



Message from the CEO

July 2016

Dear Clients:

As we move into the second half of a year that seems to be going very quickly, I would like to take this opportunity to update you on what's happening at Databank.

A look back at the first half of 2016

The first half of the year was mixed. Our currency, which remained relatively stable from January to May, started to depreciate in June, while the Ghanaian equity market continued to struggle, posting a half-year return of -10%. We believe this is due to increasing anxiety of Ghanaians and a wait-and-see approach being adopted by many foreign investors as we get closer to the general elections. Many of the other African markets (i.e., Nigeria, Kenya, Mauritius, Tanzania and South Africa) also struggled for the first half of the year for a number of reasons. First, demand from China, one of Africa's key trading partners, has slowed down for raw materials such as gold, cocoa, oil and copper. Second, as the U.S. market gets stronger, many investors are rather opting to invest in U.S.-based investments, which are seen to be safer and more predictable.

Conversely, we saw fixed-income securities (and by extension, fixed-income funds) outperforming, boosted by high interest rates. We also saw the realization of Brexit, as the British decided to leave the European Union. The rest of Europe is now keen to see Britain exit in less than the required two years. However, it is still early days, so we will wait to see what happens. Where Databank is concerned, we are not overly exposed to Britain in our investments (in particular, Epack), so we will continue to monitor events to ensure that our clients' interests are protected.

At the individual investor level, we've also seen a shift from longer-term investments (i.e., equities) to short-term investments as many investors appear to be trying to keep their investments as liquid as possible through to the end of the year. This is understandable, but I encourage investors to remain focused on their long-term investment objectives and strive to have a well-balanced portfolio with a mix of both short- and long-term investments. As we say over and over at Databank, one day we will all retire and we need to ensure that we are preparing properly for our long-term financial goals.

Who's watching your money

I would also like to touch briefly on the governance surrounding our investment products, in particular our mutual funds. We continue to hear stories of Ghanaians who are losing their money to financial institutions that are poorly regulated or not regulated at all – simply in the name of getting supposedly high returns in a very short period of time.

There are three primary entities that work together to ensure that your investments at Databank are protected and are being managed in your best interest.

- **Securities & Exchange Commission (SEC)** is the regulatory body for all mutual fund investments in Ghana. Their primary goal is to ensure that the Manager of your Fund complies with the Fund's scheme particulars, which is the document outlining all the guidelines on how your fund should be managed, how much it can charge in fees and what the allowable expenses are. The SEC also audits the Fund (including its processes) as well as Custodian (who holds your money) to ensure all groups are doing the right thing
- **Board of Directors.** Each Databank mutual fund (because it is a limited liability company) has its own Board of Directors – the majority of whom are independent of Databank. These Directors are highly respected individuals in their respective industries and bring a wealth of knowledge to the table

- **Databank Investment Committee.** This team, which is the highest investment decision making body of Databank's Asset Management unit, provides investment guidance and approves all investment decisions before they occur (including decisions to stay invested in a particular investment)

These groups come together to ensure that (1) we are not promising returns that cannot be sustained in the long term and (2) we are not investing your money in overly risky assets that could cause you to lose all your money.

You can find more information on each of the above groups, including the members of each Board of Directors, in our 2015 annual reports or a recent article titled *Who's watching your money*. These items are all available on our website at www.databankgroup.com.

Looking ahead to the 2nd half of 2016

For the second half of the year, we still expect to see the Ghanaian equity market struggle as many companies have not yet recovered from the price increases and "dumsor" related costs of doing business. We can also expect to see an increase in political activity as we get closer to the general election. This will lead to an influx of cash into the system and within the political circles. I encourage all recipients to invest this money wisely.

Celebrating two years

I would also like to take this opportunity to thank investors for their continued support of Databank and its investment solutions. It's been just over two years since Ken and Keli handed over the leadership of Databank to me. They left very big shoes to fill, but with your support, we have accomplished a lot in a short time. Here are just a few items:

- **Increased our branch network** from 4 branches to 13 through our partnership with GTBank
- **Won more than 12 awards in the last two years**, including the coveted Investment Bank of the Year by the Ghana Investment Awards, Best Research House, Best Brokerage House (3 years in a row)
- **Launched our online platform** that allows investors to top up their investments online using a Visa or Mastercard, check their balance or view their full transactions history any day, and time
- **Led or co-led some of the largest transactions** that have occurred recently in the Ghanaian market:
 - GHS200m note programme for Bayport Financial Services Ghana (co-sponsoring broker)
 - GHS50m note programme for Edendale Properties PLC (sponsoring broker, co-manager)
 - US\$1 Billion Eurobond for Government of Ghana (sponsoring broker, co-manager)
 - IPO for Intravenous Infusions Ltd (sponsoring broker, co-lead manager)
- **Developed the Databank ReadAid Program, which supports over 200 children** in four public schools to develop reading skills (Organised by Databank Foundation)

Finally...

At Databank, our mission is singular: To help Ghanaians achieve financial independence. We have been working at this for the past 26 years (yes, we turned 26 in April 2016), and will continue to work at it for the next 26 years. We will continue to offer you choice, leadership and investment expertise, under the watchful eyes of the three groups mentioned earlier. All I ask is that you, as an investor, strive to make informed investment decisions by continually doing your research before you invest and not blindly chasing returns. If we can all do that, our families and our country will be better off.

Your Chief Servant



Kojo Addae-Mensah
Group Chief Executive Officer

Ask the CEO

Do you have a question for the CEO of Databank? He would love to hear it! Send your questions to ceo@databankgroup.com. We will post his answers on our website as well as in upcoming letters from the CEO.