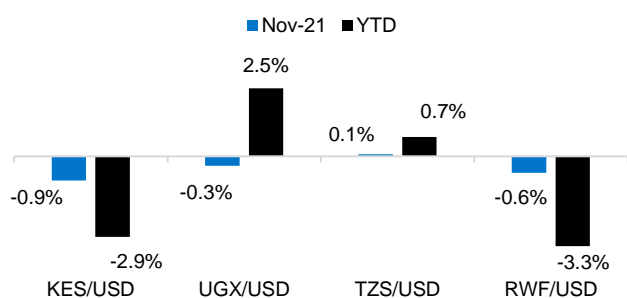


Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	5.8%	2.6%	3.9%	0.6%
Central Bank Rate	7.0%	6.5%	5.0%	4.5%
91 Day Treasury Bill	7.2%	6.5%	0.8%	6.8%
2 Year Treasury Bond Yield	9.4%	10.0%	7.6%	9.7%

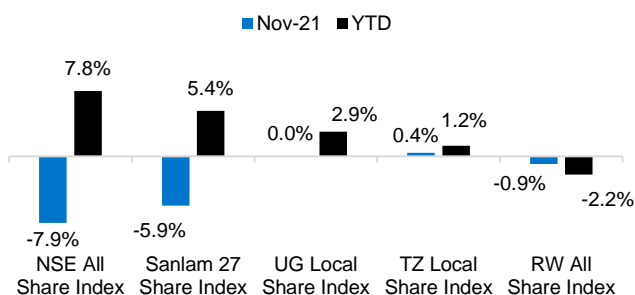
Source: Kenya, Uganda, Rwanda and Tanzania National Bureau of Statistics & Bloomberg

Regional Currency Performance



Source: Central Bank of Kenya, Bank of Uganda, National Bank of Rwanda & Bank of Tanzania

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Global Markets Dashboard

	Nov-21	QTD	YTD
MSCI World Index	-2.3%	3.2%	15.3%
MSCI Emerging Markets Index	-4.2%	-8.8%	-3.0%
Oil-Light Crude	7.6%	4.5%	51.6%
Gold	-3.1%	-0.7%	-7.4%

Source: Bloomberg

Market Commentary

Economy: Kenya's economy grew by 10.1% in the second quarter of 2021 (Q2 21) year-on-year(y/y) relative to a decline of 4.7% recorded in a similar period in 2020. The growth was driven by a recovery in learning activities, transport & storage as well as manufacturing sectors. The agriculture sector contracted by 0.9% y/y in Q2 21 compared to a growth of 4.9% in 2020 attributable to lower-than-average rainfall. The Central Bank of Kenya (CBK) forecasts a growth of 6.4% for 2021 and 6.0% for 2022.

Inflation: Kenya's inflation slowed to 5.8% y/y in November 2021 from 6.5% October. This was mainly driven by lower core inflation of 1.9% y/y down from 2.2% in October. However, food and fuel inflation remained elevated as prices of non-alcoholic beverages, transport and housing, water, electricity, gas and other fuels edged higher on an annual basis.

Uganda's annual headline inflation increased by 2.6% in November 2021 from 1.9% in October while core inflation accelerated to 2.6% from 2.1%. The increase in headline inflation was mainly driven by increases in food and non-alcoholic beverages and transport prices. Tanzania's inflation declined marginally to 3.9% y/y in October from 4.0% in September 2021 majorly attributable to softer food prices while Rwanda's urban inflation slowed to 0.6% y/y in October 2021 from 1.8% in September. Inflation is forecasted to rise moderately but stabilize around the respective regional Central Bank's target as consumer demand recovers with the reopening of economies

Interest Rates: Kenya's Monetary Policy Committee (MPC) left the Central Bank Rate (CBR) unchanged at 7.0% in November to further fuel post-pandemic recovery of the economy. However, bond yields persisted on an upward trajectory as the government sought to front load the current financial year's domestic borrowing target before close of the calendar year. The Central Bank of Kenya issued a 5-year and an 18-year bond at weighted average rates of 11.3% and 13.4% respectively.

Similarly, interest rates in Uganda also went up across the yield curve during the month of November relative to the previous month. The Bank of Uganda issued 3-year and 5-year bonds at weighted average rates of 13.1% and 15.5% respectively. Money market liquidity in Tanzania declined slightly in November leading to a marginal increase in short term interest rates during the month. The Bank of Rwanda maintained the CBR at 4.5% during the quarterly meeting held in November 2021.

Currencies: The Kenya Shilling depreciated by 0.9% during the month of November leading to an overall decline of 2.9% year to date. The Shilling has remained under pressure on account of increased corporate dollar demand amid tight liquidity of the dollar. Similarly, the Uganda Shilling and the Rwandese franc depreciated marginally during the month on higher import demand. We expect moderate currency depreciation across the region as economic activity recovers coupled with the strengthening of the dollar globally in the medium term.

Equities: Persistent sell off on equities by foreign funds in the frontier markets amid concerns over the new Covid-19 variant has led to losses in the Nairobi Securities Exchange ploughing back profits year to date. The instability in Ethiopia has fueled investor concerns for Safaricom leading to further price decline of 12.2% on the stock during the month of November.

Global Markets: Global markets traded lower in November 2021 as the emergence of a new Covid-19 variant Omicron punctured investor risk appetite causing retraction from risky assets. The gold commodity performance retreated in November following a seemingly hawkish commentary from Federal Reserve while global crude oil prices continued to hike in October as demand outpaced the global supply.

Outlook: The identification of a new Covid-19 variant, the Omicron poses a great risk to the expected global economic recovery should the variant have a severe impact on business activity.

Important Information.

- **MSCI**, the acronym stands for Morgan Stanley Capital International.
- **MSCI World Index**, is a broad global equity index that represents large and mid-cap equity performance across 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
- **MSCI Emerging Markets Index** is used to measure the financial performance of companies in fast-growing economies around the world. The index tracks mid-cap and large-cap stocks in 27 countries, dominated by Chinese, Taiwanese, and South Korean companies.
- **Year to date (YTD)** refers to the period beginning the first day of the current calendar year or fiscal year up to the current date. YTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry.
- **Currencies: KES/USD** refers to the Kenya Shilling exchange rate with the US Dollar. **UGX/USD** refers to the Uganda Shilling exchange rate with the US Dollar. **TZS/USD** refers to the Tanzania Shilling exchange rate with the US Dollar. **RWF/USD** refers to the Rwandese Franc exchange rate with the US Dollar.
- **NSE All Share Index**, is a market cap weighted index consisting of all the securities on the Nairobi Securities Exchange. Prices are based on last trade information from NSE's Automated Trading System.
- **Sanlam 27 Share Index** is a market cap weighted index. The index universe is the Nairobi Securities Exchange. The index is managed by Sanlam Investments East Africa Limited.
- **Uganda Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Tanzania Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Rwanda Stock Exchange All Share Index** is a market cap weighted index that includes all non-domestic Rwanda listings.
- **Central Bank Rate** refers to the interest rate at which a nation's central bank lends money to domestic banks, often in the form of very short-term loans. The Central Bank may increase or decrease the discount rate to slow down or stimulate the economy.

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Disclosure Statement

Sanlam Investments East Africa Limited (“the manager”) is regulated by Capital Markets Authority in Kenya and Uganda to provide investment advisory and management services. The firm has been operational in Kenya since 1998 and in Uganda since 2004 and is a leading fund manager in the region with a strong record of accomplishment in service delivery and performance.

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