Fidelity's Top 10 Tips for successful investing

Fidelity™
WORLDWIDE INVESTMENT


THERE'S NO SECRET - I JUST STARTED EARLY!

1. Start Early

The sooner you invest, the more time your money will have to grow. If you delay, you will almost certainly have to invest much more to achieve a similar result.

The difference time can make

If you started investing Rs 5,000 a month on your 40th birthday, in 20 years' time you would have invested Rs 12 lakhs. Growing at an average of 7% a year, it would be worth Rs 25,52,994 when you reach 60.

If you started investing ten years earlier, your Rs 5,000 each month would add up to Rs 18 lakhs over 30 years. Assuming the same average annual growth of 7%, you would have Rs 58,82,545 on your 60th birthday – more than double the amount you would have received if you'd started ten years later! The bottom line - your investments gain most from compounded interest when you have time on your side.

IN~~TEN~~SIVE
EXPENSIVE
CARE
UNIT

2. Keep some cash aside

It is always a good idea to have some money set aside in case of emergencies. Enough to cover three months' living expenses is often a rough guide to how much you may need. And make sure you can withdraw it when you need to, without penalties.

Why you might need your money at short notice:

- making a major purchase
- taking an unplanned holiday
- for an emergency such as sudden hospitalization

For most of us, a bank account is a safe place to keep cash. You can also consider putting short term money away in cash funds, also called money market or liquid funds. They provide liquidity and are low risk in nature and returns on these funds fluctuate much less compared to other funds.


zzzZZ
IF YOU THINK THIS IS RISKY, YOU SHOULD SEE SOME OF MY INVESTMENTS!

3.

Ask yourself how much risk you can take

There is no point having a stock market investment if you are going to lose sleep every time share prices go through a rough patch. It's vital that you are realistic about your appetite for risk – an Investment Adviser may be able to help you decide how much risk you can tolerate.

"In many ways, the key organ for investing is the stomach, not the brain. What is your stomach going to do when an investment your brain selected declines for a year or two?"

Peter Lynch, Research Consultant, Fidelity Management & Research LLC and former Fund Manager of Fidelity Magellan Fund.


INFLATION
HELP!
S.S.SAMPATTI

4.

Bear in mind that inflation will eat into your savings

Believe it or not: In 1990, the cost of a movie ticket was Rs. 6.50. In 2000, it went up to Rs. 75. And in 2011, the cost of a movie ticket begins at Rs 100. This unsavory rise in prices is attributed to what is called Inflation. See what this 'thief' can do to your hard- earned savings in the example below

Inflation – the ticking time bomb

Let's say you have you have Rs. 10,000 in a savings account earning 4% interest each year. In 20 years, your savings would be worth Rs. 21,911. That's an absolute return of just over 119%. However, if inflation is about 7%, Rs. 21,911 would be worth only Rs. 5,662 in today's terms!

Inflation eats away the value of your money. And that's why saving is not enough. To defuse this ticking time bomb, follow the four golden rules:

- Begin investing early
- Invest consistently
- Have a long term view
- Diversify your investments

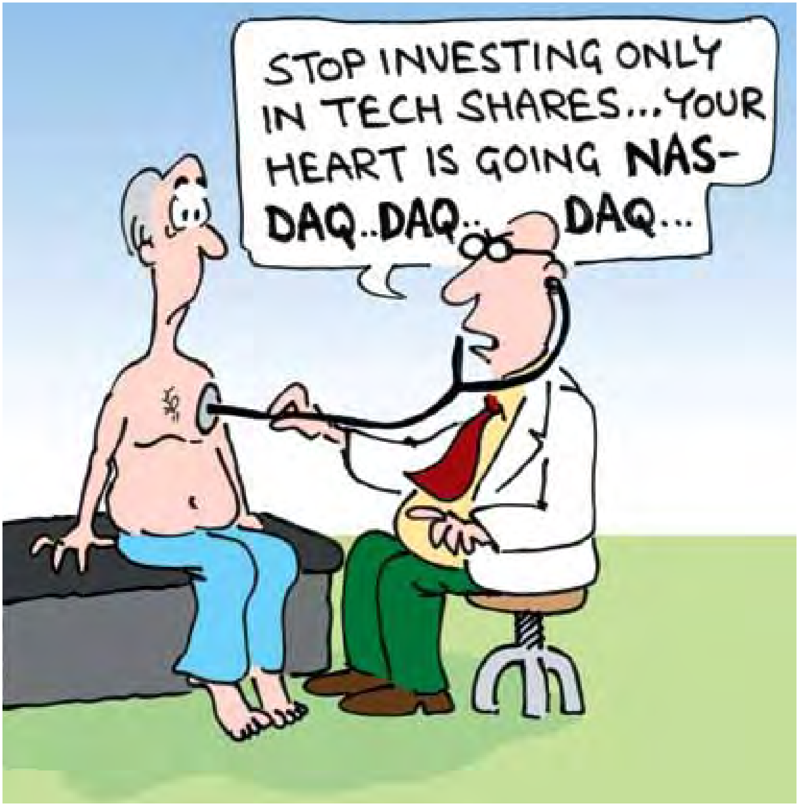

ER... DO YOU ACCEPT 10-YEAR BONDS??
BILL

5. Think carefully about how long you will be investing for

Only look at the stock market if you are prepared to put your money away for five or ten years, or perhaps even longer. If you are likely to need your money any sooner, keep it in a lower-risk investment so there is less chance of a fall in value just before you make a withdrawal.

"If you're going to need money within the near future to put a down payment on a house — the stock market is not the place to be. You can flip a coin over where the market is headed over the next year. But if you're in the market for the long haul — five, ten or twenty years — then time is on your side and you should stick to your long-term investment plan."

Peter Lynch, Research Consultant, Fidelity Management & Research LLC and former Fund Manager of Fidelity Magellan Fund.


STOP INVESTING ONLY IN TECH SHARES... YOUR HEART IS GOING NAS-DAQ..DAQ... DAQ...

6. Spread your money across a range of investments

It's rarely a good idea to have all your eggs in one basket. Depending on your goals and attitude to risk, you will probably want to spread your money across different types of investment – equities, bonds and cash. You may also want to diversify within each of these categories. An equity fund, for example, will invest your money in a variety of companies but you may want to ensure you have a range of industry sectors too.

Advantages and disadvantages of the various asset classes

	Advantages	Disadvantages
Cash	• High security and liquid • Interest will always be paid	• Interest rates vary • Best rates often have restrictions • May not beat inflation
Bonds	• Fixed interest paid regularly	• Bond issuer may default on interest payments • Value of a bond may fluctuate
Equities	• Equities can increase significantly in value • Can outperform other assets classes over the long term	• Equities can also fall significantly in value • Difficult to predict what will happen in the short term


EVERY LITTLE BIT ADDS UP

7. Invest regularly

Investing regularly can be a great way to build up a significant lump sum. You will also benefit from what is known as rupee cost averaging. This means that, if you are investing in a mutual fund, over the years, whether the market goes up or down, you will pay the average price for units.

The power of rupee cost averaging

The table compares the returns achieved by a lumpsum investor and someone who saves the same amount every month for six months. The regular saver finishes with an investment that is worth more than the lump sum investor's after six months – even though the starting price, finishing price and average price are exactly the same. Check the figures yourself!

		LUMP SUM INVESTOR		REGULAR SAVER	
Month	Unit Price (Rs.)	Amount Invested (Rs.)	Units Bought	Amount Invested (Rs.)	Units* Bought
1	20	60,000	3,000	10,000	500
2	18	-	-	10,000	556
3	14	-	-	10,000	714
4	22	-	-	10,000	455
5	26	-	-	10,000	385
6	20	-	-	10,000	500
Total invested (Rs)		60,000		60,000	
Average price paid (Rs)		20		19	
Total number of units bought		3,000		3,110	
Value of investment after six months (Rs)		**60,000**		**62,200**	

This example uses assumed figures and is for illustrative purposes only. * Fractional units ignored


YOU REMEMBER THE PLANTATION SCHEME WE INVESTED IN? - THE DIVIDEND JUST ARRIVED

8.

Choose your funds carefully

You should select investments based on your personal circumstances and goals. If you are investing in a mutual fund, don't opt for the flavour of the month, unless you are sure it will be right for you in the future. Don't assume all funds investing in Indian equities are the same – look at what a fund invests in and check if you are comfortable with its investment style and objectives.

Fashions come and go

Specialist industry sector funds have been fashionable recently, but are they a good idea? The table below shows the performance of four industry sectors over the past seven years. You'll see, no sector did consistently well every single year.

Industry Sector	2004 (%)	2005 (%)	2006 (%)	2007 (%)	2008 (%)	2009 (%)	2010 (%)
IT (BSE IT Index)	26.48	42.75	40.87	-14.09	-50.81	132.78	206.33
Cons. Goods (BSE FMCG Index)	-4.58	55.57	17.40	19.94	-65.02	40.46	123.05
Healthcare (BSE Healthcare Index)	22.64	1.82	21.76	16.52	-32.87	69.18	127.03
Auto (BSE Auto Index)	11.94	50.07	29.65	2.70	-56.86	204.16	318.68

Source: BSE,Verity Analytics


THE MANTRA FOR HAPPINESS, MY SON, IS TWO LITTLE WORDS: STAY-PUT

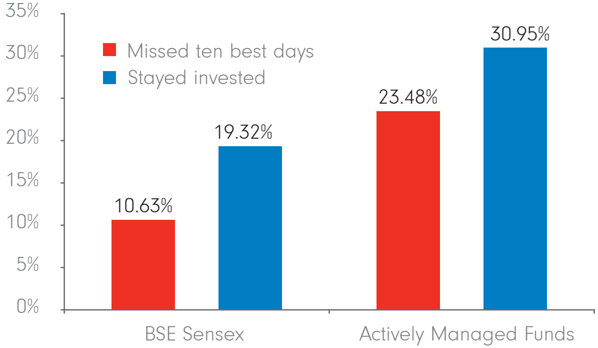
9. Remember that time not timing is the key to successful investing

When planning an investment, it can be tempting to wait for the market to drop. But you run the risk of missing out on the rises that often occur in the early days of an upward trend. In Fidelity's experience, even the experts cannot "time the market" consistently well. It is better to choose an investment that you feel confident about and take a long-term view, so that you have time to ride out any ups and downs.

A few days can make all the difference

We have looked at the returns from both actively managed funds and the BSE Sensex 30 between September 2001 and September 2011. Our analysis shows that missing just a few of the best days can significantly affect investment performance.

Compounded Annualised Returns September 2001- September 2011



Source: Verity Analytics. Compounded annualised returns from 28/09/2001 to 30/09/2011. Figures are based on the combined average performance of the 10 largest open-ended diversified equity funds (as at 30/09/2011) having a track record of over 10 years. Past performance may or may not be sustained in the future.


...ULP! ...LISTEN MY LONG TERM INVESTMENTS NEED TO BE... FOUR-TIFIED!!
BAAP RE BAAP!
MATERNITY WARD

10

Review your investments

A portfolio that is right for you at one point in your life may not be quite so suitable a few years later. Your investments need to adapt to changes in your circumstances, such as getting married, having children or starting a business. It's also a good idea to check that each of the funds in your portfolio is living up to your expectations. Talking to an Investment Adviser could help you decide whether you need to switch money between funds.

Getting the right mix

For the greatest long-term growth potential you could invest all your money in equities. But this could be a high-risk strategy as the markets could dip just before you need the money. You may need to think about making changes to your portfolio over time. You could aim for strong growth in the early years, and then, lock in gains you may have made and move into lower-risk investments. As you get closer to needing your money, bonds and cash investments could be your emphasis.

Portfolio Allocation

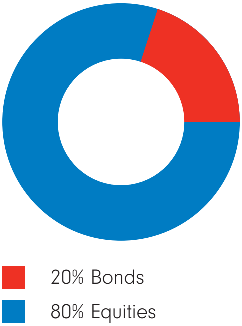
In the three examples below, you can see how your time horizon can affect your investments.

25 years to go: The emphasis is on equities for the potential of long-term capital growth.

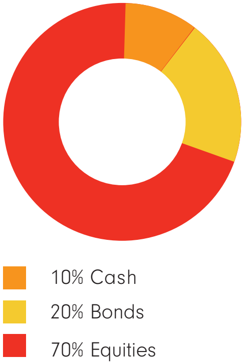
10 years to go: The portfolio is a bit conservative to consolidate some of the gains. Part of the money stays in equities, part moves into lower-risk bond investments.

5 years to go: The aim is to preserve any gains made and the emphasis is on lower-risk bond and cash investments.

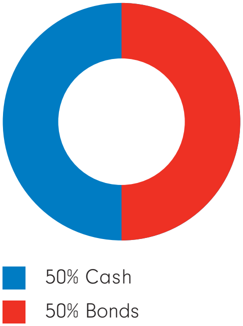
25 years to go



10 years to go



5 years to go



These portfolios are for illustrative purposes only. Your investment decisions will depend on your own circumstances, risk appetite and time horizon. You may want to consult an Investment Adviser for guidance.

Notes:

We're here to help

Fidelity has a long history of helping people meet their financial goals. We have a range of brochures about our products and services and a number of free guides on key investment topics. Please contact us if you would like copies of any of these publications or more information.

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