

# Go for balance

## Why balanced mutual funds are a good investment choice



Investors often think they need to choose between an equity and a fixed income fund if they want to invest in a mutual fund. But what if you couldn't make a choice and both fixed income and equity appealed to you? Instead of investing in two separate mutual funds, you can invest in what is called a balanced fund.

### What is a balanced fund?

A balanced fund is a type of mutual fund that invests across different asset classes. Instead of an equity mutual fund, which buys stocks, or a **fixed-income** fund, which buys bonds or money market instruments, a balanced fund attempts to combine both in one portfolio.



**Equity/Stocks + Fixed Income (Bonds, Money Market, etc.) = Balanced mutual fund**

Simply put, when you invest in a balanced mutual fund, some of your money will be invested in equity while some is invested in fixed income. The ratios for each asset depend on the fund manager (i.e., there could be more/less fixed income or equity).

### Who can invest in a balanced mutual fund?

Balanced mutual funds are geared toward

- Investors who are looking for a mixture of safety, income and capital growth.
- Investors with a medium risk tolerance (can take on some risk but not too much) or even high risk tolerance investors seeking a more conservative investment
- Investors with medium to long-term investment goals, as compared to short-term ones, due to the equity component

### Why choose a balanced mutual fund

- **Diversification:** Unlike equity or fixed income funds that invest in only one asset class, balanced funds diversify your investments in both asset classes. The advantage this gives you is that if equity is not doing well in a particular year, the fixed income holdings could compensate for it, and vice versa.
- **Balance between growth and stability:** Equity is known for its potential for high long-term returns and its volatile nature. Fixed income, on the other hand, is often very stable. A balanced mutual fund, therefore will help you enjoy both the long-term growth (of equity) and stability (of fixed income) in one offering.

- **Reduced risk:** Although balanced funds are not risk-free, you are typically exposed to less risk than for an equity fund. This is good for investors who can take on a little risk but not enough to go for an equity mutual fund.

## Go for balance with Databank

Databank offers you the opportunity to invest in a balanced fund with ArkFund and/or BFund. Both funds give you the combined benefits of an equity and fixed income fund with varying asset allocations to cater for different types of investors.

ArkFund invests 70% of the assets in fixed income and 30% in equity, while BFund operates with a 60-40 ratio for equity and fixed income, respectively. The great thing is, you can invest in ArkFund and BFund to help you reach your medium to long term goals, such as a car in the next 5 years or retirement in the next 25 years. With ArkFund and BFund, you also enjoy professional fund management from Databank's 31 years' investment experience and access to your money within 5 working days.

You can open an ArkFund/ BFund account today by dialing \*6100# (MTN and Vodafone), going to **Online Services** at [www.databankgroup.com](http://www.databankgroup.com) or visiting any of the **19 Databank locations in Ghana**.

If you have a question or would like to know more, please call us on 0302 610610 or send us an email at [info@databankgroup.com](mailto:info@databankgroup.com).

## Invest wisely. Invest with Databank.



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