

# Douglas Capital Management, LLC

## FAQ: About DCM LLC

This page contains a list of general questions clients and potential clients have asked Douglas Capital Management, LLC

### **What qualifications do you have?**

I passed a Series 65 Exam in order to become a Registered Investment Adviser. I hired a law firm to help form Douglas Capital Management, LLC, to draft legal documents, then to register in California and Illinois.

The state securities regulators in Illinois and California are responsible for regulating Douglas Capital Management, LLC, and those of all other broker/dealers and investment advisers in the two respective states.

### **Are you doing this full time?**

I resigned from Cisco on 8/3/2007 to focus on managing Douglas Capital Management, LLC. I did a little bit of consulting shortly after I resigned. The last consulting I did was in March of 2008. Since March 2008, I've been focused entirely on Douglas Capital Management, LLC.

### **Are you planning to hire more staff?**

My wife, Jiebing Shui, has a degree in finance, and a good deal of experience in banking and high-tech marketing. She helps me with bookkeeping, accounting, and accounts receivable bookkeeping, accounting, and accounts receivable. Tom Blais of Half Moon Bay, CA is an Investment Advisor's Representative for Douglas Capital Management, LLC. Tom's role is to introduce potential clients to Douglas Capital Management, LLC. I have a solicitation agreement in place with SW Capital, Inc, of Peoria IL. Steve Weaver, of SW Capital also introduces potential clients to Douglas Capital Management, LLC. I've hired marketing consultants to help me with marketing campaigns, and software consultants to develop software tools for me. I don't plan on hiring any more staff any time soon.

### **What services do you provide?**

Douglas Capital Management is a Registered Investment Advisor. DCM is focused on growing your investment portfolio by recommending the appropriate types of investment accounts, suggesting the appropriate asset allocation, and active portfolio management of a portion of your portfolio.

Douglas Capital Management is not a financial planning firm. DCM will provide opinions on subjects as part of a detailed analysis of your investment portfolio, however nobody on the staff of DCM has any training or certification in financial planning.

**Do you hold mutual funds in accounts that you manage?**

DCM holds only stocks and exchange traded funds that are traded on US exchanges. DCM will never hold mutual funds in an Interactive Brokers account. DCM will recommend exchanged traded funds to clients as a means to diversify their portfolios.

**Can I start with a small investment and add more if I am happy with the results?**

Yes, that is a good way to proceed. The minimum initial investment is:

50K for a focused trading account with Interactive Brokers.

50K for a dynamic asset allocation account with Interactive Brokers.

50K for an aggressive trading account with Interactive Brokers.

**Do you manage overseas accounts or accounts for clients who are not residents of the United States?**

Not at this time.

**What returns can I expect in the future? Are you willing to guarantee a rate of return?**

Here are the returns from one individual aggressive account from 1999 through 2003:

1999: 84.76%

2000: -4.45%

2001: -9.81%

2002: -15.40%

2003: 65.98%

These returns are for a real-money portfolio including commissions, trading spreads, and estimated management fees. No taxes were deducted from the account. This shows the large variability of past returns, and also helps illustrate why DCM cannot predict or guarantee future returns. DCM cannot predict or guarantee any future performance for funds under management. Clients must assume that risk.

**What is the best way to open an account with Douglas Capital Management, LLC?**

The [Open an Account](#) web page has detailed instructions

### **How Secure are my quarterly statements being sent over email?**

If you are concerned about the security of the information Douglas Capital Management, LLC sends you over email, DCM can password protect the information. Complete [this form](#), and all future statements will be protected with that password.

### **What sort of advice do you provide to help me with asset allocation and directing my future investments?**

That depends upon the level of detail you are willing to provide to DCM.

If you want only a suggested asset allocation, answer the questions in the [Simple Asset Allocation](#) page.

If you want more detailed suggestions, answer the questions in the [In Depth Portfolio Analysis](#) page

You will receive a response with either a simple suggested asset allocation or detailed suggestions about your investment portfolio.

### **Do you think your models out-perform others?**

Douglas Capital Management, LLC, has several advantages over most other investment management firms:

DCM has a very good stock prediction model that has allowed the founder to outperform the Russell 3000 in his own retirement portfolio each of the last 12 years.

DCM uses the same data used by the majority of the financial services industry to predict the future performance of common stocks.

DCM doesn't try to outguess the stock prediction model by taking into account news chatter on financial news programs.

DCM doesn't spend time verifying that the data provided is correct and accurate.

DCM LLC acts quickly. As soon as data updates are available, performance predictions are updated, buy & sell decisions are made, and trades are executed. Many other institutions suffer from "death by committee", or "death by analysis" syndrome. They spend critical time looking at and discussing the data and rehashing their investment decisions. Douglas Capital Management, LLC follows the policy that was in place at Cisco Systems during its sustained growth in the 90's: "Act quickly, and be correct 80% of the time". This works well in most businesses, and it works particularly well in the investment management business.

The pool of assets under management is relatively small, approximately 12.5 million in March 2008, so DCM can get into and out of stock positions quickly.

DCM can focus investments in a company when it makes sense. Mutual funds cannot place more than 5% of their funds in any one company. DCM sets that limit closer to 15%, so if a particular stock is expected to perform very well, DCM can concentrate more of the portfolio in that stock.

**I'm interested in having you manage some of my investments. How do I get started?**

Step-by-step instructions for opening an account with DCM can be found at the [Open an Account](#) page.

**Can I switch from one account type to another?**

Douglas Capital Management offers three different account types:

Aggressive Trading Accounts

Focused Trading Accounts

Dynamic Asset Allocation Accounts

Provided you have an account with Interactive Brokers, making that change is a very simple process.

**Do you purchase American Depositary Receipts(ADRs)?**

Yes, ADRs are included in the stock prediction process. If the ADR has a high expected return, DCM will purchase it.

How many stocks are included in your stock prediction process?

Reuters provides data on over 8000 stocks, but today DCM buys and sells the 4000 with the most liquidity on US exchanges.

**Is it possible to EXIT for a period of time. If it seems like we are in another market bubble condition, could I turn off your management and either let the funds sit, or manage them myself for some period of time until the bubble pops, and then turn on your management again?**

There are several ways to do this:

You could open a second account with Interactive Brokers and park a small amount of cash or a single ETF in there. You could then transfer funds and securities back and forth between your own account and the account managed by DCM.

You could contact Douglas Capital Management, LLC, and ask me to purchase an ETF that contains short term bonds or short-duration Treasury Notes.

You could ACAT some of your account holdings out if your Interactive Brokers account into an account you manage yourself.

**Do you provide references from existing clients?**

Yes, several of my clients have agreed to let DCM share their contact information with potential clients. Send an email to [brettdouglas@dcm-llc.com](mailto:brettdouglas@dcm-llc.com), and DCM will provide you with their contact information.

Still have questions? Please contact us anytime! We look forward to hearing from you. Send an email to [brettdouglas@dcm-llc.com](mailto:brettdouglas@dcm-llc.com).

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