

Achieving Financial Independence Newsletter

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3 Keys to Financial Independence:



At Databank, we believe that building wealth through investments can, and should, be simple. It does not require any luck or form of special networks. You only need to establish a few smart habits to be in control of growing your finances. One of our greatest values is our ability and willingness to be your investment coach - to educate you on the principles of investing; to keep you focused on your target; to keep you from making costly behavioral mistakes and, most of all, to help you invest wisely. Here are three important keys to guide you on your journey towards financial independence.

INVEST CONSISTENTLY

Successful investing can be achieved with an investment strategy reinforced by a firm adherence to consistency. The idea/myth that you need a large amount of money in order to start, and to succeed in, investing is often very discouraging. This rhetoric, however, is flawed. Once you understand the concept and power of compound interest, you'll understand that simply starting, with any amount, is what's most important. A key benefit of consistency in investing is that it helps mitigate risk by taking advantage of a concept called dollar cost averaging. Although we cannot predict the market, an investment strategy that adheres to strict consistency can influence returns generated in the long run.

This chart shows how investing consistently can influence returns generated in the long-run.



BE DISCIPLINED

Long-term plans very often go unachieved because discipline isn't followed. In the face of extreme events, it's important to exercise discipline and stay the course, especially when it comes to investing. 'Disciplined investing' sounds good on

paper, but is harder to execute due to real life dynamics, where market conditions change, incomes fluctuate and personal wants and needs vary. Novice investors anxious to succeed hardly adhere to one strict investment plan. They continuously make hurried adjustments based on what they perceive to be the 'right move' at the 'right time'. This is understandable, but can be very detrimental. Here are three main areas in which discipline should be avidly practiced as an investor; short or long-term.

1. Start with (and keep) the right mindset
2. Build the right portfolio
3. Put fact over feeling

Being a disciplined investor means sticking to your investment strategy and only changing it based on legitimate

information and not the rumors or opinions of others. It also means staying focused and keeping your emotions in check when making investment decisions.

EXERCISE PATIENCE

One of the most crucial determinants of wealth creation is patience. Over time, you'll find that as an investor, how much you invest may prove to be less important than your capability to be patient and ride out movements in the market. Reaping the benefits of patience begins

with shifting your mindset. The average investor is easily swayed, and apt to jump in and out of markets based on the latest market trend/hot topic. Such investors use emotion rather than intellect and investment knowledge to determine their investment strategy and behaviour. Here, investors confuse paranoia or hype for insight and fail to realize that having a well-informed investment plan and sticking to it provides opportunities to create wealth for investors with long-term investment horizons. Instead of trying to

time the market, your goal as an investor should be to let your money work for you through patient investing. A lot of investing is psychological, so patience is a virtue. When you shift your focus from long-term objectives to short-term performance, the results are almost always negative. For example, when investors bail out of a declining equity market with the intention of reinvesting when it makes a comeback, their efforts to succeed are largely ineffective. ■

3 Investment myths: What you thought you knew

MYTHS

MYTH: I will start investing later. I have enough time.

REALITY: Whatever your investment goal is, it's best to start investing as early as possible for it. The earlier you start investing, the less you would need to contribute on a regular (monthly) basis. If you don't start investing early, you would need to contribute larger sums of money within a shorter time frame to reach your goal, which could be a burden. Education and retirement are two common areas in which people start to invest towards later than they should, for various reasons. What you should know is that investing early can not only save you money, but it can reduce the amount of time you need to invest for, to reach your goal. For example, with Databank Balanced Fund, a 25 year old would only need to contribute GHC44 monthly, while a 40 year old would need to invest GHC762 monthly, to reach a retirement goal of GHC1, 000,000 by the age of 60.*Assuming an average annual return of 15%.

MYTH: Ethical funds do not provide attractive returns.

REALITY: Ethical funds allow you to invest in the causes that you care about, and have the same long-term potential for (risk and) return as standard investments do. There is a common misconception that the two aims of ethical investing – generating financial returns and making the society a better place – are mutually exclusive. However, ethical investing is a legitimate means of raising funds without having to compromise on your core values. Ethical investors do not need to sacrifice returns in order to help society. Databank ArkFund, Ghana's first and only ethical mutual fund, does not invest in companies who engage in the manufacturing or selling of arms and ammunitions, alcohol or tobacco, companies that engage in the exploitation of people or animals, or companies that promote gambling. ArkFund has simultaneously successfully never recorded any negative returns since its inception in 2009.

MYTH: Equity mutual fund investments must be timed.

REALITY: There is overwhelming evidence that shows that those who try to time the market by selling their investments when the equity market is down and buying when high again, end up missing out on significant returns. Many people think using this approach will make them more money, but this is far from the truth. Databank Epack for example is a great vehicle for long-term investing. As an equity mutual fund, however, Epack for sometimes experiences downturns in the market which may cause temporary declines in investments. This often causes investors' to panic, which leads them to sell their investments at such times, and reinvest when the market makes a comeback. This approach will very likely cost you money rather than help your investments to grow. The key message is this; it's time in the market, not timing the market that matters.

Child Mental Health Programme



This is the oldest running programme of the Foundation; we work the children's ward at the Accra Psychiatric Hospital to ensure the wellbeing of the children and the maintenance of the ward. Our support includes, but is not limited to, refurbishing of the ward, provision of food, toiletries, medication and quarterly outings. We are also grateful to our student volunteers who work hard to help the nurses care for the children all year round.



*By helping others,
we help ourselves*

– Oprah Winfrey

Our trip to the Legon Botanical Gardens and Mmofra Foundation in Dzorwulu provided the children with a lovely ambience for exercise and play outside of the hospital.



Brief on MTN Listing

MTN Ghana, the largest telecommunications provider in the country with a market share of over 50% by subscription, successfully launched the biggest IPO on the Ghana Stock Exchange (GSE), raising one-third of the target of GHC 3.48 B. Upon listing on the Ghana Stock Exchange, MTN Ghana's issued shares makes up almost half of total shares listed and one-third of the total value of shares traded on the exchange. We anticipate that the MTN Ghana listing will boost trading activity on the GSE.



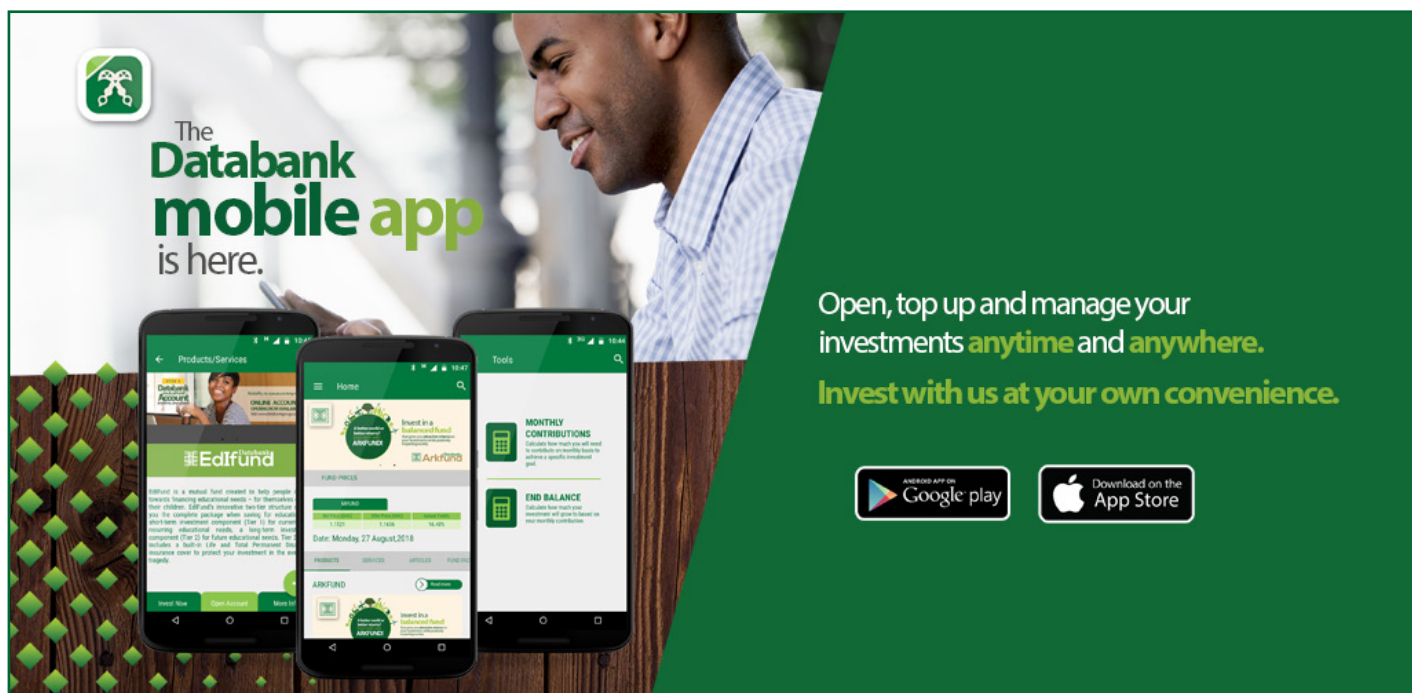
How much do you know about investing?

- 1 When investing, you let your money work for you through _____.
- 2 _____ is a risk management technique that involves combining investments from different asset classes in a single portfolio.
- 3 Ideally, you should have the equivalent of _____ to _____ months' worth of your salary/income tucked away in an _____ account.
- 4 Funds/investments for your different financial goals should be kept _____ and shouldn't be easily _____.
- 5 Successful investing can be achieved through a strict adherence to _____.
- 6 _____ is the practice of investing a fixed amount on consistent intervals, regardless of what goes on in the stock market.
- 7 One benefit of diversification is _____.
- 8 Databank _____ is your ideal solution for creating an emergency account designed to preserve your capital, and offer you higher returns than a savings account.
- 9 _____ is one of the most crucial determiners of wealth creation.
- 10 Databank Ark Fund offers you a _____ approach to managing your investments.





A man, who loved money more than just about anything, said just before he died to his wife, "Now listen. When I die, I want you to take all my money and put it in the casket with me. I want to take my money to the afterlife with me. When he died she did what she had promised, came over with the money box and put it in the casket. Then the undertakers locked the casket down, and rolled it away. So her friend said, "Girl, I know you weren't foolish enough to put all that money in there with your husband!"

She replied, "Listen, I'm a Christian. I can't go back on my word. I promised him that I was going to put that money in that casket with him." "You mean to tell me you really put that money in the casket with him!!!!?" her friend asked, to which she replied, "I sure did. I wrote him a check."



Open, top up and manage your investments **anytime** and **anywhere**.

Invest with us at your own convenience.

ANSWERS

Consistency	Separately, accessible
MFund	Diversification
Capital preservation	Patience
Balanced	Dollar cost averaging
Compound interest	Three, six, Emergency

Branches

Accra: 0302 610610
 Cape Coast: 0577 702016
 Ho: 0362 000071
 Koforidua: 0342 031189
 Kumasi: 0322 080077
 Sunyani: 0576 001533
 Takoradi: 0312 023628
 Tamale: 0577 802665
 Tema: 0303 210050

Partner locations (GTBank branches)

Accra (Airport: 0577 702012 . East Legon: 0577 702013
 Lapaz: 0577 739461 . Madina: 0577 739462
 Opera Square: 0302 668530 . Osu: 0577 702014)
 Ashaiman: 0577 702015 . Tamale: 0577 702017
 Tarkwa: 0577 702010
Partner location (UBA branch)
 Kumasi (KNUST campus): 0276 138111

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