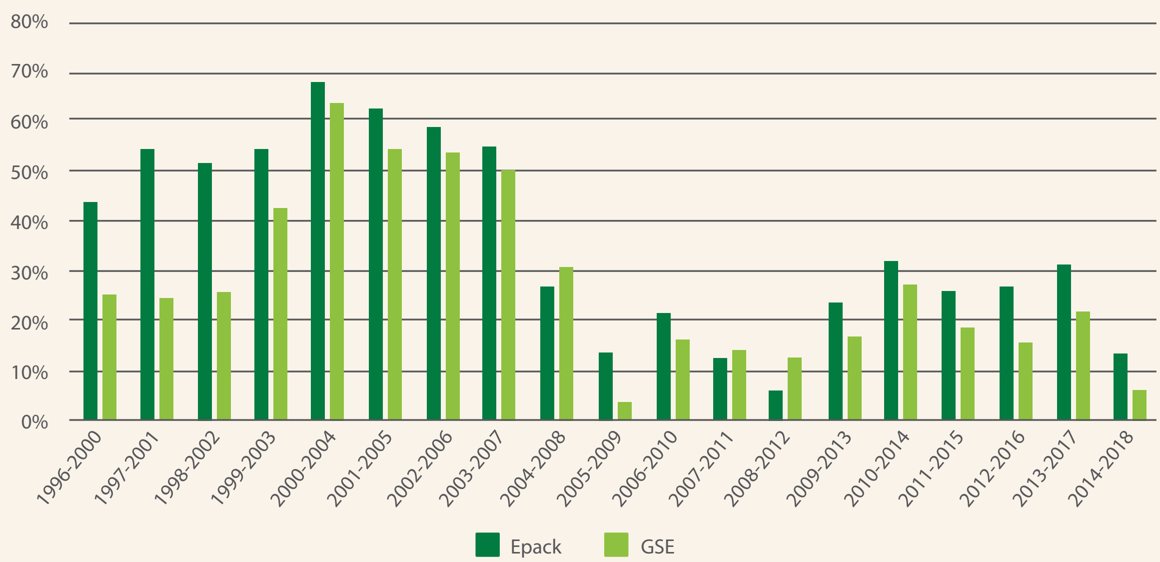
It is worth the Wait

Why 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?

Now, imagine you changed your perspective from short term to long term (i.e., 5 years or more). 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 the fund's performance over a 5-year time frame rather than daily, monthly or annually. Let's look at the 5-year performance of Databank's equity investment fund, Epack and that of the Ghana Stock Exchange since 1996.

5-year rolling returns (Epack vs GSE)



*Epack performed better than the Ghana Stock Exchange 16 times out of the 19 rolling returns. Mutual fund returns are not guaranteed.

What are rolling returns?

Rolling returns represent the average annual return for a specific period ending with the listed year. Rolling returns provide a more realistic way of looking at investment returns.

For example, in the 5-year rolling return chart on the previous page, the first bar shows the average annual return from Jan 1, 1996 to Dec 31, 2000. The next bar shows the average annual return from Jan 1, 1997 to Dec 31, 2001, 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. 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 What they fail to understand is that the loss is only realized when the funds are withdrawn.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.

Investing in Epack is worth the wait. **Think long term and it will pay off in the long run!**

Invest wisely. Invest with Databank.