

The impact of a higher inflation rate on your investments

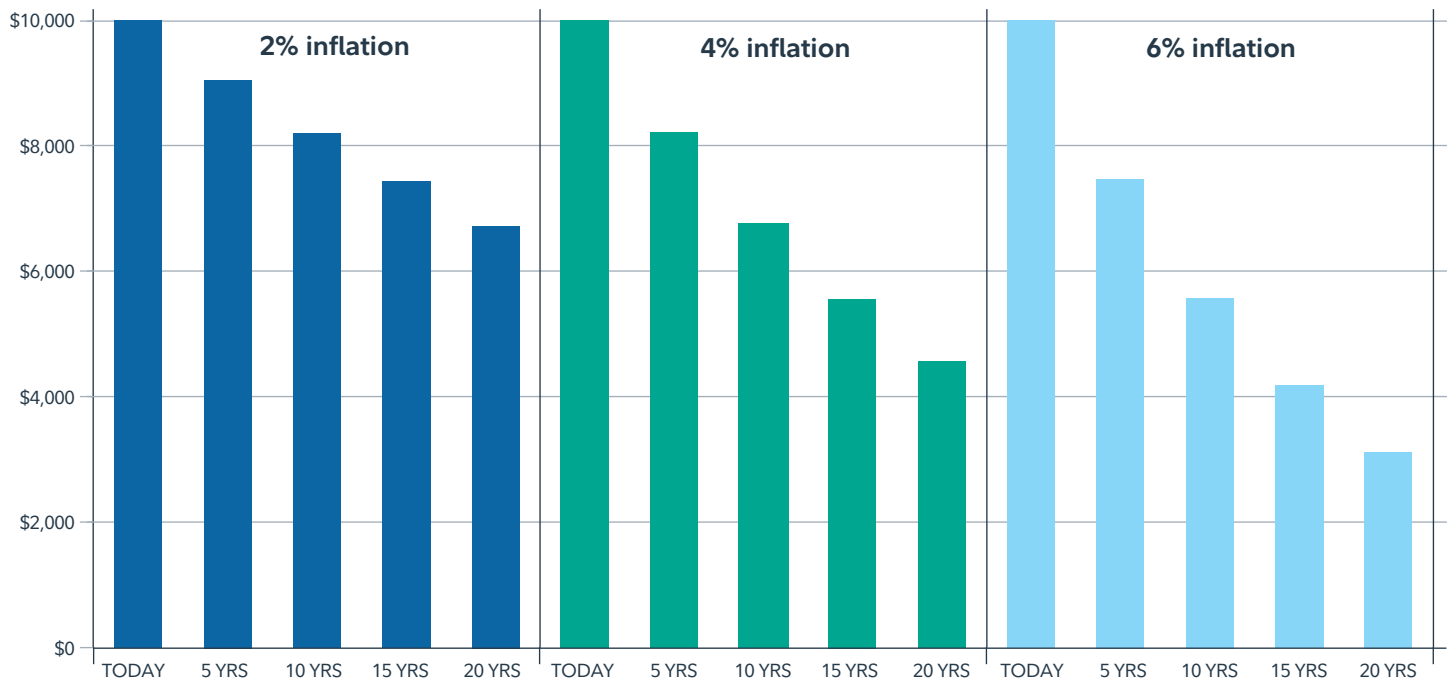
When calculating your investment goals, you should always factor in inflation. The sharp and sudden increase in the rate of inflation can erode significant value from savings.

Although all investments are subject to risk, inflation can have a negative impact on all investments, even lower risk options. Often lower risk options 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 a mix of investments, such as mutual funds and ETFs, that align with your risk level, 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 illustrative purpose only.

For more information, ask your advisor or visit [fidelity.ca](https://www.fidelity.ca)



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