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12 questions to ask before investing

What is the track record of the company?

"It takes 20 years to build a reputation and 5 minutes to ruin it. If you think about that, you will do things differently"

– Warren Buffet

A shepherd boy was known to always make fake cries of "wolf" just to prank his fellow older shepherds who would come rushing in to help. On the day that a real wolf came to attack his sheep, the shepherd boy's shouts for help were only interpreted as one of his pranks. Unfortunately, that would be his last day too as the wolf ended up devouring him in addition to all his sheep.

This fable teaches us how difficult it is to escape the reputation that you have built for yourself over a period of time. Similarly, as an investor, you should ask: "what kind of reputation has the investment company built for itself over the years?" before you invest. The track record will help you know if it is worth choosing that company as a good place to invest your money.

Actions speak louder than words

Naturally, an investment company would like you to see them as one that has a solid track record with safe and attractive investment products. But beyond words, there are a number of indicators that can help you accurately assess the reputation they've built over the years and whether you should invest with them or not.

One of the first indicators is **how long they have been in business**. Although being in business for a long time doesn't necessarily guarantee the safety of investments, time has been one of the greatest tests of a solid investment company. Many unsustainable companies who are not able to pass this test have had to fold up along the way or be forced to cease operations by the Securities and Exchange Commission. This is why you are better off with a company that has been in the fund management business for a while (e.g., Databank recently celebrated its 30th anniversary) versus one that has just sprung up with mouth-watering investment prospects.

While you are at it, you may also want to check the **long-term performance of the funds** as well. We advise that you look at returns as far back as 5 years or even longer to make an accurate assessment, and not just the fund's return over the past few months. If that data is not available because the fund is not that old, still check by comparing the performance of the fund against its benchmark. Any great disparity should raise some red flags.

Another indicator to check the company's track record is **the expertise and experience of the fund managers**. More often than not, the more skilled and experienced the fund manager is, the more likely he/she is to make good investment decisions that will give you attractive and sustainable returns over time. You want to check the fund manager's experience in fund management to make decisions on your behalf. Many companies provide profiles of managers on their websites or in the fund's annual reports – so this may be a good place to conduct your research.

How easy is it for you to access your funds when you need it? Apart from the convenience this ease offers you in difficult times, **being able to get your money** when you need it (or not) can tell you how stable the investment company is. History proves that companies facing financial challenges often find reasons to keep holding on to investors' funds as they are not able to produce the money within the time frame stated in the fund's scheme particulars. If the number of waiting days to allow for the withdrawal process is not clearly stated at the beginning, you should not accept any undue delay (weeks or months) in getting back your own hard-earned money.

What is Databank's track record?

Since 1990, Databank has been committed to providing quality investment solutions for Ghanaians. From fund management to advisory services to financial literacy, we are driven by a passion to help our clients everywhere achieve financial independence. We also pride ourselves in highly skilled and experienced fund managers, who not only apply their expertise to identify unique investment ideas to grow your funds in a sustainable way but also make it a practice to invest in the funds that they manage. In our 30-year journey, we have consistently provided many channels for our clients to deposit – and withdraw as well. Withdrawals take a maximum of 5 working days (for ArkFund, BFund, EdIFund Tier 2 and Epack), while MFund and EdIFund Tier 1 can be accessed within only 1 working day.

Databank's mission is to help every Ghanaian achieve financial independence, and we look forward to partnering you on your journey to financial independence.

Invest wisely. Invest with Databank.



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