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.