

Sidoxia Capital Management, LLC

## Digesting a Big Meal



Still digesting that huge Thanksgiving meal? I know that I am still recovering from my unabated eat-fest and paying the price for these belt-tightening activities. Our economy is digesting the multi-year credit

binge we undertook also, but there are signs that this process is working its way through the system. Key to the recovery is the health and mindset of consumers.

Holiday eaters, myself included, managed to come out of their caves for the big "Black Friday" shopping spree. Black Friday is the day after Thanksgiving, which is one of the year's busiest shopping days of the year. According to the National Retail Federation's 2008 Black Friday survey, more than 172 million shoppers visited stores and websites over the Black Friday weekend, up from 147 million shoppers last year. Shoppers spent an average of \$372.57 over the weekend, up 7.2 percent from last year.

Executives are gobbling up bargains from the market collapse too. The insider buying to selling ratio as measured by Scott Gambill of Emergent Financial is the highest it has been in over five years. Investors' appetites even picked up towards the end of the month. Although the Dow Jones Industrial Average lost some ground in November (~5%) on continuing economic concerns, investor redemptions, and financial institution turmoil, the index surged upwards+19% over the last five trading days of the month to post the largest rally since the Great Depression. Timing the bottom is incredibly difficult, but as we have witnessed in previous recessions, the market often moves upward before economic conditions improve in anticipation of recovering fundamentals. By the time the average investor begins drooling over stocks the turnaround will have left most behind.

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



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

## Hail to the Printing Presses



President George Bush, Treasury Secretary Hank Paulson, and Federal Reserve Chairman Ben Bernanke have pulled out the monetary printing presses in full force. President-Elect Obama has not been bashful about his audacious, multi-hundred billion stimulus plans either. The general strategy at this point is to throw whatever it takes at this financial crisis - even if it takes **\$7.4 trillion** to achieve the goal! That's right, \$7.4 trillion (with a "T") has been allocated to prop up financial institutions to unclog the lending plumbing of our economy (see link: <http://www.cnbc.com/id/27719011>). The newest acronym, T.A.L.F. (Term Asset-Backed Securities Loan Facility), was recently added to our laundry list of government programs (i.e., TARP, TAF, MMIFF, TSLF, and others) to the tune of \$200 billion. When approaching such important issues as preventing an economic depression, it most certainly is best to error on the side of excess stimulus, rather than undershoot. Economic conditions are in much better shape than the Great Depression (1929-1933), however due to the tremendous interconnectedness and the broad adoption of "Globalization" the pace of economic deterioration has been unprecedented in its rate of decline. Of course, the astronomical numbers associated with the multi-trillion dollar rescue plan are somewhat overstated to the extent significant capital is recouped. Time will tell...

\$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.

**More Background...**

**Sidoxia Press**

## Detroit Has a Flat

The question is what to do about it? Surprising is the amount of attention the measly proposed \$25 billion loan to the "Big 3" (GM, Ford, Chrysler) is getting, given it is a rounding error in the scheme of things. The dollar amount represents less than 1% of the previously mentioned \$7+ trillion in funding committed by the government for the financial crisis.



Job losses play a major role in this controversial discussion given 240,000 workers are employed at the Big 3 and about five million jobs are indirectly tied to the 4,000 "Tier 1" parts suppliers and thousands of dealerships (e.g., GM's 6,000 dealerships employ about 344,000 workers). Do we hear any violins or sympathetic outcries in regards to the 225,000 Wall Street jobs to be slashed over the next 24 months?

Bottom line, we need a leaner and more competitive auto industry. Either an aggressive restructuring through bankruptcy needs to be implemented or a severely conditioned loan that forces the auto manufacturers to make tough, uncompromising decisions. To the extent jobs are lost at the Big 3, other new domestic jobs will be created, as previously inefficient capacity will be transferred to newer efficient capacity (e.g., Honda & Toyota). The goal is to yank the bad tooth out - not let it fester over decades like it has done previously.

## Last Seminar of '08: *Learn to Analyze Stocks Like a Professional*



Sidoxia Capital Management, LLC will be hosting an investment seminar entitled "*Learn to Analyze Stocks Like a Professional*" at The Waterfront building in Newport Beach, California on **December 15th** from **5:30 p.m. to 7:00 p.m.**

Space is limited, so please R.S.V.P. to [info@Sidoxia.com](mailto:info@Sidoxia.com) or contact Wade W. Slome at [949.258.4322](tel:949.258.4322) to reserve your spot. For more information regarding the event, please connect to the following link (or select "Seminars" at [www.Sidoxia.com](http://www.Sidoxia.com)):

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<http://www.Sidoxia.com/Seminar-12-15-2008>

We will see you there!

## Invest Like George



Over the nine seasons of the television show Seinfeld, which was one of the most acclaimed sitcoms in our generation, viewers became familiar with the character George Costanza's scatter-brained thought processes. Eventually George realizes that all his instincts are wrong and discovers the road to success can be achieved by doing everything the opposite. The same principle applies to investing. It is better to buy fear, and sell greed and zig when others zag. We experience George's contrary approach when he runs into a blonde bombshell, and rather than boast about his accomplishments he tells her that he is unemployed and he lives at home with his parents. No need to worry, this strategy captivates her and results in George immediately getting the girl. George doesn't stop there; during the same episode he gets his way with New York Yankee owner, George Steinbrenner, by telling him off. Before long, George is making key decisions for the organization.

There are unorthodox ways to skin a cat successfully on Wall Street too; however, I believe the only true path to long term success is by not following the herd. The grass is greener and the eating more abundant away from pack. Purchasing market leading franchises with healthy financial metrics, durable growth prospects, at reasonable valuations stacks the odds in favor of investors. Odds have improved considerably for the market in general. Famed investor Warren Buffet Buffett said he'd bet \$1 billion on the flip of a coin if the odds were 3 to 2 in his favor. Now is the time for George to control his future and invest his savings wisely.

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

## Party of 20...Please

If members from the largest economies attended the global economic summit this month, then why do I count twenty-six bodies in the picture



taken in Washington D.C.? Well, the reason is that the invitation list included Finance Ministers and Central Bank Governors from the largest twenty countries/regions. Global leaders understand the ramifications of this crisis and they are not sitting idle. The meeting was designed to congregate the leading nations - which between them represent almost 90% of global GDP (Gross Domestic Product) - to create solutions to fend off this expanding global financial crisis. This was the first time that the leaders of all these emerging and rich economies had gathered for a global economic summit.

**Wade W. Slome, CFA, CFP**

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