First Hedge Capital Management

AKA: FHI Strategies

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Delaware, OH 43015

614-394-3318

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www.firsthedgecapital.com

This Brochure provides information about the qualifications and business practices of First Hedge Capital Management. If you have any questions about the contents of this Brochure, please contact us at 614778-3916 or via email at bobcoury@firsthedgecapital.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

First Hedge Capital Management is a Registered Investment Adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information that you may use to determine whether to hire or retain them. Additional information about First Hedge Capital Management is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

We have made the following material changes since our last filing:

In this section we will discuss only material changes since the last annual update on 3/25/2024.

No Material Changes

In the future, this section of the brochure will discuss only the specific material changes that were made to the Brochure and will provide you with a summary of all material changes that have occurred since the last filing of this Brochure with the SEC. This section will also identify the date of our last annual brochure update.

We will ensure that you receive a summary of any material changes to this and subsequent Brochures within 90 days of the close of our business' fiscal year which is December 31st. We will provide other ongoing disclosure information about material changes as necessary. We will also provide you with a new Brochure, as necessary, based on changes or new information. Currently, our Brochure may be requested at any time, without charge, by contacting First Hedge Capital Management at 614-778-3916.

Additional information about First Hedge Capital Management is also available via the SEC's website www.adviserinfo.sec.gov. You can search this site by using a unique identifying number, known as a CRD number. The CRD number for First Hedge Capital Management is 166947. The SEC's web site also provides information about any persons affiliated with First Hedge Capital Management who are registered, or are required to be registered, as Investment Adviser Representatives of First Hedge Capital Management.

Item 3 – Table of Contents

Item 4 – Advisory Business Introduction

First Hedge Capital Management is a Registered Investment Adviser ("Adviser") which offers investment opportunities to clients and serves as the Adviser to the First Hedge Pooled Investment Vehicle LLC and individualized asset management services to retail customers. The Fund is a pooled investment vehicle. We are registered through and regulated by the state of Ohio-Division of Securities.

We provide investment advice through Investment Adviser Representatives ("Advisor") associated with us. These individuals are appropriately licensed, qualified, and authorized to provide advisory services on our behalf. In addition, all advisors are required to have a college degree, professional designation, or equivalent professional experience.

First Hedge Capital Management was founded in 2013 by Michael Coury and Robert Coury who serve as the Managing Members. Robert Coury also serves as the Chief Compliance Officer. We provide portfolio management services to individuals, high net worth individuals, trusts, estates, corporations, investment clubs, and small businesses. We provide investment in the pooled investment vehicle primarily to accredited investors but may offer investments to 35 non-accredited investors.

We are committed to the precept that by placing the client's interests first, we will add value to the asset management process and earn the client's trust and respect. We value long term relationships with our clients whom we regard as strategic partners in our business.

Services

Whether you invest using our individual services or invest through our pooled investment vehicle, we provide various asset management services, with an emphasis on increasing returns using stocks and option strategies. Our focus is on helping develop and execute plans that are designed to build your wealth.

The Fund was formed to serve as a pooled investment vehicle for investors that desire to utilize the services of First Hedge Capital Management but who do not have the minimum amount necessary for a stand-alone account, which is currently $115,000. With investment direction from the Manager, the Company intends to invest and trade primarily in options on the S&P 500 Index. S&P 500 index options are option contracts in which the underlying value is based on the level of the Standard & Poor's 500, a capitalization weighted index of 500 actively traded large cap common stocks in the United States. Investments and trades in options on other indexes may occur as well.

As of March 25, 2025, we have $17,100,000 in assets under management in 52 accounts for 39 clients.

This amount is managed on a discretionary basis, which means you have given us the authority to determine the following with/without your consent:

- Securities to be bought or sold for your account.
- Number of securities to be bought or sold for your account.

While we may have trading discretion on your account (i.e., placing trades in your account without your approval), trading activity is generally limited to help minimize your trading costs. Trading may be required to meet initial allocation targets, after substantial cash deposits that require investment allocation, and/or after a request for a withdrawal that requires liquidation of a position. Additionally, your account may be rebalanced or reallocated periodically in order to reestablish the targeted percentages of your initial asset allocation. This rebalancing or reallocation will occur on the schedule we have determined together. You will be responsible for all tax consequences resulting from any rebalancing or reallocation of the account. We are not tax professionals and do not give tax advice. However, we will work with your tax professionals to assist you with tax planning. You will have the opportunity to meet with us periodically to review the assets in your account.

1. Asset Management

Asset management is the professional management of securities in order to meet your specified investment goals. With an Asset Management Account, we offer several investment managements styles, each of which is managed according to specific trading strategies we have developed. Descriptions of each of our investment styles are detailed in the next section; however, our overall approach to portfolio management encompasses a more aggressive approach that involves short-term trading in equities, option contracts and futures contracts than can include taking long and short positions. Depending upon your objectives, we may recommend investing in one style or a combination of styles.

Minimum account size: We will help you design an overall strategy to help meet your unique investment objectives. We do impose a minimum dollar value of $115,000 on the size of the account we will accept for an account using portfolio margin. For accounts using Reg T margin treatment, smaller minimum accounts may be accepted after the client is advised of the disadvantages of a smaller minimum.

We will meet with you to discuss your financial circumstances, investment goals and objectives, and to determine your risk tolerance. We may ask you to provide statements summarizing current investments, income and other earnings, recent tax returns, retirement plan information, other assets and liabilities, wills and trusts, insurance policies, and other pertinent information. Based on the information you share with us; we will analyze your situation and recommend an appropriate investment strategy. Our recommendations and ongoing management are based upon the financial objectives of the strategy you invest in. We will monitor the account, trade as necessary, and communicate regularly with you. Your circumstances shall be monitored in annual account reviews. These reviews will be conducted in person, by telephone conference, and/or via a written inquiry/questionnaire. Because of our approach and asset styles you will not have the ability to impose restrictions on the management of your account.

We will be reasonably available to help you with questions about your account. You will also receive our Advisory Agreement which describes what services you will receive and what fees you will be charged.
We will:

- Review your present financial situation.
- Monitor and track assets under management.

- Provide portfolio statements, periodic rate of return reports.
- Provide research and information on performance and changes.
- Build a risk management profile for you.
- Assist you in setting and monitoring goals and objectives.
- Provide personal consultations as necessary upon your request or as needed.

You should notify us promptly when your financial situation, goals, objectives, or needs change.

Under certain conditions, securities from outside accounts may be transferred into your advisory account; however, we may recommend that you sell any security if we believe that it is not suitable for the current recommended investment strategy. You are responsible for any taxable events in these instances. Certain assumptions may be made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Past performance is not indicative of future results.

Because our strategies involve short-term trading, we typically will not manage your account in a tax aware manner and we do not provide tax advice or tax management services; nevertheless, you should consult your tax advisor to help determine your tax liability. Additionally, we can be available for consultation with your tax advisor.

If you decide to engage our services, we will help you open a custodial account(s). The funds in your account will generally be held in a separate account, in your name, at an independent custodian, not with us. We require you to use Interactive Brokers, LLC as the custodian. You will enter into a separate custodial agreement with the custodian. This agreement, among other things, authorizes the custodian to take instructions from us regarding all investment decisions for your account. We will select the securities bought and sold and the amount to be bought and sold, within the parameters of the objectives and risk tolerance of your account. The custodian will affect transactions, deliver securities, make payments and do what we instruct. You are notified of any purchases or sales through trade confirmations and periodic statements that are provided by the Custodian. These statements list the total value at the start of the period, itemize all transaction activity during the period, and list the types, amounts, and total value of securities held as of the end of the period. Your statement may be in either printed or electronic form based upon your preferences. You will always maintain full and complete ownership rights to all assets held in your account, including the right to withdraw securities or cash, proxy voting and receiving transaction confirmations. We will assist you in setting up the ability for you to directly add and withdraw funds form your account.

We are available during normal business hours either by telephone, fax, email, or in person by appointment to answer your questions.

2. Management Options

As described in the previous section, you will select an Investment management option style, or a combination of styles based upon your investment objectives. Each of these styles consists of short-term trading in various equities, options contracts and futures contracts. Throughout the course of your relationship with us you may change from one style or combination of styles to another; such changes can take up to thirty (30) days to implement and may involve differing fee structures. We may also invest outside a stated strategy if the opportunity arises. Our Styles are as follows:

Brokerage Trading

Our Brokerage Trading Style consists of holding long and short positions in individual equity securities. As before, using our proprietary methodology and expertise, we monitor activities in these securities and, at our discretion, temporarily rebalance these positions in each direction. For example, we may enter an opening trade and temporarily increase the number of long positions and decrease the number of short positions in a particular security in expectation that the value of the security will thereafter increase. If this occurs, we then seek to capitalize on this movement by entering a closing trade and rebalancing the positions. All opening and closing trades in this style typically take place within thirty (30) days of each other but may be held longer if trend analysis supports the increased time period for additional potential profits. Consequently, open positions may be held overnight.

Covered Call Option Writing

Our Covered Call Option Writing Style consists of holding an underlying security or commodity and then writing (selling) call options against the underlying security or commodity. The sale of the call option generates immediate cash income in the form of a premium and can provide limited downside protection in the underlying position but gives the buyer of the call option the right to call the underlying security or commodity position away from you at the strike price. In certain circumstances, options may be automatically exercised. We attempt to use our proprietary methodology and expertise to determine the appropriate sale, strike prices, and durations of call option contracts to help ensure that in the aggregate, income generated from selling the call options exceeds any losses which may be incurred in the sale or retention of the underlying security or commodity. In certain circumstances, you may still experience losses due to the varying marketability, exercise and assignment thresholds and volatility of options.

Full Spread Options Trading

Our Full Spread Options Trading Style consists of writing, holding and trading various combinations of call and put options (“spreads”) in relation to the same underlying assets. The construction of each individual spread effectively requires the implementation of its own specific options strategy. These specific strategies can be referred to as “strangles,” “straddles,” "collars," "credit spreads,” "debit spreads,” “bear spreads," “bull spreads,” "calendar spreads," “butterfly spreads,” and “condor spreads”. We will provide you with additional information about the types of spreads in this style at your request. As in previous styles, using our proprietary methodology and expertise, we seek to produce returns through a combination of writing different spreads, trading existing spreads with third parties and/or holding spreads until maturity and reinvesting any returns into the ongoing implementation of this strategy. Because the interactions between various positions in a spread may vary depending upon market conditions, volatility and the performance of an underlying security or futures contract, some risks involved in implementing spread options strategies may be unknown.

Short Strangle Trading

Our short strangle is used with Indexes only. This gives you the obligation to buy the equity at the strike price and the obligation to sell the equity at strike price at expiration if the options are assigned. We are looking for the equity price to stay somewhere between the strike price at purchase and the strike price at expiration so that the options you sell will expire worthless.

By selling two options, we significantly increase the income that can be achieved from selling a put or a call alone. However, you have unlimited risk on the upside and substantial downside risk.

We run this strategy to take advantage of a possible decrease in implied volatility. We are anticipating minimal movement on the equity. If implied volatility is abnormally high for no apparent reason, the call and put may be overvalued. After the sale, the idea is to wait for volatility to drop and close the position at **a profit.**

Short Index Option Trading

Our Short Index Option trading strategy is used to take advantage of single direction movement of the underlying index. This strategy is used when it is anticipated the market will move in a manner that will limit the risk of a movement by the index in a specific direction. No opposing position is taken in the Index.

Due to the complex nature of strategies involving options, these strategies are not suitable for all investors. If you decide to invest in our styles that involve investment in options, we will provide and you must read the option disclosure document, "Characteristics and Risks of Standardized Option". This brochure is also available by calling 1-888-OPTIONS or online at:

http://www.optionsclearing.com/about/publications/character-risks.jsp.

Sub-advisory management Servies

If we determine that it is in your best interest, we shall engage a subadvisor to manage some or all of your assets under management. We shall perform initial and ongoing oversight and due diligence over the selected subadvisor to ensure the subadvisor's models, strategies and target allocations remain aligned with its Clients' investment objectives and overall best interests. As part of the Advisor's due diligence efforts, the Advisor will also ensure the Independent Manager is properly registered or notice filed in the state in which the Client resides.

The Adviser shall retain the authority to select the subadvisor and the model under which the subadvisor manages Client assets. The subadvisor, without prior consultation with the Client, shall have discretionary authority buy, sell, and trade in stocks, bonds, mutual funds, and other securities and/or contracts relating to the same on behalf of the Client in order to maintain the target allocation of the selected model. Please see the Subadvisor's ADV Part 2A for a description of their models and strategies.

3. First Hedge Pooled Investment Vehicle LLC

The Fund is an Ohio LLC formed in 2014 for the purpose of investing in the options markets. First Hedge Capital Management, as investment adviser, will make all the investment decisions for the Fund. Robert Coury is personally invested in this LLC.

The Fund offers membership interests in the Company, at a price of Ten Thousand Dollars ($10,000) for one 0.2% of the Interests (the "Offering"). Ten Thousand Dollars ($10,000) is the minimum offering per investor in this Offering. However, this may be negotiable depending upon certain circumstances. Member interests are offered pursuant to a private placement as provided under Regulation D of the Securities Act of 1933. Interests are offered to "accredited investors" as that term is defined in Rule 501 of the Securities and Exchange Commission. However, the Fund may have up to 35 non-accredited investors. Each investor is also required to have substantial experience, together with the experience of the investor's advisers, in evaluating and investing in private placement transactions of securities of companies like the Fund; have carefully evaluated their financial resources and decided that they can bear the economic risks of investment in the Fund; and are prepared to hold their Interests for a period of at least one year from the date of their investment.

The Company intends to invest and trade primarily in options on the S&P 500 Index using the Full Spread Options Strategy outlined in section 2 above. S&P 500 index options are option contracts in which the underlying value is based on the level of the Standard & Poor's 500, a capitalization weighted index of 500 actively traded large cap common stocks in the United States. Investments and trades in options on other indexes may occur as well. The investment strategy is implemented via a fund structure, where all assets are pooled in the same account.

Item 5 – Fees and Compensation

We provide asset management services for a fee. Our fees do not include brokerage commissions, transaction fees, and other related costs and expenses. You may incur certain charges imposed by custodians, third party investment companies and other third parties. These include fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, exposure fees and other fees and taxes on brokerage accounts and securities transactions. Mutual funds, money market funds and exchange-traded funds (ETFs) also charge internal management fees, which are disclosed in the fund's prospectus. These fees may include, but are not limited to, a management fee, upfront sales charges, and other fund expenses. We do not receive any compensation from these fees. All these fees are in addition to the management fee you pay us. The fund requires an annual audit. Fees for the audit and certain other accounting fees are in addition to the management fee. You should review all fees charged to fully understand the total amount of fees you will pay. Services like those offered by us may be available elsewhere for more or less than the amounts we charge.

Our Advisory Agreement defines what fees are charged and their frequency. You will authorize the custodian to directly debit fees from your account held at the custodian and to pay us. We do not debit the client fees directly from your advisory account. Only the custodian has the authority to directly charge and debit fees from your account, which are then forwarded to us. The Custodian will provide you immediate transaction confirmations and monthly statements, either by mail or electronically per your request. Management fees are prorated for each contribution and withdrawal made during the applicable calendar quarter (except for small inconsequential contributions and withdrawals). You will be provided with a quarterly statement reflecting deduction of the advisory fees.

Either party may terminate the agreement at any time by providing written notice to the other party within five (5) business days of signing the agreement. You will incur charges for advisory or consulting services rendered up to the point of termination and such fees will be due and payable by you within five business days of being billed. Refunds will be given on a pro-rata basis within five business days of cancellation. Accounts opened or terminated during a calendar quarter will be charged a prorated fee.

Asset Management Fee Schedule- Separately Managed Accounts

Client fees are calculated on the gross value of the Client's Assets Under Management (AUM) and are debited daily by the custodian based on the balance in the account the preceding day.

Annual Percentage	Portfolio Size (AUM)
2.00%	AUM Fee
Up to 10.00%	Performance Fee for Performance Based Fee Accounts

The fees shown above are annual fees. All accounts are charged an AUM fee. We only charge performance fees for our performance-based fee accounts, available only to qualified clients. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

In certain circumstances, advisory fees and account minimums may be negotiable based upon prior relationships as well as related account holdings.

The fees we charge will be deducted directly from your account by the custodian. We will instruct the Custodian to deduct the AUM fees on a daily basis and the performance fees from your account at the end of the calendar quarter in arrears. This performance fee will show up as a deduction on your following month's account statement from the Custodian.

Asset Management Fee Schedule- Sub-advisory Accounts

The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client engaging the Advisor for services described herein shall be required to enter into a written agreement with the Advisor.

Annual Percentage	Portfolio Size (AUM)
1.50%	Clients with under $250,000.00
1.0%	Clients with between $250,000.00 and $1,000,000.00
0.75 %	Clients with over $1,000,000.00

The fees shown above are annual fees and are inclusive of all advisory fees charged by the Subadvisor. All accounts are charged an AUM fee. Lower fees and account minimums are negotiable at the discretion of the adviser based upon factors including, but not necessarily limited to, the complexity of the Client's circumstances and the amount of Assets Under Management. No increase in the annual fee shall be effective without prior written notification to you. We believe our advisory fee is reasonable considering the fees charged by other investment advisers offering similar services/programs.

The fees we charge will be deducted directly from your account at the custodian. We will instruct the Custodian to deduct the AUM fees on a daily basis and the performance fees from your account at the end of the calendar quarter in arrears. This performance fee will show up as a deduction on your following month's account statement from the Custodian.

Fund Fee Schedule- First Hedge Pooled Investment Vehicle LLC (the Fund) and its members.

Our minimum account balance is $10,000 for investing into the Fund however this may be negotiable depending upon certain circumstances. The fee charged is based upon the amount of money you invest. Fees are charged daily, in arrears. Payments are assessed on the ending balance of the account under management for the preceding day and will be calculated as follows:

Percentage	Portfolio Size (AUM)
3.00%	All portfolios

Fees greater than 2.00% may be considered higher than industry standard.

The same or similar services may be available from a different advisor at a lower cost.

We do not charge performance-based fees for investors in the Fund.

Item 6 – Performance Based Fee and Side by Side Management

We offer performance-based fee accounts to qualified clients only. Non-qualified clients have the option to utilize our asset management services for non-qualified clients. Qualified clients are generally defined as clients having at least $1,100,000 under management of an investment adviser immediately after entering the advisory contract, or if the adviser reasonably believes the client has a net worth of more than $2,200,000 (excluding real estate) at the time the contract is entered. In measuring clients' assets for the calculation of performance-based fees, we shall include realized and unrealized capital gains and losses. If the performance of your investment exceeds the equivalent of an annualized 0% rate (the "Hurdle Rate") at the end of each calendar quarter, we will assess a performance fee of up to 10% on that part of your investment return, which exceeds the Hurdle Rate. We will look back four quarters. We will adjust all performance fees payable on a pro-rata basis to reflect any deposits or withdrawals made within a calendar quarter. Although performance fees are typically payable at the end of the calendar quarter, payments can be advanced if you make a withdrawal during the calendar quarter.

If the value of your investment has decreased at the end of a calendar quarter, we will not charge a performance fee in respect of any subsequent increases until such increases have caused your investment to exceed its previous highest value (its "High-Water Mark"). If you make subsequent deposits or withdrawals, we will adjust the High-Water Mark to reflect those deposits or withdrawals.

Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts in the allocation of investment opportunities. We have procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Client(s)

We provide discretionary portfolio management and investment services to individuals, high net worth individuals, trusts, corporations, small business owners and investment clubs, charitable institutions, foundations, endowments, IRA, Roth-IRA, family offices and business or institutional clients.

Each investor in the Fund is required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth under the federal securities laws. A limited number of "non-accredited investors" can participate under the federal securities laws.

We do impose a minimum dollar value of $115,000 on the size of account we will accept for individual accounts and $10,000 for an investment in the Fund. Under certain circumstances, we reserve the right to accept lower amounts on a case-by-case basis.

First Hedge Capital Management does not provide ERISA counsel or advice. The advisors to ERISA accounts which elect to invest in a fund should carefully review the offering memorandum.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

We use primarily use technical analysis as part of our overall investment management discipline.

1. Technical Analysis

Technical Analysis is a technique that attempts to determine a security's value by developing models and trading rules based upon price and volume transformation. Technical analysis assumes that a market's price reflects all relevant information, so the analysis focuses on the history of a security's trading behavior rather than external drivers such as economic, fundamental and news events. The practice of technical analysis incorporates the importance of understanding how market participants perceive and act upon relevant information rather than focusing on the information itself. Ultimately, technical analysts develop trading models and rules by evaluating factors such as market trends, market participant behaviors, supply and demand and pricing patterns and correlations.

In order to perform technical analysis, we use the following techniques:

- Analyze VIX
- Analyze Option expiration dates.
- Analyze risk thresholds based on option prices.
- Calculate moving averages.
- Stochastic oscillators, which incorporate support and resistance levels to determine momentum.
- Charting and chart patterns
- Supply and demand indicators
- Investor behavior and psychology

The investment strategies we use to implement any investment advice given to you include, but are not limited to:

- Long term purchases (securities held at least a year)
- Short term purchases (securities sold within a year)
- Trading (securities sold within 30 days)
- Margin Transaction
- Option writing, including covered, uncovered and spread option strategies.

As with other types of analysis, the predictive nature of technical analysis can vary greatly; models and rules are often modified and updated as new patterns and behaviors develop. Past performance is not an indicator of future return.

2. Risks

We cannot guarantee our analysis methods will yield a return. In fact, a loss of principal is always a risk. Investing in securities involves a risk of loss that you should be prepared to handle. You need to understand that investment decisions made for your account by us are subject to various market, currency, economic, political and business risks. The investment decisions we make for you will not always be profitable nor can we guarantee any level of performance.

Technical Analysis has the following risks:

- Technical analysis is derived from the study of market participant behavior and its efficacy is a matter of controversy.
- Methods vary greatly and can be highly subjective; different technical analysts can sometimes make contradictory predictions from the same data.

- Models and rules can incur sufficiently high transaction costs.

Option trading has significant risks involved. Risk is limited to the option premium (except when writing options for a security that is not already owned). However, the costs of trading options (including both commissions and the bid/ask spread) are higher on a percentage basis than trading the underlying stock. Options are also a wasting asset, meaning that their value eventually declines to zero if not exercised. In addition, options are very complex and require a great deal of observation and maintenance. Some types of option strategies involving multiple option contracts have unknown risks because the price movements between the different option contracts are not well understood.

The trading model we use requires the account holder to use Portfolio Margin or in some cases Regulation T margin.

There are several additional risks that all investors need to consider in deciding to trade securities on margin. These risks include the following:

- **You can lose more funds than you deposit in the margin account**. A decline in the value of securities that are purchased on margin may require you to provide additional funds to the firm that has made the loan to avoid the forced sale of those securities or other securities in your account.
- **The firm can force the sale of securities in your account**. If the equity in your account falls below the maintenance margin requirements under the law—or the firm's higher "house" requirements—the firm can sell the securities in your account to cover the margin deficiency. You will also be responsible for any short fall in the account after such a sale.
- **The firm can sell your securities without contacting you**. Some investors mistakenly believe that a firm must contact them for a margin call to be valid, and that the firm cannot liquidate securities in their accounts to meet the call unless the firm has contacted them first. This is not the case. As a matter of good customer relations, most firms will attempt to notify their customers of margin calls, but they are not required to do so.
- **You are not entitled to an extension of time on a margin call**. While an extension of time to meet initial margin requirements may be available to customers under certain conditions, a customer does not have a right to the extension. In addition, a customer does not have a right to an extension of time to meet a maintenance margin call.

High Frequency Trading

High frequency trading is employed in this strategy. The investment is monitored daily or more often for market changes. Frequent trades may be employed to manage the risk and/or enhance the return of the portfolio. This will cause increased commissions by the broker.

For additional information on margin in the context of online trading, investors should read Notice 9911 (February 1999) and the Securities and Exchange Commission's (SEC) Tips for Online Investing at the SEC website.

It is important that investors take time to learn about the risks involved in trading securities on margin, and investors should consult their brokers regarding any concerns they may have with their margin accounts.

DEFINITION OF 'PORTFOLIO MARGIN'

The modern composite-margin requirements that must be maintained in a derivatives account containing options and/or futures contracts. Portfolio margin accounting requires a margin position that is equal to the remaining liability that exists after all offsetting positions have been netted against each other.

Source: www.investopedia.com/terms/p/portfolio-margin.asp

Portfolio or risk based margin has been utilized for many years in both commodities and many non-U.S. securities markets, with great success. Dependent upon the composition of the trading account, Portfolio Margin may require a lower margin than that required under Reg T rules, which translates to greater leverage. Trading with greater leverage involves greater risk of loss. There is also the possibility that, given a specific portfolio composed of positions considered as having higher risk, the requirement under Portfolio Margin may be higher than the requirement under Reg T. Part of the reasoning behind the creation of Portfolio Margin is that the margin requirements would more accurately reflect the actual risk of the positions in an account. Thus, it is possible that, in a highly concentrated account, a Portfolio Margin approach may result in higher margin requirements than under Reg T. One of the main goals of Portfolio Margin is to reflect the lower risk inherent in a balanced portfolio of hedged positions. Conversely, Portfolio Margin must assess proportionately larger margin for accounts with positions which represent a concentration in a relatively small number of stocks.

Source: www.interactivebrokers.com/en/?f=margin&p=pmar

3. Fund Risks

Restrictions on Transfer

The Interests in the Fund are subject to restrictions on transfer and resale and may not be transferred or resold except as permitted under the Securities Act of 1933 and applicable state securities laws, pursuant to registration or exemption from registration. Transfer will be further restricted by the Company's Operating Agreement. Investors should be aware that they would be required to bear the financial risks of this investment for an indefinite period. Investors will be required to represent and warrant to the Company, in writing in the Subscription Agreement, that the Investor is purchasing the Interests for investment only and not with a view toward resale.

No Public Market

There is no public or other market for the sale of the Interests, nor is any such market likely to develop soon, if ever. Consequently, prospective Investors should be aware that they would be required to retain ownership of the Interests and bear the risk of economic loss for an indefinite period. Moreover, in the event an Investor was able to sell some or all the Investor's Interests, the Investor might receive less than the amount of the Investor's original investment. This makes the investment highly illiquid.

Risk of Loss

An investment in the Company is only suitable for Investors who can afford to place the entire amount of the investment at risk. There is no assurance that an Investor will realize a return on investment or that the Investor will not lose the entire investment in the Interests.

Limited Distributions

We intend but cannot guarantee that we will be able to make cash distributions of profit. Future earnings, if any, may be necessary for reinvestment. Whether we make cash distributions in the future will be at the discretion of the Manager of the Company and will be dependent upon our financial condition, results of operations, capital requirements, and any other factors that they decide are relevant. Furthermore, payment of distributions is limited by Ohio law. As a result, Investors may have to sell their Interests in order to realize their investment. As discussed above, the sale or transfer of Interests is restricted.

Tax Consequences

The Company has been structured with the intent that it will be treated as a partnership for federal income tax purposes. If treated as a partnership for federal income tax purposes, the Company as an entity will not pay federal income tax. However, the Company will file an information return annually with the IRS. Each Investor is required to report on that Investor's federal, state and local income tax returns for each year their allocable share of all items of income, gain, loss, deduction or credit of the Company for that year irrespective of whether the Investor has received any cash distributions from the Company. Further, your investment in the Company may be considered a "passive activity" under the internal revenue laws. For individuals and certain corporations having losses from "passive activities," such passive losses may be offset only against passive income.

Dilution of Ownership

The Company may issue additional Interests without the approval of the Members of the Company. The percentage ownership of the current Member and any Investors purchasing Interests pursuant to this Offering will be diluted in the event of future sales of equity or restructurings, which may be at discounts to the current Offering.

Limited Operating History

The Company is a start-up, so it has limited operating history. Our business and prospects must be considered considering the risks and uncertainties to which start-up companies are exposed.

Competition and change in our industry could adversely impact our business. Further, our operating results may fluctuate significantly. There is no assurance that our business strategy will be successful or that we will successfully address these risks and the other risks described herein.

Key Personnel

Our success depends to a significant extent on the performance and continued service of our management and key personnel. The death or loss of the services of any member of our management or key personnel or the inability to attract and retain additional management personnel or key employees could have a material adverse effect on our business.

Laws Regarding Options Trading and Investment Adviser Regulation

Some of the strategies are subject to laws, rules and regulations affecting the method, timing, circumstances and other criteria under which the investments and trades can occur. The ability of the Company to succeed will depend in large part on the Company's Manager complying with its obligations as an investment advisor and the Company complying with any laws, rules and regulations impacting its investment and trading strategies.

Operating Deficits

The expenses of operating the Fund (including our management fees) could exceed its income, requiring that the difference be paid out of the Fund's capital, reducing the Fund's investments and potential for profitability.

Market Risk

Stock market indices/indexes rise and fall daily. As with any investment whose performance is tied directly or indirectly to these markets, the value of your investment in the Company will fluctuate, which means that you could lose money.

Risks of Options Trading

In seeking to enhance performance or hedge assets, the Fund may purchase and sell call and put options in both securities markets and commodity futures markets. Both the purchasing and selling of call and put options entail risks. Although an option buyer's risk is limited to the amount of the purchase price of the option, an investment in an option may be subject to greater fluctuation than an investment in the underlying security. In theory, an uncovered call writer's loss is potentially unlimited, but in practice the loss is limited by the term of existence of the call. The risk for a writer of a put option is that the price of the underlying security may fall below the exercise price. Successful use of options will depend upon our ability to appropriately manage trading risks.

Investment is Not Insured

Your investment in the Company is not a bank deposit and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

No Independent Valuation of the Company.

The Offering price per Interest was unilaterally and arbitrarily determined by the Company without the assistance of any financial advisors and was not the subject of an arm's-length negotiation. The price is not necessarily related to the Company's asset value, net worth, earnings or any other recognized criteria of value and should not be viewed as an indication of the current or future value of the interests of the Company. The value of your Interest will directly correlate to the value of the trading account maintained by the Company and your percentage Interest in the Company.

Prospective Investors should consult their own tax advisors concerning the federal, state and local tax consequences associated with an investment in the Company considering their personal tax situations.

This Memorandum, the other documents delivered to Investors in connection with this Offering, and communications with management of the Company contain, or may contain, certain "forwarding-looking statements" about the Company and our expected operations and investment results. Forward-looking statements include information about our future financial performance, business strategy, projected plans and objectives.

NOTE: IN ADDITION TO THE ABOVE RISKS, BUSINESSES ARE OFTEN SUBJECT TO RISKS NOT FORESEEN OR FULLY APPRECIATED BY MANAGEMENT.

Item 9 – Disciplinary Information

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. We have no information to disclose here about the firm or any of our investment advisors. We adhere to high ethical standards for all advisors and associates. We strive to do what is in your best interests.

Item 10 – Other Financial Industry Activities and Affiliations

Michael Coury does not participate in other investment or securities business activities or have any outside affiliations currently. Neither First Hedge Capital Management, nor any investment adviser representatives have any relationship with a Broker-Dealer.

Robert Coury has the following outside business activities and/or affiliations to disclose.

Robert has investments in: Hedge Properties LLC which holds rental properties where he is the sole member. The activities listed are not investment related and do not involve publicly traded securities or commodity contracts.

Item 11 – Code of Ethics, Participation or Interest in Client Accounts and Personal Trading

1. General Information

We have adopted a Code of Ethics for all supervised persons of the firm describing its high standards of business conduct, and fiduciary duty to you, our client. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts, the reporting of certain gifts and business entertainment items, and personal securities trading procedures. All our supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

2. Participation or Interest in Client Accounts

We may recommend securities to you that we have purchased for our own accounts. We may trade securities in our account that we have recommended to you if we place our orders after your orders. This policy is meant to prevent us from benefiting as a result of transactions placed on behalf of advisory accounts.

The following acts are prohibited:

- Employing any device, scheme or artifice to defraud
- Making any untrue statement of a material fact
- Omitting to state a material fact necessary in order to make a statement, considering the circumstances under which it is made, not misleading.
- Engaging in any fraudulent or deceitful act, practice or course of business
- Engaging in any manipulative practices

- Participating in Client accounts

You may request a copy of the firm's Code of Ethics by contacting Robert Coury.

3. Personal Trading

We have established the following restrictions to ensure our fiduciary responsibilities to you
Are met:

- No securities for our personal portfolio(s) or the Fund shall be bought or sold where this decision is substantially derived, in whole or in part, from the role of Investment Advisory Representative(s) of First Hedge Capital Management, unless the information is also available to the investing public on reasonable inquiry. In no case, shall we put our own interests ahead of yours.

Certain affiliated accounts may trade in the same securities with your accounts on an aggregated basis when consistent with our obligation of best execution. When trades are aggregated, all parties will share the costs in proportion to their investment. We will retain records of the trade order (specifying each participating account) and its allocation. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

4. Responsibility

It is the responsibility of all supervisory personnel to ensure that we conduct business with the highest level of ethical standards and in keeping with our fiduciary duties to you. We must put your interests first and refrain from having outside interests that conflict with your interests.

5. Privacy Statement

We are committed to safeguarding your confidential information and hold all personal information provided to us in the strictest confidence. These records include all personal information that we collect from you or receive from other firms in connection with any of the financial services they provide. We also require other firms with whom we deal with to restrict the use of your information. Our Privacy Policy is available upon request.

6. Conflicts of Interest

Performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee-paying accounts over other accounts. We have procedures to help ensure that you are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Advisors of First Hedge Capital Management may employ the same strategy for their personal investment account as they do for clients. However, they do not place orders in a way to benefit from the purchase or sale of a security.

We act in a fiduciary capacity. If a conflict of interest arises between us and you, we shall make every effort to resolve the conflict in your favor. Conflicts of interest may also arise in the allocation of investment opportunities among the accounts that we advise. We will seek to allocate investment opportunities according to what we believe is appropriate for each account. We strive to do what is equitable and in the best interests of all the accounts we advise.

7. Use of Disclaimers

We shall not attempt to limit liability for willful misconduct or gross negligence through the use of disclaimers.

Item 12 - Brokerage Practices

1. Soft Dollars

We may receive certain benefits from broker-dealers or custodians such as interface software, investment research or invitations to attend seminars and conferences. Since these benefits are paid for with clients' commissions or assets known as "soft dollars" and we could potentially select a particular broker-dealer/custodian to receive these benefits, this represents a conflict of interest. However, it is not a factor in the selection of a broker-dealer/custodian. We only select broker-dealers/custodians when it is in the client's best interest based on overall qualitative execution.

Another potential conflict of interest is that research and services acquired with soft dollars may or may not be used across our entire client base and client accounts may not benefit equally from research derived from soft dollars.

2. Aggregating Orders

We intend to invest all client assets allocated to the same Style identically, which means we will attempt to execute all trade orders within a "Style" as one or more block trades. This may cause a potential conflict of interest among the accounts especially if the execution of a block trade order results in a partial fill. In order to address conflicts, we have adopted standards and procedures in allocating the securities from a block trade in order to provide an objective and equitable method of trade allocation so that all our clients are treated fairly.

3. Brokerage for Client Referrals

We do not receive any compensation or incentive for referring you to broker-dealers for brokerage trades.

4. Directed Brokerage

We require you to custody assets with Interactive Brokers, LLC ("Interactive Brokers") and will execute all trades through Interactive Brokers. We have selected this broker as our custodial broker-dealer based on our belief that Interactive Brokers currently has the "best execution" and operational expertise to facilitate transactions in your account in an efficient and effective manner. Nevertheless, we will periodically evaluate the commissions charged and services provided by comparable broker-dealers with those of Interactive Brokers in order to determine if we should use other broker-dealers as an alternative.

Not all advisory firms require you to direct brokerage to a specific broker-dealer. We have an obligation to seek best execution for you. In seeking best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Broker-Dealer's services including the value of research provided, execution capability, commission rates, and responsiveness. Therefore, we will seek competitive commission rates, but we may not obtain the lowest possible commission rates for account transactions.

By directing brokerage trades to Interactive Brokers, you may pay higher fees or transaction costs than those obtainable by other broker-dealers. In most cases, we believe you are paying a discounted and reasonable rate. You may pay higher or lower fees if you select another broker-dealer.

Generally, we will not negotiate lower rates below the rates established by the executing broker-dealer for this type of directed brokerage account, unless we believe that such rate is unfair or unreasonable for the size and type of transaction. We believe that Interactive Brokers pays industry standard commissions on transactions they handle for us. These commissions are reasonable and customary. Transactions for each client account generally will be affected independently unless we decide to purchase or sell the same securities for several clients at approximately the same time. We may (but are not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among our clients' differences in prices and commission or other transaction costs. Under this procedure, transactions will be price-averaged and allocated among our clients in proportion to the purchase and sale orders placed for each client account on any given day.

The selection of a broker will be made by the advisor in the best interest of that client's situation.

Item 13 – Review of Accounts

1. Reviews

Reviews will be conducted by us at least annually or as agreed to by us. We generally review all trading activity on a daily basis, perform a quarterly review of all accounts, and conduct an annual review with clients. You may request more frequent reviews and may set thresholds for triggering events that would cause a review to take place. Generally, we will monitor for changes and shifts in the economy, changes to the management and structure of a mutual fund or company in which client assets are invested, and market shifts and corrections.

2. Reports

You will be provided with account statements reflecting the transactions occurring in the account on at least a quarterly basis. These statements will be written or electronic depending upon what you selected when you opened the account. You will be provided with paper confirmations for each securities transaction executed in the account. You are obligated to notify us of any discrepancies in the account(s) or any concerns you have about the account(s).

Item 14 – Client Referrals and Other Compensation

We do not receive any compensation for referring clients to another advisor. We do pay compensation to other Advisor(s) and Solicitors if they refer clients to us. These solicitors may or may not be licensed as Advisors depending on the applicable State law that applies to the Solicitor and the client. Compensation is generally based on a percentage of the AUM fees collected from the client. Each client is advised of the arrangement specific to his or her solicitor before executing an advisory contract with us. We will comply with all securities laws in the use of these solicitors.

Item 15 – Custody

We have investment discretion over the Fund’s assets, in accordance with the Fund’s respective offering documents. In all cases, however, this discretion is exercised in a manner consistent with stated investment objectives in accordance with the Private Placement Memorandum for the Fund. The Adviser and the Fund are under common ownership and the Adviser is considered to have custody of the Fund assets. However, the assets are held at a qualified custodian and the Fund will undergo a audit annually.

We do not have physical custody of any other accounts or assets. However, we may be deemed to have custody of your account(s) if we could deduct your quarterly or monthly fees from the custodian. We use Interactive Brokers as the custodian and/or broker-dealer for all your accounts. You should receive at least quarterly statements from the broker-dealer or custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare this official custodial record to the account statements that we may provide to you. If you notice any discrepancies, please contact Robert Coury.

Item 16 – Investment Discretion

We receive discretionary authority from you at the beginning of an advisory relationship to select the identity and number of securities to be bought or sold. This information is described in the Advisory Agreement you sign with us. In all cases, however, this discretion is exercised in a manner consistent with the stated investment objectives for your account.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, we do not have any authority to and do not vote proxies on behalf of advisory clients. You retain the responsibility for receiving and voting proxies for any and all securities maintained in your portfolios. We may provide advice to you regarding your voting of proxies. We are authorized to instruct the Custodian to forward you copies of all proxies and shareholder communications relating to your account assets.

Item 18 – Financial Information

We are required to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that would impair our ability to meet any contractual and fiduciary commitments to you, our client. We have not been the subject of any bankruptcy proceedings.

Item 19 – Requirements for State Registered Advisers

Part A

Please refer to the Part 2B attached.

Part B

Please refer to the Part 2B attached.

Part C

Please refer to the Part 2B attached.

Part D

Please refer to the Part 2B attached.

Part E

Please refer to the Part 2B attached.

There are two principals of First Hedge Capital Management Capital Management, Managing Member Michael Coury, and Chief Compliance Officer Robert Coury. Mr. Michael Coury was born in 1985. Mr. Robert Coury was born in 1950.

ADV Part 2B Brochure Supplement - Michael Coury

Item 1 - Cover Page

Michael Coury

First Hedge Capital Management

www.firsthedgecapital.com

338 Caboose Ln

Delaware, OH 43015

614-394-3318

This brochure supplement provides information about Michael Coury and supplements the First Hedge Capital Management brochure. You should have received a copy of that brochure. Please contact Robert Coury if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about First Hedge Capital Management is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Year of Birth: 1985

Education

Bachelor's degree, Family Financial Services: Money and Banking 2010
The Ohio State University, Columbus, Ohio

Business History

September 2013 – Present Managing Member at First Hedge Capital Management

October 2010 – September 2013 Managing Member at First Hedge LLC

January 2004 - October 2010 Student at The Ohio State University

Item 3 – Disciplinary History

Neither First Hedge Capital Management nor Michael Coury has any disciplinary history to disclose.

Item 4 – Outside Business Activities

As noted in item 10 "Other Financial Industry Activities and Affiliations" above, Michael Coury has no outside business activities.

Item 5 – Additional Compensation

Michael Coury does not receive any other compensation for advisory services.

Item 6 – Supervision

Michael Coury is a Managing Member, and reports to Chief Compliance Officer Robert Coury. Robert Coury performs all supervisory duties for the firm and can be contacted at phone number 614-778-3916.

Item 7 – Requirements for State-Registered Advisers

Michael Coury has no reportable events to disclose here.

Performance Fees

As disclosed in "Item 6 – Performance Based Fee and Side-by-Side Management, we do charge a performance-based fee (fees based on a share of capital gains on, or capital appreciation of, the assets of a client) for our normal asset management accounts.

Other Relationships

Neither the firm nor Michael Coury has any relationship with any issuer of securities.

ADV Part 2B Brochure Supplement - Robert Coury

Item 1 - Cover Page

Robert Coury

First Hedge Capital Management
www.firsthedgecapital.com
338 Caboose Ln
Delaware, OH 43015

614-778-3916

614-778-3916 Direct

This brochure supplement provides information about Robert Coury and supplements the First Hedge Capital Management brochure. You should have received a copy of that brochure. Please contact Robert Coury if you did not receive the brochure or if you have any questions about the contents of this supplement.

Additional information about Robert Coury is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Educational Background and Business Experience

Year of Birth: 1950

Education

Bachelor of Science in Chemistry Wright State University, Dayton Ohio	1972

Business History

September 2013 – Present	Chief Compliance Officer and Managing Member at First Hedge Capital Management
1997 – October 2013	President at Trio Custom Homes

Item 3 – Disciplinary History

Neither First Hedge Capital Management nor Robert Coury has any disciplinary history to disclose.

Item 4 – Outside Business Activities

As noted in item 10 "Other Financial Industry Activities and Affiliations" above, Robert Coury has the following outside business activities and/or affiliations to disclose. Robert has investments in: First Hedge LLC as a client of First Hedge Capital Management LLC and Hedge Properties LLC which holds rental properties whereas he is the sole member. The activities listed are not stock market investment related, and do not involve publicly traded securities or commodity contracts.

Item 5 – Additional Compensation

Robert Coury does not receive any other compensation for advisory services.

Item 6 – Supervision

Robert Coury is the Chief Compliance Officer and Managing Member and performs all supervisory duties for his firm.

Item 7 – Requirements for State-Registered Advisers

Robert Coury has no reportable events to disclose here.

Performance Fees

As disclosed in "Item 6 – Performance Based Fee and Side-by-Side Management, we do charge a performance-based fee (fees based on a share of capital gains on, or capital appreciation of, the assets of a client) for our normal asset management accounts.

Other Relationships

Neither the firm nor Robert Coury has any relationship with any issuer of securities.

Glossary of Key Terms

Advisor – Your individual representative at First Hedge Capital Management

Asset Allocation – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate, and cash, to optimize the risk/reward tradeoff based on an individual's or institutions specific situation and goals, a key concept in financial planning and money management.

Asset-class investment portfolios – An asset class is a grouping of similar investments whose prices tend to move together. Asset classes can be defined on a very general level, such as stocks or on a more specific level, such as American silver producing companies. The concept of asset classes is important because one of the goals when building an investment portfolio is to use different asset classes which are not correlated with each other.

Investment Adviser — generally, a person or entity who receives compensation for giving individually tailored advice to a specific person on investing in stocks, bonds, or mutual funds. Some investment advisers also manage portfolios of securities, including mutual funds.

Investment Goals – objective or target, usually driven by specific future financial needs. Some common goals for an individual are saving for a comfortable retirement, saving to send children to college, managing finances to enable a home purchase, minimizing taxes, and maximizing return on investments given a certain risk tolerance, and estate or trust planning.

Investment Objectives – The financial goal or goals of an investor. An investor may wish to maximize current income, maximize capital gains, or set a middle course of current income with some appreciation of capital. Defining investment objectives helps to determine the investments an individual should select.

Margin — borrowing money (usually using securities you already own as collateral) that is used to purchase securities.

Option Contracts — Options are a type of derivative; derivatives are securities whose prices are derived from the price of an underlying asset or group of assets. The most common underlying assets are equities, debt, commodities and currencies; option contracts also exist for indices and interest rates Options consist of a type (call or put), a strike price (the price at which the underlying asset is delivered), a premium (the price a buyer pays the seller for the option contract) and an expiration date. Options come it two types:

- **Calls: Calls provide buyers, also known as holders, the right (but not the obligation) to purchase a specified amount of the underlying asset from the Seller. Calls obligate sellers, also known as writers, to sell a specified amount of the underlying asset to the buyer at the strike price.**
- **Puts: Puts provide buyers, also known as holders, the right (but not the obligation) to sell a specified amount of the underlying asset to Seller. Puts obligate sellers, also known as writers, to buy a specified amount of the underlying asset from the buyer at the strike price.**

For each type of option, the buyer may exercise his or her right prior to or at expiration. For stock options, the amount covered by the option is usually 100 shares. If the stock option contract is exercised, the writer is responsible for fulfilling the terms of the contract by delivering the shares to the holder. In the case of a security that cannot be delivered such as an index, the contract is settled in cash. For the holder, the potential loss is limited to the price paid to acquire the option. When an option is not exercised, it expires. No shares change hands and the money spent to purchase the option is lost. For the buyer, the upside is unlimited. Option contracts, like stocks, are therefore said to have an asymmetrical payoff pattern. For the writer, the potential loss is unlimited for uncovered calls and limited to the strike price less the premium received for uncovered puts. For the option writer, gains are limited to the payment received for the options. Option writers can also write covered options, meaning that the writer already owns or has sold the security underlying the option. Option contracts are most frequently utilized to increase leverage or provide downside protection on an underlying asset. As leverage, options allow the holder to control equity in a limited capacity for a fraction of what the shares would cost. The difference can be invested elsewhere until the option is exercised. As protection, options can guard against price fluctuations in the near term because they provide the right acquire the underlying stock at a fixed price for a limited time. Risk is limited to the option premium (except when writing options for a security that is not already owned). However, the costs of trading options (including both commissions and the bid/ask spread) are higher on a percentage basis than trading the underlying stock. Options are also a wasting asset, meaning that their value eventually declines to zero if not exercised. In addition, options are very complex and require a great deal of observation and maintenance. Some types of option strategies involving multiple option contracts have unknown risks because the price movements between the different option contracts are not well understood.

Portfolio — an individual's or entity's combined holdings of stocks, bonds, or other securities and assets.

Risk Tolerance – the extent to wish an investor is willing to accept more risk in exchange for the possibility of a higher return. An investor with a high-risk tolerance is likely to invest in securities, such as stocks in startup companies, and is willing to accept the possibility that the value of his/her portfolio will decline, at least in the short-term. An investor with a low risk tolerance, on the other hand, tends to invest predominantly in stable stocks and/or highly graded bonds. One's risk tolerance is subjective and may vary according to age, needs, goals, and even personal disposition.