



IAC.CA
INVESTORS
ASSOCIATION
OF CANADA

Money Digest Online

A Good Addition to Your Investment Library **The Empowered Investor: A Guide to Building Better Portfolios**

By Howard Atkinson for Money Digest and the Investors Association of Canada



With today's market unpredictability, the challenge of growing your financial well-being can often result in a negative experience for investors. The release of Keith Matthews' new book, *The Empowered Investor: A Guide to Building Better Portfolios*, may help you to garner more positive experiences in the future. This engaging investment guide has been written as a tool to help you better understand; how the investing industry works; how to invest wisely and confidently; and simply, how to avoid the common pitfalls in your financial management. Written in such a straightforward manner, the guide makes for a quick, but informative read for both the beginning and experienced investor.

Bringing together key investing and financial planning concepts, Matthews introduces readers to the hurdles they face in the investment world including the array of conflicts of interest that are present within the financial services industry; as well as enlightening readers that the "gurus" and strategists who claim to be able to predict the future are sadly mistaken to learn that their "crystal ball" is just as foggy as yours or mine.

Good news is that you do not need a crystal ball but rather, Matthews takes you through three time-tested winning strategies of investing Asset Class Investing; Diversification; and Risk/Returns Relationship. Not only covering the basics of the strategies, he proves just how well you can make them work.

Exploring the active versus passive debate in investing, he uncovers that although it is not new, it should undergo constant evaluation considering the new asset class index investing tools that have been brought to market. The debate brings about two important and related concepts. The first is the idea that, as a group, fund managers who actively pick stocks fail to beat market indexes. As an investor it is very difficult to know which active fund managers will outperform an index, so it makes better sense to simply purchase funds that track asset class indexes. The second key concept is the impact on portfolio performance of costs like management fees (in the form of management expense ratios or MERs), commissions and taxes. These expenses take a bigger bite out of returns than most investors realize. Here again, tracking the index, or choosing index funds, is a winning solution since they have much lower expenses and higher tax efficiency than actively managed mutual funds. Luckily for investors, exchanged traded funds (ETFs) have come into their own in recent years growing in both size and opportunity worldwide.

As I have been quoted on Matthews book, he was among the very first to adopt and use ETFs in portfolios. His forward thinking has kept his firm, PWL, one step ahead of the competition. It is a benefit to all investors that he has taken the time to share his concepts with investors in such a detailed and practical manner. For more information about [Keith Matthews](#), his book or to view

his [ten principles](#) of investing, basic principles to help you become a better investor with a strong portfolio, you can visit his website at www.empoweredinvestor.com.

November, 2005

Howard Atkinson, CFA, CIMA, is author (with D. Green) of The New Investment Frontier II: A Guide To Exchange Traded Funds For Canadians and Les fonds négociés en Bourse: Un outil de placement novateur pour l'investisseur avisé (Transcontinental, 2003). He is the Head of Business Development, Exchange Traded Products at Barclays Global Investors Canada Limited. Part of his role includes the development, promotion and ongoing management of BGI's iUnits and BARCLAYSfunds product lines in Canada.