Guidelines for Fighting Inflation in Your Portfolio

American Century Investments®

There is no "right" amount of inflation-hedged assets to add to a portfolio. You should consider a combination of several factors, including your objectives, risk tolerance and time horizon, when determining if you need to increase your allocation of inflation-hedging assets.

Lower percentage of inflation-hedging assets

Higher percentage of inflation-hedging assets

- More aggressive
- Long investment time frame
- Concern about inflation: low

- More conservative
- Short investment time frame
- Concern about inflation: high

How long until you'll use your investment? The closer you are to the spending phase, the more you will want to prepare your portfolio for the risks of inflation.

How vulnerable is your portfolio to the impact of inflation? Investments such as money markets and bonds may be at more risk of a loss of purchasing power over longer periods of time.

Investor Scenarios

Sue Smith

- Age 35
- Has a small IRA and recently started 401(k) contributions
- Main goal is retirement
- Aggressive portfolio[1] primarily invested in stock mutual funds
- Concern about inflation: low

Bob and Rose Stevens

- In their mid 60s and recently retired
- In addition to Social Security, they have $500,000 in IRA accounts and Rose has a small pension
- Plan to travel extensively
- Conservative portfolio[2] mostly in high-quality bond mutual funds with a small portion in a dividend-paying stock fund
- Concern about inflation: high

[1]Aggressive portfolios typically hold more stocks with less in bonds and cash. [2]Conservative portfolios typically hold more cash and bond investments and less stocks.

This material has been prepared for educational purposes only. It is not intended to provide, and should not be relied upon for, investment, accounting, legal or tax advice.

Investment return and principal value of security investments will fluctuate. The value at the time of redemption may be more or less than the original cost. Past performance is no guarantee of future results.