



INVESTMENT PROFILE 1

DAN KAZI

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INVESTMENT PROFILE 1: DAN KAZI

Age: 27 years old

Marital Status: Single, no kids

Income: KES. 70,000

Education: Degree in Economics

Profession: Accountant

Additional Talent / Skill: Photography

Potential additional income: KES. 20,000 to 40,000 per month from photography gigs

MONTHLY EXPENSES

Item	Amount (KES)
Family support	10,000
Personal expenses	40,000
Total Expenses	50,000

GOALS & OBJECTIVES

Item	Amount (KES)
Wedding	500,000
CPA Training (Human capital development)	40,000
Grow photography business	
Support parents	

What Dan should do:

1. List all his goals, categorize and quantify them
2. Track expenses to find where he can cut spending to fund his goals.
3. Prioritize his goals and find opportunities to invest his income to work towards them.

Categorization of the goals: We categorize his goals and explore how he can work towards them.

(NB: This is our own categorization. Keep in mind that priorities will vary based on personal circumstances. What is security for one person may be aspirational for another)

SECURITY BASKET

Emergency Fund: Use KES. 20,000 left over after expenses to save **at least** KES. 150,000.

Goal: Save 3 months of expenses (KES. 150,000).

Strategy & Assets:

- Save KES. 20,000 every month for 8 months in a Money Market Fund.

Support & health Insurance for Parents: Ageing parents could potentially wipe out his savings.

Goal: Make sure parents are well taken care of as they age.

Strategy & Assets:

- Sell the parents land (We estimate for KES. 10M)
- Putting the money from the land in an annuity will give him KES. 83,333 per month to take care of his parents.
- This will also save him the KES. 10,000 he's been sending home every month (KES. 120,000 annually)

Retirement:

Goal: Save for retirement.



Strategy & Assets:

- Set up a Pension Account and contribute 6% to 10% of his income (KES. 4,200 - 7,000) per month towards retirement.
- Use extra income gained from getting the parents an annuity or wait until the emergency fund is at 3 months to start contributing towards this.

Pro-tip: some employers match your pension contribution i.e. if Dan contributes KES. 7,000, his employer could match some or the whole contribution towards Dan's pension. This means that his monthly contribution is double what he actually pays!

Human capital Investment:

Goal: Get the CPA qualification, so he can increase his income (KES. 40K).

Strategy & Assets:

- Consider negotiating with his employer to pay for the program, and he can repay slowly from salary.
- Alternatively, save slowly every month using a money market fund to keep the funds away and earn a little interest

Additional Savings:

Goal: Protect himself from emergencies

Strategy & Asset:

- Put a portion of his emergency fund in a USD savings account to protect himself against political or economic unrest

LIFE ENHANCING BASKET

Wedding:

Goal: Marry his girlfriend & give her the wedding of her dreams in 2 years (KES. 500K).

Strategy & Asset:

- Use additional income from side hustle to save for the wedding. (More gigs or hire out equipment).
- Save his additional income in a Money Market Fund.

Additional goals (kids, etc.):

Goal: Be able to achieve his future goals.

Strategy & Assets:

- After he's finished saving for the wedding or he gets a salary increase, he can continue saving in an MMF and accumulate this money can be used to fund opportunities and invest in opportunities with higher returns.
- Stocks / ETFs
- Money Market Fund to accumulate a lump sum;
- Real Estate.

ASPIRATIONAL BASKET

Grow business:

Goal: Grow business to a point where he can leave employment.

Strategy & Assets:

- Once the wedding is completed, use some of his additional income from his gigs towards growing his business.

- Diversify his portfolio by investing in opportunities that give higher opportunities (e.g. stocks)

Additional aspirational goals: Find investment opportunities that can generate higher returns that he can potentially invest in: e.g. other businesses (private equity), take a loan to invest in high yield real estate opportunities, and so on.

Curveball: Dan's girlfriend gets pregnant sooner than expected

In this situation, Dan would shift the timeline of his goals. Here is how his goals might potentially change;

- He could postpone the wedding
- Delay the growth of his business
- Increase the number of photography gigs he does
- He should grow his emergency fund

Pro Tip: When hit with unexpected circumstances take the time to re-evaluate your goals, and their categories and costs.

