

LAW SCHOOL OF HARVARD UNIVERSITY

Cambridge, Massachusetts

January 9, 1932

Mr. D. Hall, Jr., Trust Investment Officer
Continental Illinois Bank and Trust Company
Chicago

Dear Mr. Hall:

Re: Perkins Bass Estate

I have investigated the bonds mentioned in your letter of December 29, 1931. I consider that all the bonds suggested by you are suitable for placement in a trust fund. The most attractive on a price basis are, in my opinion, the following:

Chicago Union Station 5s - 1963
Michigan Northern Power 5s - 1941
Mississippi River Power 5s - 1951
Potomac Edison 5s - 1956
Wisconsin River Power 5s - 1941

On behalf of my mother, I approve your purchasing for her any of the bonds in the above list. However, the prospect of profit in the purchase of the above bonds does not seem to me to be equal to that which might be obtained from a fee. Therefore, I think it possible my mother may later request that the bonds be sold and a fee be bought.

The statement in your letter regarding the importance of considering possible appreciation in buying bonds leads me to express my views on that subject. They are that in the handling of any trust fund the probable appreciation of the principal is a very important consideration. Over periods of two or three decades during the last few hundred years the value of money has nearly always declined materially. Therefore, if a trust so invests its funds that it has after twenty or thirty years exactly the same number of dollars that it had in the beginning, it is almost sure to have sustained a considerable loss in terms of the real value of money.

At present, we are in my opinion, in a period of major deflation of values of all varieties of property. Hence, I believe that the present time offers remarkable opportunities for purchasing bonds or real-estate with an eye to appreciation of principal. For the two funds of which I am trustee, I am not buying any of the bonds in your list, but am endeavoring to secure bonds which as well as being safe have prospect of large appreciation in value over a period of years.

Very truly yours,

Sam B. Warner



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