



# The longer, the better

Why thinking long term is good for you

*"The big money is not in the buying and selling, but in the waiting." - Charlie Munger*

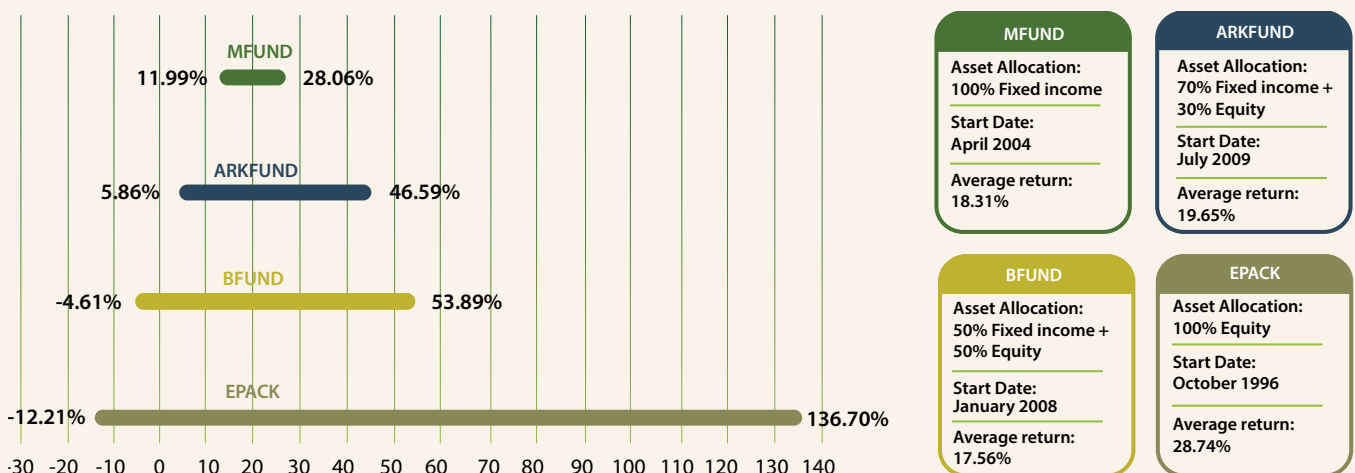
Knowing where to invest is top of mind for many investors. One of the key things that can help you make an informed investment decision is the long-term returns of a fund.

## The importance of long-term performance

Financial markets go through different cycles - where prices of securities fall (bear market) and where prices rise (bull market). If you only look at a fund's short-term returns (i.e., returns over a few months or one year), you may not get a complete view of how the fund can perform in good times and bad times.

Looking at the long-term returns also helps you understand a fund's true volatility in relation to its asset class (i.e., fixed income, balanced or equity). Fixed income funds are the least volatile, while equity funds are the most volatile. Balanced funds tend to be in the middle. The chart below shows the highest and the lowest performance for each of Databank's mutual funds over each fund's life span along with the blend of fixed income and/or equities. The key takeaway is that the funds with the ability to generate higher returns also tend to experience more volatility.

## Range of returns for Databank mutual funds since inception (as at July 31, 2019)

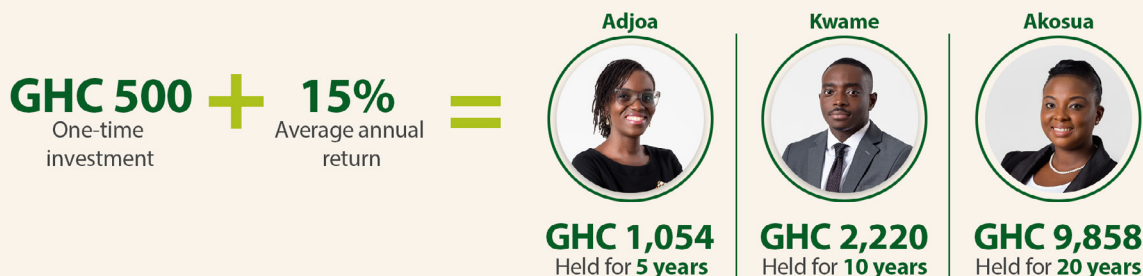


*Note: EdIFund has been excluded from the example as it does not yet have 5 years of performance.*

A fund's long-term performance is also a good indicator of the expertise of the Fund Manager(s). Experienced and highly skilled Fund Managers, such as those at Databank, are able to better manage the fund's volatility, particularly when the market is down.

### The benefits of staying invested

Equally important to the long-term performance is the investor's ability to stay invested for the long term. Why? The longer you stay invested, the more your money has a chance to grow. Let's look at an example of three people who each do a one-time investment of GHC 500 and get an average of 15% growth per year. The only difference will be how long they hold on to the investment.



As you can see, staying invested pays and this is because of the power of compounding. You can also enjoy even greater growth by investing consistently on a monthly basis.

### The Databank advantage

For almost three decades, Databank has provided strong long-term performance to its investors, regardless of which mutual fund they have chosen. Our funds have also outperformed their benchmarks in most cases over the years. A benchmark is a standard against which the performance of a mutual fund can be measured. Below, we compare the average annual returns of our funds since their inception to the average annual returns of their benchmarks over the same period.

#### Average Annual Returns of Databank mutual funds versus benchmarks (as at July 31, 2019)

	<b>MFund</b> <i>(since 2004)</i>	<b>ArkFund</b> <i>(since 2009)</i>	<b>BFund</b> <i>(since 2008)</i>	<b>EdlFund Tier 1</b> <i>(since 2014)</i>	<b>EdlFund Tier 2</b> <i>(since 2014)</i>	<b>Epack</b> <i>(since 1996)</i>
<b>Fund</b>	<b>18.31%</b>	<b>19.65%</b>	<b>17.56%</b>	<b>17.43%</b>	<b>15.68%</b>	<b>28.74%</b>
<b>Benchmark</b>	17.17% <sup>1</sup>	15.80% <sup>2</sup>	16.07% <sup>3</sup>	19.78% <sup>4</sup>	12.23% <sup>5</sup>	26.63% <sup>6</sup>

1. MFund's benchmark is the 91-day treasury bill 2. ArkFund's benchmark is a 70:30 blend between returns of the 364-Day Treasury Bill and the Ghanaian equity market (measured by the GSE-CI). 3. BFund's benchmark is a 50:50 blend between returns on the GSE-CI and the 364-day Treasury Bill 4. EdlFund Tier 1's benchmark is the return on the 364-Day Treasury Bill. 5. EdlFund Tier 2's benchmark is a 60:40 blend between the 364-day treasury bill and the GSE-CI 6. Epack's benchmark is the return on the GSE-CI.

Our Fund Managers use their knowledge, expertise, creativity and entrepreneurial mindset to identify investment ideas they believe will provide you with attractive and sustainable returns over the long term. All investment decisions are backed by research and are supported by rigorous governance procedures.

### Start investing today

Call 0302 610610 to learn more. You can open a mutual fund account from the comfort of your home or office by visiting Online Services at [www.databankgroup.com](http://www.databankgroup.com) or visiting one of our 19 locations across Ghana.

### Invest wisely. Invest with Databank.

