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**Before you make any financial decision, research. Before you invest, investigate.**

When it comes to your hard-earned money, nothing can be taken for granted. You must put all the necessary measures in place to ensure it is secure and will help you meet your needs. Making well-informed financial decisions is one way to ensure your money ends up in a safe place. A well-informed decision is backed by thorough research, which usually involves making background checks and asking the right questions. It does not matter whether it's your first or fifteenth investment, it is very important to know what you are getting into.

## What questions should you ask?

It is not just enough to ask questions; you should ask the right questions. Fraudsters are experts at leading you to the wrong questions or evading your probing questions. That's why you need careful thinking and must insist on getting an answer that satisfies you.

In investing, your investigation should broadly cover four areas: the safety of the product, the suitability of the product, the track record and corporate governance of the company. Below are some questions to guide you.



### SAFETY

- Is the investment product licensed by the regulator?
- Does the return match the risk profile of the investment?
- Is the company in good standing with the regulator?



### SUITABILITY

- Do I understand how the investment works?
- Does the investment match my risk appetite?
- Will it help me achieve my investment goals?



### TRACK RECORD

- How long has the company been in existence?
- Has it consistently paid investors in the past?
- Do I know / am I satisfied with the past performance of the fund?



### CORPORATE GOVERNANCE

- Is the firm governed by an independent board of directors?
- Which people constitute the Board?
- What measures are in place to protect my money?

## Why due diligence is important

In investing, losing money does not only occur with fraud or Ponzi schemes. You could equally lose money if you do not choose a suitable investment – such as a volatile high-risk investment. Although it may be ideal for another investor, you would panic to the extent of selling your investment and end up losing money.

Making a bad financial decision or investment has far-reaching consequences. Sometimes, it affects whole families and its impact could also be long-lasting. A father whose investment for his child's education gets locked up in a fraudulent scheme would have to bear not being able to provide his child with quality education thereby affecting the future of the child.

## A final word

With the rise (and considerable success) of Ponzi schemes today, one thing we would like investors to remember is **never to chase high returns**. An investment could genuinely give you high returns but if it comes at no risk or in too short a time frame, you may want to avoid it. Probe further and you will realize the company does not have a solid track record that spans years.

At Databank, we put in measures to protect your investments. Over the last 31 years, we have adopted a system that helps to offer 'threefold' protection to our clients. **An independent Board of Directors** (for each mutual fund), our **Investment Committee** and **the Regulator** (the Securities and Exchange Commission) act as checks in protecting clients' interest. We do this because we know how important it is for your investments to be safe and be there for you when you need it.

If you have any questions, do not hesitate to contact us at [info@databankgroup.com](mailto:info@databankgroup.com) or via phone at 0302 610610.

**Invest wisely. Invest with Databank.**

