



A Peek into the PRIME QUADRANT®

Save the Date for the 2015 Prime Quadrant Conference, taking place on **November 12th** at Arcadian Court.

We're proud to announce the confirmation of the following speakers:



JACK C. BOGLE: Founder and Chairman of Vanguard, the largest fund company in the world, with \$2.4 trillion under management. Jack is the creator of the first index fund and author of 10 books on investing. He has been named as one of the four "investment giants" of the 20th century by *Fortune Magazine*. (For a dose of Jack's wisdom, read his [8 Success Principles to Live By](#)).



WILLIAM N. THORNDIKE: Founder and Managing Director of the renowned Boston-based private equity firm Housatonic Partners, and author of *The Outsiders: Eight Unconventional CEOs and Their Radically Rational Blueprint for Success*.

Upcoming Events

March 18:
Taking Credit for Your Portfolio: *A Primer on Investing in Credit*

March 31:
Managing the Man Overboard Moment: Making an Informed Decision After a Large Decline

Presented by Michael Mauboussin

STORIES OF INTEREST

[Don't Invest Like the Seahawks](#)

Like the Superbowl, investing can be high-stakes and intense. Looking at the big game from an investor's perspective cautions us to sidestep low-probability bets when we're a couple yards from the goal line.

[Why Doing Nothing is So Difficult](#)

A reminder of patience's virtue and why ignoring hot tips can grant you real control of your portfolio.

[Canadians Stink at Diversification](#)

While there's no place like home, see why our home bias doesn't come without consequences.

[The Smart Way to Teach Children About Money](#)

The way we teach kids about finance isn't working, and what we can do to change that.

THE WAY WE SEE IT

For those of you who missed it, here's an excerpt from our last IQ Series on hedge fund strategies.

Some of the biggest attractions of hedge funds (yes – there are some, contrary to popular belief) are to increase diversification by handicapping specific risks and reduce reliance on the whims of the market, essentially achieving absolute returns.

"Absolute returns" is a commonly misinterpreted phrase, but at the heart of it are returns that are uncorrelated with the market. The only way to achieve that is to make sure your portfolio has different risk drivers (potential value destroyers) and different return drivers (potential value creators).

[April 28:](#)

A Primer on Investing in Real Estate

Lunch-N-Learn

[April 14:](#)

Manager Selection Workshop *Part 1*

[May 13:](#)

Manager Selection Workshop *Part 2*

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.



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.

As an example, all your gadgets, be it your iPad, your laptop, your cell phone may serve different purposes for you, but they all derive their power from the same source — an outlet that charges a rechargeable battery. But when a power outage strikes, it becomes clear that while each gadget offers unique value, they're all susceptible to the same risk: a single source of power.

Conversely, if you compare your wrist watch to the clock on your cell phone, your watch doesn't add any functional value to you that your cell phone clock doesn't already provide, but the risk drivers are different. One has a rechargeable battery and the other does not. If the power goes out again, you're not totally helpless and you can still keep track of time (though it may be time to invest in a generator...)

The bottom line is that true diversification requires both different risk drivers AND return drivers. Those hedge fund strategies that actually deliver both can add real diversifying value to your portfolio.

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

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



"It is easier to find men who will volunteer to die, than to find those who are willing to endure pain with patience." – Caesar



PRIME QUADRANT*
BETTER INVESTMENT DECISIONS
