

CHAPTER I.

ON INVESTMENT RISKS.

INVESTMENT is the act of laying out money with a view to keeping it safely, and at the same time securing an income from it. Two distinct objects being aimed at by the act of investment, there are naturally also two separate and distinct risks attached to it, namely, the risk attendant upon Capital and the risk attendant upon Income.

All investments fluctuate in value, and there is hardly an investment in existence which may be relied upon with mathematical certainty to realise without any diminution the exact sum originally laid out in its purchase. There is, however, a large number of investments which may be absolutely relied upon as regular and uniform income-producers, so that the main difficulty of investment lies in keeping the original capital sum intact.

Not only is the safety of capital attended by the greater risks, but, in addition, it constitutes the cardinal question in the consideration of the safety of an investment; because, so long as capital remains intact, any diminu-