



## A Peek into the PRIME QUADRANT®

**PLEASE JOIN US**

**THE PRIME QUADRANT CONFERENCE**

**2015**

**NOVEMBER 12, 2015**  
9:00am – 6:00pm  
Arcadian Court

**SOME OF OUR SPEAKERS**

 <p><b>SAM ZELL</b> Founder and Chairman of Equity Group, pioneer of the modern commercial real estate industry</p>	 <p><b>LEON BLACK</b> Founder, Chairman and Chief Executive Officer of Apollo Global Management</p>	 <p><b>MARC LASRY</b> Co-Founder and Chief Executive Officer of Avenue Capital Group</p>	 <p><b>JACK C. BOGLE</b> Founder and Chairman of Vanguard, creator of the first index fund</p>
 <p><b>PAMELA MEYER</b> Deception detection expert and bestselling author of <i>Liespotting</i></p>	 <p><b>WILLIAM N. THORNDIKE JR.</b> Bestselling author, Founder and Managing Director of Housatonic Partners</p>	 <p><b>CANDIDA WOLFF</b> Executive Vice President and Head of Global Government Affairs of Citigroup</p>	 <p><b>JOHN BADER</b> Chairman and Chief Investment Officer of Halcyon Asset Management</p>

### Upcoming Events

November 12:  
*The Prime Quadrant Conference*

### Investor IQ Series

December 3:  
*Uncommon Insights in Common Asset Classes: A Primer on Investor Misconceptions*

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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.



*Only 75 seats remain! To avoid disappointment, [REGISTER TODAY](#) or call (416) 324-5416 for more information.*

## STORIES OF INTEREST

### [Spotting Our Blind Spots](#)

Why, for even the savviest investors, realizing our potential can only be achieved "with a little help from my friends".

### [To Buy, or Not to Buy, That is Not the Question](#)

Like many important decisions in life, intelligent financial decisions don't hinge on "the trade" but rather on the quality of the homework necessary to enter it.

### [Separating the Signal from the Noise](#)

A good grasp of history should cure the alluring (yet false) belief in the existence of successful market timers.

### [Distinguishing a Sage from a Swindler](#)

Some of the best forms of deception detection are actually the most natural.

### [When Can you Call Yourself a Great Investor?](#)

Timing and luck may play a greater role than anyone likes to admit or believe.

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## THE WAY WE SEE IT

*For those of you who missed it, here's an excerpt from our last IQ Series on Cash as an Asset Class*

### **The Returns on Cash**

With interest rates at unprecedented lows, for many investors, there are few frustrations as agonizing as

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 PQ Family is Growing**

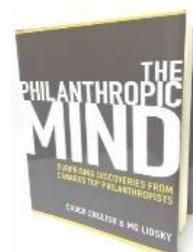
We are proud to welcome Terry, Laura, Diana, Ke and Hieu to our team. For more information please visit: [PQ Leadership](#)

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



Mo's four-year project, [The Philanthropic Mind](#), is finally completed and published. Now also available on Amazon, Indigo and Barnes & Noble.



having cash sitting and earning nothing in the bank.

Yet, history suggests that this is not a new phenomenon. Sure, the historical returns on cash over the past 80 years have been approximately 3.5 percent. Though, this number fails to account for inflation, which has averaged 3 percent over the same period, along with taxes paid on the earned interest, which have eroded a third of the original 3.5 percent return, bringing the after-tax and after-inflation return on cash to -0.8 percent.

So why, you might ask, do many savvy investors consider cash an asset class, when it produces a negative real return?

The answer is, returns on cash come not from what one earns at any moment in time, but what one does not lose by having cash when markets collapse. It is in those dark days that cash proves its value as the least-correlated and most reliable asset class, providing risk-mitigation and optionality like no other asset class can.

This can be demonstrated by inverting a common anecdote. Anyone that sells stocks or equity funds for a living will frequently reference studies which demonstrate that if one misses the 20, 30 or 40 best days in the market it will drastically limit their returns – suggesting that one should always stay invested in the market. What these sales people conveniently don't advertise is the inverse scenario. Let's say, hypothetically, instead of missing the 20, 30, or 40 *best* trading days in the market, one was able to miss the 20, 30, or 40 *worst* trading days in the market?

Interestingly enough, the result is many multiples greater than the 'always in the market' portfolio.

This thought exercise is obviously theoretical, as no one can predict the 20, 30 or 40 best or worst days. What it demonstrates is the value of holding cash. A cash allocation allows one to avoid these days (with a portion of their portfolio) while providing the

opportunity to scoop up the bargains left behind by those who are panicking.

Once investors look at cash as a cheap option (i.e. with the opportunity cost of sitting in the bank being the price or "premium" of the option) they will be less bothered by the fact that, in the short term, you endure negligible returns to potentially realize greater long-term gains.

**"The great thing in this world is not so much where you stand, as in what direction you are moving." — Oliver Wendell Holmes**



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**PRIME QUADRANT\***  
BETTER INVESTMENT DECISIONS

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