The Kelly criterion marks the borderline between aggressive and insane investing

Background: if you’re worth $500,000 then it’s irrational to be risk-averse for small amounts – should regard “gaining $250” and “losing $250” as equal-but-opposite. But it’s rational to be risk-averse for $250,000.

In fact people are predictably irrational (Dan Ariely book) in such matters, but . . . . .

I focus on long-term investment. Imagine you inherit a sum of money at age 25 and you resolve to invest it and not start spending it until age 65.