



## A Peek into the PRIME QUADRANT®

We are pleased to announce that David M. Rubenstein will be joining us for this year's Prime Quadrant conference.



*David Rubenstein is the founder and CEO of The Carlyle Group, a private equity firm managing over \$200 billion from 40 offices around the world. Mr. Rubenstein is an internationally renowned financier, philanthropist and a former advisor to President Jimmy Carter on domestic policy. Among his many other involvements, he currently serves as Chairman of Duke University, Chairman of the Kennedy Center for the Performing Arts, Vice Chairman of the Lincoln Center for the Performing Arts, Vice-Chairman of the Council of Foreign Relations, and President of the Economic Club of Washington D.C. David Rubenstein is also one of the select few American billionaires who have undertaken, in accordance with The Giving Pledge, to donate more than half of their wealth to philanthropic causes.*

**SAVE THE DATE: NOVEMBER 2, 2016**

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### Upcoming Investor IQ Series

February 24, 2016:  
Common Misconceptions Investing in Bonds

March 24, 2016:  
Financial Fees

May 4, 2016:  
Revisiting Risk

June 7, 2016:  
Investment Mistakes

July 14, 2016:  
Investment Lessons From Fraud

## STORIES OF INTEREST

### [What Sports Fans & Investors Have In Common](#)

A refreshing review of Processes and Outcomes.

### [The Great Myths of Investing](#)

As Mark Twain said, "It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."

### [Have You Herd? Your Advisor Is Scared to Set You Straight \(an oldie but a goodie\)](#)

Take some time to consider whether your financial advisor has been masquerading all along.

### [Even the 'Bond King' \(Bill Gross\) Needs a Financial Advisor](#)

Intelligent people understand the benefits of having an independent third party to steer clear of mistakes.

August 15, 2016:  
Manager Selection  
Workshop: Part 1

September 20, 2016:  
Manager Selection  
Workshop: Part 2

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## What is the PQ?

In financial terms, the Prime Quadrant is the optimal zone in which you achieve the highest return per unit of risk.

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## THE WAY WE SEE IT

*This past week, we hosted one of our Investor IQ Series, on the topic of 'Common Misconceptions Investing in Stocks.' Below is an excerpt from Mo Lidsky's presentation.*



In Greek mythology, Daedalus created wings from wax and feathers that allowed him and his son, Icarus, to escape the island on which they were imprisoned. Before taking flight, Daedalus warns Icarus of both complacency and hubris. He implores his son not to fly too low nor too high, as flying too low would allow



Being in the Prime Quadrant requires seeing the big picture and making intelligent choices, from among all investment options and strategies, to best meet your goals.

**Prime Quadrant is an investment research and consulting firm that helps high-net-worth Canadians make better investment decisions.**

the dampness of the sea to clog his wings, and flying too high would melt them. Icarus ignored his father's instructions, flew too close to the sun, whereupon the wax in his wings melted and he fell into the sea.

This story can serve as a powerful metaphor for investors, as complacency and hubris are among the primary drivers of the market's **Four Horseman of Value Destruction** (a term coined by financial blogger Josh Brown) – Fear, Greed, Hope and Ignorance.

**1. Fear:** In countless experiments where individuals were placed in artificial scenarios of stress, scientists demonstrate that fear drives us towards a state of fight or flight, often abandoning good rationale and selling at the very moment when assets are most attractive to own.

**2. Greed:** Leads us to pursue opportunities simply because of how much upside they promise or because a friend 'made a killing' with it. We end up chasing "deals" that are neither appropriate nor sensible for us.

**3. Hope:** Hope is expressed through our *optimism bias*. We tend to believe that less can go wrong than is actually possible. We routinely overestimate our prospects of success and underestimate the probability of failure.

**4. Ignorance:** Ignorance is usually a function of not understanding all the moving parts, not having a large enough reference point or not understanding how to distinguish between great options and inferior ones.

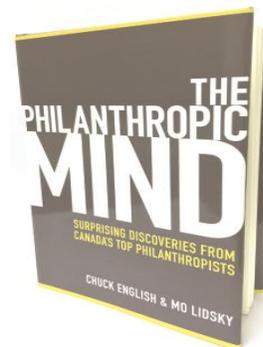
These human fallibilities explain the presence of our *Behavior Gap*, which prompts us to make decisions that are detrimental for our financial well-being. As a result, study after study has demonstrated that most investors perform worse than both the funds and the underlying asset classes they're invested in.

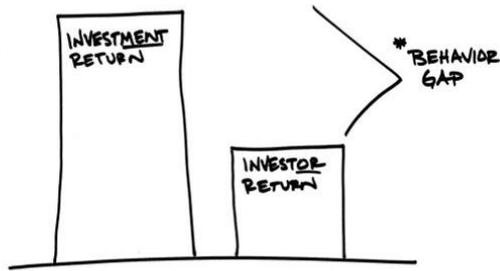
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[In Search of the Prime Quadrant: The Quest for Better Investment Decisions](#) now available at Amazon, Barnes & Noble and Indigo.



[The Philanthropic Mind](#) is finally completed and published. Now also available on Amazon, Indigo and Barnes & Noble.





\* LOOKS JUST LIKE IT DID 10 YEARS AGO.

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To avoid these fallibilities, we leave you with Four Horsemen of Value Precautions:

- Set reasonable targets, and avoid investment trends, fads and "gold rush" investments
- Focus on the risk, and let the returns take care of themselves
- Always have an unbiased advisor or mentor at your side
- Have a plan and stick to it.

**“You can get in way more trouble with a good idea than a bad idea, because you forget that the good idea has limits.”**

*- Benjamin Graham*



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**PRIME QUADRANT**  
BETTER INVESTMENT DECISIONS

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