

What the Experts Say About Investment Risk:

"I have been a stockbroker for 5 years and have made people money, but I always lose in the end. I have taken huge risks with my clients, I have lost millions, but I am tired of looking for new clients."

Anonymous Stock Broker

"If a fund is drifting to a style that is dramatically different, your potential returns, volatility, and risk are going to change."

Rosanne Pane

"The average long-term experience investing is never surprising, but the short term experience is always surprising. We now know to focus not on rate of return, but on the informed management of risk."

Charles Ellis

"Risk is good. Not properly managing your risk is a dangerous leap."

Evel Knievel, Motorcyclist

"But I am still sitting on the sidelines, waiting to see if internet investors are playing a game of musical chairs, with the last investors being ruined. Even though I admit that I wish I had followed my friends who have made millions speculating on the internet, the last laugh is still the best laugh."

Ivo Welch, Finance Professor, UCLA

"If your broker or investment advisor is not familiar with the concept of standard deviation of returns, get a new one."

William Bernstein

"Investment and speculation are said to be two different things, and the prudent man is advised to engage in one and avoid the other. This is something like explaining to the troubled adolescent that love and passion are two different things. He perceives that they are different but they don't seem quite different enough to clear up his problems."

Fred Schwed, Jr., "Where are the Customers' Yachts?"

"Since the dawn of capitalism, there has been one golden rule: "If you want to make money, you have take risks."

Announcer

"Having a quote machine on your desk is like having a slot machine there."

Ed Seykota

"In speculation, as in most other things, one individual derives confidence from another. Such a one purchases or sells, not because he had any really accurate information as to the state of demand and supply,

but because someone else has done so before him."

J.R. McCulloch, "The Principles of Political Economy"

"Odds are you don't know what the odds are? (contributed by Munzer Haque)"

Belsky, Gary and Thomas Gilovich

"In investing, what is comfortable is rarely profitable."

Robert Arnott

"Those who are ignorant of investment history are bound to repeat it. Historical investment returns and risks of various asset classes should be studied. Investment results for an asset over a long enough period (greater than 20 years) are a good guide to the future returns and risks of that asset. Further, it should be possible to approximate the future long-term and risk of a portfolio consisting of such assets."

William Bernstein

"Investment planning is about structuring exposure to risk factors."

Gene Fama Jr.

"Speculation is an effort, probably unsuccessful, to turn a little money into a lot. Investment is an effort, which should be successful, to prevent a lot of money from becoming a little."

Fred Jr. Schwed