INVESTING FOR SUCCESS

The impact of a higher inflation rate on "safe" investments

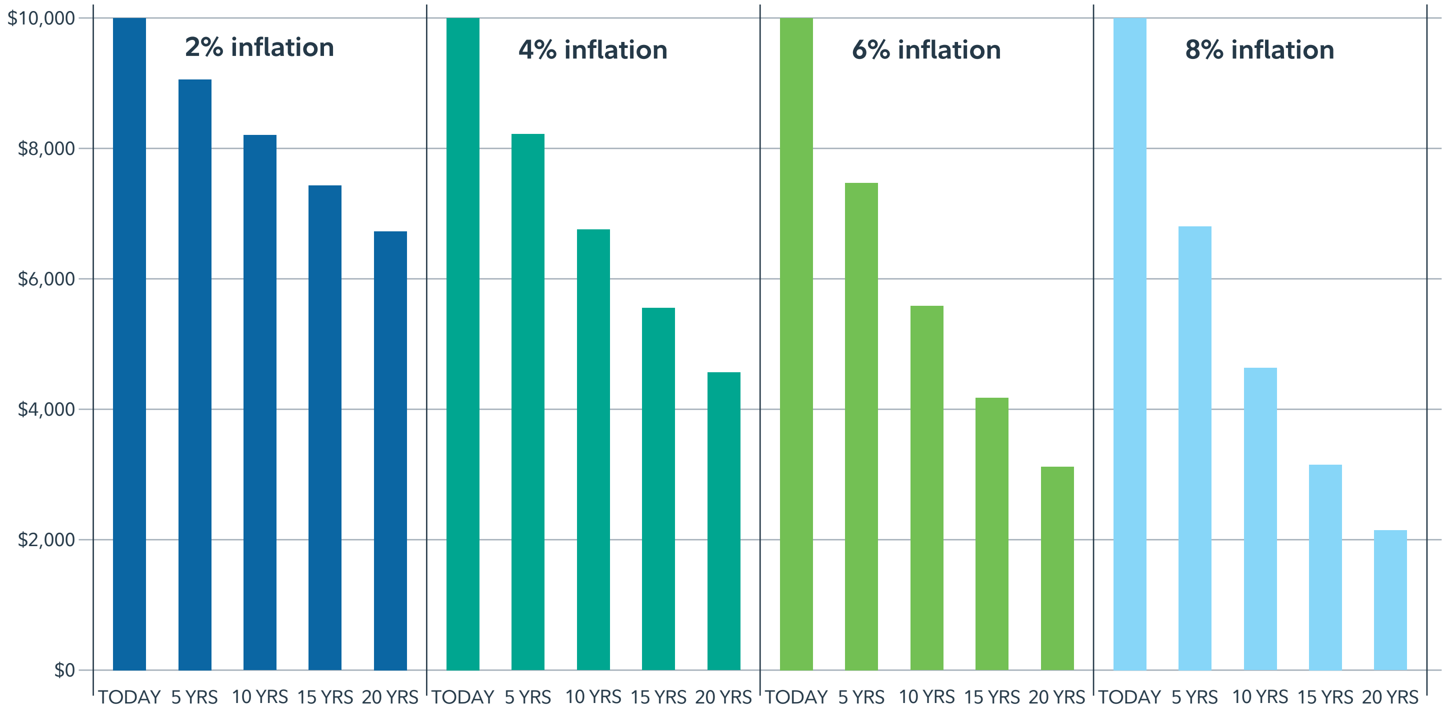
When calculating your investment goals, you should always factor in inflation. The sharp and sudden increase in the rate of inflation over the past year has eroded significant value from savings in what many believe are "safe" investments.

The risk of inflation is one reason so-called "safe" investments such as GICs may not be so safe after all. Often they have low returns, so on their own they may not generate enough to meet your goals, once the increased cost of living is factored in.

Consider diversifying your portfolio with equities for better growth potential, to offset the impact of inflation.

Erosion of purchasing power

The chart illustrates the effect of inflation on $10,000. Even at the relatively low rate of 2%, $10,000 shrinks to $6,729 of purchasing power in 20 years.



Source: Fidelity Investments Canada ULC.

For more information, ask your advisor or visit **fidelity.ca**

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