ICIFA
INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

INVESTMENT REVIEW

A JOURNAL OF THE INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

ISSUE NO. 9 | DECEMBER 2021

POTENTIAL RISK FACTORS TO CONSIDER IN MANAGING INVESTMENT PORTFOLIOS

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WHO WE ARE

Institute of Certified Investment and Financial Analysts

ICIFA is the professional Investment and Financial Analysts' body mandated by law to regulate the Investment and Financial Analysis profession in Kenya, being the only body authorized by law to register and grant practising certificates to Certified Investment and Financial Analysts (CIFAs) in Kenya both in private and public practice under the Investment and Financial Analysts Act (No.13 of 2015).

We are dedicated to providing region-wide network and promoting the role of the profession in the fields of investment and financial analysis, pension funds, asset management, corporate finance, investment and finance training, fund management, financial advisory, wealth management, real estate investment, insurance investment advisory, capital markets operations, and investment banking among others.

ICIFA provides highly skilled, competent, competitive professional expertise in all sectors in the investment and finance industry.

We are globally affiliated to Association of Certified International Investment Analyst (ACIIA) based in Switzerland, the African Securities Exchange Association (ASEA) and the Association of Professional Societies in East Africa (APSEA). The examination body for Certified Investment and Financial Analysts Examination is KASNEB.

LEGAL MANDATE

The Investment and Financial Analysts Act (No.13 of 2015) provides for the establishment, powers and function of the Institute of Certified Investment and Financial Analysts, for the provision of the examination and registration of certified investment and financial analysts, and for connected purposes.

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The leading institute for investment and finance professionals.

MISSION STATEMENT

To promote excellence and professionalism amongst our members and the financial industry.

ICIFA will advance its mission through:

- Enforcing licensing and compliance with the IFA Act, ICIFA code of conduct and all the relevant By-Laws.
- Training of highly skilled professionals for the financial markets.
- Provision of financial advisory and placement services to the financial markets.
- Collaborations and partnerships with other stakeholders in financial markets.

CREDO

Integrity. Professionalism. Competence

Our Core Values

1. Integrity

To uphold transparency and trust in all our dealings with stakeholders.

2. Competence

We expect our members to conduct their activities successfully and efficiently as professional investment and financial analysts.

3. Innovation

We shall be alive to new ideas in order to adapt to the changing environment given the dynamic nature of the financial services industry.

4. Fairness

Fairness in matters of dealing with members.

5. Accountability

We are obliged to account for activities, accept responsibility for our action and conduct our operations in a transparent manner.

FUNCTIONS OF THE INSTITUTE

Under The Investment And Financial Analysts Act, 2015

1. To promote standards of professional competence and ethical practise amongst members of the Institute.

2. To promote research into the subjects of the securities and investments and related matters, and the publication of books, periodicals, journals and articles in connection therewith.

3. To promote the International recognition of the Institute.

4. To advise the regulator for the time being responsible for capital markets in respect of licensing investment and financial analysts.

5. To advise the Examinations Board on matters relating to examinations standards and policies.

6. To design and administer an initial ethics and integrity test for the purpose of determining the professional suitability of all its members and to subsequently design and undertake such continuous development programs for its members.

7. To carry out any other functions prescribed for it under any of the other provisions of the Act or any other written law.

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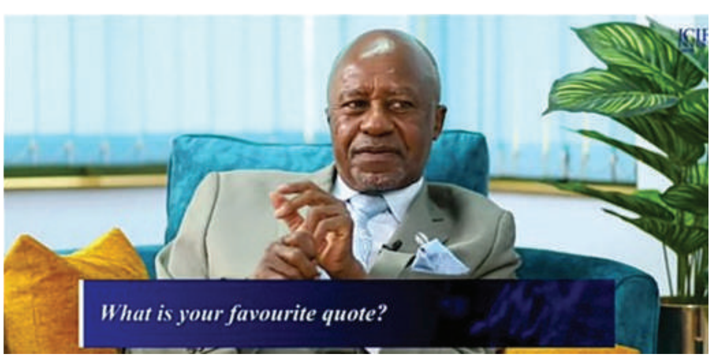

Anyone rich or poor can put money aside and let it accumulate, you just have to commit to setting aside a minimum of 10%, and you'll learn to live without it.

FFA Nguru Wachira

WORD FROM THE C.E.O

FA Diana Muriuki - Maina

I wish to take this early opportunity to welcome you to our 9th issue of the ICIFA Investment Review Journal, that has been in existence since our first issue in January 2019. The theme of this issue sheds light on the potential risk factors to consider when managing investment. It captures the skills required by an investor, potential market returns and risk and minimizing risks.

We have engaged more directly with the public and our stakeholders in this quarter, with events such as The ICIFA Investment Show, which debuted on October 21, 2021, and the ICIFA Quiz Challenge, which took place in December 2021.

Our goal is to promote awareness about ICIFA, investment products and the importance of seeking professional investment advice from ICIFA members. Our trained and qualified investment practitioners, who also form part of the ICIFA membership, respond to the questions, which cover the wider financial services. You may catch more of these exciting episodes on our YouTube Channel 'Institute of Certified Investment and Financial Analysts'.

We have also incorporated takeaways from some of the professional development programs held since September 2021 in this issue. Our **Training Portal**, ***training.icifa.co.ke***, has archived past webinar series and other training modules.

I would like to take this opportunity to thank my team, the Education & Research Committee, and the authors who submitted articles for publication for their essential input and support during the development of this issue.

We wish you a joyful holiday season and a prosperous New Year!

FA Diana Muriuki-Maina
Chief Executive Officer

New Modules at the ICIFA Online Training Portal training.icifa.co.ke

Congratulations to the CIFA graduates, class of August 2021! On your outstanding achievement. Wishing you all the best for the future and all its challenges and opportunities.

CONGRATULATIONS
CIFA AUGUST 2021 GRADUATES

ICIFA congratulates the following Certified Investment and Financial Analysts(CIFA) graduates for successfully completing the CIFA professional course examined by Kasneb in the August 2021 sitting. ICIFA is proud of your achievement.

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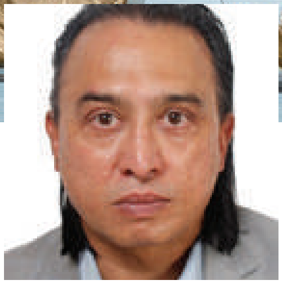
MAIN STORY



THE GIGANTIC OPPORTUNITY

FA Amish Gupta

"204,802 of the 915,115 MSME loan accounts as at December 2020 valued at Ksh.98.7 billion were classified as non-performing. This amounted to 22.4 percent of total MSME loan accounts, 15.5 percent of the total value of outstanding MSME loans, and 3.2 percent of the overall banking sector loan book." (source: Page 29 of the Central Bank of Kenya Annual Supervision Report 2020).

This exposed the soft underbelly of the supposedly sophisticated credit risk frameworks to comprehensively put in place mitigation measures against individual and mass credit default in the banking industry.

The above deteriorating statistics and massive adverse financial and social impact, calls for debate as to mandatory capital adequacy compliance requirements for MSMEs. This is possible by existing/new regulators; all commercial lenders individually; by new interventions in the Companies Act or by the Micro & Small Enterprises Authority or by the Central Bank of Kenya.

One of the critical mathematical factors is and should be the debt service cover ratio which determines the cash flow abilities (numerator) of the enterprise to service both interest and principal (denominators).

A current and projected ratio of more than 2.00 can be considered

> *Some investors may choose to access the above opportunities directly*

strong. The minimum is debatable with 1.50 as one option. Close monitoring is required via policy framework. Lower ratios can automatically trigger mandatory capital adequacy remedial action.

Obviously, due to an exceptional event, cash flow was impacted across all enterprises in some way; some less, some more, some extreme. And factors outside of the control of enterprises are always omnipresent in the future.

If the minimum ratio above is not healthy then principal repayment can first be investigated as to affordability and options to address it.

If principal in the denominator is zero and still the ratio is unhealthy then interest requires investigation and options to address it.

The banking industry has had to restructure dozens of billions in shillings in lending. They are keen to safeguard their interest.

But, a discussion around innovative debt restructuring capital market products cannot be ignored where principal and possibly interest are deferred. This can either be bullet or balloon repayments via private debt placements/offers. These provide new investment opportunities and may profilerate in the new normal. These opportunities may also include investment products available via the Unquoted Securities Platform or FISMS, platforms by the NSE Group.

Investment strategies around MSME debt products should be crafted around safety. There are many ways issuers and advisors can offer safety to boost investor confidence and investors should focus on these factors.

"On protection of investors, two initiatives are on the table. One is to encourage credit rating of the issuances so that the risk position is captured to help investors decide on whether to participate. Second, credit enhancement at different layers. For instance, one could get a guarantor to support either the principal amount or partial as well as the interest payment," the authority's CEO Wycliffe Shamiah told The EastAfrican *[source: The EastAfrican 17 July 2021]*.

Also, a discussion around vanilla equity injection and capital adequacy is more crucial. This allows the denominators above to be strengthened by reducing debt or restructuring continued debt using deferred innovation. The Unquoted Securities Platform above now allows for illuminating value discovery using a simple roadmap and critical path milestones.

This then opens the enterprise to an equity capital raise project at a "transparent reference price". Dozens of enterprises can then access this platform and create dozens of pre-IPO investment opportunities with attractive upside.

Again, safety features can be explored in structuring by boosting return to the incoming investors as existing major shareholders offer some sacrifices. New investment strategy is therefore required for MSME private equity placements/offers which revolve around partial or full guarantee return or secured return products.

Some investors may choose to access the above opportunities directly and individually the investment strategy will have to have a clear policy statement with specific but realistic goals. Some investors may choose to join other investors in pooling of funds and this opens up new opportunities for expert managers.

Policy Statements must first and foremost always include compliance with specific applicable laws and regulations for the different eligible products and an independent legal opinion is always beneficial.

The gigantic opportunity to provide wholesale equity capital of dozens of billions of shillings to thousands of MSMEs is the real future. Pooling many MSMEs for one stop one shot equity capital raise is also huge.

About the Contributor

The writer has submitted the above in his personal capacity. FA Amish Gupta is a Full Member of ICIFA

THE NEXT BEST INVESTMENT CLASS - ANGEL INVESTING

By FA Stephen Gugu

What is angel investing?

Angel investors are high-net-worth individuals (HNWIs) who provide capital for a business start-up, usually in exchange for equity or convertible debt. They are also sometimes referred to as angel funders, business angels, or seed investors.

The distinguishing thing about angel investors is that they not only provide capital for the start-up but also mentorship and connections to their networks. Angels may make a one-time investment to help the business get off the ground or as ongoing injections to support start-ups through challenges associated with the early stages.

Angels may invest as individuals or in groups. Africa has several great active angel groups: Viktoria Business Angel Network (VBAN), Dazzle Angels, Cairo Angels, Lagos Angel Network, Cameroon Angels Network, among others.

Group investments work as a great tool to reduce the investment risk and increase the funding capability as a funding pool trumps what a single investor is willing to risk. Pooled investments also allow individuals who do not have an extremely high net worth to participate in the funding

> *Angel investing is more hands-on compared to traditional assets investment.*

rounds. On the other hand, individual angel investors are independent in terms of their investment strategies which can be a huge advantage.

Further, they can move fast when they see a deal, they want to get involved in.

Angel Groups and angel investors have been on the rise almost in sync with the development of the early-stage ecosystems across the continent. Over the years, the inflow of start-up funding capital in Africa has been rapidly growing, as investors have started paying more attention to investment opportunities in Africa.

2019 saw Africa's annual Africa-focused start-up funding cross the $1 billion mark (as per the data collected by Maxime Bayen), a milestone that looked virtually impossible to achieve a couple of years ago. According to Partech Africa, African start-ups received $2 billion in 2019, which then dropped to $1.43 billion in 2020.

Despite the decrease, the firm reported that the number of deals increased compared to 2019; 359 deals were closed by 347 start-ups in 2020, while the figure stood at 250 deals in 2019. They explained this increase to be a result of an 88% increase in seed rounds. The bridge rounds as a result of the cash deficits amidst the COVID-19 restrictions.

2020 saw some huge wins where seed investors realized over 30x their capital. SendWave was bought by WorldRemit for $500 million; Stripes acquisition of PayStack at approximately $200 million; DPO Group being bought for $288 million by Network International and GoDaddy being bought.

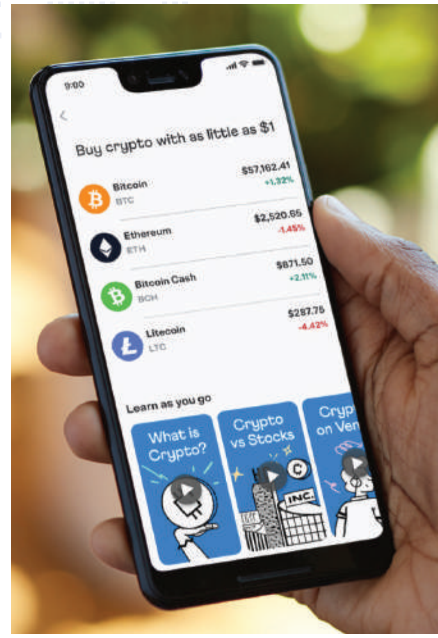
How does it differ from traditional investing?

Most African investors already receive financial returns from traditional asset classes such as real estate, treasury bonds, and listed stock in various stock exchanges.

One of the key differences between these traditional asset classes and angel investing is that angel investors get to generate a return while having an impact on entrepreneurs' lives. As mentioned earlier angels usually provide more than capital, they also mentor and provide access to their networks.

Angel investing is more hands-on compared to traditional assets investment; this is mostly true when one secures a board seat during the negotiations process. Board seats allow angel investors to shepherd a company in the direction they think best and protect their investment.

Angel investors may add value to the business by leveraging existing business relations to secure potential partners, setting realistic milestones and expectations for the senior management, negotiate with potential and current investors, etc. The board members have a massive impact on present and future fundraising goals; hence an experienced angel investor is something entrepreneurs look forward to having.



Angel investors are looking for are creating niche products to solve existing solutions.

Angel investing is also a high-risk venture. Unlike the stock market, where returns are easily predictable, as there is a lot of historical information to rely on, angel investing is a whole new world.

Entrepreneurs that angel investors are looking for are creating niche products to solve existing solutions in most cases; they are either creating entirely new products or leveraging technology to get the most out of existing ones.

It is said that angel investors bet on the jockey, not the horse since they invest in businesses at a very young age while the entrepreneurs are still proving the viability of their solutions.

Why should one be interested?

Angel investing presents a great learning experience for investors. Angel investors join the company at a very young age when they are still developing their products or services, re-developing them after some new realization, pivoting their product, etc.

Many lessons are gained from the experiences, which puts investors in a better position in their next investment. The fact that angels invest early in a company's life means their investments in cash and time are very impactful.

If one invests through an angel group or a syndicate group of any nature, they get to meet other contributors to the startup ecosystem space with a similar vision and goal. This presents a useful networking experience to angel investors that helps in connecting their companies to the resources, people, and customers they need to succeed.

Startups fundraise in multiple rounds with each round being associated with the achievement of certain milestones. Angel investors mostly invest at the pre-seed or the seed stage which makes more economic sense as the capital required at this stage is less compared to later-stage financing.

When signing the cheques, the angels have the possibility of future exit in mind which is when they will hopefully make their returns. They mostly exit to venture capitalists, corporate buyouts, or an initial public offering depending on the nature of the future deals presented to them and their company prospects.

Key resources to learn more.

If angel investing is a new concept to you and you have read this far, you are probably wondering where to start or who to reach out to. There are several readily available materials created by industry experts; angel investors and entrepreneurs turned angel investors. For instance, the Viktoria Business Angels Network worked on an Angel Investor Guide that summarizes most of the things that you need to know when considering investing in early-stage ventures in Kenya. To download the investor guide, go to https://www.viktoria.co.ke/angels-in-the-silicon-savannah/.

Various ecosystem players provide angel investing resources, in the form of masterclasses, webinars, and self-paced courses that hand hold potential investors through the whole process, such as the African Angel Academy and The Angel Accelerator.

The angel networks mentioned earlier also organize activities in various countries aimed at educating angel investors across Africa, check their website and social media pages to stay up to date with their activities and programs.

About the Contributors

Written by Adelaide Njoki and FA Stephen Gugu

POTENTIAL RISK FACTORS TO CONSIDER IN MANAGING INVESTMENT PORTFOLIOS

By Matilda Munyoroku

The common phrase that "*do not put all your eggs in one basket*" relates differently to different investors; the risk-takers, the risk-averse and the risk-neutral. The inevitability of risks in managing a portfolio is more practical than the certainties of any investment outcome.

Where the outcome of an event is certain, risk tends to disappear. In other words, the greater the uncertainty the higher the risk. The risk here is the possibility of loss or any other adverse consequence should align with the risk tolerance or the willingness and ability of any investor to take any risk.

As such, knowledge on where to encounter such risks and how to mitigate said risks can be used by any rational investor to make his portfolio decisions.

Classification of risks will be determined by their distinguishing characteristics and will fall into two broad categories that are financial risks and non-financial risks.

Financial risks are risks associated with any type of risk in the external financial markets and everything that deals with financing while non-financial risks refer to all other types of risks.

i) Market risk

Dowd (2005) defines market risk as to the risk of loss(gain) due to unexpected changes in market prices. A definition that Connor et al (2010) concur that is the risk stemming from the variation

Portfolio Risks

Financial risks

Market risk
Credit risk
Liquidity risk

Non-financial risks

Operational risk
Model risk
Regulation risk
Legal risk
Taxes risk

of prices of assets in a portfolio. This will include changes in interest rates, commodity prices, equity prices, exchange rates.

Price fluctuations create a volatile environment that affects any portfolio positively or negatively. As such a higher degree of volatility exposes a portfolio to higher levels of market risks. They include;

a) Interest rate risk - This is risk associated with changes in interest rates due to factors such as changes in the monetary policies as announced by the Central bank or due to the supply and demand for credit by lenders and borrowers respectively.

This directly affects the prices of fixed income securities such as bonds where there is an inverse relationship between interest rates and prices of bonds. The higher the interest rates the lower the price and the inverse are also true.

b) Equity market risk – Stock markets have always been volatile and this is the risk that is associated with changes in prices of stock investments.

c) Commodity price - This refers to the risk associated with changes in commodity prices e.g. crude oil.

d) Exchange rate/ foreign exchange risk – this arises from the change in the price of one currency with another. Any investor who holds foreign assets is subject to such risk.

ii) Credit risk

Connor et al (2010) define credit risk as the uncertainty about whether a counterparty will honour their financial obligation. This has largely been the risk of loss when a debtor fails to make payments as agreed.

Credit risk has primarily been a concern for bond and loan markets where there is a threat to loss if the counterparty fails to pay. Most exchanges traded assets and formal or structured traded assets that have a guarantee against credit risk.

Where the outcome of an event is certain, risk tends to disappear.

About the Contributor

Matilda Munyoroku is an Associate Member of the Institute of Certified Investment and Financial Analysts (ICIFA).

Credit risk can be assessed by evaluating financial statements, use of credit scores and use of data from rating agencies and credit bureaus.

iii) Liquidity risk

This is the uncertainty connected to the ability to liquidate or rebalance a portfolio at a fair price. (Dowd, 2005). Therefore, this is the risk that a financial instrument or assets in a portfolio cannot be purchased or sold without making losses due to the market's inability to handle such a transaction.

This is reiterated by Iverson and Rush (2013) where he observes that the ability to sell a bond quickly without a substantial price discount is affected by periods of economic and political turmoil for instance the bond markets worsen at such times.

An example could be in times of high market tensions; a seller may wish to sell a security in a market that has no buyers who are willing to buy the same asset at the sellers' preferred price.

iv) Operational risk

This refers to the risk that results from failures in the laid down systems and procedures in handling a portfolio. They could vary from computer breakdowns, human error or events outside the control of a company such as natural disasters and terrorist attacks. Such events may hinder the full and effective performance of a portfolio. One way to mitigate such risks is to transfer risks by taking insurance policies and contracts.

v) Model risk

This has been defined as the risk due to misspecification or estimation error arising from risk analysis models for a portfolio (Dowd, 2005). The model risk could also stem from valuation models. The development of so many models that try to examine the true value of an asset has given rise to the prominence of this risk.

Hence, if an investor chooses a wrong and inappropriate model, the results will be wrong, decision making will be flawed and the chances of loss in the portfolio will increase.

vi) Regulation risk

This refers to the uncertainty of how transactions in the market will be regulated by various regulatory bodies in the market. For example, bodies like the Capital Markets Authority of Kenya, an independent government body that is responsible for supervising, licensing and monitoring financial services or Central bank regulates the monetary policy.

Any regulatory change affects a portfolio either positively or negatively. However, unfavourable regulation that is too burdensome or too costly or too restrictive to any investor presents a threat of loss to portfolio returns.

vii) Legal risk

Every transaction is prone to some form of legal contract where if there are two parties, one is obligated by law to fulfil part of the deal by doing something for the other. If one party fails to perform and evidence of the same is presented, then the contract is revoked.

For example, if a dispute is taken to court and one party claims that the contact was illegal in the first place and that there is fraud involved and the court upholds that the contract is null and void then that is a form of a legal risk. Therefore, this could present a risk or a loss arising from the legal frameworks' failure to uphold a contract that one has invested financially.

viii) Taxes risk

This arises from the uncertainty of tax laws and regulations by governments especially when the economic environment is uncertain too. Some of the tax laws regarding financial instruments are too complex and could lead to flawed decision making in creating portfolios.

As such adequate knowledge on tax policies in a country and enough training on understanding taxes in one country could go a long way in managing tax risks, defining the tax principles and how to handle any eventuality.

Understanding that just like how different financial instruments are not always regulated the same way, different financial instruments are subject to different tax laws which may bring a lot of irregularities and confusion.

Therefore, it is always wise to gain a deeper knowledge of tax governance frameworks even hiring tax experts to help control tax risks.

ix) Political risks

Although this risk will affect some aforementioned risks directly or indirectly, it could also be a standalone risk where it refers to the uncertainty of portfolio returns due to the uncertainty of the political environment of a country e.g. change of regimes where investors will presume they are exposed to that risk. This risk exists in every jurisdiction where financial instruments are traded.

Classification of risks is not exhaustive, there is one on systematic risks and unsystematic risks that affect a portfolio. Systematic risks are risks that encompass the entire market or the broad market and are not limited to one specific stock or industry or specific investment but the entire economy.

This will entail macroeconomic factors like interest rates, inflation, political turmoil, natural disasters etc. One cannot avoid the effect of such risks by having a portfolio

On the other hand, unsystematic risk deals with the company-specific or asset-specific or industry-specific and they cannot affect other assets or industries outside of that asset or industry. T

his means you can avoid some of these risks by looking for assets that will offset another asset's risk. This is usually the idea behind diversifying a portfolio to ensure maximum returns from a portfolio that has low correlated assets.

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INVESTMENT RISKS

FA Nzioki Daniel

"The essence of investment management is the management of risk, not the management of returns"

Investment management is a science of successful risk management. Managing an investment portfolio involves knowledge and skill in selecting securities and making investments according to their prospects.

Portfolio managers must possess a comprehensive and in-depth understanding of the areas of financial markets and investors goals. The primary aim of portfolio managers is to ensure the safety and security of the principal quantity invested, attain capital growth on their investments, keep investments inside the liquid grade of securities, and diversify their investments. All investors need a solid grasp of markets, risks, and asset allocation to make sound decisions.

[Asset allocation, where to park your money and how to divide it up, is the single most important skill of a successful investor]

Ultimately, no one can predict what will happen in the market tomorrow or even ten years from now with certainty. Ensuring the sustained growth of investment portfolios is an essential task for any responsible individual or organization.

Risk factors can influence future investments and need to be identified and addressed before the portfolios are evaluated. Portfolio managers have to plan for any possible

> *Credit risk has primarily been a concern for bond and loan markets*

risks that could seriously impact the expected returns of a portfolio and then decide how to mitigate them.

Knowledge and continuous monitoring of risk factors are critical to helping portfolio managers assess whether investment objectives are achievable and if predetermined risks require any action. Discussed below are some risks factors portfolio managers should consider when working on behalf of individuals and institutions.

[PORTFOLIO MANAGERS NEED TO BE REALISTIC ABOUT POTENTIAL MARKET RETURNS AND BE AWARE OF POSSIBLE RISKS]

Interest rate risk

Interest Rate Risk is a hazard that the value of a portfolio will change because of changes in prevailing interest rates. The value of fixed-income assets may decline because of an increase in interest rates.

This occurs because fixed-income securities are affected by changes in both interest rates and changes in credit quality. When a portfolio has a range of asset holdings, changes in interest rates can significantly affect a portfolio's value.

If interest rates rise, so will the market price of bonds, reducing their yield to maturity and affecting their duration.

To mitigate the interest-rate risk, a portfolio manager can take advantage of non-trivial duration spreading by holding bonds with different maturities according to his view of possible future interest rates.

An investor concerned with interest rates risks has several options for reducing this risk.

Such choices include diversifying their portfolio, holding bonds of different durations, and relying on interest rate derivatives.

Exchange rate risk

The exchange rate risk is a factor of fluctuations in the investor's local currency compared to the foreign-investment currency. Investors may be exposed to a decline in their investment value because of volatility in the exchange rate.

The exchange risk varies from position to position, ranging from low to high. Low-exposure classes have only a tiny fraction of their value exposed—and thus little loss potential—to losses from changes in the local currency. It is better to select high-exposure positions when considering position allocation.

If you invest in a foreign market, your return may be exposed to a decline in the exchange rate between your home currency and the exporter. Investors don't always realize the potential for exchange rate volatility in their investment portfolios. Often, uncontrolled biases can lead to adverse economic effects.

Investors should know currency risk when investing across borders, so they can take steps to manage it. Currency fluctuations, exchange rates, and global markets all affect the performance of any portfolio.

Investors can buy a currency for its stability or diversification effects, but sometimes this might come at the cost of poor returns on investment. With the growing interest in global investing and international money markets, new currencies and asset classes are cropping up all over.

Sometimes it is possible to invest internationally without understanding the intricacies of different currencies or market strategies, but even if you're already familiar with them, there can be an art to combining them correctly for maximum returns

Political risk

Political risk (or political uncertainty) is the risk that political change will adversely affect the expected return on investment of assets. Political risk in investment portfolios is also the chance that events in a country could affect the value of investments, making it possible for governments to seize or confiscate assets.

Political risk factors vary from country to country. Portfolio managers must not ignore factors such as stability of government and law, military issues, civil rights and freedoms, and corruption.

For example, a portfolio manager with stock holdings for local companies that have gone regional (such as Equity Group, KCB, Safaricom, I & M Bank, etc.) must understand the political stability of their host countries (Republic of Tanzania, DRC Congo, Uganda, etc.).

If a country is on the verge of defaulting or experiencing civil unrest, its currency could also weaken. And this potentiality creates an opportunity for traders who are aware of vulnerabilities.

Political risk factors are often misunderstood or not given sufficient attention. Even internal political disagreements can have considerable implications for an economy through trade, capital flows, access to financing, repatriation of earnings, and expatriate satisfaction.

Political risk can encompass anything from general geopolitical factors to specific acts of government and is a serious and growing risk that could affect your returns and deplete your income.

[AN INVESTMENT BUSINESS HAS CERTAIN RISKS AND THE JOB OF A PORTFOLIO MANAGER IS NOT TO ELIMINATE ALL RISKS BUT TO MANAGE AND MINIMISE THEM]

Inflation risk

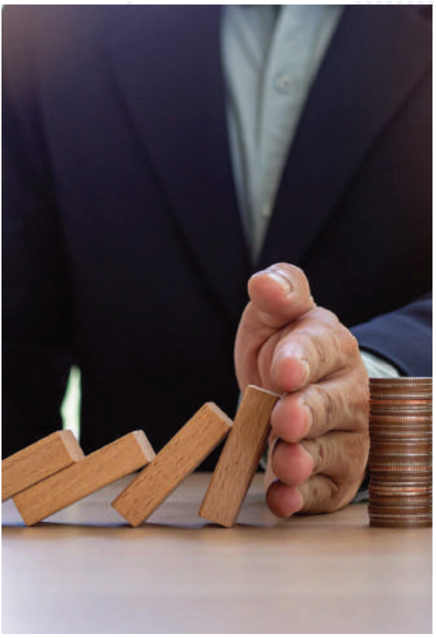
Inflation risk in an investment portfolio is the risk that the actual value of your future returns will be lower than expected due to inflation. A portfolio in an inflated currency will decline in purchasing power over time.

If investors are concerned that their portfolio's inflation risk is unsatisfactory, they may lower overall portfolio risk by investing in higher-risk assets. This trade-off can reduce the expected return of the portfolio, but it will also reduce the risk of the comprehensive portfolio

The inflation risk is neglected mainly in investment portfolios. It should be evaluated and considered while making asset allocation

> *Loans to members are usually the largest source of credit risks to saccos.*

The Actual Value of your Investments



decisions. Investors seem to forget that the inflation risk is real life.

Inflation risk is detrimental to fixed-income investments; the fixed rate of return becomes less valuable as inflation increases. When investors experience inflation risk, they fail to understand the role of inflation and interest rates in their portfolios. Refusing to acknowledge this risk is a sure-fire way to destroy your portfolio's value over time.

[A PORTFOLIO RETURN ABOVE INFLATION RATE ALLOWS YOU TO GROW YOUR CAPITAL, AND AT THE SAME TIME PRESERVE ITS VALUE]

Matching risk

An investment operation is one which upon thorough analysis promises safety of principal and an adequate return. Portfolio managers need to know that all this need to be achieved within their clients' financial goals and objectives.

As such, portfolio managers must possess skills in choosing securities and constructing investment portfolios and be able to link those securities and investments to the future financial goals of the investors. Asset allocation should take into account the short-term and long-term goals of the investor.

Investors need to have workable and practical strategies to guide their investment journey and inform their portfolio selection. The importance of having a portfolio in line with investors' financial goals is that the portfolio manager can achieve ample diversification that is tax-efficient and with minimum transaction fees.

Conclusion

The first step of intelligent investing is to establish a baseline portfolio. Portfolio Managers should calculate the probability-based score, which determines how much is to be invested in various asset classes.

A balanced portfolio has two aspects; equal amounts invested or/and the individual risk of each investment in the portfolio (E.g. in 50/50 assets holding, a portfolio manager needs to evaluate the percentage (%) risk of the 50% for each asset in the portfolio).

Risk-reward scenarios always include both downsides and upsides. It is the job of a portfolio manager to evaluate, based on these factors, how much risk has been allocated to potential rewards or gains. Prudent asset allocation is about balancing risk, not the invested amounts.

Considering the above potential risks, portfolio managers have to divide up investable capital based on how much risk-reward there's, not just equal amounts of shillings in each type of asset class.

[THE RATE OF RETURN SHOULD NOT BE THE ONLY CONSIDERATION WHEN CREATING AN INVESTMENT PLAN, YOU SHOULD ALSO THINK ABOUT THE RISK YOU CAN STOMACH]

> *A seller may wish to sell a security in a market that has no buyers*

About the Contributor

FA Daniel Nzioki is the lead financial advisor at Merit Financial Consultants and a Full Member of the Institute of Certified Investment and Financial Analysts (ICIFA) and ICPAK. He is currently serving on the Professional Standards Committee of the institute.

THE BEST INVESTMENT STRATEGIES IN THE NEW NORMAL

By FA Catherine Gathigia

The COVID-19 situation, without a doubt, has an impact on investments. As a result, investors should adapt their investing plans to the shifting situation. The new normal investors must take a step back and reconsider how to break into a market that has been made volatile by the pandemic's consequences.

Investors are faced by a monumental task in appraising the situation and reconsidering the variables that can rescue the situation in this new normal era, allowing the economy to flourish.

1. RISK ASSESSMENT AND MANAGEMENT

During this period of crisis, investors should diversify their portfolios by investing in a variety of assets. This will diversify risks while also providing lucrative opportunities.

This will help our economy and position us to succeed in the new normal. The function of risk management must become more efficient and effective.

This is not a novel notion; many high-performing risk firms have successfully used it. The following are some of the suggested actions that risk organizations should consider:

> *The new normal: investors must take a step back and reconsider how to break into a market.*

Diversify risks, Providing Opportunities

- Intensify monitoring
- Streamline the market-risk operating model
- Optimize and automate reporting
- Improve processes for reporting financial crimes
- Make other changes by taking a big-picture look at risk management's overall organization, governance, and performance management
- Streamline the processes and add automated ones by redesigning underwriting

2. INVESTMENT PRUDENCE

Discipline is essential in all facets of life. Investors should strive for investment discipline as their key to investing; this will help them avoid distractions during times of market volatility, as well as maintain a specific investment proportion in various assets as a continuous investment.

3. CUT-OFF LOSSES

Investors should adopt a clear and defined cut loss point or a sell to limit losses and enable investors ample liquidity to plough back their capital in the New Normal era for any company opportunity to generate sustainable returns.

A proper cut-off point will aid them in avoiding even more losses than they have already incurred.

4. MONEY MANAGEMENT SKILLS

Certification, timeliness, consistency, rationale, and documentation are the five money management standards that every investor should embrace.

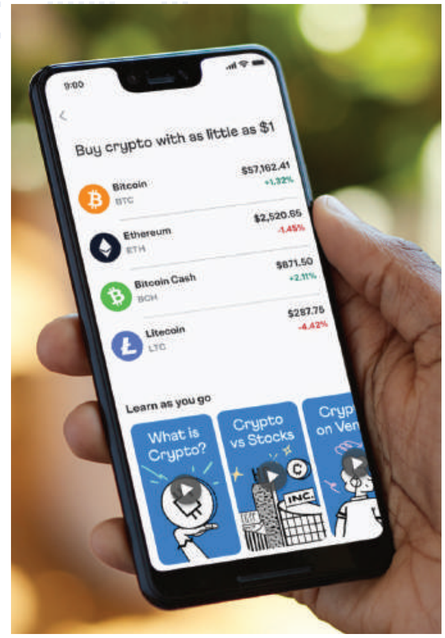
A clear purpose for your money, as well as sound money management principles, will put you in much better control of your financial destiny, as it will give you a clear and accurate picture of your financial picture, which will complement the application of the key financial disciplines that will help you overcome the obstacles to wealth.

Understanding your assets, monthly revenue and expenses, and a clear plan for how long your assets can pay your expenses can help the investor run the business efficiently.

To create a solid foundation, investors should set aside money for their expenses at least a year before they begin operations. To take advantage of the market, investors should stay within their means.

CONCLUSION

The pandemic might stay longer than anticipated and hence the need to adopt the new normal, therefore any strategy that works for you during this hard economics time that continue to see investors closing their business should be well embraced.



Loans to members are usually the largest source of credit risks to saccos.

About the Contributor

FA Catherine Gathigia is a Full Member of the Institute of Certified Investment and Financial Analysts (ICIFA).

BUSINESS AND MANAGEMENT ANALYSIS

FA Kegicha William Momanyi

Entails an-in depth look at the company to understand how the company makes money. Entails looking at some of the following things:

1. Market Ecosystem: Who are the suppliers, distributors and partners? How is each shilling spilt among different players?

2. Revenue Model: How do they get paid? Is it via subscriptions or do they charge transaction fees?

3. Does the company have multiple product lines or it's pure play?

4. What is the company`s strategy to help it grow in the future?

5. What are the core values of the company?

6. What is the mission and vision of the company?

7. Who are the top ten competitors of the company?

8. Which markets does the company operate in?

MANAGEMENT DISCUSSION AND ANALYSIS

Take time to read the letter of the chairman of the board and the chief executive of the company to the shareholders usually in the annual report. Pay keen attention to the management`s explanation on the following:

1. Revenue growth trends: If revenue is declining you must find out why that is the case? Is that temporary or it's permanent?

2. Near term expansion: Focus on geographical expansion; partnerships and new products.

3. Metrics that they beat/missed. Usually, the management will discuss the key performance indicators of the company. Watch out on how they fared as regards those metrics.

4. Biggest risks facing the company.

5. Governance changes.

6. Guidance on the future performance of the company.

7. Competitive moats: What sets the company apart from others and helps to maintain existing customers and acquire new customers?

MOATS

Our neighbor has started a good business and my goodness they are making good cash, Oh! Let us begin a similar business, there is loads of cash to be made. Now, ladies and gentlemen, there are specific things that protect a business from competitors who want to snatch off your customers and consequently your profits. These protectors are what we call moats. They include:

1. INTANGIBLE ASSETS: They include things like patents; trademarks; formulas; brand recognition etc. For example, Coca-Cola coke has a distinct taste different from what you can get in Pepsi cola, so people could rather take a coke rather than a Pepsi cola.

The number one reason why people use Safaricom is because of the convenient MPESA brand which they own on a 50% basis with Vodacom South Africa.

2. ECONOMIES OF SCALE: These are benefits that accrue to a firm due to large scale production. For example, Kengen supplies 75% of the power produced in Kenya, this large output is done at the lowest possible price as compared to competitors.

3. SWITCHING COSTS: This is what makes a customer fear changing suppliers of a product due to benefits they will lose if they were to do so.

For example, you can't take your Facebook followers to Twitter and if you try to do so, you will have to start from scratch. If you try to change your bank you can't transfer the previous transaction history to the new bank.

4. NETWORK EFFECT: This is also called demand economics. It means a service becomes more valuable the more the users who use it. For example, the major reason why banks like NCBA and KCB entered into strategic partnerships with Safaricom was to leverage on its huge customer base.

The more customers Safaricom has, the more it becomes valuable to KCB and NCBA. The more the sellers in Amazon the more it becomes valuable to buyers due to the wide selection of goods available cheaply.

No one can predict what will happen in the market tomorrow or even ten years from now!

> *Take advantage of non-trivial duration spreading by holding bonds with different maturities*

The cheaper the goods available, the more attractive it's to customers who are encouraged to sign up more which forces more sellers to sign up more.

5. LOW COST PRODUCER: Ensuring you produce your product at the lowest cost possible which make cheap prices a reality e.g. Walmart and Toyota

NUMBERS TO SHOW YOU THAT THE COMPANY HAS A MOAT

Moats is what prevents customers from leaving your business and going to the next business. From the book invested by Danielle Town and Phil Town, these are the numbers to watch if you looking for whether a company has a moat.

1. Revenue or sales should be increasing at 10% or more annually.
2. Book value should be increasing at 10% or more annually.
3. Operating cash flow should be increasing at 10% or more annually.
4. Profit after tax should be increasing at 10% or more annually.

Note: If a company is growing at 10% annually then sales, book value, operating cash flow should have doubled in the last seven years using the rule of 72.

MANAGEMENT ANALYSIS OF A COMPANY OF INTEREST

This refers to a detailed study of the top management and directors of the company. It is the most important factor since these are the people who are going to safeguard the money you put into the company. Failure at the management level stage of analysis means you should stop wasting your time and focus on another company. The things you should focus on when conducting a management analysis of any company include:

1. Who are the directors of the company? What are their qualifications? What is their age? Do they have enough experience to lead the company? History of the directors and companies they worked previously in and their achievements. Have the directors been involved in fraud, insider trading or any criminal activity? What is the gender mix of the board?

2. Does the company have a management succession plan? This will come in handy when top manager's exit from the company either through death, retirement or resignation.

3. Compare the salary of the top management with the profits after tax made by the respective company. Ideally should not exceed 10% of the profit after tax. Should be in line and not exceed what is paid in the respective industry under study.

For example assume you were analysing Equity Bank, you should compare the chief executive salary to what other banks are paying their chief executive officers. Moreover, there should be no salary increases in times of profits declines for a company run for the benefit of shareholders of the company.

4. There must be no delay when it comes to executing projects initiated by the company.

5. Good managers must reward shareholders by giving them a share of the profits made by the company in the form of dividends unless there are better investment opportunities available which can give shareholders better returns in terms of share price increases. To evaluate this, compare profit growth and dividend growth. For shareholder-friendly management, if profits have grown by at least 10% dividends should also increase by at least 10%.

6. Research the number of shares owned by the directors of the company and whether they have been purchasing more shares in the company. It is extremely reassuring when insiders like directors buy more shares in the company since no one can be said to know a company better more than the management of the company.

7. Study on foreign ownership of the shares in a company. Some ownership by foreigners is a morale booster since most foreign investors are institutional investors like fund managers who conduct detailed research on the companies they invest in.

8. Top ten shareholders of the company.

9. Executive profile of the top managers in the company. A list of top managers and the various roles they play in the company.

10. Executive compensation: It will be great if the largest portion of pay to the top management of the company is performance-based.

NUMBERS TO SHOW A COMPANY IS WELL MANAGED

1. Return on equity should be at least 15% or more for the last ten years or so.

2. Return on invested capital should be at least 15% or more. For banks and insurance companies return on assets should be 3% or more for the last ten years or so.

3. Company should be in a position to repay its long term debt with one or two years of earnings.

> *Currency fluctuations, exchange rates, and global markets all affect performance of any portfolio.*

About the Contributor

FA Kegicha William Momanyii is a Full member of the Institute of Certified Investment and Financial Analysts (ICIFA).

QUARTER ROUND UP

LIVE WEBINAR

Sep, 30 | Webinar series on 'Effective Evaluation and Selection Strategies for Green Portfolios' by FA Christine Mwangi CFA and FA Brian Yalla.

LIVE WEBINAR

Nov, 18 |ICIFA CPD webinar 'Getting Deals Done in the Current and Future M&A Environment

MEDIA ENGAGEMENT

FA Diana Muriuki-Maina, CEO, ICIFA hosted at the Trading Bell on 13th October 2021 to discuss the milestones of ICIFA.

QUARTER ROUND UP

ICIFA QUIZ CHALLENGE GRAND FINALE

In Pic – The Twelve (12) Finalists at the ICIFA Quiz Challenge (holding Certificates) **SEATED L-R:** Daniel Mwangi, Martin Mwangi, FA Diana Muriuki-Maina, FA Einstein Kihanda, Kelvin Mbugua **STANDING L-R:** FA Gabriel Inzoberi, Nicholas Ogega, Julie Wangui, Maurice Muiruri, Kelvin Makoma, Martin Pule, Moses Njoroge, Ian Kiarie, Bradley Kolwa, Sammy Yegon, FA Collins Alfayo

Martin Mwangi – Overall Winner

Kelvin Mbugua – 1st Runners Up

Kelvin Mbugua – 2nd Runners Up

QUARTER ROUND UP

ICIFA
INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

4TH ANNUAL CONFERENCE

The Institute of Certified Investment and Financial Analysts (ICIFA) held its 4th Annual Conference on 7th -8th October 2021 at the Sarova Whitesands Hotel, in Mombasa, Kenya. The conference was graced by the presence of the Chief Administrative Secretary, National Treasury and Planning, Eric Simiyu Wafukho, as Chief Guest on behalf of the Cabinet Secretary National Treasury and Planning, Amb. Ukuru Yatani.

The conference was held both in-person and virtual platform and brought together investment and financial analysts from both the Government and Private sector. Some of the facilitators at the conference included FA Esther Koimett, PS Broadcasting and Telecommunication, Mr. Christopher Kirigua DG PPP, Mr Kiprono Kittony, Chairman NSE PLC, FA Dr. Edward Odundo Director School of Pension and Retirements studies among others.

QUARTER ROUND UP

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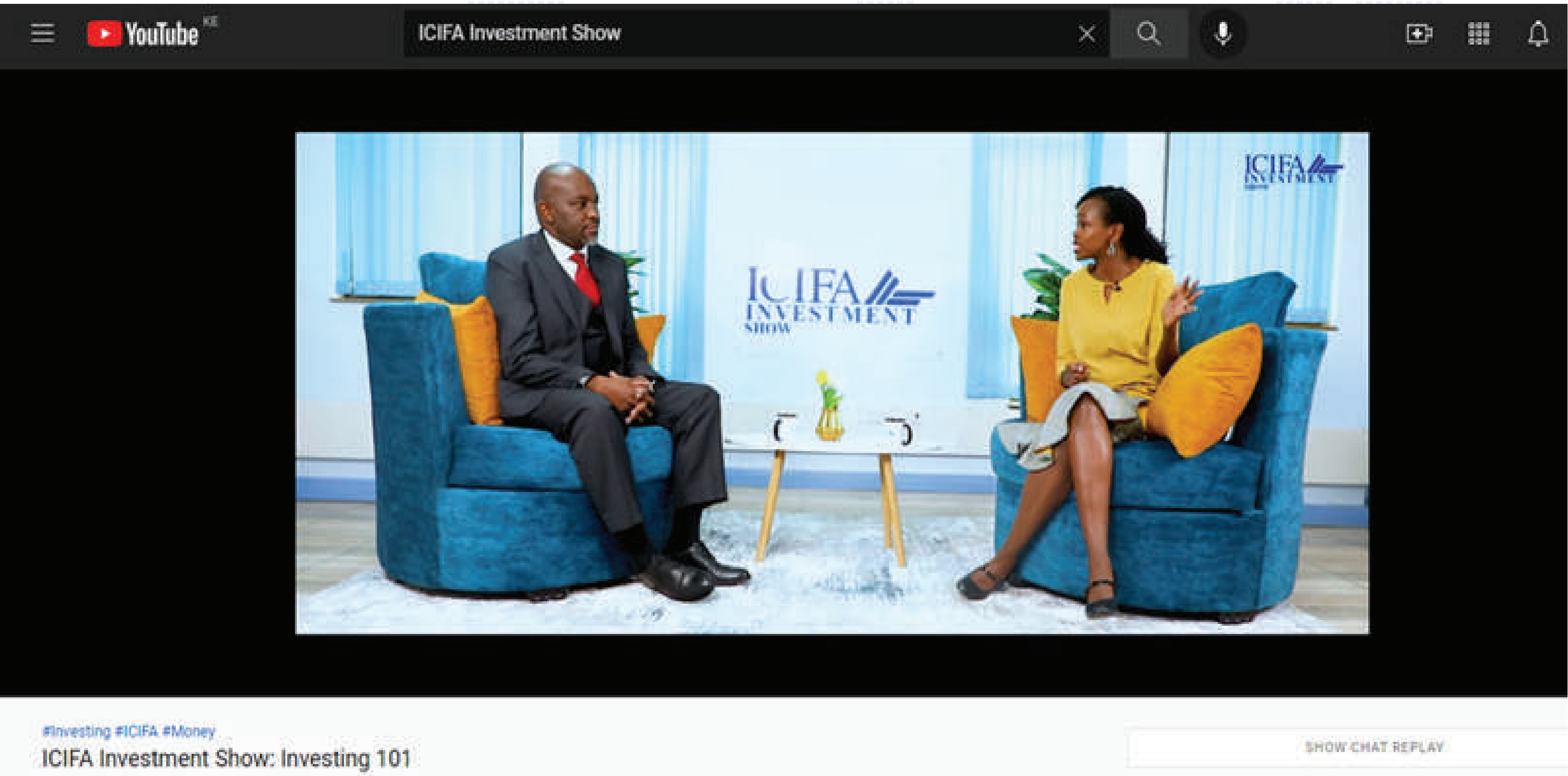
INVESTMENT SHOW



Left – Right: FA Einstein Kihanda (Chairman, ICIFA) and FA Rina Hicks (Host)

The ICIFA Investment Show premiered on 21st October 2021 seeking to address questions on investing in various capital market products. The questions are answered by our certified investment professionals (members of the Institute) drawn from diverse fields in the financial services industry.

Catch more of these exciting episodes on our **YouTube Channel 'Institute of Certified Investment and Financial Analysts'.**

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ICIFA CPD CALENDAR YEAR 2022

Contact us on: +254 726 498 698 / 748 174 914 membershipservices@icifa.co.ke

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Date & Time	Session	CPD Type	Venue	CPD Hrs	Cost Per Member
27th January 2022 5.30 pm – 7.30 pm	Professionalism, Regulation and Ethics in the Investment & Finance Industry	Unstructured	Virtual	2	FREE
3rd February 2022 5.30 pm – 7.30 pm	Crowdfunding and Financial Inclusion	Structured	Virtual	2	Ksh. 1,160
7th February – 18th March 2022	Financial Modelling Training	Structured	TBC		
24th February 2022 5.30 pm – 7.30 pm	Climate Risk and Push Towards Green Finance: Is Kenya Ready?	Unstructured	Virtual	2	FREE
10th March 2022 5.30 pm – 7.30 pm	Derivatives Trading and Analysis	Structured	Virtual	2	Ksh. 1,160
31st March 2022 5.30 pm – 7.30 pm	How to Achieve Work-Life Integration	Unstructured	Virtual	2	FREE
8th April 2022 5.30 pm – 7.30 pm	Psychology of investing: How investors can be guided to make better investment decisions	Structured	Virtual	2	Ksh. 1,160

Date & Time	Session	CPD Type	Venue	CPD Hrs	Cost Per Member
27th – 29th April 2022	**5th Annual Conference** **Emerging Technologies in Investing and Finance: DeFI, Big Data, AI & ML: Solutions to utilize**	**Structured**	**Hybrid**	**20**	**TBC**
26th May 2022 5.30 pm – 7.30 pm	Achieving Growth and Efficiency for Your Investment and Financial Advisory Firm/Business	Structured	Virtual	2	Ksh. 1,160
16th June 2022 5.30 pm – 7.30 pm	Stress and Mental Health: Supporting Mental Wellbeing of Your Workforce	Unstructured	Virtual	2	FREE
24th June 2022 5.30 pm – 7.30 pm	Annual General Meeting	Structured	Virtual	2	FREE
30th June 2022 5.30 pm – 7.30 pm	Innovation and Evolution in Fixed Income Trading and Analysis	Unstructured	Virtual	2	Ksh. 1,160
7th July 2022 5.30 pm – 7.30 pm	Sound Stress Testing Practices in Portfolio Management (Public and Private Sectors)	Structured	Virtual	2	Ksh. 1,160
28th July 2022 5.30 pm – 7.30 pm	Financial Due Diligence and Valuations for Corporate Transactions: Best Practices	Structured	Virtual	2	Ksh. 1,160

Date & Time	Session	CPD Type	Venue	CPD Hrs	Cost Per Member
4th August 2022 5.30 pm – 7.30 pm	Innovation and Evolution in Equities Trading and Analysis	Structured	Virtual	2	Ksh. 1,160
25th August 2022 5.30 pm – 7.30 pm	A Guide into Investment Taxation in Kenya	Unstructured	Virtual	2	FREE
8th September 2022 5.30 pm – 7.30 pm	Building a Successful Wealth Management Strategy	Unstructured	Virtual	2	Ksh. 1,160
29th September 2022 5.30 pm – 7.30 pm	Impact of Private Sector Participation on Kenya's Infrastructure Development	Structured	Virtual	2	Ksh. 1,160
14th October 2022 5.30 pm – 7.30 pm	Key Market Drivers and Challenges For ESG Investment Products	Structured	Virtual	2	Ksh. 1,160
2nd - 4th November 2022	**3rd International Investment Conference** **Wealth Creation in Africa: Role of Investment Professionals**	**Structured**	**Hybrid**	**20**	**TBC**
24th November 2022 5.30 pm – 7.30 pm	Cyber Security Risk in Financial Institutions	Unstructured	Virtual	2	FREE

Date & Time	Session	CPD Type	Venue	CPD Hrs	Cost Per Member
9th December 2022 5.30 pm – 7.30 pm	Investment Strategies for Non-Profit Organizations	Structured	Virtual	2	Ksh. 1,160

ONLINE MODULES AT TRAINING.ICIFA.CO.KE

			CHARGES (KSHS)		
CATEGORY	TOPIC	CPD	ASSOCIATE MEMBER	FULL MEMBER	NON-MEMBER
Module	Business Risk Management	2	1,500	1,500	2,000
Module	Derivatives Market and Analysis	2	1,500	1,500	2,000
Module	Corporate Governance in the Financial Sector	2	1,500	1,500	2,000
Module	Role of KYC and client suitability in the investment industry	2	1,500	1,500	2,000
Module	Sensitization on Anti-Money Laundering	2	1,500	1,500	2,000
Module	Threat and impact of cyber-attacks on the financial sector	2	1,500	1,500	2,000
Module	Effective Feasibility Studies and Models for Public Private Partnerships	2	1,500	1,500	2,000
Module	Financial Sector Risk Profiling and Mitigation	2	1,500	1,500	2,000

PAST WEBINARS AT TRAINING.ICIFA.CO.KE

			CHARGES (KSHS)		
CATEGORY	TOPIC/TITLE	CPD	ASSOCIATE MEMBER	FULL MEMBER	NON-MEMBER
Past Webinar	Getting Deals Done in the Current and Future M&A environment	1	750	750	1,150
Past webinar	Real Estate Investments, Trends and Insights	1	750	750	1,150
Past webinar	Best Practices and Emerging Trends in Investment Performance Reporting	1	750	750	1,150
Past webinar	Decoding Derivatives	1	750	750	1,150
Past webinar	Overview of the Private Equity Investment Process	1	750	750	1,150
Past webinar	Principles and Analysis of Public Finance and Investments	1	750	750	1,150
Past webinar	The State of the Financial Markets in Kenya and the Region: Investment Outlook 2021	1	750	750	1,150
Past webinar	Investment Options in Kenya: Current Trends and Future Outlook	1	750	750	1,150
Past webinar	Alternative Investments: Are they the better option?	1	750	750	1,150
Past webinar	Impact of Covid-19 on Kenya's financial markets	1	750	750	1,150
Past webinar	Risk management strategies in the investment industry during a potential recession	1	750	750	1,150
Past webinar	Are global recessions predictable? Lessons from past recessions	1	750	750	1,150
Past webinar	Inclusive fintech in the investment and finance industry	1	750	750	1,150

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4TH ANNUAL CONFERENCE 2021 AT TRAINING.ICIFA.CO.KE

			CHARGES (KSHS)		
CATEGORY	TOPIC/TITLE	CPD	ASSOCIATE MEMBER	FULL MEMBER	NON-MEMBER
Past Webinar	Chief Guest Speech: Hon Eric Wafukho, CAS, National Treasury	0.5	375	375	750
Past Webinar	How To Make Sustainable Investment Decisions in The New Normal	0.5	375	375	750
Past Webinar	Digital Investment Strategy and the Changing Investor Demographic	0.5	375	375	750
Past Webinar	Investment Strategies for SACCOs	0.5	375	375	750
Past Webinar	Regulatory Strategies for Strengthening and Deepening the Capital Markets	0.5	375	375	750
Past Webinar	Portfolio Optimization: New Challenges and Perspectives	0.5	375	375	750
Past Webinar	Regulatory Measures to Boost Retirement Planning in the New Normal	0.5	375	375	750
Past Webinar	Personal Professional Development: Maximize Your True Potential	0.5	375	375	750
Past Webinar	NSE Strategies to Boost New Listings Amid the Pandemic	0.5	375	375	750
Past Webinar	Public Investment Strategies to Spur GDP Growth	0.5	375	375	750

2ND INTERNATIONAL INVESTMENT CONFERENCE 2021 AT TRAINING.ICIFA.CO.KE

			CHARGES (KSHS)		
CATEGORY	TOPIC/TITLE	CPD	ASSOCIATE MEMBER	FULL MEMBER	NON-MEMBER
Past Webinar	Block Chain Technology: Potential Disruptions in the Capital Markets and Banking Sector	0.5	375	375	750
Past Webinar	Regulatory Intervention and Policy Formulations as Pertains to 'Future of Investing'	0.5	375	375	750
Past Webinar	Emerging Issues and Best Practice from International Markets: What Lessons Can We Learn for The Future?	0.5	375	375	750
Past Webinar	Investment Decision Making in an Uncertain Future	0.5	375	375	750
Past Webinar	Are the Investment Rules for Today Fit for Investment Challenges of Tomorrow?	0.5	375	375	750

3RD ANNUAL CONFERENCE 2020 AT TRAINING.ICIFA.CO.KE

			CHARGES (KSHS)		
CATEGORY	TOPIC/TITLE	CPD	ASSOCIATE MEMBER	FULL MEMBER	NON-MEMBER
Past Webinar	The Role of Creativity and Innovation in Improving Financial Services	0.5	375	375	750
Past Webinar	Analysis of Kenya's Investment and Financial Literacy Levels	0.5	375	375	750
Past Webinar	Impact of Fintech on Investment Banking	0.5	375	375	750
Past Webinar	Alternative Investments in the East African Market: Experiences & Challenges	0.5	375	375	750
Past Webinar	The Role of Telecommunication in Improving Financial Services	0.5	375	375	750
Past Webinar	Regulatory Measures to Boost Innovation in the Capital Markets	0.5	375	375	750
Past Webinar	Building Effective Public Private Partnerships: Their Application for Innovation	0.5	375	375	750

ANNUAL CPD REQUIREMENTS YEAR: 2022		
MINIMUM CPD	ASSOCIATES	FULL MEMBERS (PRACTISING AND NON-PRACTISING)
STRUCTURED	10	20
UNSTRUCTURED	10	20

NOTES

1. The 2022 CPD calendar mainly involves online programs.
2. Introduction of physical/hybrid programs will be communicated in due course as we continue to monitor the Covid-19 situation.
3. Members above 60 years are exempt from the CPD requirements but are encouraged to participate in the Institute's activities.
4. For any queries, contact *membershipservices@icifa.co.ke* or 0726498698/0748174914.

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