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To Whom It May Concern:

I'm writing to express my firm's opposition to proposed regulations on the use of leveraged and inverse funds under Release No. 34-87607. We are an SEC-registered investment advisory firm with over 700 clients in 40 states and approximately $646 million in assets under discretionary management.

From an investment perspective, inverse funds play an important role in the proprietary investment strategies we use to protect client portfolios. The ability to offset the equity risk of portfolios (hedge) in a rapidly declining market offers the following advantages:

1. A much quicker, more efficient, and less expensive method than selling all individual equity funds in the portfolio. It is also less disruptive to the mutual fund families' operations.
2. The ability to extend the holding period of a fund that is near its 12-month holding period for long-term capital gain treatment, as opposed to selling the fund and incurring a short-term capital gain.
3. An opportunity to profit from declining markets without resorting to the use of put options or short selling of individual stocks.

Leveraged funds offer the opportunity to magnify returns without having to resort to riskier methods such as futures or margin accounts.

From the operational and financial perspectives, we believe this will place an unnecessary burden on firms like ours, including increased staffing costs related to the collection of extensive personal financial information for both new and existing clients. Additionally, this proposal fails to offer any guidance for advisors on how to use that information to determine client suitability; without such guidance, advisors risk being held accountable by an examiner for incorrectly determining suitability, when that finding is based solely on the examiner's (totally) subjective opinion.

In summary, we believe this proposed regulation is bad for both investors and advisors and urge the SEC to discard it.

Respectfully,

James E. Joseph, CFP®
President