

## What Covid-19 Has Taught Us

We have been through some interesting times and have learnt some interesting lessons. Here are some of the interesting “facts” that we have learnt **about** Covid-19:

- You are safe if you exercise between 6h00 and 9h00. But after 9h00, all the Covid-19 viruses leave the shops and go out on the street, putting people exercising at high risk (whilst leaving the shoppers safe).
- High concentrations of the Covid-19 virus are obviously found on beaches, in the sea and on trails, because we are not allowed to go there.
- For some reason, people wearing shorts, slops and t-shirts have a higher risk of catching the virus than someone wearing a jersey (the scary thing is that someone actually applied their mind to writing this crazy law).

There are a number of other ludicrous / irrational laws that have come out in this crisis, but this is a financial column so we will focus on what lessons we have learnt **from** Covid-19.

### The Need for an Alternative Source of Income

Many years ago, I did an article based on the book “*The Richest Man in Babylon*” by George Samuel Clason. One of the points that was made in this book, is that you need to have your money working for you, generating “*money babies*”. The more investment income you have, the less you will be affected by a reduction of your salary during any calamity - in this case Covid-19.

### The Need for Reserves

Those people who were “*sailing close to the wind*” before the crisis, are now in big trouble. The general rule of thumb is that you need to have between three- and six-months’ income in cash reserves. Several people have lost their entire income for April and May - if these people had no reserves at the end of March, they are in serious financial trouble. Unfortunately, it is going to take a lot longer than two months to recover. For some, recovery is near impossible.

### Diversification is Key

If all your income was being generated by one building and that tenant is no longer paying, you are in trouble. If you had all your wealth in the wrong share (for instance, Sasol) or the wrong asset manager, you are in trouble. The blow out of emerging market currencies has once again shown the importance of geographic diversification.

### Adaptability is Key

We are seeing a number of people changing their products, changing their strategies and changing the way they work. We will definitely see a number of new products and companies that are born in these turbulent times. I am a firm believer in the adaptability and ingenuity of mankind.

Whilst the lockdown period has not been without its challenges, we need to embrace this opportunity to connect more with our loved ones and to set aside a bit more time for reflection and personal growth. In doing so, we can ensure that our plans are in place to thrive going forward.

Kind regards,



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