

**Take a Peek Inside...**



**How I Managed  
\$20,000,000,000.00 by Age 32  
by Wade Slome, CFA, CFP**

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**[www.slomeadventure.blogspot.com](http://www.slomeadventure.blogspot.com)**

**Acknowledgements**

  
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## *Chapter 1: Influences / The Beginning*

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### **Introduction**

What a wild ride it has been. From trading penny stocks in high school stock market competitions after the '1987 Crash' to trading billions of dollars whilst elbowing with the likes of Eric Schmidt (CEO of Google), Jeff Bezos (CEO of Amazon), and John Chambers (CEO of Cisco Systems)...I have seen it all. There is no playbook for managing billions of dollars, starting your own investment firm, and running a hedge fund. My life story has been rather circuitous, taking me everywhere from California to New York and from Australia to China along the way. I even took a nine year pit-stop in America's heartland, where I managed a \$20,000,000,000.00 fund at American Century Investments. As a freshly minted MBA grad from Cornell University in 1998, I never

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expected in my wildest dreams to land on one of the 10 biggest funds in the country. America, what a great place to live! My journey eventually sucked me back towards the Pacific Ocean, where I now lead my investment practice in Newport Beach, California. The opening of 'market' trading hours at 6:30 a.m. is not ideal out here on the West Coast, but sleep is overrated – I can rest in the afterlife.

I view investing as a combination of art and science. Too much emphasis on either aspect can be very detrimental to investors' financial health. In the late 1990s, art manifested itself in the form of a greedy general public (the herd) piling into technology stocks near the peak of the market, only to capitulate into panicked sales close to the market bottom in 2002. More recently, the bursting of the housing bubble has proven the herd will never fully satisfy its appetite for greed or adequately manage the volatile swings of fear. I too have staggered along with the herd and journeyed with the pack off a few cliffs in my day. Fortunately, I have grown from these lessons and have come to realize the grass is greener and the eating more plentiful off the herd's beaten path.

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*Chapter 2: No Success Without  
Failure / Paying My Dues*

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No pain, no gain. Life has a way of throwing you curve balls. I've swung and struck out, gotten hit by pitches and even missed the bus to the baseball game. But in order to get into the batter's box to hit that game winning home run in the majors, you first have to work your way up through the minor leagues and take a lot of swings.

### **Cruis-ing Along**

My AAA farm-team journey started as an intern in 1992 at Oppenheimer & Co. as an assistant to stock broker, Tom Kreuzer (pronounced Cruise-er but he wasn't married to Katie Holmes). I thought Lincoln had abolished slavery, but because I wanted to get my feet wet and I had an interest in stocks, I volunteered to intern for free...yes, that's right, I collected no booty.

I enjoyed the 5% of stock talk and I learned a ton for a part-time college job, but 95% of my time was devoted to sales and cold calls, which wasn't what I had originally envisioned for the position when I first signed up. With a phone receiver stuck to my head, I was not a happy camper sifting through the pages of the Beverly Hills phone book calling seniors like Myrtle Jones and asking, "Mrs. Jones, are you happy with your investments? Well, my name is Wade Slome and I am calling from Oppenheimer & Company. We have an incredible 6% coupon California Orange County Municipal bond yielding 9.25%." If the old ladies had not already hung up on me by that point, I briskly handed the call off to Mr. Kreuzer, "the Schmooser", to work his sales magic.

There are plenty of good stock brokers, but after a few thousand cold-calls, I gained a new found appreciation for advancing my educational career and realized I wanted to broaden my investment career aspirations. Although it may have been my most dreaded job, this employment experience may have proved to be the most invaluable of my career. Very few careers or professions lead to success without the artful skill of salesmanship, whether you are talking about doctors, lawyers, sculptors, or even the fry-guy at McDonalds. Regardless, if someone is selling an idea to a superior or promoting a product to a consumer, the better one is at selling the more successful one will be in their professional career over time.

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*Chapter 6: Managing Billions –  
Riding the Bull*

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**The Ride Begins**

Starting at American Century in 1998 was a strange time. The Asian currency crisis had firmly taken hold, leading to the default of Russian debt, and ultimately, to the collapse of legendary hedge fund, Long Term Capital Management. Believe it or not, crude oil collapsed to \$11 per barrel in 1998 (a far cry from the \$146 per barrel reached in July 2008), Henry Blodget set his infamous \$400 price target for Amazon (which was

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temporarily surpassed before ensuing stock splits), and Seinfeld's historic comedic run came to a close. What a year!

Eventually I settled in as an analyst covering everything from the retail and energy sectors to financials and some healthcare stocks. My efforts were becoming noticed, but given the inflating technology bubble, it was no surprise much of the portfolio discussions, activity and debate revolved around the technology sector. In fact, at the peak of the market in 2000, the technology sector accounted for more than 50% of the Russell 1000 Growth Index, a key benchmark that Ultra monitored and against which was compensated.

Concentrated technology positions that helped the fund in 1998 and 1999, such as AOL Time Warner (AOL), Qualcomm (QCOM), and Gemstar (GMST) hurt the fund in 2000. It was not uncommon to have multiple 10% weightings in the portfolio. Ultra's technology weighting peaked at 44% in 1999, near the point where total assets topped out at around \$43 billion.

The door opened up for me in 2001, when an outside-hired senior analyst (who put a \$1 trillion market value forecast on AOL!) decided to resign and take a position in Chicago. I was immediately thrust into the highest profile analyst position in the company, covering the most important sector, technology. My bearish views on technology, due to the massive amounts of excess capacity built in as a result of Y2K and excess B2B/B2C/New Economy infrastructure spending, had an immediate positive impact to the fund. Our 44% position in technology eventually reached a nadir of 9% in 2002. This preserved massive amounts of capital for Ultra shareholders and resulted in the fund being recognized in the top 25% results in both 2001 and 2002. The fund's prominence was rising, and so was mine.

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*Chapter 7:*  
*Technology & Globalization*

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In order to fully appreciate the enormity of the Great Pyramids of Egypt, one needs to visit them firsthand. I contest the same principle applies to globalization. One must personally go to areas such as China, India, Brazil, Russia, Dubai and other emerging markets to fully appreciate the scope of demand and growth that will be hitting our global economy in the decades to come. As mentioned earlier, I have been afforded the opportunity to visit around 25 countries on five continents over my lifetime. My thirst to explore many new locations still has not been quenched. These experiences and relationships helped to open a whole new point of view relating to the interconnection of markets and the role that culture, politics, and economics play in globalization. In order to take advantage of long-term, multi-year global investment trends, I am convinced that consistent, sustainable profits are unachievable without a broad multi-dimensional analysis that takes into account factors such as culture, politics, and economics. Ignoring a leg of this three-legged stool will ultimately lead to the investment toppling.

### **Globalization, “Denver” Style**

I experienced my most surreal globalization moment while I was visiting Beijing, China, in March 2005. There we were, a group of wide-eyed investors from the U.S., soaking in the atmosphere at a local bar in a club district of Beijing. Tom Nguyen, our chaperone from Deutsche Bank Securities, naively asked, “I wonder what the market’s doing?” Well, since it was nearly midnight and we were across the world, the U.S. equity markets were still open for a few hours back on the other half of the world. I don’t think Alexander Graham Bell had this in mind when he created telephone lines; but before I knew it, I was texting a colleague in Kansas City, Missouri, on my Blackberry with one hand, while drinking a Dutch-brewed Heineken with the other hand. But wait -- it gets stranger. As I completed my text message, I gently raised my head and realized that a native, female Chinese singer was belting out John Denver’s country classic, “Rocky Mountain High”, in a garbled English speaking voice that surprisingly was still much clearer and more coherent than my beer-laden, jetlagged voice. Anybody that says China doesn’t embrace “capitalism” needs to pound the pavement in Beijing and experience country music Chinese style.



(Beijing's version of Britney Spears singing John Denver's *Rocky Mountain High*)

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## *Chapter 9: Choosing an Investment Manager & Advisor*

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Your financial future is important. And if you are a busy professional who has little to no time to handle your financial matters, then you are a prime candidate to outsource these responsibilities to a professional investment manager or advisor. If you are willing to outsource the relatively meaningless responsibilities of landscaping, car washes, house cleaning, etc., then why would successful professionals with insufficient time to floss their teeth make half-baked investment decisions that may compromise their financial futures? However, for those individuals that could use the assistance of a professional advisor, they should not take this decision lightly. Here are a few areas that the client should seriously review when it comes to selecting an investment manager or advisor.

### **Experience**

Would you want a nurse handling your brain surgery? Would you want a flight attendant flying your plane? Most rational people respond with just one answer, and that is with a resounding NO! The reason being...experience counts. When selecting an advisor or investment professional the importance of credentials is paramount (see also Chapter 10). The licensing process is not overly taxing when it comes to security industry

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registration, therefore it behooves potential clients to perform the proper due diligence when contemplating the engagement of a new advisor's services.

### **Services Offered**

If the scope of the client's needs go beyond investment management, then it is incumbent upon the client to determine whether the advisor is capable of offering the desired services. In many instances, the advisor may lack the experience or know-how to service the client's needs. Business owners and entrepreneurs can have complex problems that require a breadth of knowledge that exceeds the scope of services offered by the advisor.

## Fees/Commissions



**(Make sure your investment/manager is charging reasonable fees and/or commissions)**

It is important to know what an investment manager or advisor is charging you in fees and/or commissions. Often clients are unaware of buried fee language in the small-print of thick legal documents. By directly asking your investment professional how he/she is getting paid, you can remove ambiguity that may exist.

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***Appendix: Balancing Professional &  
Personal Life  
[www.SlomeAdventure.Blogspot.com](http://www.SlomeAdventure.Blogspot.com)***

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In 2007, the Slome family had the pleasure of taking a 5,000+ mile RV trip that lasted 22 days. Here are a FEW excerpts from my blog ([www.SlomeAdventure.Blogspot.com](http://www.SlomeAdventure.Blogspot.com)):

**2007 RV Slome Adventure**



**2007 Winnebago 33' - a.k.a "The Beast"**

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**Monday, June 18, 2007**

**HAPPY FATHER'S DAY!**



6/17: The day started off grandly. Robin let me sleep in, then the kids greeted me with a “Happy Father’s Day” hug, handed me a card, and gave me the ceremonial dad’s day clothes and breakfast bear claw. After a warm embrace from Robin, she nonchalantly delivered my worst nightmare in a short but sweet fashion, “By the way Wade, the toilet’s backed up.” Inwardly panicked, outwardly calm, I tried to calculate my alternatives. Without getting into graphic detail, I decided to take the problem head on (no pun intended). With surgical gloves and coat-hanger in hand, I came to an

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unsuccessful resolution. The backup plan: outsource the problem to someone else as the Slomes usually do. Unfortunately, Sunday mornings on a holiday are not the best days to find hired help. The best I could do was find an on-call handyman two towns away who charged \$125/hr + costs for travel time (that could be a time consuming and costly answer).

Terror was beginning to set in. Time was ticking and the smell was building. What to do? Try your retired veteran RV neighbor who retired twenty years ago and lives in his coach – surely he'll have an answer. "I've never seen that in my life," he casually commented. Wonderful, I thought. "Have you tried a stick?" he suggested. Aha! It was genius - a simple but elegant solution. My high school Physics course confirmed that not only would I get a better grip but also better leverage in dealing with the issue at hand. His words of wisdom worked, and I was once again a happy father. The lesson to be learned: "stick"-to-it-iveness really does work.

Our plumbing delay did cut our Lewis & Clark tour short. The "Gates of the Mountains" in Montana is a small slice of Meriwether Lewis' and William Clark's 8,000 mile trip from St. Louis to the Pacific and back (1804-1806). Thomas Jefferson commissioned the men to explore the newly acquired Louisiana Purchase to see if there was a waterway to the Pacific Ocean.

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## *Firm Overview*

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Sidoxia Capital Management, LLC is a fee-only Registered Investment Advisor (RIA), based in Newport Beach, California. In an ever-increasing world of financial complexity, Sidoxia's mission is to provide clear and comprehensive financial management solutions to help facilitate the diverse, aspiring goals of individual and institutional clients.

### **Bio**

Wade W. Slome, CFA, CFP® is President & Founder of Sidoxia Capital Management, LLC and author of *How I Managed \$20,000,000,000.00 by Age 32*. In addition, Mr. Slome is a 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. He holds an MBA from Cornell University with an emphasis in Finance. He earned a B.A. in Economics from UCLA.

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## **Service Description**

- **Investment management**
- **General financial planning**
- **Tax planning**
- **Estate planning**
- **Insurance planning**
- **Retirement planning**
- **Education planning**
- **Related consulting services**

Following extensive interviews and data gathering sessions, Sidoxia offers a broad array of financial planning and investment management solutions tailored to the unique needs and demanding requirements of our clients. We believe our commitment to tax-efficiency and competitive fee-structures differentiates our partnership philosophy and meshes with the wealth accumulation, protection, and distribution goals of our clients.

Our integrated approach to financial planning provides clients with a dedicated, experienced Sidoxia professional to coordinate the major planning disciplines necessary to anticipate and adapt to changing circumstances. When clients require advice outside our sphere of expertise, we will provide non-commission based referrals to trusted professionals whom we have personally screened.

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