Risk Analysis for Consistent, Positive, Prudent Returns

Through the years, I have been relentless in my efforts to alert investors of the dangers of taking on too much risk. It may seem redundant, but investor minds have been proven to be easily distracted, especially when it comes to matters of prudence. In August 2014 I explained my policy of risk avoidance, writing:

> *One of the most important investment steps you can take is to look at the big picture—that is, get high above street level so you can actually see the parade. Big risks are always big ideas, loaded with complexity and controversy. In most cases, the media is geared to work against you, and it's difficult to break through and get at the truth. To frame risk parameters, I use inference reading—what I call outcome analysis—and on-the-ground anecdotal evidence. Whether you are currently in retirement or saving for a secure retirement within the next decade or so, retirement investing leads directly to risk analysis. I exert minimal effort worrying about what I am going to make on my investments. I concentrate on interest, dividends, portfolio balance, diversification, and compound interest. I know what I am being paid up front. And I know that a well-diversified portfolio of equities, fixed income, precious metals, and foreign currencies has historically provided consistent, positive, prudent returns.*