

IMPORTANT UPDATE ON MARKET EVENTS

Accra – November 21, 2022. To comply with the directive by the Securities and Exchange Commission (SEC) on October 20, 2022 to market operators (SEC/DIR/002/10/2022) and a notice to the general public (SEC/PN/005/11/2022), we would like to update you on the changes that we will be making to comply and the impact on our mutual fund clients.

Excerpt of SEC Notice to the Public regarding Collective Investment Schemes

“This public notice is to alert the investing and general public that the Securities and Exchange Commission (SEC) has directed all market operators to use the mark-to-market valuation method in the valuation of investment assets/securities and portfolios in the securities sector”. The directive was issued on Thursday, 20th October 2022 with reference number SEC/DIR/002/10/2022 to provide consistency in the valuation of assets and portfolios in the securities industry, ensure that the portfolios reflect market values, as well as protect investors, especially of Collective Investment Schemes. The directive on the mark-to-market valuation method is available on the SEC website under guidelines and directives: www.sec.gov.gh/directivesandguidelines.”

Meaning of mark-to-market

Mark-to-market is a valuation approach where the value of a security in a portfolio reflects its current market price, and not the purchase price or face value. It, therefore, indicates how much you would receive if you sold the security on the market today. A portfolio that is marking-to-market could see its price go up and down (i.e., experience volatility) based on market conditions. For example, a client bought 50 shares in a mutual fund at a share price of GHC 2 – translating into GHC 100. If the client decides to withdraw today, she would receive an amount based on the share price for the day, and not the initial price she paid. If the current share price is GHC 1.50, she would get GHC 75. If the price, on the other hand, had rather increased to GHC 3, she would have gotten GHC 150.

Impact on your investments at Databank

Effective immediately, Databank will be taking the following steps in compliance with the directive:

- **Withdrawals.** All withdrawals will be calculated and processed using the mark-to-market price.
- **Deposits.** All new deposits will be invested at the current market price.
- **Account balances.** Going forward, you will be provided with two account balances that will reflect the following:
 - **Amortized value.** This reflects the current value of your investments in the Fund at face value.
 - **Market value.** This reflects the current value of your investments in the fund (calculated at mark-to-market value) should you decide to redeem your funds.

Note that there was a reduction in Friday's price for MFund. This was due to the need to sell securities at a discount in order to meet withdrawal requests.

We are working to make amortized and mark-to-market values available on all our channels as quickly as possible. However, in the event that you are using one of our withdrawal channels that does not reflect both prices, you can contact us by phone or email to get the details.

We recognize that we are in very challenging times, the likes of which Ghana's capital market has not encountered before. We thank you for your patience and support, and encourage you to remain calm and stay invested.

Databank remains committed to protecting your investments and will continue to act in your best interests at all times.

Please contact us at **0302 610610** or at info@databankgroup.com with any questions.