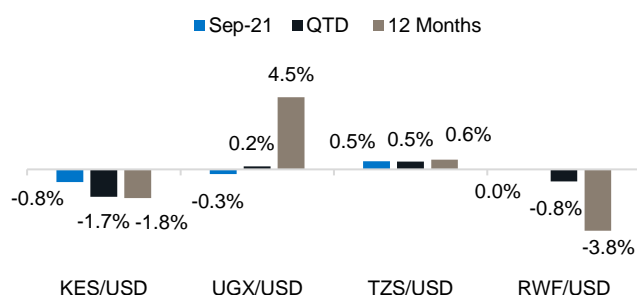


Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	6.9%	2.2%	3.8%	2.6%
Central Bank Rate	7.0%	6.5%	5.0%	4.5%
91 Day Treasury Bill	6.9%	6.8%	2.0%	7.2%
2 Year Treasury Bond Yield	9.5%	10.0%	7.6%	9.4%

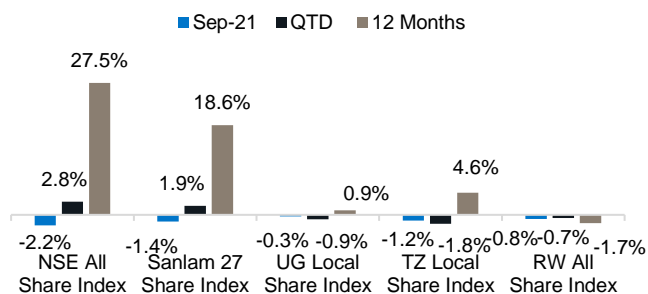
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

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

	Sep-21	QTD	12 Months
MSCI World Index	-4.3%	-0.4%	27.0%
MSCI Emerging Markets Index	-4.2%	-8.8%	15.8%
Oil-Light Crude	7.6%	4.5%	91.7%
Gold	-3.1%	-0.7%	-6.8%

Source: Bloomberg

Market Commentary

Inflation: Kenya's inflation increased by 0.3% on a month-on-month basis and 6.9% year-on-year. This was mainly driven by the food and non-alcoholic beverages basket which increased by 10.6% year-on-year. Housing, water, electricity, gas, and other fuels index surged by 6.0% year-on-year. Uganda's annual headline inflation edged up to 2.2% in September compared to 1.9% in August, attributable to food and non-alcoholic beverages index that increased by 2.9% year-on-year. Headline inflation in Tanzania remained unchanged at 3.8% in August. Nonetheless, the food and non-alcoholic beverages inflation rate declined to 3.6% on an annual basis from 5.1%.

Rwanda Consumer Price Index declined to 2.6% in August compared to 3.3% annual change reported in July, mainly due to the decrease in food and non-alcoholic beverages and transport prices. We expect that the regional annual inflation change could be largely skewed to changes in the food and fuel baskets over the medium term.

Interest Rates: Bond yields marginally edged up across the yield curve in Kenya during the month. The Central Bank of Kenya issued a 21-year infrastructure bond (the bond has a tax exemption feature) at a weighted average rate of 12.7%. Interest rates in Uganda remained subdued due to relatively high liquidity levels and pick up in offshore participation for government securities. The Bank of Uganda issued 2-year and 10-year bonds at weighted average rates of 10.0% and 13.5% respectively. High liquidity in Tanzania's money market extended the decline on short-term interest rates during the month of September.

Currencies: The Kenya Shilling and Rwandan Franc marginally depreciated by 0.8% and 0.3% respectively against the US Dollar in September. This was due to increased dollar demand from merchandise importers. On the other hand, the Tanzania Shilling appreciated by 0.5% in September. The Uganda Shilling was relatively unchanged in September. Our view is that currency pressures could remain moderate in the near term as economies reopen and business activities pick up in the region.

Equities: The regional equities performance reflected a general weakness in the month of September. The Kenya bourse witnessed decent profit taking activity on banking and telecommunication stocks from both local and foreign investors.

Global Markets: Global equities performance in September declined, as investor appetite for equities waned off on the back of an anticipated Fed tapering, rising inflation rates, US fiscal issues and real estate debacle in China.

The gold commodity performance was also negative during the month. Global crude oil prices continued to edge up in September as demand outpaced the global supply. A stronger demand for oil as a source of power generation pushed prices higher altogether, with Europe and China experiencing shortages in coal and natural gas.

Outlook: In our view, global corporate earnings recovery is still on course, and we anticipate it to pick up sharply in the last quarter of 2021. Accommodative monetary policies and a recovery in corporate earnings is supportive of risky assets. Furthermore, as the COVID-19 vaccination roll-out progresses, economies are expected to reopen at a much faster pace than earlier projected. We continue to monitor the near-term inflationary pressures, tax, and regulatory risks globally as potential headwinds to economic growth in the medium term.

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.



October 2021 Update



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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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