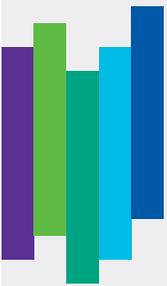


INVESTMENT PRINCIPLES



MESSAGE FROM THE CFA INSTITUTE'S DIRECTOR OF INVESTOR EDUCATION



ROBERT STAMMERS, CFA
CFA Institute

Why don't people save and invest appropriately for retirement? Is it because they don't understand how or they believe that the required skills are beyond their abilities? Even though retirement is the single greatest financial issue facing people globally, very few complete the process effectively and some never even start.

To help people learn and begin the required steps, CFA Institute and the Future of Finance initiative created Essentials for More Secure Retirement, which introduces retirement planning principles and best practices. But where is the comprehensive guidebook? Where do investors and their advisors turn to get trustworthy, unbiased, and easy -to- understand instruction that details the most important concepts of retirement planning?

CFA Society Montreal has answered that question with the publication of "Investment Principles", a series of fact sheets that takes the reader through the entire retirement investing universe: the importance of saving, the compounding of returns for wealth creation, diversification for wealth preservation, the significance of investment costs, and finally the critical success factors required to design and execute a rewarding retirement plan.

It will be apparent to all readers that this series was developed by CFA charterholders and industry professionals responsible for helping investors achieve their financial dreams. The authors have used their industry knowledge and experience to create a practical tool that can be used by both investment professionals and the investors they serve.

MESSAGE FROM THE AUTHOR



JACQUES LUSSIER, PH.D., CFA

Chief Executive Officer and Chief
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Past Chairman, CFA Montreal

The CFA Institute launched the Future of Finance Initiative in the aftermath of the financial crisis. Its purpose is to "shape a trustworthy, forward-thinking financial industry that better serves society." The Institute is known for its Code of Ethics and Standards of Professional Conduct, but the Future of Finance Initiative gave the Institute and our local societies new impetus and resulted in the publication of the Statement of Investors Rights, the Essentials of a More Secure Retirement, and the launch of new initiatives such as Putting Investors First Month.

In this context, CFA Montreal decided to create "Investment Principles" – two sets of unbiased fact sheets designed to support investment professionals and investors alike in their quest for a financially secure retirement for themselves or for the investors they serve. This book highlights a series of fact sheets meant for investment professionals but a second series of fact sheets has been designed for non-professional investors. Both series of fact sheets can be downloaded from the CFA Montreal website.

This initiative is part of a longer-term plan by CFA Montreal to promote and support a fair and informed financial industry for the benefit of society. We expect to introduce new and innovative tools in the coming years to help investors in their journey toward a financially successful retirement.

This project would not have been possible without the financial support of CFA Institute and CFA Montreal. Furthermore, I wish to thank Sophie Palmer, President of CFA Montreal, and Guy Desrochers, CFA, who made a tireless contribution in validating the content of this book.