

SAFEGUARDING INVESTED CAPITAL. 13

Colonies, were regarded as fields for speculation rather than for solid investment.

The only then known method of distributing investment risks consisted in holding a number of different investments possessing varying qualities, and covering different classes of enterprise.

Experts in finance in all parts of the world believed that the methods described above afforded the best means for safeguarding invested capital. Banks and insurance companies having invested their funds on these lines private investors were advised to adopt the same practice. As a consequence, success in investment was left to chance, so that in the past most investment lists produced very unsatisfactory results, and are likely to continue to do so in future unless they are placed on a sound footing.

An ill-constructed list of investments has always been, and must always be, a speculative venture. There is no way to ensure its producing stable results, except by thoroughly reconstructing it on lines which practice has proved efficacious.

Most investors have no desire to speculate. They have placed their money on what they have hitherto regarded as a safe plan, exercising great care in selecting their investments. Naturally, therefore, they attribute their past losses of capital and income rather to inevitable misadventure, than to reparable causes.

They are inclined to sit still, awaiting the return of "good luck," rather than admit to themselves that