In the event of a Zimbabwe or Venezula type hyperinflation issue, would you be able to react and somehow safeguard or shift investments?

Hyperinflation is a macro-economic event that occurs because of a steep devaluation of a country's currency that causes its citizens to lose confidence in it. Hyperinflation can occur when a country increases its money supply while its gross domestic product stagnates or shrinks. It takes an enormous shock to trigger runaway inflation, such as a war or a general economic collapse.

Inflation presents special challenges to investors and financial advisors. The only way to deal with it successfully, is to be sure that your investments are allocated to asset classes that are likely to benefit from inflation, while avoiding those that tend to be especially hard hit.

The investments Global & Local manage for our clients and investors can be moved into different funds and different asset classes relatively easy. Should we at the time happen to predict or see that there will be a hyperinflation situation we would then switch into specialised funds which could potentially hedge against a rise in inflation.

Here are some investment opportunities we would look to switch your portfolio to in order to brace your investments from the possible situation of hyperinflation:

1. **Gold:**
   Gold is a popular inflation hedge. Fund managers tend to turn to this precious metal during inflationary times, causing its price to rise. While silver and other metals also tend to gain value during inflationary times, gold is generally the headline-grabbing investment, with the price of gold shooting up when inflation is notably prese
2. **Real Estate:**
   Real estate is a popular choice not only because rising prices increase the resale value of the property over time, but because real estate can also be used to generate rental income. Just as the value of the property rises with inflation, the amount tenants pay in rent can be increased over time, enabling the income generated by investment property to keep pace with the general rise in prices across the economy and so providing increasing returns.
3. **Exposure to Oil companies:**
   Like real estate and gold, the price of oil moves with inflation. This cost increase flows through to the price of fuel and then to the price of every consumer good transported by truck or produced by a machine that is powered by gas. Since modern society cannot function without fuel to move vehicles filled with consumers and consumer goods, oil has a strong appeal to investors when inflation is rising.
4. **Exposure to stocks which are vital to consumers:**
   There can be some important logic behind fund manager stock selections. Companies can generally pass rising costs on to consumers. Based on this, stocks have a reasonable chance of keeping pace with rising inflation. Some companies have a better opportunity to pass on rising costs than others. Johnson & Johnson baby products, for example, are items that most people with babies will continue to purchase even when these items cost more at the grocery store.

With regards to what to invest in there are pros and cons to every type of investment hedge, just as there are pros and cons with just about every other type of investment. Important to note that there are no guarantees. Traditional inflation hedges don't always work, and unique economic conditions sometimes deliver excellent results to surprising assets while leaving what seemed to be sure winners trailing behind.

We do highly recommend that our clients have some diversification within their investment portfolios. Spreading the risk across a variety of holdings and geographical regions is an important method of portfolio construction that is as applicable to inflation-fighting strategies as it is to asset-growth strategies. Global & Local do always like to encourage that you don't hold all your investment locally but look to invest a portion offshore in direct offshore currencies.