The power of dollar-cost averaging and compounding

Table 1: Dollar-cost averaging strategy with a S$500 monthly investment

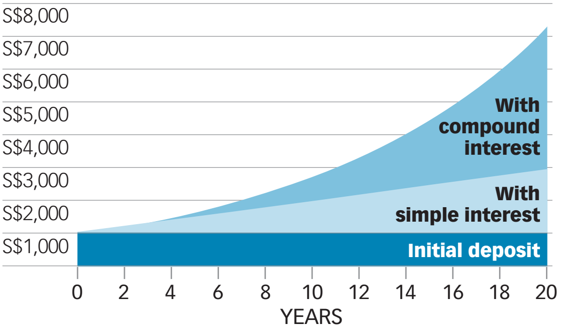
MONTHS	PRICE OF STI ETF (S$)	AMOUNT INVESTED (S$)	UNITS PURCHASED	UNITS OWNED
Jan	3.22	500	155	155
Feb	3.10	500	161	316
March	2.54	500	196	512
April	2.70	500	185	697
May	2.62	500	190	887
June	2.70	500	185	1,072
July	2.58	500	193	1,265
August	2.60	500	192	1,457
Sept	2.55	500	196	1,653
Oct	2.50	500	200	1.853
Nov	2.89	500	173	2,026
Dec	2.95	500	169	2,195
	Cost average (S$) **2.75**	**Total investment (S$)** **6,000**	**Total units bought** **2,195**	**Investment value (S$) as at Dec** **6,475.25**

Time taken for a portfolio to reach S$1 million

MONTHLY INVESTMENT	RETURN RATE 5%	RETURN RATE 8%	RETURN RATE 10%
	NUMBER OF YEARS		
S$100	77	55	46
S$300	55	41	35
S$500	46	35	30

Note: Assuming a constant rate of return every year and excluding transaction costs

Impact of 10% compound interest over 20 years



Compiled by BT