

# Aurora Capital's Investment Manager Selection and Monitoring Policy

16 MAY 2025

## INVESTMENT MANAGER SELECTION AND MONITORING

Aurora Capital funds and strategies (total portfolios) comprise of multiple underlying funds (sub portfolios) that focus on specific asset classes. We appoint professional investment managers to manage these underlying funds. Selecting the right managers is critical to achieving strong, consistent long-term outcomes for our investors.

We apply a rigorous selection and monitoring framework to ensure each appointed manager demonstrates the expertise, discipline, and alignment necessary to meet our requirements.

## MANAGER SELECTION PROCESS

Our manager selection process is built around four core pillars:

### 1. Talent and culture

We believe the most important driver of long-term fund management success is the calibre of the individuals managing your capital. Investment process, while important, does not give a fund management business a long-term sustainable competitive advantage. Competitors will discover and eventually copy any process innovation. Therefore, the investment process requires constant renewal, which in turn requires intelligent and motivated investment professionals.

We seek out teams who operate within a clearly defined, innovation-oriented culture — one that encourages ongoing improvement and intellectual curiosity. A clearly defined culture, particularly one that encourages innovation, is also a key component of talent management.

### 2. Business Structure

The ability of a funds management business to attract, motivate and retain talent is essential, and success in these areas will depend on how the business has been setup.

We favour firms where investment professionals have meaningful alignment with investor outcomes, such as performance-based remuneration. We also prefer alignment with the business such that the investment professional

shares in the success of the business. The final alignment we like to see is an alignment of the business with the investors through the size of funds under management; particularly in markets where scale can create substantial headwinds, such as growth or small cap equities. We support investment professionals having a say in setting capacity limits to protect alpha potential.

### 3. Investment Process

We look for managers with a clear investment process — one that is well-articulated and consistently demonstrated in their performance track record.

While we prefer active management, we recognise that in certain conditions, passive strategies may be appropriate. Importantly, we expect our active managers to fully utilise their active risk budgets but are doing so with a clearly defined risk management process. We place greater emphasis on active risk, rather than tracking error, and we seek managers who apply rigorous risk management alongside high-conviction ideas.

The resources of the firm need to be consistent with the stated process. We do not favour one investment style over another — whether quantitative or qualitative — but we do value clear accountability (especially single person accountability rather than group decisions) and direct links between research and portfolio decisions. We place equal importance on both buy and sell decisions, and we monitor to ensure managers' actions align with their stated process.

### 4. Commitment to ESG Integration

Aurora Capital is a strong advocate for responsible investing. We seek managers who uphold best-in-class practices in the integration of Environmental, Social and Governance (ESG) and sustainability. All appointed managers should align with the principles set out in our Responsible Investment Policy, which reflects our commitment to sustainability and long-term value creation.

More information is available in our Responsible Investment Policy, which outlines the standards we apply and the values we uphold on behalf of our investors.

## MANAGER MONITORING PROCESS

At Aurora Capital, we maintain a disciplined, proactive approach to monitoring the performance of our appointed investment managers. Our goal is to ensure every manager consistently delivers on both financial objectives and sustainability commitments.

Using our proprietary portfolio management dashboard, we can easily monitor financial and non-financial performance.

We assess manager performance across the following key areas:

### 1. Business Stability and Talent Management

We engage with all underlying investment managers on a regular basis, at minimum quarterly, to assess the ongoing stability of the business and its ability to attract, motivate and retain talent.

### 2. Portfolio Management and Risk Oversight

Every month, we conduct a formal review of each portfolio to ensure the investment manager is managing the portfolio in the manner expected, including its risk level. Informal monitoring occurs on an ongoing basis.

### 3. Responsible Investment

Each quarter, every manager must certify their compliance with their own exclusions policy.

In addition, Aurora independently verifies adherence to our exclusions list using data provided by Sustainable Platform (SP), a leading sustainability data provider. Through SP, we assess the underlying portfolios for any exposure to controversial industries or sectors we have formally excluded.

We also assess whether our equity investments contribute positively to global sustainability goals. Sustainable Platform enables us to measure each company's contribution to the United Nations Sustainable Development Goals (SDGs) based on the percentage of annual revenue derived from SDG-aligned products or services. This analysis is performed at the company, underlying fund, and total portfolio level. We prioritise four SDGs that directly address climate and environmental outcomes, and we actively compare our portfolios' SDG alignment against benchmark indices such as the MSCI ACWI.

To manage environmental risk exposure, we track the carbon intensity of our portfolios using data from EMMI, an independent carbon analytics provider. Carbon intensity, measured as tonnes of CO<sub>2</sub>-equivalents per \$1 million invested, helps us understand the degree of climate-related financial risk within our equity investments. This metric is assessed across the entire portfolio, individual funds, and underlying companies, and benchmarked against indices like the MSCI ACWI.

We hold regular meetings with all underlying managers to discuss ESG integration, exclusions compliance, and sustainability performance.

## ENGAGEMENT AND ESCALATION

Where material concerns are identified, we will engage with the manager to seek clarity or resolution. If these issues persist or are not addressed satisfactorily, we will terminate the relationship and appoint a more suitable fund manager.

## ONGOING REVIEW AND GOVERNANCE

We believe strong governance is essential to delivering consistent outcomes for our investors. That's why our Investment Manager Selection and Monitoring Policy is formally reviewed on an annual basis and approved by the Aurora Capital Board. This ensures our framework remains current, robust, and aligned with our clients' evolving expectations.

## OUR COMMITMENT TO CLIENTS

Aurora Capital is committed to managing each client's investments with integrity, discipline, and transparency. The firm's rigorous investment manager selection and monitoring framework ensures that every portfolio is entrusted to skilled professionals who are aligned with the client's financial objectives and values.

Through continuous oversight and active stewardship, Aurora aims to protect and grow client capital responsibly — delivering long-term results while supporting a more sustainable future.