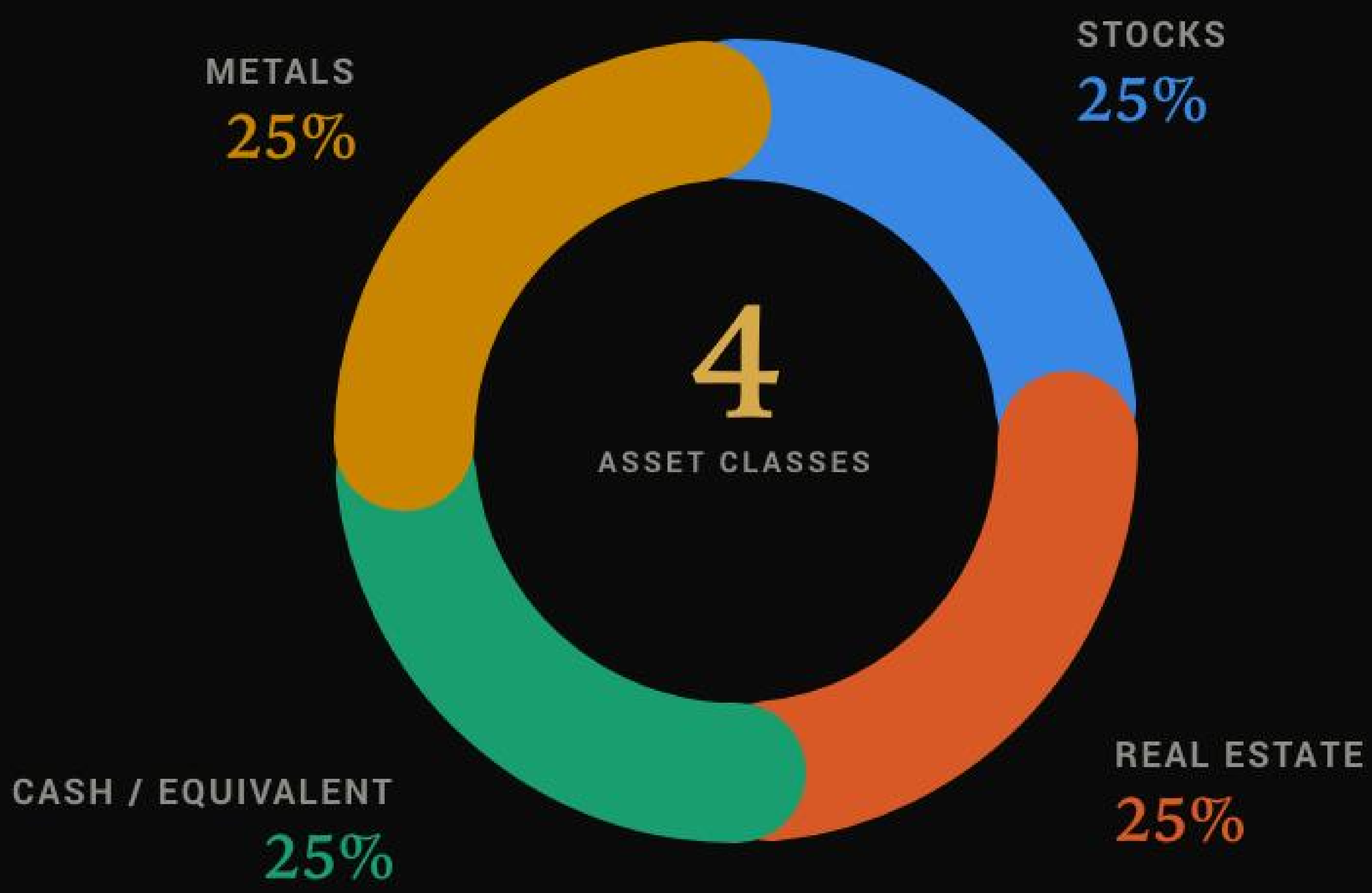
By **Wali Khan** · walikhan.co

The 25/25/25/25 Portfolio

Four asset classes, equal weight. A simple framework built to hold up across inflation, market crashes, and everything in between — not a finished portfolio, just a starting frame worth understanding before you build your own.



Swipe through the framework →

ASSET 1 OF 4

Stocks — the growth engine

Equities are the leg that compounds quietly over decades — historically the highest real return of the four, averaging roughly 7% a year after inflation over the long run. They're also the most liquid, sellable in seconds if you need the cash.

The tradeoff is volatility: double-digit drops in any given year are normal, not a warning sign. Keep it simple — broad, low-cost index funds across US and global markets, not single stocks or sector bets. This is the growth engine, not the part you actively trade.

ASSET 2 OF 4

Real estate — tangible and leveraged

Property gives you something the other three can't: leverage. A mortgage lets you control an appreciating asset with a fraction of its value in cash, while rental income and price growth both work in your favor over time.

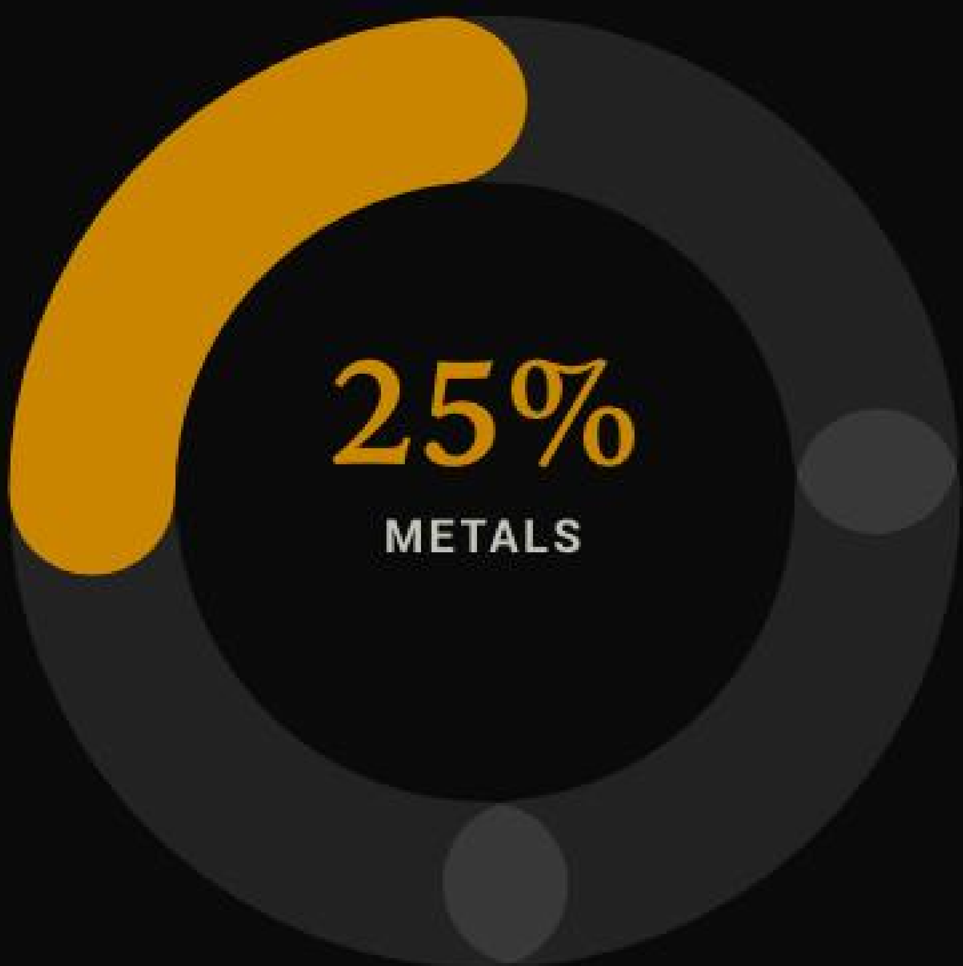
The tradeoffs are real — illiquidity, maintenance costs, and exposure to one country's property cycle. This bucket means any real estate investment (REITs, rental units, land) — not the home you live in, which is a lifestyle asset, not a portfolio holding.

ASSET 3 OF 4

Metals — the ballast

Gold, silver, and other hard assets don't pay a dividend, don't compound, and don't produce any cash flow. What they do is hold their value when currencies get debased and confidence in paper assets wavers — a role no other asset in this split plays.

Physical bullion, allocated storage, or a low-fee ETF all work here. Be careful with mining stocks — they behave more like equities than like the metal itself, which defeats the point of holding this bucket in the first place.



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ASSET 4 OF 4

Cash / equivalent — the optionality

This is the most misunderstood 25% of the four. Idle cash feels wasteful, but its job isn't to grow — it's to give you options. It's the only leg that doesn't fall when stocks, real estate, and even gold all have a bad year at once.

Park it in T-bills, money market funds, or high-yield savings so it at least keeps some pace with inflation while it waits. When the next correction hits and everything else is on sale, this is the money that actually lets you act on it.

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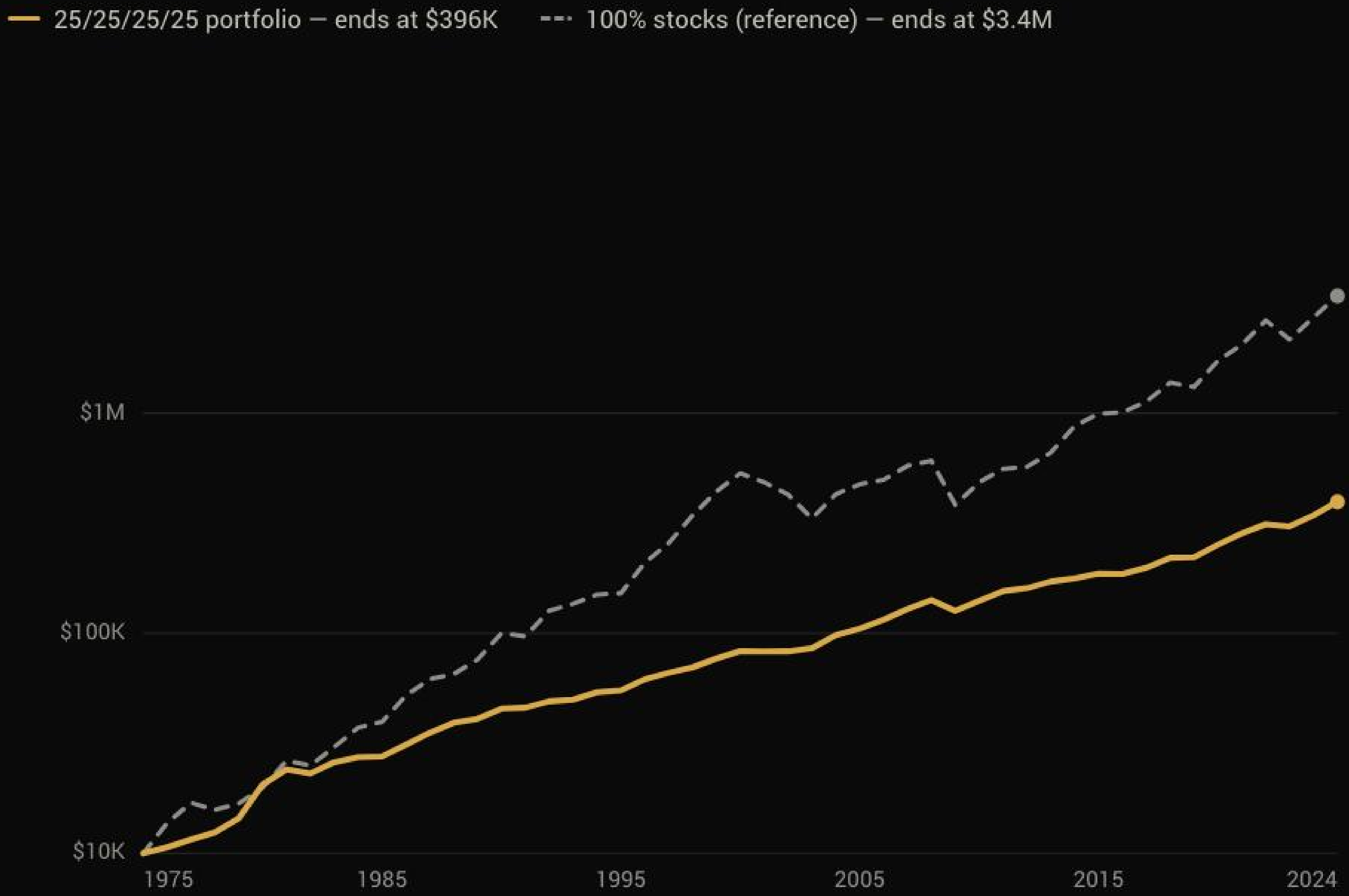
50 YEARS, REBALANCED EVERY YEAR

$10,000 since 1975 — how would this split have done?

A 25/25/25/25 mix, rebalanced back to equal weight every year, since 1975 — versus staying 100% in stocks the whole way.



Illustrative model — approximate historical average annual returns per asset class (S&P 500, gold, U.S. housing, T-bills), rebalanced annually to 25/25/25/25. Not exact historical data; for illustration only. Worst single year: this split −10.6% vs. −37% for 100% stocks in 2008.

Not a perfect portfolio — a starting point

This is **one way** to look at things, not the definitive answer. Treat 25/25/25/25 as a starting frame — the actual weights should shift with your age, income, liabilities, and how much risk you can stomach.

If your entire net worth is currently tied up in the home you live in, this split is still a far better starting point than sitting at effectively 100% in one illiquid asset with zero diversification.

It also doesn't account for your tax situation, currency exposure, or short-term liquidity needs — all of which should shape the real numbers you use. Revisit the split at least once a year, and let it drift on purpose, not by accident.

Save this. Then take one honest look at where your own net worth actually lives.

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