

Go for balance

Why balanced mutual funds are a good investment choice



Investors often have to choose between an equity and a fixed income fund if they want to invest in a mutual fund. But what if you couldn't make a choice and both fixed income and equity appealed to you in a way? Instead of investing in two separate mutual funds, you can invest in what is called a balanced fund.

What is a balanced fund?

A balanced fund is a type of mutual fund which invests across different asset classes. Instead of an **equity** mutual fund which buys stocks or a **fixed-income** fund which buys bonds or money market instruments, a balanced fund attempts to combine both in one portfolio.



Equity/Stocks + Fixed Income (Bonds, Money Market, etc.) = Balanced mutual fund

Simply put, when you invest in a balanced mutual fund, some of your money will be invested in equity while some is invested in fixed income. The ratios for each asset depend on the fund manager (i.e., there could be more/ less fixed income or equity)

Who can invest in a balanced mutual fund?

- Balanced mutual funds are geared toward
- Investors who are looking for a mixture of safety, income, and capital growth
- Investors with a medium risk tolerance (can take on some risk but not too much) or even high risk tolerance investors seeking a more conservative investment
- Medium to long-term investment goals as compared to short-term ones, due to the equity component

Why choose a balanced mutual fund

- **Diversification:** Unlike equity or fixed income funds that invest in only one asset class, balanced funds reduce risk by diversifying your investments in both asset classes. If equity is not doing well in a particular year, the fixed income holdings could compensate for it, and vice versa.
- **Balance between growth and stability:** Equity is known for its potential for high returns and its highly volatile nature. Fixed income, on the other hand, usually gives lower returns than equity but is often very stable. A balanced mutual fund, therefore will help you enjoy both the growth (of equity) and stability (of fixed income) in one offering.

- **No need to invest in different funds:** Stating the obvious? Investing in a balanced mutual fund removes the need to invest in separate fixed income or equity mutual funds. It is also easier to just monitor the performance of your investment from one portfolio than multiple ones.

Go for balance with Databank

Databank offers you the opportunity to invest in a balanced fund with ArkFund or BFund. Both funds give you the combined benefits of an equity and fixed income fund with varying asset allocations to cater for different types of investors.

ArkFund invests 70% of the assets in fixed income and 30% in equity, while BFund operates with a 60-40 ratio for equity and fixed income, respectively. The great thing is, you can invest in ArkFund or BFund to help you reach all your medium to long term goals, such as a car in the next 5 years or retirement in the next 25 years. With ArkFund or BFund, you enjoy professional fund management from Databank's 30 years' investment experience and access to your money within 5 working days.

You can open an ArkFund/ BFund account today by dialing ***6100#** (MTN and Vodafone), going to Online Services at www.databankgroup.com or visiting any of the **19 Databank locations in Ghana**.

If you have a question or would like to know more, please call us on 0302 610610 or send us an email at newmont@databankgroup.com.

Invest wisely. Invest with Databank.