

Sidoxia Capital Management, LLC

Miracle on Pennsylvania Avenue?



What a miraculous act of bravery and leadership, conducted by pilot Chesley B. "Sully" Sullenberger, to successfully carry out the treacherous crash-landing of US Airways Flight 1549 into the Hudson River. What the U.S. economy needs now is a "Miracle on Pennsylvania Avenue." This time it won't be Mr. Sullenberger managing the crashing economy, but instead President Barack Obama will be the pilot. Accompanying the President will be co-pilot Timothy Geitner (Treasury Secretary) and flight attendant Ben Bernanke (Federal Reserve Chairman).

Unfortunately for pilot President Obama, the once soaring economic engines of growth have not been hit by a double bird strike, but rather a double smacking of excess corporate/consumer greed and leverage (debt). Distressed passengers are fully panicked and have already assumed crash positions, and responsibility lies on President Obama's shoulders to find the right balance of fiscal stimulus and monetary initiatives to guide the economy back in one piece to a safe and healthy landing.

Before the next flight attempt of the economy, attentive regulators will make sure to install newly-created engine screens to filter out any greedy bankers or irresponsible borrowers, in order to prevent further economic engine failures in the future. For the sake of our economy and our future, Republicans and Democrats alike are banking (no pun intended) on this pilot pulling off a miracle landing - the alternative scenario is not an option.



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 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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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

Sidoxia & Slome Hit National Airwaves



As part of his [Virtual Book Tour](#) (newly UPDATED), Wade Slome, author of *How I Managed \$20,000,000.00 by Age 32*, stopped by with radio host Paul Lawrence Vann to discuss his book and career.

[CLICK HERE TO LISTEN TO RADIO INTERVIEW](#)

Monthly Message



Saying economic times are challenging is like saying the sky is blue. The market already knows times are tough. The question becomes, how much bad news is the market already factoring into currently depressed asset prices? Is the market factoring in 9-10% unemployment? How much lower can bank stock prices go? Banking institutions like Citigroup and Bank of America have already seen their stock prices chopped by more than 90% from peak levels. Even if I try, I find it difficult to fall off the floor. Do we

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.

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recall the 1982 market when unemployment reached 10.8% (we just hit 7.2% in December '08) and the Fed Funds rate (the rates charged for interbank lending) back then hit 20%, and that "bear" market was down a measly 30%? Compare that bruising damage to the recent November '08 battering that reached more than -50%. Seems to me, even with worse inevitable fundamentals coming (rising unemployment, foreclosures, bankruptcies, etc.) this is NOT new news. Sure, if we creep up to 11, 12, 13% unemployment, then I'm willing to concede, "Houston we have a [worse] problem." Until then, we are well within range of weakness experienced in post-World War II recessions.

We all love to talk about the stock market, but is there a reason the "press" has not balanced the endless depressing commentary with the growing positive developments? For one, has anyone spent time explaining the recent bond market developments? A few short years ago in 2006, the "inverted yield curve" tea leaves proved to be an exceptional leading indicator predicting the eventual recession we are living through now. What do you know, we are now seeing the opposite of the inverted yield curve - the yield curve is now steepening (long term interest rates are higher than short term rates and the spread between them is widening). How about high-yield and corporate bond prices rising because confidence regarding losses is on a path to mending? Hmmm, maybe Mr. Market is anticipating sunnier days ahead? Sure, some pundits will cite inflation fears or China's declining appetite for U.S. debt as reasons for rising future interest rates. Regardless, I will take the inflation scenario over the combo of spiraling deflation and accelerated job losses. Just ask our Japanese friends how they've enjoyed the taste of deflation for the last 20 years.

Obviously our banking system is not out of the woods quite yet. The banks' tight fist ed lending tendencies will not improve until the "good bank/bad bank" structure "insurance/guarantee" model are thoroughly explored and implemented. With that said, we are already seeing signs that the bank lending conditions are slowly recovering. There is more work to be done but crucial inter-banking lending benchmarks, like those tied to the London Interbank Offered Rate (LIBOR), are healing themselves and making loans the most affordable in decades for those companies and individuals that are qualifying for loans.

For the money not being lent out, it continues to pile up on the sideline waiting for the right time to jump back into the market. The amount of money funneled into money-market mutual funds had surpassed that in stock mutual funds in late 2008, according to the Investment Company Institute, a national association of investment companies. In contrast, money-market funds were just 48% of stock funds at the beginning of 2008. "If all the money currently sitting in U.S. money-market funds left and went into buying shares of the Standard & Poor's 500 index, it would absorb 42%" of that benchmark's market value - the highest in at least 25 years, says Jason Goepfert of sentimentrader.com. There is a lot of dry powder potential to push up asset prices in the future, but if history is a guide, most of that money will be late to the game after markets have bounced nicely. Make sure you arrive before the game starts.

decisions. Any mention of past performance may not be indicative of future results.

One Small Step for Man, One Giant Leap...



Google™



For Microwaveable Stuffed Sandwiches

Who said that innovation was dead? Fear mongers are continually talking about how we are re-entering a Great Depression. The Wall Street Journal recently published an article recognizing Russian academic Igor Panarin's theory that the United States cease to exist as a country, and will see itself carved into pieces for consumption by Russia, Canada, Mexico, Japan, and the European Union.

Let me remind any doubters out there by asking you a simple question: which country is home to some of the greatest innovations of all-time? For example, consider the eradication of polio from Jonas Salk's vaccine; the pioneering trip by NASA astronauts to the moon; the mind-blowing algorithmic search engine created via Google; the invention of digital video recorders ala TiVo; and quite possibly the greatest achievement of all-time...the Hot Pocket. The epicenter underlying this wealth of creativity, undoubtedly, is the United States.

Even for mature products, innovation will never die. Word on the street is a "Hot Pocket Squared" is in the works (a Hot Pocket baked within another Hot Pocket), which will be a nice addition to the new Hot Pocket portfolio members of the Philly Cheese & Steak and Wild Buffalo Chicken Hot Pockets!

The force of innovation has driven us to escape previous recessions, and innovation will guide us to recovery again.

Gut-Check Time!



It's a brand new year and tax season is quickly approaching - it's time for a gut-check! Your portfolio has likely suffered as a consequence of the financial market turmoil and now may be a perfect time to get a fresh set of eyes to review your stale strategy implemented by you or your advisor. If you suffered a serious illness or injury, in many instances it makes sense to get a second opinion.

Some important questions you should get answered:

--What are you paying in fees? You could be paying more than double the necessary rate, potentially pushing out or jeopardizing your retirement.

--Is your advisor "fee-only," or are his/her recommendations based on commissioned sales quotas? Do they have any investment experience or is "sales" their expertise?

--Is your asset allocation positioned to meet your retirement objectives and taking advantage of current market opportunities?

--How can you protect yourself against losses?

--Are there tax strategies that could benefit you?

Call **Sidoxia Capital Management** today to set up an appointment for a portfolio review **(949.258.4322)** and we can help customize solutions for your needs.

Plan. Invest. Prosper.

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