

Nella Investment Advisers



Nella Investment Advisers – Internet Adviser Brochure

Overview

The general scope of the services to be performed includes:

- 1) Provide services agreed to in the '**Services Provided**' section below
- 2) Recommend portfolio hedging strategies
- 3) Executing the **Hedging Strategy** described below

Services Provided

Nella Investment Advisers (Adviser) will perform **Investment Adviser** services via the NellaAdvisers.com web portal. The services provided are outlined above in the '**Overview**' section. The specific details related to the services provided are explained below in '**Portfolio Hedging**'. Proposed compensation terms are listed in the '**Compensation**' section.

Internet Only Investment Adviser

- The definition of “internet only” Investment Adviser clients must receive investment advice exclusively through an interactive website
- An Internet Adviser’s interactive website must provide advice through computer-based models or applications based on personal information supplied by the client

Objective

Provide securities portfolio hedging strategies to maximize investor returns and eliminate risk, hence the word "hedge."

Capital Investment

Investors should have a minimum \$10,000 in investment securities

Hedging Plan

Market Neutral Hedging Strategy

Adviser will apply a 'Market Neutral' hedging strategy to client's investment portfolio. The logic for utilizing Market Neutral strategies is that we do not need to anticipate market direction, whether stocks go up or down is not important. An investment strategy or portfolio is considered market-neutral if it seeks to avoid or mitigate market risk, typically by hedging. One of the main advantages of the market neutral strategy is the emphasis on hedging; this has been particularly useful over the past five years. While investment funds utilizing other strategies have underperformed the market during that time, most market neutral portfolios have performed above the average of other equity funds due to the emphasis on limited risk taking.

Technical Analysis

Technical Analysis - a method of evaluating investments by analyzing statistics generated based on market activity, such as past prices and volume. Technical analysts do not rely on investments intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance. Our primary hedging strategy is based on Technical Analysis

Type of Option Hedges

Long Calls

- The primary strategy of buying call contracts is to realize financial reward from an increase in the price of the underlying stock.

Bear Call Spread

- Options strategy used when the underlying stock is expected to stay below a specific price.

Long Put

- The primary motivation of buying put contracts is to realize financial reward from a decrease in price of the underlying.

Bull Put Spread

- Options strategy used when the underlying stock is expected to remain above a specific price.

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Combination Strategies

- Additional strategies are utilized to trade either bullish or bearish price moves in the underlying stock. Hedges involving various combinations of call and put contracts are used for trade adjustments and/or minimize the cost of a trade

Holding Period

Monthly option contracts – typically 3 weeks to 1 year

Hedge Entry Strategy

- 1) Daily review of stock charting and analysis tools to evaluate and set up potential option hedges
- 2) Daily analysis of individual investments in the portfolio to evaluate exit strategies or trade adjustments.

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Disclosure

Trading securities and options involves risk. Past results are not necessarily indicative of future performance.

Adviser has no discretion over investor funds or trading account

Nella Investment Advisers (Adviser) is not a securities brokerage firm, has a pending Registered Investment Adviser (RIA) application with the SEC, and is a private firm established to provide investment services including technical and fundamental analysis, trade evaluation and execution.

Adviser is not affiliated with any brokerage firm or investment company.

Compensation

- Nella Investment Advisers only charges investors a monthly subscription fee based on the amount of securities to be hedged
- The Adviser does NOT receive any other commissions or fees
- The Adviser is not related to any brokerage firm or investment company