Managing Cash Flow & Investments in a season of Uncertainty

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• Introducing ICEA LION Asset Management
• What’s the uncertainty
• Impact of Covid-19 on Economies
• Impact on Households
• Do’s & Don’ts with your investments
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ICEA LION Asset Management Ltd is a subsidiary business of First Chartered Securities, a conglomerate business that has ownership in businesses across different economic sectors including ICEA LION Holdings, NCBA, Knight Frank, Mitchell Cotts, Karina Tea, etc.

ILAM was incorporated in 1985
We are licensed by RBA & CMA as Fund Manager
Covid-19 Pandemic

- This is a global pandemic that is unlike any other at least in the last 100 years
- Whereas the first case was reported in November 2019, most economies dismissed it with little or no action to deter a full flare-up
- Developed countries have recorded higher infections than the LDCs
- The uncertainty that has enveloped the world is about
  - Containment of the pandemic,
  - Re-opening of economies,
  - Impact on different economic sectors
  - How long the lock down will last
  - The future
Impact of Covid-19 on Economies

- Economic Slow Down. April World Economic Outlook projects global growth in 2020 to fall to -3 percent.
- Disruption of supply chains after closure of air spaces and other ports
- Overstretched health care sectors (capacity and human resources)
- Re-allocation of resources from development to operational activities
- Most SMEs expected to shoulder most of the pain
Impact of Covid on Households

1. Loss of income for those who may have lost their sources of livelihood
2. Increased cost of running the household – home schooling, food, entertainment etc.
3. Quantity time spent with the families
4. Disruption of daily routines
Financial Tips for Survival
Financial Tip #1 to Surviving Covid-19

- Assess your financial situation in order to make informed decisions. This means preparing a personal balance sheet with

<table>
<thead>
<tr>
<th>Line Item</th>
<th>Debit (negative)</th>
<th>Credit (Positive)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Assets (cash, money market, savings deposits, treasury Bills)</td>
<td></td>
<td>xoxo</td>
</tr>
<tr>
<td>Long term Assets (Land, Home, Bonds, Biological assets like animals etc)</td>
<td></td>
<td>xoxo</td>
</tr>
<tr>
<td>Current liabilities (mobile loans, chama loans etc)</td>
<td>xoxo</td>
<td></td>
</tr>
<tr>
<td>Long term liabilities (mortgage, biz loans, etc.)</td>
<td>xoxo</td>
<td></td>
</tr>
</tbody>
</table>

- If your current assets > current liabilities YOU ARE SAFE. As a general rule with or without a pandemic always maintain a positive short term funding level
- If you total Assets > Total Liabilities – YOU ARE SAFE
Financial Tip #2 to Surviving Covid-19

- **DO NOT add on MORE DEBT!** Avoid a situation of getting debt-trapped. If you can cut back on your expenses so that you service your current debts, then do it.
Financial Tip #3 to Surviving Covid-19

Cut back on Expenses especially non-essential commodities which eat into your cash buffer e.g. you can do without dial-in meals and instead have home-made meals!
Financial Tip #4 to Surviving Covid-19

If you are working in negatively impacted sector e.g. airline industry, and you have been negatively impacted too. Reinvent yourself through new skills sets and versatility. DO NOT DESPAIR!
Financial Tip #5 to Surviving Covid-19

Hold back on any capital expenditures until the economies have taken a recovery direction e.g. do not have a infrastructure project ground breaking at this time
What can my insurance do?
Are there options to tap from Insurance?

1. In the case of a LOAN/DEBT, you can utilize your credit unemployment insurance. This depends on the type of insurance your bank took when you took out the loan.

2. Your life insurance policy can provide a policy loan; can be restructured etc. – Explore options with your insurer.

3. Seek a premium holiday with your insurer to avoid a lapse of your policy.
THANK YOU!

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