

# Financial Department

Conducted by WILLIAM LEAVITT STODDARD

The Financial Department is prepared to furnish information regarding standard investment securities, but cannot undertake to *advise* the purchase of any specific security. It will give to inquirers facts of record or information resulting from expert investigation, and a nominal charge of one dollar

per inquiry will be made for this special service. The Financial Editor regrets that he cannot undertake the discussion of more than five issues of stocks or bonds in reply to any one inquirer. All letters should be addressed to THE OUTLOOK FINANCIAL DEPARTMENT, 120 East 16th Street, New York, N. Y.

## Four Kinds of Investments

**I**F you ask the average man how many kinds of investments there are, the chances are that he will hesitate and, in nine cases out of ten answer, "Two, stocks and bonds." So far as it goes this is a perfectly good answer. But it is at best a superficial answer. It does not go below the surface.

Take the case of a business or professional man (or woman) who has a job or a method of earning a surplus over living necessities, some invested capital, life and accident insurance, and perhaps a house or an equity in one. Such a man has a continuous investment problem, none the less serious because

## Selecting Safety In a Real Estate Bond

**A** GOOD real estate bond gives the investor not only safety, but a higher interest yield than can be obtained from other securities of equal soundness. But intelligent care must be used in choosing the bond.

The first and most important step is the selection of your investment banker. Buy only from a House of integrity, high responsibility, and long experience in this one particular field of finance—first mortgage real estate bonds; since experience gained in the other lines of financing is of little use in the real estate bond field.

When you come to S. W. STRAUS & CO. you know that you come to the leading House in its line, and when you buy Straus Bonds, you know that you are purchasing the *premier real estate security*. Write for our current offerings of sound first mortgage bonds, yielding around 6%. Ask for

BOOKLET C-1705

# S.W. STRAUS & CO.

ESTABLISHED 1882

INVESTMENT BONDS

INCORPORATED

STRAUS BUILDING  
565 Fifth Ave. at 46th St.  
NEW YORK

STRAUS BUILDING  
79 Post Street  
SAN FRANCISCO

STRAUS BUILDING  
Michigan Ave. & Jackson Blvd.  
CHICAGO

The Straus Hallmark on a bond stamps it at once as the *premier real estate security*.

In writing to the above advertiser please mention The Outlook

it does not involve large sums. In fact, it is a more difficult problem than that of the man who can invest \$5,000 to \$10,000 or \$25,000 in lumps. Diversification is not a simple process. The tendency to seek high returns and to overlook factors that make for safety and long-time appreciation are often minimized if not disregarded.

Such an investor makes a serious mistake if he does not classify his investments—not according to their obvious names and types, but according to *purpose* or end in view.

What, then, are or should be the chief purposes of the investments of the kind of person we are considering? To make money? Yes—but that does not altogether cover it. To hold to what he has, adding a little now and then? True—but in just what way?

We shall get nearer to a satisfactory solution of the problem if we realize that the ordinary man or woman needs to have these four distinct types of investment:

1. Rainy day investment for ordinary emergencies.
2. Reserve for severe emergencies.
3. "Back-log" for more or less permanent investment purposes.
4. Appreciation fund for growth.

This little classification is made on the basis of *purpose*. Each purpose is a necessary purpose, and each should be planned for. Let us take them in order.

"*The Rainy Day Fund.*" The object of this fund is to have some money readily available to meet an emergency. A serious accident, a death, an imperative trip—this will depend on one's circumstances and probable contingencies. The amount of this fund will of course vary. For some \$100 would be more than enough. For the average family of moderate means somewhere in the neighborhood of \$500 would seem reasonable.

Inasmuch as this fund must, by its very nature, be almost instantly available, the savings bank account would appear to be one ideal investment medium. If placed in a savings account, the fund will earn at a fair rate.

"*Reserve for Severe Emergencies.*" The purpose of this fund is different from that of the "Rainy Day Fund." It is designed to meet the serious disasters or knocks of life which no one can foretell but which may come to any one—loss of a position, severe business reverses, possibly moving to another city and re-establishing one's self. For such a fund the securities chosen should be of a type which will tend to vary little in market prices. Return is important, of course, but security of principal is of the first importance. Co-operative banks or

## "No form of investment has a better safety record than this"

-- Charles C. Graham, in  
THE CHRISTIAN HERALD

*A recent article in the Christian Herald concerning Real Estate Bonds contains such sound information for men and women who are looking ahead financially, that we take pleasure in reprinting it, in part, here:*

"**T**ODAY, as never before, every individual, whether he has \$100 or \$1,000, whether he can lay aside \$10, \$25, or \$50 each month, has his choice of as many safe and attractive investments as the man with \$10,000 to \$100,000 or more.

"One of the most popular forms of investment today is the real estate mortgage bond. This is simply the old-fashioned mortgage with several modern conveniences and additional safeguards added . . . .

"Of the many modern safeguards provided in first mortgage bonds the principal ones are these:

"Instead of being allowed to wait until the end of a term of years to pay off his loan, the borrower is required to repay a part of the loan every year. Thus, as each payment is made there is additional mortgage security behind each outstanding bond. This also permits an investor to invest his money for any number of years from two upward.

"On income earning buildings such as apartments, hotels and office

buildings, the borrower plans to make in rental income the money needed to pay interest and repay principal. Since he collects rents monthly, he is required to pay monthly installments to a trustee so that when principal and interest payments are due the money is actually on hand to meet them. This plan removes any uncertainty about payments being made on time.

"In effect, the investor who buys a mortgage bond has not only the property as security, but its rental earnings as well. There are several investment bankers offering first mortgage bonds whose investors have never lost a dollar or had to wait a day beyond the time when interest or principal was due. No form of investment has a better safety record than this."

### No Loss to Any Investor in 54 Years

Smith Bonds combine the security of first mortgages on modern, income-producing city property, with safeguards that have resulted in our record of no loss to any investor in 54 years. You may buy them, in \$1,000, \$500 or \$100 denominations, outright

for cash, or under a plan that pays the full rate of bond interest—6½%—on regular monthly payments. Fill out and mail the form below for our two new booklets, "Fifty-Four Years of Proven Safety" and "How to Build an Independent Income."

6½%

## THE F. H. SMITH Co.

Founded 1873

SMITH BUILDING, WASHINGTON, D. C.  
285 MADISON AVENUE, NEW YORK, N. Y.

CHICAGO PHILADELPHIA BOSTON PITTSBURGH ST. LOUIS  
BUFFALO ALBANY MINNEAPOLIS

Name.....Address.....



*Write for  
it Today*

ONE square mile of land is required every month to provide for Detroit's growth in population and industry. Fortunes are being made in Detroit real estate. The investor has exceptional opportunity here. Yet Detroit has only started its career as a great commercial and industrial center. You will enjoy this wonderfully illustrated book about Detroit and Dearborn—the center of Greater Detroit's west side, where Henry Ford has built the world's largest single industry.

**You should have this book!**

Wanted—State Managers. Men of character and standing. Big opportunity for men who qualify.

THE GLOVER WATSON ORGANIZATION INC.  
WASHINGTON BLVD. BLDG., DETROIT, U. S. A.

## Asthma

Vapo-Cresolene makes a strong appeal to those afflicted with Bronchial Asthma, because the little lamp, used at night, is at work vaporizing the soothing remedy while the patient sleeps and the difficult breathing is quickly relieved. A patient calls it a boon to sufferers from Asthma. Sold by druggists.

Send for descriptive booklet 31B.

VAPOR-CRESOLENE CO., 62 Cortlandt St., New York  
or Leeming-Miles Bldg., Montreal, Canada

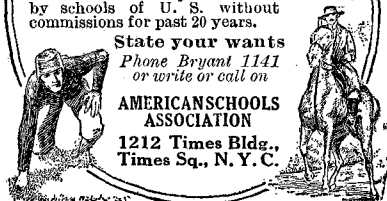
### THE OUTLOOK RECOMMENDS

## BOARDING SCHOOLS

Free Information: All schools in U. S.; College Prep., Finishing, Military, Day, Collegiate, etc. Catalogs, ratings, official advice. Only free office maintained by schools of U. S. without commissions for past 20 years.

State your wants  
Phone Bryant 1141  
or write or call on

AMERICAN SCHOOLS  
ASSOCIATION  
1212 Times Bldg.,  
Times Sq., N. Y. C.



### TEACHERS' AGENCY

## The Pratt Teachers Agency

70 Fifth Avenue, New York  
Recommends teachers to colleges, public and private schools.  
EXPERT SERVICE

### EUROPEAN SCHOOL

## LA MARJOLAINE

22 Chemin du Velours 22, Geneva  
Excellent Swiss school for girls, unusually recommended. Resident, day pupils. Individual care of studies and diet. Chaperoned stay in mountains arranged for winter and summer holidays. Booklets, details, Outlook Travel Bureau.

building and loan shares; United States Government or municipal bonds; mortgages or real estate mortgage bonds, possibly preferred stocks, are among the candidates for this fund.

**"Back-Log Fund."** This to a certain extent shades into reserve fund. It is, however, an investment and reinvestment fund which is intended to hold the main bulk of one's capital. Just what securities should be purchased for this fund depends entirely on various circumstances. This fund and the one next to be considered is the real investment problem of the investor.

**"Appreciation Fund."** Few people want to have all their investments merely "static"—that is to say, without reasonable probability of increasing in value. It is for this motive that men speculate. For the same motive others buy "good business risks" in stocks. Others buy selected common stocks, and so on. Some investment trusts are designed to fulfill the requirements of this purpose.

We have endeavored to stress in our fortnightly discussions of investments in this department that it is hard to say

that a given security is a good or a bad investment till the purpose for which it is to be purchased is carefully considered. Purpose governs—or should govern. Therefore in order to clarify our thinking and planning we had best first of all enumerate possible purposes and then try to decide which one we desire to accomplish at any given time and with any prospective investment.

The grouping of purposes given above is informal and crude, but we think that it will fill the needs of the average man, or at least assist him to define his needs so that he will realize what he is to accomplish.

For obvious reasons we have not discussed at any length the kinds of investments to accomplish the "back-log" and "appreciation" types. As we have, however, indicated, right here is where the investor and his adviser must expend the greatest amount of gray matter. But they will waste the least amount of that valuable substance if they discuss according to clearly defined purpose.

We shall be glad to get the reaction of our readers to this outline. We feel it will facilitate our work with them. W. L. S.

## From an Inquiring Reader

ON returning home one evening about seven o'clock I found my apartment door had been jimmied and a thief had stolen, among other things, three \$1,000 bonds that I had bought just a month before. Of course, I should have put these bonds in my safe-deposit box, but put off going downtown with them. Now what I want to find out is, is it possible for me to get these bonds back? I have listened to so many opinions on the subject, I have decided to ask The Outlook.

"The police were called in at the time. Two of them said, 'Oh, notify your broker; you'll get them back, of course.' My landlord, a rich man, of course, said, 'Oh, you will get the bonds back, I'm sure.' Several of my friends said the same thing, 'Without question you must get them back.'"

"Now I at once wrote to all three corporations, stating the particulars. One of the paying agents sent me a questionnaire to fill out, and their return answer tells me that after a year passes I must take the matter up again with them and they will see. The paying agents of the other two bonds answered in about the same fashion.

"Now a very high class lawyer says, practically, 'No chance.' He doesn't think I will ever get the bonds back.

"Now will you kindly give me your

opinion? Perhaps you might consider it timely to explain and warn others of the importance of taking extreme care in guarding bonds from loss or theft. Many, like myself, might believe it not easy for lost or stolen bonds to be disposed of so readily. I had every reason to think they were safe in my apartment. Having never been robbed before, I could not be expected to anticipate it. I was careful to take the numbers of the bonds, and thought it would be an easy matter to trace them.

"For your information I would say further that this was all the money I had outside of a small income left me by my husband. I invested this three thousand dollars for emergency or sickness. So, you see, it is a serious loss to me."

Our comment—Scrap the "bureau-drawer" safe. Use the safe-deposit box.

## Facts for Investors

THE OUTLOOK's Financial Service Department is at the disposal of all Outlook readers at the nominal charge of \$1 per inquiry. It is a fact-finding and reporting information service which aims to help the investor, small or large, solve his own problems. We are serving hundreds. May we serve you?

The Outlook Financial Service Department  
THE OUTLOOK, 120 East 16th Street, New York

In writing to the above advertisers please mention The Outlook