

TRADER MONTHLY

APRIL/MAY 2007 \$10

NEW COLUMNIST
CHARLES GASPARINO
GRAPPLES WITH
LEHMAN'S FULD

DWYANE WADE
TRADES INTEL,
LIVES TO TELL

MARTIE REINHARDT:
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OF TRADING

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THE WADE FILE

AGE: 25. Dwyane Tyrone Wade Jr. was born in Chicago on January 17, 1982. **CAREER HISTORY:** As the fifth pick in the 2003 draft, Wade didn't receive nearly as much attention as LeBron James and Carmelo Anthony, but the guard from Marquette led his team to an NBA title in just his third season and was named Finals MVP. Now one of the league's most dynamic and recognizable players, he's a three-time all-star, Olympian, reigning *Sports Illustrated* Sportsman of the Year, *GQ* coverboy and one of *People's* 50 Most Beautiful People. **CHARITY:** Dwyane Wade Foundation, which focuses on education and support programs for underprivileged kids. **PERFORMANCE:** Up 1.13 percent, or \$565, for the week (but *Trader Monthly* and Fort Buford Advisors still donated \$5,000).



CALLING THE SHOTS: Could D-Wade make the leap from playmaker to profit-taker?

THE HEAT IS ON

CELEBRITY TRADER

We gave Dwyane Wade — reigning NBA champion, reigning NBA Finals MVP, reigning *Sports Illustrated* Athlete of the Year — \$50,000 to rain down on the markets. Would basketball's unstoppable force prove as adept at the Big Board as the backboard? BY KELLY E. CARTER

WHEN IT COMES to his day job, Dwyane Wade is the guard who plays like a center, barreling through the glandular freaks in the lane with no apparent regard for his health or welfare.

"I play aggressively," says the six-foot-four, 212-pound Miami Heat star, "but playing aggressively is not what gets you hurt. You can get hurt doing anything. Jumping up and down, you can come down the wrong way. Sometimes it's just necessary for me to go in there and throw my body against the big man."

There is no doubt that Wade — who consistently resides among the league leaders in scoring, assists and steals — plays the game to win. Last year's NBA Finals MVP, the man who single-handedly willed his Miami Heat

to the franchise's first title, is hardly one to acquiesce on the court. Still, when it comes to his money, the novice investor has no qualms about heeding the counsel of others.

"If I have people around me telling me it's the right move to make, I move forward," he says. "There are a lot of things that people want me to get into."

He'd better get used to it. This year, in the final season under his rookie-year NBA deal, Wade is slated to earn \$3.84 million. Next year, the three-year extension he signed last July — worth around \$44 million with a fourth-year player option that brings the value to \$62 million — will begin. None of which includes his burgeoning portfolio of endorsements, including T-Mobile, Lincoln, Converse, Gatorade, Topps and

Staples — to the combined tune of reportedly more than \$15 million.

About investing, Wade is concise: "I'm trying to learn."

Consider this, then, his crash course. In late January, *Trader Monthly* handed Wade an assist in the form of \$50,000 to trade for a week — with all proceeds going to the charity of his choice. Wade, who currently allocates 10 percent of his salary to a church in Chicago, his hometown, jumped at the chance.

"My dream is to leave the world a better place than I found it," Wade declares in a commercial for the 2007 Lincoln Navigator — and, for once, this celebrity means it. Indeed, D-Wade is sort of like Mother Teresa in baggy shorts: Since his rookie season, he's donated 10 tickets to every home game to underprivileged kids. The past two years, he's hosted a Christmas party for 250 South Florida children. Following the Heat's 2006 championship, he took 100 South Florida youngsters to Disney World on chartered buses and treated them to a



day at the amusement park. Every summer he holds a free weeklong camp for 600 kids in Robbins, Illinois.

He has arranged for a giveaway of shoes and clothing to Hurricane Katrina victims and soldiers in Iraq. In January, he inked a two-year partnership with Staples for a promotion to improve the Miami area's parks. And he recently launched the Dwyane Wade Foundation to focus on education and support programs for underprivileged children — the charity to which Wade earmarked whatever Celebrity Trader earnings he could reap in the markets.

"When you're given so much, and when you come from where I've come from, you want to give back," says Wade, who grew up on Chicago's South Side. "I want to build a youth center for the kids in Chicago and Miami. It's all about giving kids opportuni-

**"WHEN YOU'RE GIVEN SO MUCH,
AND YOU COME FROM WHERE I DO,
YOU WANT TO GIVE BACK."**

ties — through scholarships, putting them through college."

At this point, *Trader Monthly* was willing just to give Wade all the money we had — he would clearly put it to better use than we would. But a deal's a deal; there were trades to be made. To that end, we provided him with a trading coach, Scott Jacobson of Manhattan-based Fort Buford Advisors, and together the two pegged Wade's first pick: Bank of America.

"It's my bank; I love it. They do everything right," Wade said of the financial institution that presumably feels equal affection for him and his eight-figure net worth. With earnings week approaching, Jacobson applauded Wade's bank shot; they would buy 100 shares at \$53.58 each. Indeed, the consultant convinced Wade to add nearly \$11,937 worth of the ETF Financial Select Sector SPDR to garner them more exposure to the financials; they even



purchased 4,800 at-the-money calls in XLF for 15 cents each, or \$720.

For his next play, Wade wanted to explore the tech sector. "We all know it's the way of the world," he said, citing Apple and

they've continued to grow." Wade acquiesced. He'd been reading up on Intel and had liked what he'd seen. He and Jacobson bought 500 shares at \$21.52 and added 3,700 options at 20 cents.

Next, Wade inquired about satellite radio. At the time, Sirius and XM had begun their merger talks, and both were generating significant heat. But Jacobson likened Sirius's financial situation, with Howard Stern's \$500 million contract, to that of Kevin Garnett and the Minnesota Timberwolves. "But this was worse," Jacobson said. "Stern took *all* the money." Wade needed no further convincing. He passed.

When Jacobson suggested capitalizing on beneficiaries of falling fuel prices, Wade called the play: Carnival Cruise Lines. He bought 150 shares of common stock for \$7,538, but also levered the trade with in-the-money options on an additional 800 shares for \$720. The fact that Miami Heat owner Micky Arison also owns Carnival? That might have been a factor. "I was on the *Queen Mary II* during the 2004 Olympics, and it was unbelievable to see all that goes into a ship like that," Wade said. "Of course, I also see what Micky Arison does. That makes it an easy pick for me."

Sticking with the theme of lower fuel prices, Jacobson suggested American or Continental Airlines. American, the naming sponsor of the Heat's arena, got the nod to the tune of 200 shares at \$36. "Generally, investing in airlines has been a bad move, but there are times when trading the stocks

Microsoft as two firms he fancied. Instead, Jacobson suggested Intel, which was announcing earnings next week as well. "People are nervous, but I think they're doing pretty well," Jacobson said. "I still think tech stocks have good relative value. Even as the market has gone sideways,

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CELEBRITY TRADER	GAIN/LOSS
DAMON DASH	23.9%
LARRY FLYNT	6.9%
REGGIE JACKSON	5.4%
MOBY	4.0%
DWYANE WADE	1.1%
JEFF DANIELS	0.8%
ALEX RODRIGUEZ	0.7%
BILLY BOB THORNTON	-0.4%
DENIS LEARY	-1.0%
ANDY RODDICK	-2.7%
JAMIE-LYNN SIGLER	-3.2%
TOTAL EARNED FOR CHARITY TO DATE	\$61,937

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HIGH/LOW

makes sense," Jacobson said.

Wade, who married his high-school sweetheart, Siohvaughn Funches, and is now the father of a 5-year-old son, Zaire, knows from babies — his and Siohvaughn's second child is due in June. Thus, when Jacobson suggested Abbott Laboratories, a health-care company that makes popular baby formulas Similac and Isomil, Wade went all in, dropping his remaining \$5,039 on 100 shares. "I like those products," he said. He knew from experience: Babies eat. A lot.

It was time to let the games begin. Jacobson executed the trades, and Wade adopted an unusual position for him: sitting on the sideline, wringing his hands like Heat coach Pat Riley.

By day three, it seemed he had little to fear: After American flew to an 11.8 percent gain and Intel jumped 3 percent to \$22.13,

well. (Thankfully, Wade had avoided the satellite-radio stocks; that day FCC chairman Kevin J. Martin declared that a merger between Sirius and XM would violate FCC rules, causing Sirius to drop 7 percent and XM 10 percent.)

By week's end, Intel's slide was official: Wade had taken a 4 percent hit on it. His loyalty to Bank of America was equally unrequited, as that stock fell from \$53.58 to \$53.29. Financial Sector managed a 0.33 percent gain, but the added options lost 50 percent, as financials failed to rally significantly after earnings. American and Carnival finished with respective gains of 9.64 and 3.38 percent, while Abbott finished up 5.18 percent.

Overall for the week, Wade played well for a trading rookie, finishing up 1.13 percent (59 percent annualized) against 0.18

WADE HAD BANKED ON INTEL BEATING EXPECTATIONS. IT DIDN'T. WELCOME TO THE GAME, D-WADE.

Wade's portfolio had risen nearly 5 percent overall. He had banked on Intel beating market expectations, and based upon improved competitive momentum and general long bias to the market, the options had doubled by Tuesday, just before INTC was due to report. That night, though, Intel released its fourth-quarter revenue report showing 26 cents earnings per share and a risky, uncertain first-quarter outlook in 2007 — which failed to meet the expectation placed upon it by fickle market fans — and traded down after the close. Welcome to the game, D-Wade.

Fortunately, the portfolio — which was long-only to take advantage of the trend and momentum in the overall market — was constructed from more than one trade. American and Carnival benefited from falling oil prices and a stronger-than-expected economy, while Abbott, aided by a diverse portfolio of products, performed

percent for the S&P. It all translated to a net profit of \$565, but *Trader Monthly* and Fort Buford, sensing it was better off in his foundation than our pockets, collectively upped the donation to \$5,000.

Afterward, Wade said he'd learned from his first market foray: "I can see that it pays to be knowledgeable about how outside factors can affect different stocks. It was interesting to see how fluctuations in the market happen day-to-day. Overall, I was happy with how my stocks performed."

Jacobson agreed: "His picks were diversified, and he took an appropriate amount of leverage. In a contest like this, he could have put it all on 21 red and potentially made a lot of money — that's what a lot of guys would do. But it was very prudent for a long portfolio. Heck, that's a great return for anyone. If you could do that every week, you'd be running the world."

Funny, but we thought he already was. ■