

Issue 140



A Peek into the PRIME QUADRANT®

**The 2018 Prime Quadrant
Conference is 90% SOLD
OUT!**

**Reserve your seat for November 1st
today**

www.pqconference.com

**Upcoming
Investor IQ
Workshops**

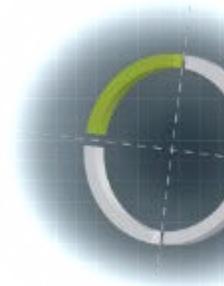
November 1, 2018
The 2018 PQ
Conference

What is the PQ?

In financial terms,
the Prime Quadrant
is the optimal zone in
which you achieve the

**Here is a glimpse of our
incredible line up!**

highest return per
unit of risk.



**JOEL
GREENBLATT**
Founder,
Gotham Asset
Management



**ROB
KAPITO**
President and
Co-Founder,
BlackRock



**SAM
ZELL**
Founder and Chairman,
Equity Group
Investments



**NASSIM
TALEB**
Distinguished Scientific Advisor
Universa Investments;
Distinguished Professor of Risk
Engineering at NYU's Tandon
School of Engineering



**ANTHONY
SCARAMUCCI**
Founder,
SkyBridge Capital;
Best-selling Author



**ANNIE
DUKE**
World Series of
Poker Champion;
Best-selling Author



**LUKE
ELLIS**
Chief Executive
Officer, Man Group



**STEVE
EISMAN**
Managing Director,
Neuberger Berman



**SARAH BLOOM
RASKIN**
Former Deputy
Secretary of the
U.S. Department
of Treasury



**TREVOR
NEILSON**
Co-Founder and
CEO of i(x)
Investments



**KATHLEEN
TAYLOR**
Chair of the Board
of RBC

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.**

Mo Lidsky's
most recent
book [Partners in](#)

Stories of Interest

The Cost of Not Paying Attention

Can you fully outsource your finances? Numerous case studies and empirical evidence suggests that it's neither entirely feasible nor advisable, as you will always be the expert on you.

The Privilege of Knowledge

As reams of information and data become increasingly more available, are we improving our decision making?

Appealing to Fictions

Surprisingly, achieving truth is not a function of being open-minded. It requires a higher level of humility that most people fail to achieve...

My Worst Investment

Why is getting investment advice so darn hard? Start by taking an honest look at the world of "investment research."

The Way We See It

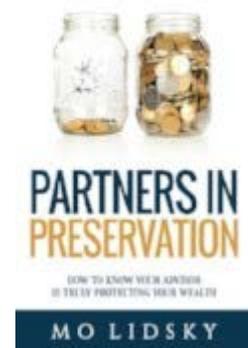
Below is Part II of Mo Lidsky's series on Risk (following Part I from Newsletter Issue 139)

Assessing Risk: Absolute vs. Relative Risk

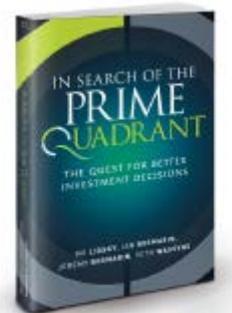
In the previous post, we discussed the distinction between an instinctive assessment and a probabilistic assessment of risk. We will now turn our attention to assessing relative vs. absolute risk.

Perhaps the biggest obstacle to understanding risk is the mischaracterization of risk by the media. Journalists are always in search of stories that inspire fear, outrage and indignation as advertising dollars depend on it. While these emotions can lead us to do wonderful things, they can also

Preservation:
How to Know
your Advisor is
Truly Protecting
your Wealth is
now available
on Amazon and
Indigo!



In Search of the
Prime Quadrant:
The Quest for
Better
Investment
Decisions is
available at
Barnes & Noble
and Indigo.



lead us toward a skewed perception of reality. This is particularly true in a world of snappy headlines, short tweets and shallow coverage without sufficient depth and context.

This means our understanding of our world, and the risks associated with it, are being driven by emotions rather than absolute data. We base our efforts to handicap risk based on perception rather than reality. Take, for example, the fear of flying. An airplane crash is almost always a news story, with gory details and heartbreaking photos of those injured or killed in the crash. However, flying continues to be considerably safer than driving. In 2017, in the United States alone, there were over 40,000 people killed in car crashes.¹ In contrast, there have been less than 300 American airplane fatalities over the last sixteen years.

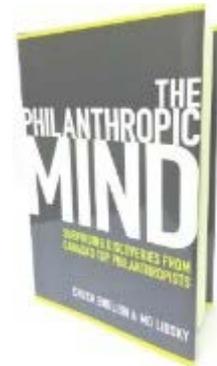
Despite absolute data suggesting how much safer it is to fly than to drive, most people still consider air travel relatively more risky than driving a car.

This dynamic is equally challenging for investors, who have to contend with the flawed narrative of financial media. Consider for a moment how financial media has significantly shaped misconceptions on the most basic investment concepts like those below.

- Bonds as safe (Not today, they're not)
- Investing locally is safer than investing abroad (Not necessarily)
- Public stocks are always liquid (Nope)
- Real estate doesn't really lose value (Wrong again)
- Private Equity is uncorrelated from Public Equities (Sorry, no)
- Fees are the only thing that matter (Far from it)
- ETFs are totally passive (False)

These are all media driven notions, which possess a kernel of truth or may be accurate at a specific point in time, but accepting them as universal fact will increase - not decrease - our risk. That's the danger of knowing a little and forgetting that real risks are not found in the headlines of your local paper, but in the footnotes of a legal document. Investors who wish to sidestep the perils of perceived risks,

The Philanthropic Mind is also available on Amazon, Indigo and Barnes & Noble.



and understand the actual risks involved, should generally ignore the headlines and mind the footnotes.

[1] <https://www.usatoday.com/story/money/cars/2018/02/15/national-safety-council-traffic-deaths/340012002/>

"We make a living by what we get, but we make a life by what we give."

- *Winston Churchill*



This communication is intended only for the persons to whom it is addressed. If you are not the intended recipient or have received this message in error, please notify the sender of this e-mail immediately by return e-mail (to info@primequadrant.com) and destroy the message and all copies in your possession. It is not a recommendation to buy or sell any of the investment products mentioned. Any opinions expressed in this email and any attachments may be changed without notice at any time after publication. The value of all investments and income can go down as well as up (which may be caused by exchange rate fluctuations). The past is not necessarily a guide to future performance.

Our mailing address is:

2 St Clair Ave East, Suite 800
Toronto, ON
M4T 2T5

Want to change how you receive these emails?

You can [update your preferences](#) or [unsubscribe from this list](#).