The risks of "safe" investments

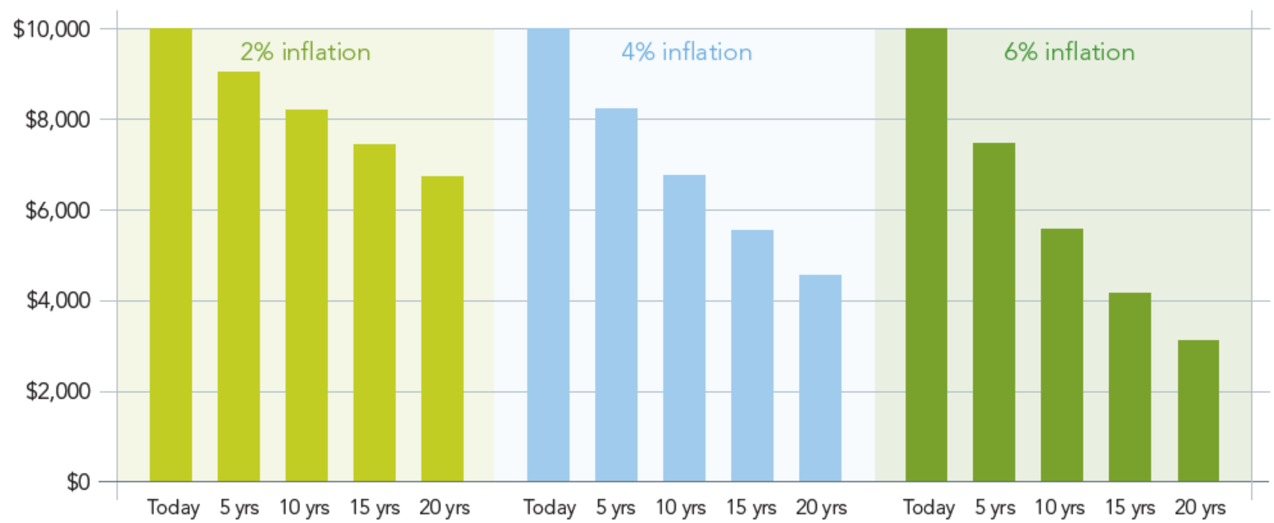
When calculating your investment goals, you should always factor in inflation. Although inflation is currently low, the future holds no guarantees – and even low rates can eat away at your savings.

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 Management & Research Company

Read a fund's prospectus and consult your financial advisor before investing. Mutual funds are not guaranteed; their values change frequently and past performance may not be repeated. Investors will pay management fees and expenses, may pay commissions or trailing commissions, and may experience a gain or loss.

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