Uncertainty is something more than just risk.

Risk can be measured and risk can be assessed.
Risk is in a way: measuring all known possible outcomes and weighing in their probabilities.

Uncertainty is something deeper: beside the known risks, it also encompasses things we do know about, the unmeasurable outcomes (like the popular idea of *black swans*, but not only these types of events), and also the dynamics of certain scenarios unfolding. Severe risks, even known ones but happening in a certain order, or all at once, may result in far more damage to a portfolio, than the same risks happening in a more “random”, non-correlated manner.

4a. Traps

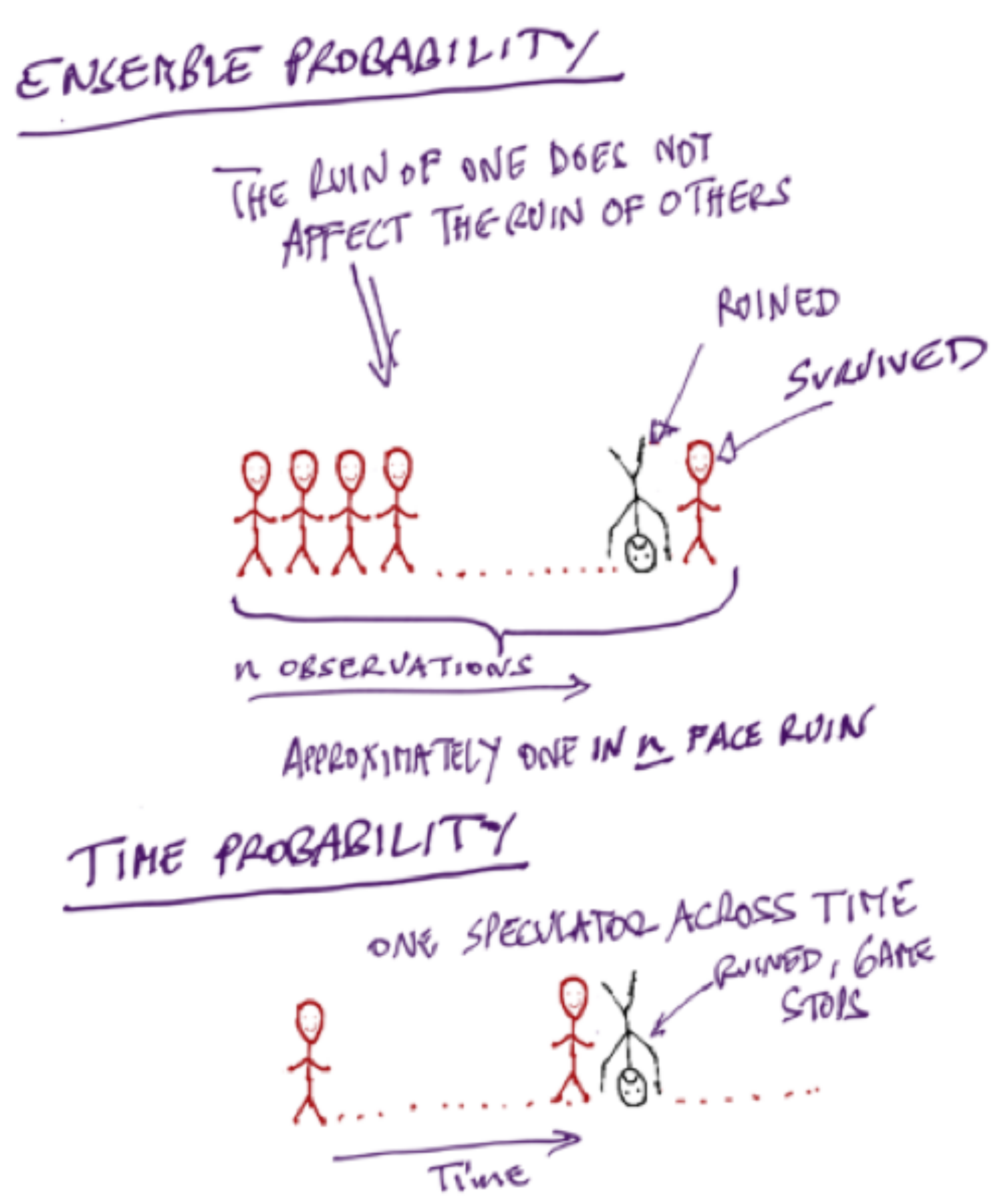
Sequence matters

in the non-ergodic world of investing.

[Taleb, “The Logic of Risk Taking”, part of “Skin in the Game”, Incerto series, 2018. ISBN: 978-0425284629]

[Gell-Man, Peters: “Evaluating gambles using dynamics” https://arxiv.org/pdf/1405.0585.pdf]

[Peters: “Optimal leverage from non-ergodicity” https://arxiv.org/pdf/0902.2965.pdf]



source: Nassim Nicholas Taleb, https://medium.com/incerto/the-logic-of-risk-taking-107bf41029d3