

# LONG-TERM THINKING PAYS OFF IN THE LONG RUN!

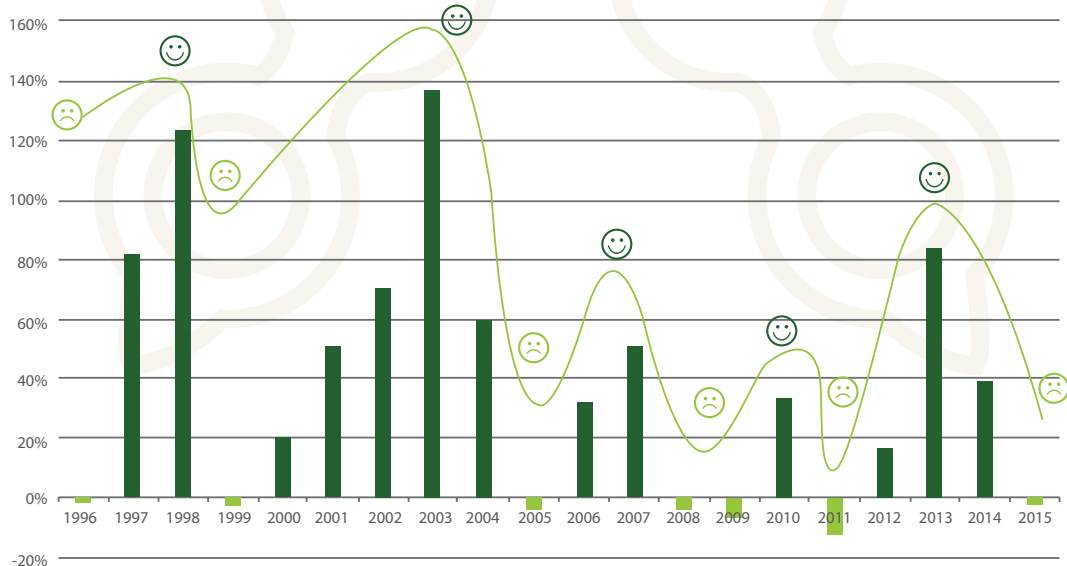
As investors, our natural tendency is to think short-term about our investments. We watch closely to see whether a Fund's share price goes up or down each day. The moment it dips (even slightly), our hearts are gripped with fear. If it goes up the next day, we relax and begin to breathe a little easier. But, if the Fund price falls consistently for a few weeks, or even days, most people panic. A friend tells a friend ... who tells another friend ... and soon everyone is in a frenzy that their investment returns are disappearing. But... **What if there was a way to overcome fear associated with short-term volatility?**

We'd like to use Databank Epack Investment Fund (Epack) to show the answer.

## The way our mind works

The chart below shows Epack's annual return from its start in October 1996 to December 31, 2015. The smiley/not-so-smiley faces show the mood of most investors matching the returns of the Fund. While this is perfectly natural, the actions that follow is what has the potential to derail us from our financial goals. Many people opt to sell their investments when returns start to fall, thinking they are protecting their money. What they fail to understand is that the loss is only realized when the funds are withdrawn. If the money stays invested long enough for the Fund price to recover, the money has the potential to grow.

**Calendar returns for Epack (1996 - 2015)**



\*Start date: Oct 1996

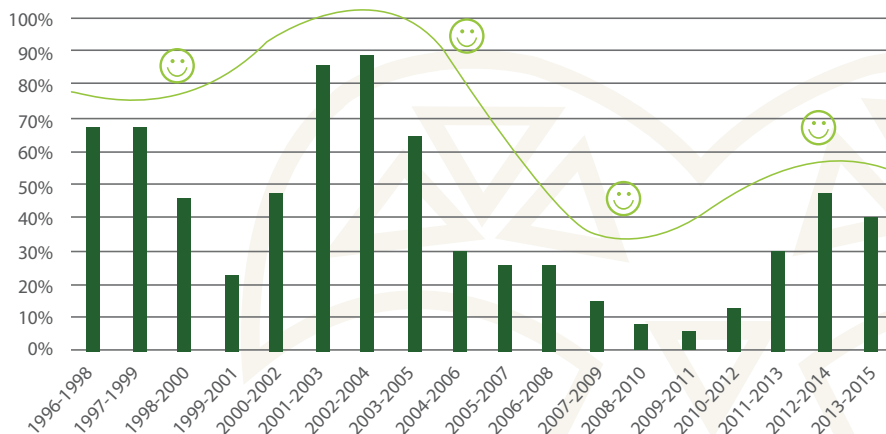
Source: Databank

Note: Epack has outperformed the Ghana Stock Exchange (GSE) in 15 out of 19 years that it has been in existence. As such, cumulatively, the GSE has returned 4,538% while Epack has returned 27,277% from October 1996 to December 2015.

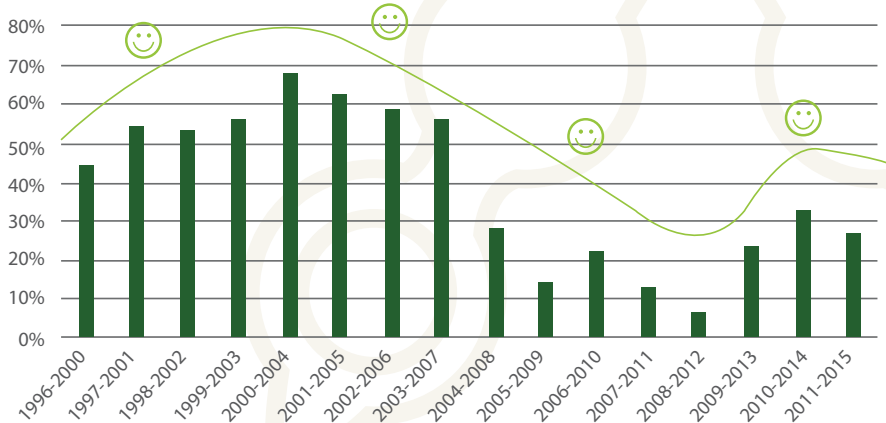
## A change of perspective can make all the difference

Now, imagine you changed your perspective from short-term to medium-term (i.e., 3 to 5 years) as indicated in the charts below. This is the same Fund and the same performance (some years negative, many others positive). The only difference is that we're now looking at Epack's performance over a 3- or 5-year time frame rather than daily, monthly or annually.

### 3-year rolling returns



### 5-year rolling returns



Source: Databank

### QUICK FACT

Rolling returns is the average annual return for a specific period ending with the listed year.

For example, in the 3-year rolling return chart on the left, the first bar shows the average annual return from Jan 1, 1996 to Dec 31, 1998. The next bar shows the average annual return from Jan 1, 1997 to Dec 31, 1999, and so on.

The recommended holding period for Epack is 5 years. So, if you look at the 5-year rolling return chart it shows that over any 5-year period, your Epack investment would have grown despite having one or more years of negative returns within that timeframe.

The charts tell the story: **If you think long term, it will pay off in the long run!** This is the case because there is less of a chance of being influenced by short-term fluctuations in performance. Rather, by thinking longer-term, you will stay invested, see the down turns as opportunities to invest more and enjoy the fruits of your investment over the long term.

**The more informed you are as an investor, the greater your chances that you will achieve financial independence. Invest wisely. Invest with Databank.**

**Disclaimer:** Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Commissions, management fees and expenses may all be associated with mutual fund investments. Please read the scheme particulars before investing.



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