THE INVESTMENT MENU

What are your expectations for the next 10 years? Will there be a *leveling off* of inflation, with the rate staying somewhat constant? An inflation that *continues to rise* in an irregular pattern, as it has been doing for the past 20 years? A *runaway inflation* with rates of 100 percent or more, possibly leading to the total destruction of the dollar? A *soft landing*, in which inflation slowly declines to zero? Or a *deflationary depression*, in which inflation ends abruptly?

Whatever your expectations, your portfolio should be designed to match them for the next 10 years or so—without being vulnerable to the surprises that will inevitably occur along the way. Once chosen, the portfolio should be able to take care of itself, without constant surveillance on your part.

The accompanying chart reviews the various investments you might include in your portfolio and indicates our opinion of how each one should respond to the possibilities for inflation. Of course, no investment's future depends on inflation alone. Yet it's important to know what inflation tends to do to an investment, so that you can construct a portfolio in line with your expectations for inflation and so that you can select investments that will rescue your portfolio if your expectations turn out to have been wrong.

But tendencies are not certainties. If you realize that many factors will influence each investment's profitability, you'll be encouraged to diversify within each broad investment category.

		Leveling Off	Irregular Rise	Runaway	Soft Landing	Deflationary Depression
Liquid Equity Investments	Gold bullion, coins	fair	excellent	excellent	poor	good/poor**
	Silver bullion	good/excellent	good	mediocre	good/excellent	poor
	US silver coins	good/excellent	good	excellent	good/excellent	poor
	Swiss francs*	fair	good	excellent	mediocre	very poor
	US stocks	mediocre/good	poor/mediocre	poor	excellent	very poor
Illiquid Equity Investments	A business	mediocre/good	poor/mediocre	poor	excellent	very poor
	Real estate	mediocre	good	mediocre	poor	very poor
	Collectibles	mediocre	good	mediocre	poor	very poor
Liquid Dollar Investments	US T-bills†	mediocre	poor	very poor	mediocre/good	good
	Lower-grade short-term instruments†	mediocre	poor	very poor	mediocre/good	very poor
	US T-bonds and high-grade bonds	mediocre/good	poor	very poor	good	excellent
	Lower-grade long-term bonds	mediocre/good	poor	very poor	good/excellent	very poor
Less-Liquid Dollar Investments	Mortgages owed to you	mediocre	poor	very poor	fair	very poor
	Fixed-dollar annuities and pensions††	mediocre	poor	very poor	good	poor

*assuming Swiss inflation rate less than 5%
†assuming interest income is not protected from taxes
**good in the early stages, poor in the later stages
††includes cash-value life insurance