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2. Source: Fidelity 31 December 2008.

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The Guide to Investing in Volatile Times.

March 2009

The scale of the recent stock market turmoil may have left you hesitant about investing in global stock markets. But market volatility is not a new phenomenon — we have experienced numerous market crises over the last 25 years. Many will remember the 1987 stock market crash, the 1997 Asian Financial Crisis, the 1999 internet bubble, and the turmoil caused by terrorist attacks in 2001. Few, however, will recall that after each crisis, markets returned to their previous levels after a period of time.

So what should you do in volatile times like these? Rather than make any decisions to buy or sell without a good understanding of the market, here are a number of strategies you could consider when you rethink and assess your investment objectives.

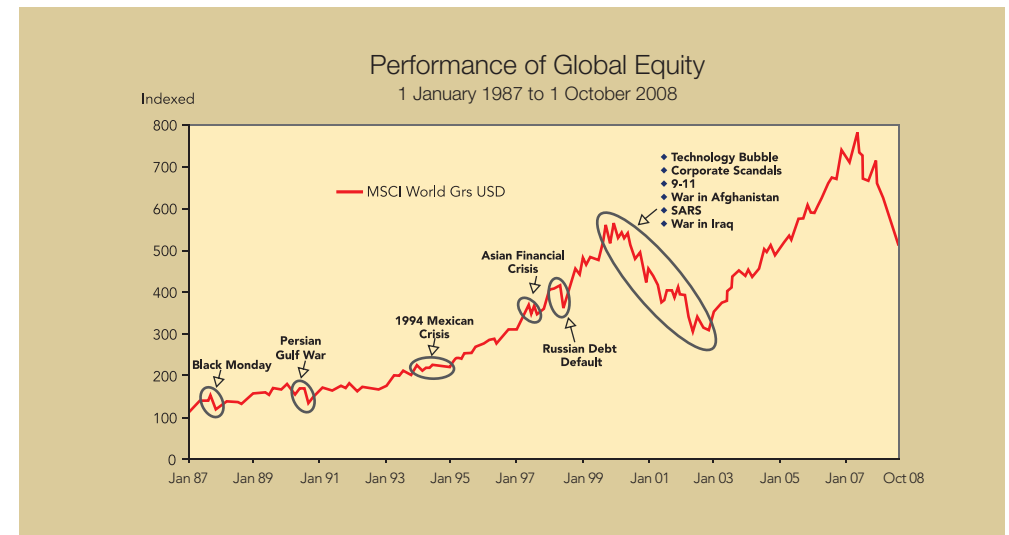
Five strategies for investing in volatile times

1

Understand stock market behaviour

Stock markets go up and down all the time — this is a normal feature of the way they work. During times of stock market uncertainty, it is natural to be concerned about how this affects the value of your investments.

You only have to look at a graph of stock market behaviour like the one below to see this pattern: As unsettling as the dips are, remember that over the long term stock markets are resilient. History shows that investors who are prepared to stay the course over the longer term would potentially reap the rewards over time.



Source: Morningstar; figures in USD; as at Oct 2008; Bid-bid; dividends reinvested. Past performance is not an indication of future performances.

2

It's about time not timing

You may have heard the phrase 'it's time in the market that's important, not timing the market'.

What this means is the longer you keep your money in the stock market, the more likely you are to benefit from the upturns.

But if you try timing the market — taking funds out of the market to avoid further losses or investing aggressively to capture market peaks — you will probably be unsuccessful and possibly jeopardise your long-term investment plan.

Why? Because history shows if you try and time the market, you will probably miss out on the 'best' days to invest. It is extremely difficult to accurately predict when market hits the bottom or when it peaks. An investor who tries to avoid the worst days to invest will often miss the best days as well, counteracting the very essence of what they are trying to achieve.

The chart below demonstrates how missing the 'best' days can impact the value of your investment:

If you have invested US\$ 10,000 10 years ago (on 16 September 1998), what could have happened to the value of your investment if you had missed the gains recorded on the best 10, 20, 30, or 40 days since then?

- 1. Stay fully invested in the MSCI AC Asia index over a 10-year period and you would enjoy a return of 5.07% a year.**
- 2. Miss the best 10 days of the market during that time and your return would drop to just 0.1%.**
- 3. Miss the best 40 days of the market during that time and you would suffer a loss of -9.1%.**

History teaches us that panic selling in a volatile market diminishes returns.

Market	Value of an "untouched" investment at 15 Sept 2008	Value having missed the best 10 days	Value having missed the best 20 days	Value having missed the best 30 days	Value having missed the best 40 days
Asia (ex Japan & Australia)	\$25,433	\$15,871	\$10,879	\$7,815	\$5,798
Australia	\$25,796	\$15,232	\$10,336	\$7,594	\$5,740
India	\$43,698	\$21,472	\$12,500	\$7,850	\$5,155
China	\$16,651	\$7,424	\$4,010	\$2,292	\$1,385
Singapore	\$28,986	\$17,045	\$11,148	\$7,598	\$5,335
Japan	\$13,553	\$7,771	\$5,269	\$3,685	\$2,632
Hong Kong	\$20,677	\$11,321	\$7,346	\$4,953	\$3,434
Korea	\$74,361	\$29,360	\$13,642	\$7,158	\$3,915
Taiwan	\$9,568	\$5,014	\$2,889	\$1,751	\$1,114

Source: Datastream, MSCI price index (in USD). Investment period from 16 September 1998 to 15 September 2008 (10 years). All the above country indices are the MSCI indices for each nation. Transaction cost has not been considered. Past performance is not indicative of future performance.

3

Keep calm and stay invested

Having seen the possible consequence of timing the market, it is therefore important that you remain focused on your investment objectives during times of volatility. Understandably, it can be difficult to sit on your hands while your investment falls. However, if you have a long-term financial goal, you should not let short-term market movements affect your investment strategies. On the contrary, keeping calm and adopting a consistent and disciplined investing approach could help you ride out volatility.

4

Diversify your portfolio

While you may not have control over the market, you can minimise the volatility in your portfolio by spreading the risk.

Diversification simply means not putting all your investment 'eggs' in one basket. You can achieve this by investing in different asset classes (equities, bonds, property, commodities, cash) or across different sectors (financial, healthcare, retail). Geography also plays a part in diversifying your portfolio, as you can spread your risk by investing a portion of your portfolio in overseas markets.

Diversification is essential as different asset classes behave differently under different market conditions. As a result, when one asset class moves up, another may move down, thereby smoothing out the volatility.

5

Invest regularly

While you may not feel like investing right now, regular investing even in volatile times such as these can actually help to smooth out the effects of any market ups and downs. Unit trusts are helpful in this regard as they allow you to invest a certain amount at regular intervals.

REDISCOVERING THE BENEFITS OF UNIT TRUSTS

Given the market volatility, you may wish to review your investment portfolio. But before you make any decision on your portfolio, let us revisit the reasons why unit trusts are a suitable investment option even in volatile times.

- 1 Diversification**

Investing in a unit trust means you have diversification on your side. Your investment is spread over many different securities, reducing your risk.
- 2 Accessibility**

With a unit trust, your money is pooled with other investors, and you gain access to some investments that may not be available to you as an individual investor.
- 3 Economies of scale**

As the investments are pooled with other investors, you can enjoy the benefits of economies of scale, such as reduced transaction costs.
- 4 Professionally managed**

Your investment is in the hands of highly experienced professionals who live and breathe the business, and understand economic issues that impact your investments. These professionals are responsible for monitoring the various securities that make up your investment, a job that requires a great deal of skill and time.
- 5 Liquidity**

A unit trust gives you the flexibility to convert some of your units to cash, should you need liquidity, without necessarily having to sell your entire investment.
- 6 Affordability**

Generally, you can begin investing in a unit trust with a small initial sum, followed by a regular savings plan.
- 7 Dollar cost averaging**

You can choose to invest relatively small sums regularly in a unit trust. This approach avoids market timing which will help to smooth out the effects of market volatility.

WHY CHOOSE FIDELITY

In 40 years of managing our clients' investments, Fidelity fund managers have experienced many market cycles. The depth and breadth of our investment experience stems from three key attributes:

- 1 Asset Management is our core business**

At the heart of Fidelity's success is our focus on managing investors' money. Asset management is our only business which has remained unchanged since the company was founded. As a global company, the scale of our operations worldwide enables us to find excellent investment opportunities through good times and bad.
- 2 Unparalleled dedication to research**

With over 900¹ investment professionals covering over 90%² of the MSCI World Index, we have one of the largest in-house research networks in the industry. We encourage a culture where we actively exchange ideas and pursue excellence.
- 3 Rigorous investment process**

We place first-hand, fundamental research at the core of our investment decisions, ensuring that every security is investigated meticulously before being included in our funds. We build our funds from the bottom up, stock by stock, taking into account market trends but not being driven by them. Our investment professionals gain access to management offices, shop floor, suppliers and competitors to fully evaluate an investment's true potential.

In summary, what should investors do during volatile times?

In times of market volatility, investing could seem unpredictable, where success or failure is determined by a combination of factors — many of which are beyond our control. But remember, successful investing may be achieved by applying a number of simple strategies, such as diversification, regular investing and consulting the experts. The key to sound investing is understanding how time can impact investment risk and performance, and allowing your investment portfolio to achieve its potential by riding out market volatility with a long-term view.