

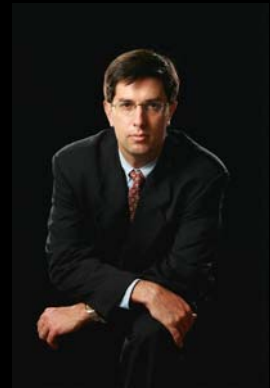
 Sidoxia Capital Management, LLC

## Slome Does *Business Beat Live* Interview



### [Click Here to Watch TV Interview](#)

President and Founder of Sidoxia Capital Management, Wade Slome, recently sat down with *Business Beat Live* host, John Troland, to discuss Slome's book [How I Managed \\$20,000,000,000.00 by Age 32](#), his investment career, wealth creating strategies, along with other important financial issues. John Troland may be no Larry King, however he has hosted *Business Beat Live* for 15 years and interviewed prominent professionals such as Maria Bartiromo (CNBC) and Alan Dershowitz (O.J. Simpson attorney), among other recognized experts and authors.



Wade W. Slome, CFA, CFP  
Author of [How I Managed \\$20,000,000,000.00 by Age 32](#)

Mr. Slome is also the media go-to resource - he has been seen on [ABC News](#) and quoted in the [USA Today](#), [New York Times](#), [Dow Jones](#), [Investor's Business Daily](#), [Bloomberg](#), [Smart Money](#), among other media publications.

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## Quarterly Update (June 2009)\*



Investors will have a happier demeanor on their face when they open their June 2009 investment statements. The broad measured stock indexes rallied significantly in the second quarter, as measured by the S&P 500 Index and the Dow Jones Industrials Index (+15% and +11%, respectively).

Technology was on a tear during the quarter with the tech-heavy NASDAQ index posting a +20% gain. The GDP declines (-5.5% in Q1) and unemployment increases (+9.4% in May)

still paint a weak economic picture and estimates for Q2 GDP declines generally expect a more palatable drop in the -1% to -3% range. However, in the June quarter, investors chose to anticipate a recovery by rotating into early-cycle sectors like Transportation (Dow Jones Transportation index +20%) and Consumer Discretionary (S&P Retail Index +41% since the March 9th low). After the BXC Index (KBW Banking Index) fell by over -85% from its peak two years ago, the index catapulted +30% in the recent quarter. As investors' appetites for risk rose from depressed levels, they sold out of traditionally less volatile groups like Healthcare and Consumer Staples, which underperformed the S&P500, squeezing out more modest gains of +7% and +13%, respectively.

On a geographic basis, international markets performed better in general. For example, Latin America and the Emerging Markets were on fire posting gains of about +30% for the quarter.

Shifting to commodities, crude oil and gasoline prices advanced sharply in the quarter by about +40%, while more subdued changes were seen in gold of around+2% and corn -3%. Inflation has been relatively subdued despite the government's fiscal and monetary stimulus and the volatility in commodity prices. I love it when smart investors like Marc Faber are calling for Zimbabwe-like hyper-inflation, and Nobel Prize economist Paul Krugman is more concerned about longer term deflation. I fall into the inflationary-pressure camp, and the move from 2.69% on the 10-Year Treasury Note to 3.52% supports my view in the short-run.

What next? The freefall in financial markets seems to have slowed and signs of improving credit markets augur well for improved flow of financing. Investors are also eyeing the impact of the federal stimulus funding, which has been slow to leak out thus far. More evidence of "shovel ready" projects receiving funding is certain to filter through the media outlets. The administration hasn't been bashful about the spending, so I'm sure we will hear more about job-stimulating projects throughout the summer.

\*(All return figures mentioned above exclude dividend/interest payments)



[Read Wade Slome's Articles on WSJ](#)  
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## Why Sidoxia?



### Experience

Mr. Wade W. Slome managed one of the 10 largest growth funds in the country, at times exceeding \$20 billion in assets under management during his tenure.

Mr. Slome possesses a master's degree from Cornell University in business administration (MBA) with a concentration in finance.

Mr. Slome holds the highly regarded CFA (Chartered Financial Analyst) investment designation.

Mr. Slome maintains the respected CFP® (CERTIFIED FINANCIAL PLANNER) certification.

Bloomberg identified Mr. Slome as the 2nd youngest manager among the largest 25 actively-managed U.S. mutual funds in 2005.

### Strategy & Focus

Sidoxia focuses on diversified, tax-efficient, and low-cost investment portfolios, with the goal of achieving superior after-tax, risk-adjusted returns.

### Seminars / Events

### Sidoxia Press

## "Creating Your Financial Playbook"

**SAVE DATE (8-12-09)**



**Annette Di Bello**

[www.dibellocpa.com](http://www.dibellocpa.com)

**Tax Planning**

**Shadi A. Shaffer**

[www.pslawyers.com](http://www.pslawyers.com)

**Estate Planning**

**Wade W. Slome**

[www.Sidoxia.com](http://www.Sidoxia.com)

**Investments**

In these volatile times it's more important than ever to stay on top of your financial future. Reserve your spot and receive the critical, expert advice needed to create your customized financial playbook in the areas of Tax Planning, Estate Planning, and Investments.

**Date:**

Tuesday, August 12, 2009\*

**Location:**

14661 Franklin Avenue, Suite 150, Tustin, CA 92780

**Time:**

5:30 p.m. - 7:30 p.m. PST

\*Hors d'oeuvres and refreshments will be served.

Seating is limited, so please so please R.S.V.P. to [\*\*info@Sidoxia.com\*\*](mailto:info@Sidoxia.com) or contact the offices of Sidoxia Capital Management at [\*\*949.258.4322\*\*](tel:949.258.4322) to reserve your spot. See you soon!

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## The Dirty Little Secret Shrinking Your Portfolio



**T**here's a dirty little secret in the investment industry and it's called "fees". I constantly interact with investors from all walks of life and inevitably the topic turns to fees. Although they may know the daily price of the Starbucks coffee they buy down to the penny, when I ask them about the hundreds or thousands of dollars they are paying in fees and expenses, I get the proverbial deer in the headlights glare. Who can blame them when they are effectively forced to hire a lawyer to decipher the layers of costs buried in thick legal client documents? These fees and expenses include, but are not limited to, load fees, management fees, 12b-1 fees, trading commissions, soft dollars, surrender charges, administrative charges, bid-ask spread, impact costs along with other kitchen sink charges (enough to make your head spin).

Are the fees worth the price? The short answer is NO. On average 75% of professional managers underperform the benchmarking strategy, which I call the "do-nothing" or passive indexing approach. Standard & Poor's SPIVA division (S&P Indices Versus Active Funds) discovered the following over the five year market cycle from 2004 to 2008:

- S&P 500 outperformed 71.9% of actively managed large cap funds;
- S&P MidCap 400 outperformed 79.1% of mid cap funds;
- S&P SmallCap 600 outperformed 85.5% of small cap funds.

Most individuals would be better served by purchasing a diversified basket of low-cost, tax efficient index funds or ETFs (Exchange Traded Funds). Unfortunately, the deafening noise and chest thumping from the ever-changing top 25% of investment managers muddies the waters for rational investment decision makers. Proprietary algorithms, can't-lose strategies (ala Bernie Madoff), pretty pie charts, and a rosy story explaining a path of future outperformance are typically used as smoke and mirrors to confuse unsuspecting investors into unwanted decisions. For the day-trading addicts, financial intermediaries peddle their unique software in commercials with flashing light and hip music, touting the newest bells and whistles that will catapult the masses into riches.

What's the solution? Well, if you have the time, discipline, and emotional make-up then you should call the manufacturers of low-cost index funds and ETFs (Exchange Traded Funds) like Vanguard Group, PowerShares or iShares and construct a diversified equity and fixed income portfolio. I recommend rebalancing client portfolios periodically subject to your objectives, constraints, risk tolerance and changing circumstances.

If you don't have the time, discipline, or emotional make-up necessary to manage your investments, then interview a group of "fee-only" advisors who have no conflicts of interest and subscribe to a diversified, low-cost, tax efficient strategy (for disclosure purposes, Sidoxia Capital Management is a fee-only advisor).

Regardless of portfolio management choices, do yourself a favor and ask your broker/advisor or investment company what you are paying in fees/expenses. It's your money and you deserve answers, despite the dirty little secret that pervades the industry.

## Investing Caffeine Has One Month Anniversary



[www.InvestingCaffeine.com](http://www.InvestingCaffeine.com)

Wow, my blog has been an exciting ride since its launch last month. Blog subscribers have been on the rise, including a ramp to almost 2,000 hits in one day last week for my article written about Doug Kass (Kass Attempts the "Triple Lindy").

Here are some other articles that I have posted to my blog...enjoy:

- [Healthcare Reform: The Brutal Reality of Aging Demographics](#)
- [Water...the Next Oil?](#)
- [U.S. the Next Zimbabwe? Faber Thinks So...](#)
- [Tilson on Housing, "The Fat Lady Has Not Sung"](#)
- [Debt: The New Four-Letter Word](#)
- [Steepening Yield Curve - Disaster or Recovery?](#)

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