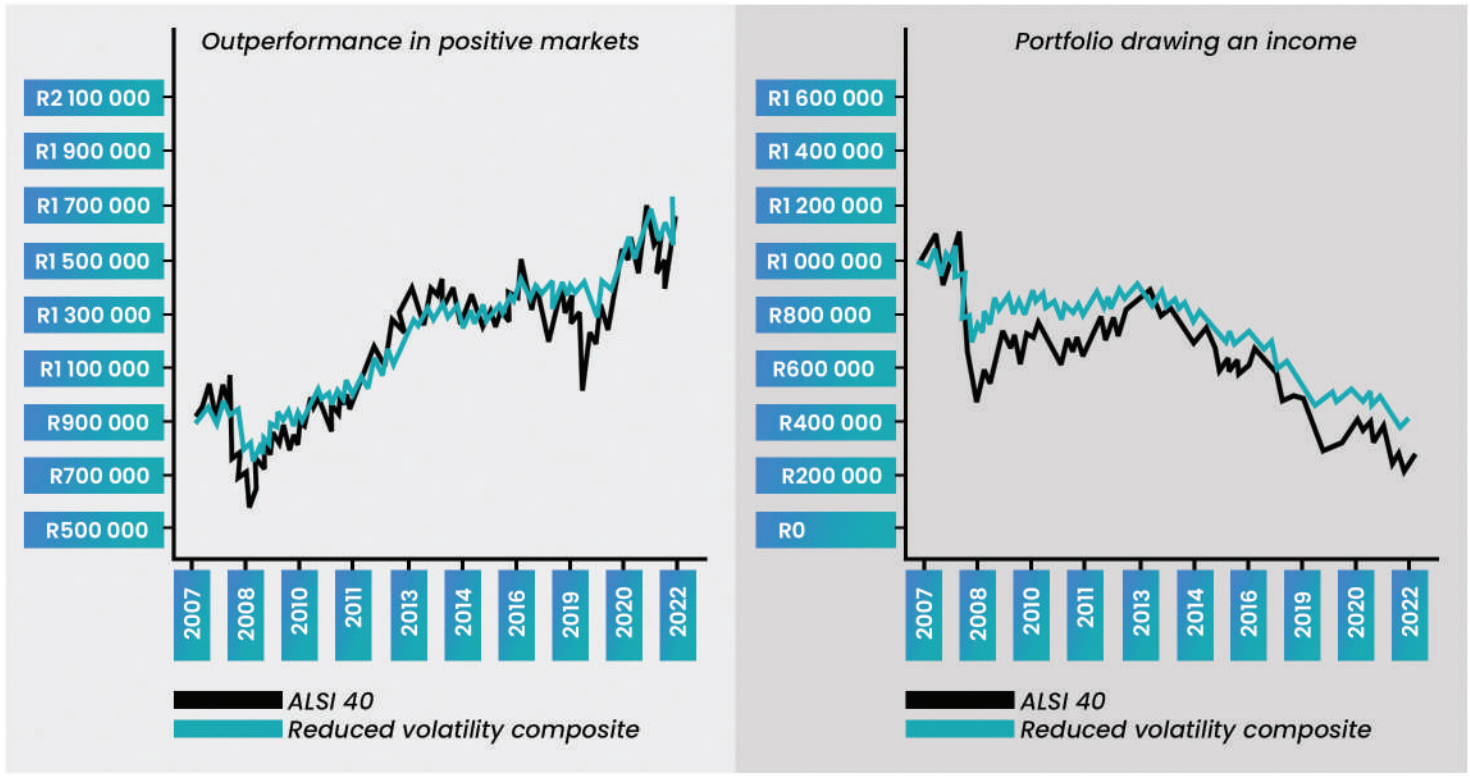
By being rigid, you become temporary; by being flexible, you become permanent!

Mehmet Murat Ildan



Up one day, Down the next...

Navigating one's financial journey is made harder by short term volatility. It directly influences the question "How much should I invest to reach my goal at the defined point in future?"



Consider the graph on the left – an investment in the ALSI 40 index is compared to the investment in a Composite Instrument, comprising of the ALSI 40 (50%) and an asset with exactly the same return as the ALSI 40 index, but with no volatility (50%).

The cost of both investments is exactly the same, yet the Composite instrument outperformed by 0.35% per year. The only difference being the volatility of the respective returns.

When an investor draws an income, the impact is even greater.

The graph on the right illustrates this impact for an investor drawing a 5% income growing by 3% each year. The lower volatility, Composite Investment, produced a 29% higher outcome over time.

Again, the only difference between the two investments is the volatility of the returns.

Where in life the road less travelled often delights with breath-taking scenery and friendly people, in investment, the straightest road towards your goal is the most secure. Volatility often leads to detours that can lead investors astray.

a wise man



A Modern approach to investment

Traditionally, investors reduced portfolio volatility by relying on defensive assets that behaved differently to growth assets during market cycles. However, over the past five to ten years, this relationship has proven less effective than it was ten to twenty years ago.

Furthermore, including assets like cash as part of a strategic asset allocation process has significantly diluted returns.

AURORA CAPITAL SA is the leader in blending Low-Volatility-High-Predictability (LVHP™) instruments with a flexible fund management process to create superior returns with substantially lowering the levels of volatility.



LVHP™ assets are carefully selected instruments that are typically not traded on the open market. As such they are generally not exposed to daily market sentiment, yet they produce equity like returns over time. **The graph on the left**, illustrates the impact that LVHP™ assets have on returns, from exposure levels as low as 10%.

When LVHP™ assets are combined with a flexible investment mandate, shown by **the graph on the right**, investors truly experience the best of both worlds. While we don't have the ability to predict the future, we firmly believe that our unique approach to asset management has the ability to greatly improve our clients' investment journey over time.

When you change the way you look at things, the things you look at change.

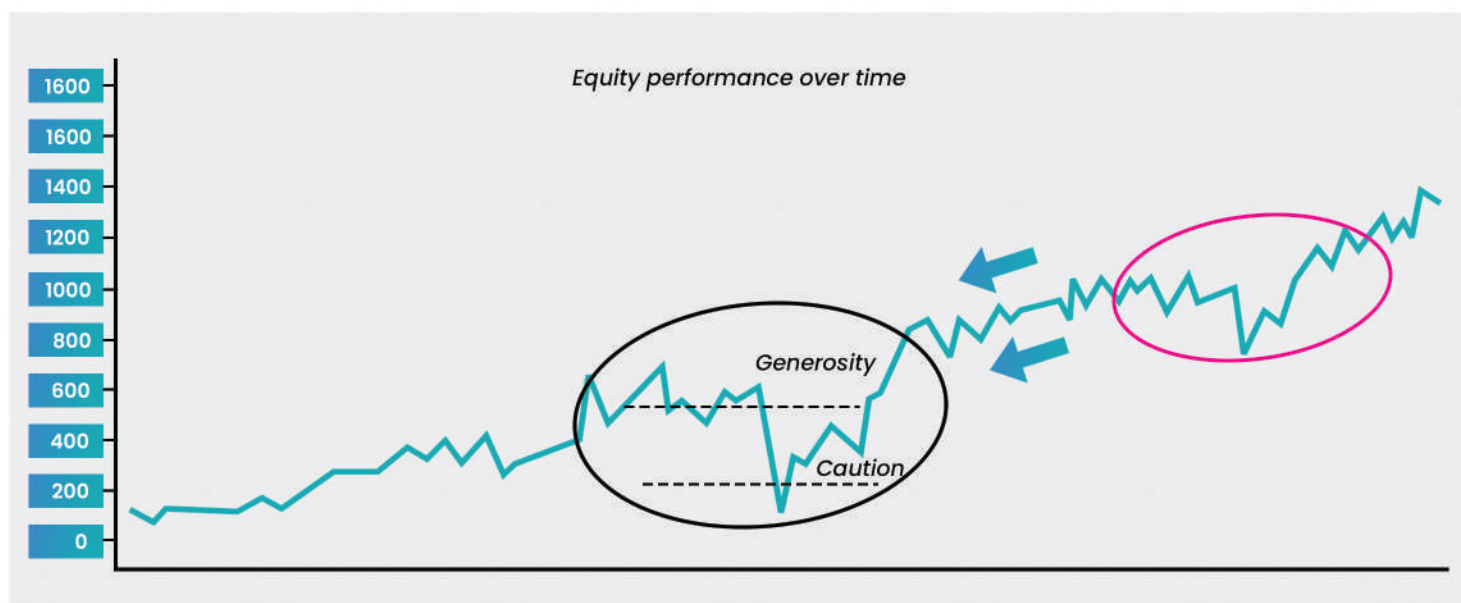
Wayne Dyer



With great freedom comes great responsibility

This statement is especially true of a flexible investment mandate and is therefore one of our core investment principles.

As such, active risk management forms an integral part of our investment philosophy. To this end, CAUTION and GENEROSITY are the tools through which we measure each activity.



CAUTION allows us to gain conviction in a position before we fully execute, while **GENEROSITY** allows us the freedom to exit when we deem it necessary – even if some growth is left on the table.

There is a saying in the investment world – “It’s not about timing the market but time in the market” – While it might have been true decades ago, it is clichés like this that are used to hide indecisive and uninspired investment outcomes – putting the blame for poor performance at the door of the so-called impatient investor.

WE FIRMLY BELIEVE THAT WITH THE CORRECT BLEND OF THE VARIOUS TYPES OF ASSETS AT OUR DISPOSAL, CONVICTION CAN BE TURNED INTO ACTION WITHOUT TAKING UNDUE RISK.

Freedom is the will to be responsible to ourselves.

*Friedrich Nietzsche (1844 – 1900),
German Poet and Philosopher*



Who we are

At Aurora Capital SA, we are reshaping the world of fund management. Backed by decades of combined experience in financial services, asset management, and innovation, our leadership team brings a unique blend of analytical depth, strategic thinking, and entrepreneurial drive. Together, we are committed to building resilient investment solutions that create sustainable long-term value.

Leadership Team



Rico Ernst
Chief Executive Officer.

Rico Ernst is the CEO and co-founder of Aurora Capital SA. With a degree in Investment Management from the University of Pretoria, he began his career at Sasfin Frankel Pollak and later managed portfolios on Sanlam's life license. In 2007, Rico founded a boutique asset management firm that specialised in share portfolios, unit trusts, and hedge funds, which he later sold to the Efficient Group. After serving as Director at Efficient Private Clients, he launched Aurora Capital SA in 2020 to blend traditional asset classes with private equity for a differentiated investor offering.



Etienne Viljoen
Chief Investment Officer.

Etienne Viljoen is Chief Investment Officer at Aurora Capital, responsible for investment strategy and portfolio management across local and international equities and unit trusts. As a CFA Charterholder, Etienne brings more than two decades of experience in derivatives trading, risk management, hedging strategy implementation, and investment product development.



Hercu Pienaar
Director of Marketing.

Hercu Pienaar is the Head of Marketing and a Director at Aurora Capital SA, responsible for brand strategy and business growth. With over 26 years in financial services, he has held key positions at Liberty Specialised Investments, STANLIB, and Bright Rock, where he led business development, product innovation, and strategic initiatives. Since joining Aurora in 2023, Hercu has helped establish Alternative Investment Distribution (AID), driving expanded market reach and deepening client engagement.



Kiep Davel
Director Distribution.

Kiep Davel is a Director at Aurora Capital SA with over 26 years of experience in the financial services industry. He began his career in town and regional planning before moving into asset management in 1999, later specialising in alternative investments. He has held senior roles as a portfolio manager, trustee, and investment committee member, and most recently served as Director and Chief Commercial Officer of nReach Capitis Laysan. Kiep holds a B(TRP) from the University of Pretoria and an ICMQ from the Securities Institute in London.



Access to our product offering

The Worldwide Flexible collective investment is available on Glacier, Momentum Wealth and Old Mutual Wealth platforms, with more to be added in the future.

Our Life Solutions are offered through 27Four Investments or LifeCycle (Pty) Ltd depending on the products. We chose them for their innovation and cost-effective approach to administration, something which benefits investors directly.

Both 27Four and LifeCycle (Pty) Ltd are independent companies, though they align with our vision.





Disclaimer:

- Aurora Capital SA (Pty) Ltd is an authorised financial services provider, FSP number: 54262
- Investment returns are not guaranteed and past performance is not an indication of future performance. Aurora Capital is not authorised to and does not provide financial advice. No information contained in this document should be construed, or relied upon, as advice. If you require financial and/or investment advice, please engage the services of an independent financial adviser.

