

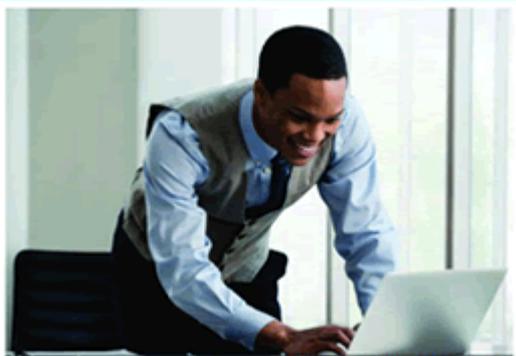


## “Investment is for the wise” - Anonymous

January 2017

It was Friday evening and Kunle was super excited. He and Tope his best friend were supposed to hang out that night and he was really looking forward to it. Kunle and Tope worked with the same Bank but in different branches, and although the stress of work didn't give them much time to keep in touch, they had both decided to meet up at least one Friday night every month. Tonight would be one of those nights.

He smiled as he remembered the pleasant vacation at a resort in Calabar. His wife had loved it and his kids couldn't stop talking about it. He was grateful he had made the right decision. Last year, he and Tope had decided to invest the bonuses their company paid out in October instead of spending it on the usual foreign trip. "You see, this country is in a recession and we really don't know when it would end. It would be best to cut our holiday expenses by doing a local trip and stash the resulting savings in an investment." Tope had said. They had always seemed to agree on everything when it came to money matters until their last meeting in November.



While Kunle had suggested that they invest in a Mutual fund which he heard about on the radio, Tope had a divergent view to invest in a higher returning scheme with no track record in Nigeria. They realized that the scheme suggested by Tope is a Ponzi scheme with no real investment instruments or securities. Tope argued that the returns were very attractive and he was aware of some people who had made millions from it.

Being the more conservative investor, Kunle had chosen the Mutual fund, a decision he would forever be grateful for as it had paid for his family vacation, school fees and insurance premium. In fact when they got to their resort and discovered it was going to cost them more than the amount advertised on the travel website, Kunle had decided to make a withdrawal from his mutual fund account via the online access platform so as to have enough funds for the scheduled getaway. Within 48 hours, his Bank account was credited with the redemption proceeds and this reaffirmed the soundness of his decision to invest in mutual funds.

As he arrived at the venue of the hangout, he spotted his friend seated at a table with two empty bottles of liquor. He was opening the third one when Kunle walked up to him and sat right beside him.

"Isn't it too early in the year to be drowning yourself in liquor?" Kunle said by way of greeting. Tope just looked up at him and kept drinking. Kunle couldn't understand his friend's attitude as he wasn't his usual jovial self.

At that instance, it dawned on Kunle that it could be as a result of the wrong investment decision which Tope had made. To calm his friend, Kunle jokingly teased saying "Anything frozen must melt under this harmattan sun" but this did not lighten the situation. The scheme Tope invested in, recently ran into some liquidity crisis and was unable to meet up with obligations. As with every Ponzi scheme, the lifeline of the scheme is fresh funds from new investors to pay back its existing subscribers. This usually continues in cycles until the bubble bursts which leaves lots of investors unpaid thereby losing both the proposed interest and principal invested.

However, Tope finally opened up to his friend on his predicaments which included his inability to take his family on a scheduled vacation as well as the children's school fees for the second term which would be due in a few days.



Kunle looked at his crestfallen friend and knew that he had to provide support to him at this time. Kunle applied for a part liquidation of his mutual fund investment conveniently via the online platform and his account was credited promptly.

Tope was astonished at the returns which Kunle had made on his investment and the convenient accessibility of his investment. At that point, Tope knew that he had made a wrong investment decision and he wished that he could turn back the hands of time.

"The deed is done, Kunle, but going forward I am going to invest in credible investments only, like a mutual fund." Kunle looked at his friend and decided to help him start the investment. He would gift him a mutual fund using the **e-gift voucher** on his Stanbic IBTC mutual fund investment.

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