



GOVERNANCE STRUCTURE

- Board of Directors
- Management Team
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12 questions to ask before investing

What is the governance around the investment?

“An investment in knowledge pays the best interest” – Benjamin Franklin

When it comes to investing, it is important to know and understand the governance structures that are in place to protect your investments. They should be rigorous, and more importantly, transparent.

What is governance?

Corporate governance refers to the processes and policies used to direct and manage a company. In an investment company, this means the measures put in place to protect the investment and your interest as an investor.

Typically, a company's board of directors is the primary tool for enforcing corporate governance. However, there are many other systems that can be put in place, in addition to the Board of Directors, to achieve good corporate governance. Databank employs a number of these.

Why governance is important

Good corporate governance is **an indication of the integrity of the company and a willingness to be held accountable**. It shows that the company has allowed itself to be put under strict regulations, not necessarily for its sake, but ultimately for the interest of its investors.

Also, good corporate governance **creates a high level of transparency** around the operations of an investment company. You can tell the process your money goes through before being invested, where it is invested and how the returns are generated.

Where bad corporate governance can cast doubt on a company's reliability, integrity and transparency, good corporate governance **gives investors peace of mind and builds trust** with the organization. Who would want to invest their hard-earned money where they cannot vouch for its safety?

Who protects your investments at Databank?

The governance structure at Databank consists of adherence to the guidelines set out by the **Securities and Exchange Commission**, an independent **board of directors**, an **investment committee**, funds being held by **custody banks** and **external auditors**.

Securities and Exchange Commission

The regulator for investment firms in Ghana is the Securities and Exchange Commission (SEC). The SEC's role is to govern all investments in Ghana and to ensure that we comply with the Scheme Particulars of each mutual fund. Learn more about the work of the regulator [here](#).

Independent Board of Directors

The work of the Board of Directors is to protect investors' interests by ensuring the Fund Manager sticks to the fund management guidelines. The Board meets regularly (quarterly at Databank) to review fund performance, the fund's financials and offer guidance. At Databank, each mutual fund has a separate board and all board members are independent of Databank, except for the CEO, who is the bridge between Management and the Board. This helps prevent conflicts of interest. A list of the Directors on each mutual fund board is available at www.databankgroup.com

Investment Committee

At Databank, our investment committee is the highest decision-making body of Databank Asset Management Services Ltd. (DAMSEL). It meets to approve all investment decisions (both purchases and sales of investment instruments) before they are taken and assesses which equity or fixed-income holdings are appropriate for the fund.

Custody Banks

By law, the investments made with an investment bank, such as Databank, must be held with a custody bank. When the Fund Manager needs to make a decision, instructions are sent to the Custodian for the transfer of funds in accordance with the Fund's scheme particulars. This way, the Fund Manager/company does not have the opportunity to divert the funds into any venture, except what they are mandated to do. Each mutual fund at Databank has their custody bank: Stanbic Bank for ArkFund and EdIFund, Standard Chartered Bank for BFund and Epack, and GTBank for MFund.

External Auditors

External auditors are also one of the mechanisms for corporate governance at Databank. External auditors assess the company's financial statements and provide assurance that they reflect a true representation of the company's financial position. When a company knows that its financial activities will be audited by an external and independent body, it is generally more prudent in handling its finances and operations.

Before you select an investment company, you want to know the corporate governance structures that are in place and how they are being enforced. You can typically find this out by visiting the company's website or asking the relevant questions. It is best to be extra cautious if the company you are considering investing with does not have an independent board of directors, is not compliant with the regulator or has investments that violate the Scheme Particulars.

Don't jump onto the next investment bandwagon just because it promises attractive returns. Ensure you are dealing with a company that works hard to protect your interest, like Databank.

Invest wisely. Invest with Databank.

