

HOW TO BUILD WEALTH



16th JULY 2020

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NCBA Investment Bank

**WE WILL BE
SHORTLY
LIVE**



How To Build Wealth



Paul Gicheru
Executive Director &
Chief Investment Officer



Steven Maleche
Senior Investment
Manager

Date: Thursday, 9th July 2020
Time: 9:00am

Paul Gicheru

Executive Director & Chief Investment Officer

Paul Gicheru is the Chief Investment Officer at NCBA Investment Bank responsible for the wealth management business. He has over 17 years of broad range experience covering investment management, corporate finance, auditing and financial management. Paul rose from the role of Senior Investment Manager to Chief Investment Officer at NCBA_IB wealth management division, prior to which he was a Senior Manager at the Corporate Finance department. Paul has also worked with PKF Consulting as a manager in the Corporate Finance department and has served in various roles at PricewaterhouseCoopers, Close Brothers Cayman Limited and KPMG. He is a Certified Public Accountant of Kenya (CPA-K, a Practicing Member of the Institute of Certified Investment and Financial Analyst of Kenya (“ICIFA”) and a member of the Chartered Institute For Securities and Investments (MCSI). He also holds a Bachelor of Commerce (Accounting) from the University of Nairobi, has passed level II examinations of the CFA Program offered by the CFA Institute.



Steven Maleche

Senior Investment Manager

Steven Maleche is a Senior Investment Manager at NCBA Investment Bank. He has over 12 years' experience in the asset management industry as an investment analyst and Portfolio manager covering Unit trusts, Pan African equity funds, pension funds and other segregated mandates. He holds a Bachelor of Commerce (Accounting) degree and is a member of the Institute of Certified Investment and Financial Analysts (ICIFA) and Institute of Certified Public Accountants Kenya (ICPAK).



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Wealth, Saving and Investment Defined

Saving:

- This is the deliberate act of setting aside a portion of one's income to meet a future known or unknown, a financial obligation or need.
- The main purpose of saving is **safety and availability of saved funds** when ever the expected or unexpected need arises and not necessarily a high return.

Investing:

- This is the act of injecting capital into a desired venture or a financial asset with an aim of growing one's capital or generating recurrent income either through interest, capital gains, dividends or rent.
- The main purpose of investing is **to generate a return** based on one's risk tolerance, income expectation, investment horizon and liquidity requirements.

Wealth:

- This is how many days forward you can live at your current spending without further effort. It is not tied to an amount of money rather to how long the money can last.

Steps towards Building wealth

Step 1: Budgeting

- Identify key sources of income
- List down all recurrent expenses
- Get out of unnecessary debts
- Establish a balance between incomes and expenses
- Maintain a monthly budget

Step 2: Saving

- Establish amount and frequency of excess income
- Identify appropriate saving products

Step 3: Investing

- Establish your risk and return balance
- Establish your investing objective
- Get to know the available investment opportunities and products

Understanding your investment Personality

Below are the factors to consider

- 1.Return expectation
- 2.Risk tolerance
- 3.Liquidity requirements
- 4.Investment horizon
- 5.Tax status
- 6.Legal requirements/restrictions
- 7.Source of funds
- 8.Investment ownership structure/vehicle
- 9.Existing investment portfolio
- 10.Other client unique factors

Features of an Ideal Investment

1. Acceptable Return
2. Ability to Grow in Value
3. Ability to be converted into cash at short notice with no or little loss in value
4. Ability to secure it
5. Easily understood

Investment Opportunities in the market

Money Market Securities

- Money Market Funds
- Bank Deposits
- Treasury Bills
- Commercial papers

Fixed Income Securities

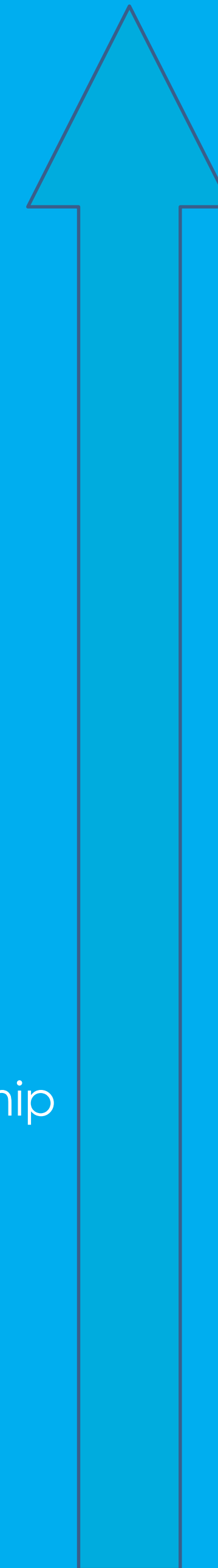
- Treasury Bonds
- Corporate Bonds

Stocks/Shares

- Listed Shares on an Exchange
- Unlisted/unquoted shares/Business ownership
- Equity Funds

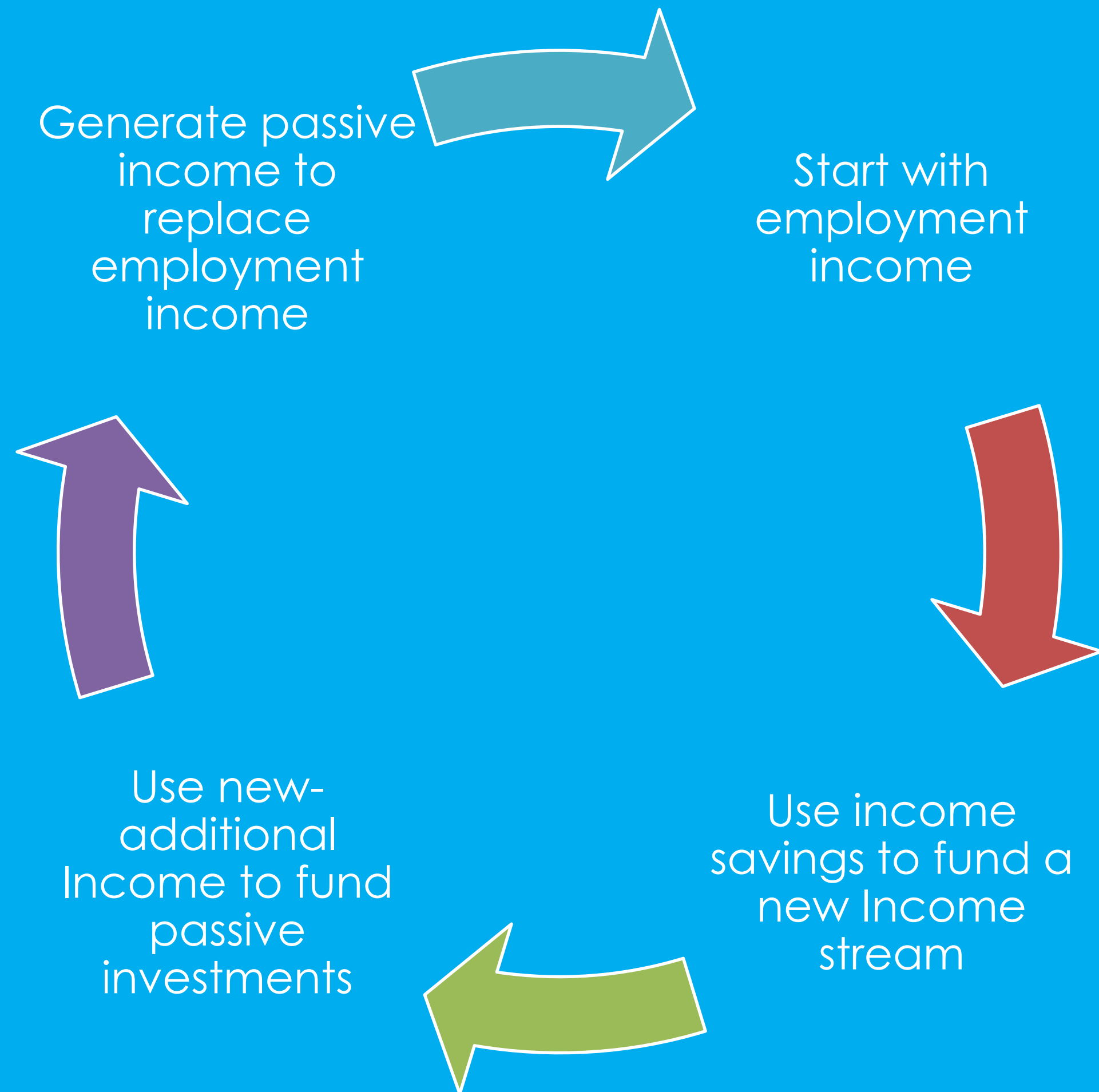
Property

- Land
- Houses/buildings



Ease of conversion into cash

Wealth Creation Cycle



Focus on Unit Trust Funds

- NCBA Unit Trust Funds
 - NCBA Money Market Fund. (Minimum investment KES 5,000)
 - NCBA Equity Fund. (Minimum investment KES 5,000)
 - NCBA Dollar Investment Fund (Minimum investment USD 100)
- **Key Features**
 - Regulated investments – CMA/RBA
 - Operate a structure similar to investment groups
 - Invest In diversified assets in line with regulations/strategy
 - Suitability depends on objective, tenure and risk appetite
 - Earns income daily and can be withdrawn at any time
 - Accessible to Individuals, Chamas, Family accounts, businesses, institutions etc.
 - Governance structure ensures proper risk management.

In Conclusion

- All investments should be objective driven
- Investing not the end objective.
- Key Objectives include
 - Accumulation towards a spending need - SHORTTERM
 - Holding prior to another investment – SHORT TO MEDIUM TERM
 - Beating inflation & Growth of assets – Capital gains and income compounding – MEDIUM TO LONGTERM
 - Diversification – reduce correlation with other assets - VARIED
 - Long-term goal - Education, construction, retirement etc. LONGTERM AND VARIED
 - Tax management – VARIED
- At various times you will be addressing one or a multiple of these objectives. – THE NEED TO OWN MULTIPLE ASSETS.



THANK YOU

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