

Weekly Rep Call

Click [HERE](#) to listen to the recording of this week's rep call.

Do YOU have a topic you would like discussed on the next call?
Let us know! Contact your OSJ, or reply to this E-mail.

Call Notes (Click on the [red](#) links to learn more):

Compliance/Administration

- Alternative Investments Tips & Tricks:

- [AI Insight Training](#) must be completed prior to submission
- 1031 exchanges must be pre-approved by regional director (work with your OSJ to obtain pre-approval)
- If financials are for the household, all current and pending alternative investments, preferred stocks, and interval funds for the household are listed
- Concentration must be within Cambridge guidelines and state guidelines - make sure to check if total concentration AND category concentration are within guidelines for your client's investor classification
- Cambridge Concentration Guidelines

Alternative Investments

<u>Investor Qualification</u>	<u>Alternative Category</u>	<u>Total Alternative Funds</u>
Public Investor	10% of NIA	15% of NIA
Accredited Investor	15% of NIA	20% of NIA
Qualified Client	15% of NIA	20% of NIA
Qualified Purchaser	15% of NIA	20% of NIA

Interval Funds

<u>Investor Qualification</u>	<u>Individual Interval Fund</u>	<u>Total Interval Funds</u>
Public Investor	10% of NIA	20% of NIA
Accredited Investor	10% of NIA	20% of NIA
Qualified Client	10% of NIA	20% of NIA
Qualified Purchaser	10% of NIA	20% of NIA

Combined Alternative Investments and Interval Funds

<u>Investor Qualification</u>	<u>Total combined Alternative Investments and Interval Funds</u>
Public Investor	25% of NIA
Accredited Investor	35% of NIA

Qualified Client	35% of NIA
Qualified Purchaser	40% of NIA

- Include an accurate/detailed description showing that potential benefits are balanced with risk and why the product is suitable
 - According to Cambridge: "The Purpose of the Statement of Suitability section should include a description of why the product is suitable for the client. A detailed description of how the product being purchased fulfills this purpose. If the description is missing, does not relate to the specific client's situation, or is vague, we ask that you reach out for additional detail. Make sure to include this information when you submit the purchase"
 - If income is part of the rationale, be sure that the paperwork includes a disclosure that income from the product is not guaranteed
- Ensure that the share class selected on the application matches commission or commission waived on disclosure form
- If the client is purchasing the alternative investment at NAV and holding it in a managed account, there must be other manageable assets within the portfolio that the advisor can actively manage. Cambridge does not consider cash, cash equivalent, or alternative investments to be manageable assets.
 - Must maintain a 1:1 ratio
 - If managing outside holdings, make sure to make a note of this on the paperwork
- Be sure to fill out the investment exchange section if any liquidations have occurred to fund the transaction
- Include funding source in submission (check, transfer paperwork, letter of transaction, etc.)
- Account time horizon generally should be five to 10 years, or more
- Risk tolerance generally should be moderate or higher
- Oil and gas products:
 - Cannot be purchased in a qualified account
 - Must have speculation as a primary or secondary investment objective
 - Cannot be purchased at net asset value (NAV) and charge a fee through a brokerage account

Practice Management

- Closing comments on planning for 2020

- Take a Saturday - put your plan into writing
 - Keep it in your sights, use it as a guide when deciding which activities to pursue in 2020
 - Prioritize succession planning & growth
- Thank you all for your continued collaboration and participation! We look forward to sharing another successful year together as we ring in new decade!

Save the date!

- The 2020 branch meeting will take place March 11th-13th at the Reunion Resort in Florida - more details to follow!

Larry L. Qvistgaard
President
Duncan Advisor Resources

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