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LOURDMURRAY

March 21, 2016

Michael Lee
Chief Operating Officer
LourdMurray
9777 Wilshire Blvd., Ste. 1018
Beverly Hills, CA 90212

Mr. Brent J. Fields
Secretary, Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Dear Mr. Fields:

My name is Michael Lee, and I am the Chief Operating Officer of LourdMurray, a Registered Investment Advisor with offices in Beverly Hills, CA and New Orleans, LA. We have approximately $3 Billion in assets under management with over 300 clients.

We am writing to you in response to several articles that were published in the financial press in December regarding proposed changes by the Securities and Exchange Commission (SEC) concerning the use of derivatives in financial products such as mutual funds and Exchange-Traded Funds (ETFs).

As a fiduciary, LourdMurray has a responsibility to manage its clients' portfolios in a manner which balances long-term capital appreciation with management of short-term risk. The latter consideration is especially important in light of significant financial events, such as the Lehman Brothers bankruptcy, but also general market volatility, especially that of Equity markets.

While we use Fixed Income assets as a means of controlling risk in our clients' portfolios, we have increasingly used Alternative Investments as a further means of increasing risk-adjusted returns. These alternative investments typically have low to near-zero correlation of returns to those of traditional Equity and Fixed Income markets.

Because we place a high value on liquidity in any vehicles in which we invest, the alternative investments we use are in the form of liquid instruments, such as (SEC) 1940-act mutual funds, as opposed to illiquid instruments such as hedge funds and private equity.

In order for said mutual funds to meet their stated goals of liquidity while providing appropriate targeted volatility levels, the use of derivatives is both necessary and desired. We believe that the use of derivatives, when properly employed, should not only be permitted by the SEC, but should be encouraged as part of a holistic investment strategy.

If the SEC places limits on the use of derivatives that can be employed by prudent managers of liquid alternative mutual funds, the result could be highly detrimental to the management of our client portfolios. As a result, our goal of providing well-designed portfolios as a fiduciary would be severely challenged.

We should note that two well-respected professional organizations in the financial services industry, the Chartered Financial Analyst (CFA) Institute and Chartered Alternative Investment Analyst (CAIA) Association include significant coverage of derivatives in the curriculums of their respective programs. The fact that the CFA Institute and CAIA Association teach derivatives to their charterholders indicates that derivatives are a well-accepted instrument to be used in the management of client portfolios.

We find your organization's desire to provide individual investors with protection against unscrupulous practices by certain fund managers who use derviatives to be highly laudable. There is no question that some fund managers use derivatives inappropriately, but such use has been isolated to a very small number of ETFs which the vast majority of prudent portfolio managers, including LourdMurray, have no intention of ever using.

In summary, we believe the proposed rule limited the use of derivatives in all mutual funds and ETFs is reaching too far in its intention to reign in all fund managers. We believe that liquid alternative fund managers should be fully allowed to continue using derivatives in managing their portfolios as this would serve individual investors in the best manner, a goal for which we ultimately believe that you and the SEC in general is ultimately trying to strive.

Sincerely,

Michael Lee
Chief Operating Officer,
LourdMurray