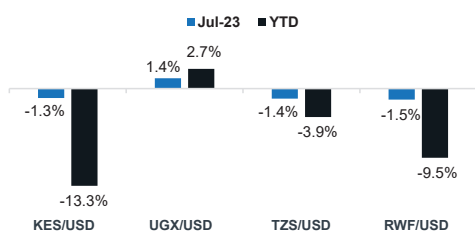


Global Markets Dashboard

	July-23	YTD 2023
MSCI World Index	3.3%	17.7%
MSCI Emerging Markets Index	5.8%	9.5%
Brent Crude Oil	14.2%	-0.4%
Gold	2.4%	7.7%

Source: Bloomberg

Regional Currency Performance



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

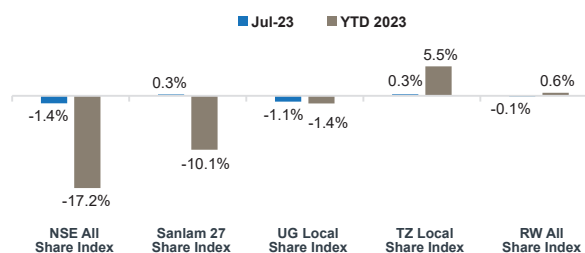
Regional Inflation & Key Interest Rates for July 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	7.3%	3.9%	3.6%*	13.7%*
Central Bank Rate	10.5%	10.0%	5.0%	6.5%
Average 91 Day Treasury Bill	12.4%	9.0%	4.6%	8.9%
Average 2 Year Treasury Bond Yield	15.0%	14.0%	9.5%	10.9%

\*Rwanda and Tanzania inflation as of June 2023

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

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

**Global Markets:** Global growth is projected to decline from 3.5% in 2022 to 3.0% in both 2023 and 2024 according to The IMF World Economic Outlook update July 2023. In addition, growth in the Sub-Saharan Africa is projected to slow to 3.5% in 2023, from the estimated 3.9% growth recorded in 2022.

Global equities had a stellar performance in July with the MSCI World Index up +3.3% and MSCI Emerging markets up 5.8%.

**Inflation:** Kenya's headline inflation eased to 7.3% y/y in July from 7.9% in June 2023 on moderate price pressures on basic food items. The food and non-alcoholic beverages prices softened by -0.5% month-on-month. Uganda's consumer inflation declined to 3.9% y/y from 4.9% y/y. This is attributable to the slowdown in core inflation from 4.8% to 3.8%.

Tanzania's inflation moderated to 3.6% y/y in June 2023 from 4.0% in May 2023, whilst Rwanda's urban inflation declined to 13.7% y/y in June 2023 from 14.1% y/y in May. The ease in inflation in both countries was driven by lower food and non-alcoholic beverages prices.

**Currencies:** The Kenyan Shilling, Tanzanian Shilling and Rwandan Franc depreciated by 1.3%, 1.4%, and 1.5% respectively against the US Dollar (USD) in July 2023. We expect continued gradual depreciation due to a strong USD demand. The Ugandan Shilling appreciated by 1.4% in July to foreign portfolio flows in the bond market and muted demand.

**Interest Rates:** In Kenya, the average yields on the government papers maintained an upward trajectory, with the average yields on the 364-day, 2-Year and 5-year papers increasing by 57 bps, 124 bps and 219 bps to 12.7% and 15.0% and 16.6% in July.

The Central Bank of Kenya (CBK) re-opened a 3-year and issued a new 5-year bond in July. The weighted average yields of accepted bids were 16.3% and 16.8% respectively. The same bonds were re-opened in the month of July.

The Bank of Uganda (BOU) issued new 3-year and 20-year bonds in July at average yields of 13.5% and 15.0% respectively.

The Bank of Tanzania issued 2-year and 10-year bonds at average yields of 9.5% and 11.3% respectively. The National Bank of Rwanda issued a 3-year and 20-year bond at a weighted average rate of 11.6% and 13.2% respectively.

**Equities:** The Kenya, Uganda and Rwanda bourses declined by 1.4%, 1.1% and 0.1% respectively in July on the back of continued sell-off by foreign investors. The Tanzania stock market was relatively flat. Overall investor risk appetite remains depressed due to the tough macroeconomic environment and high interest rates in the money markets.

**Alternatives:** The Kenya Pension Fund Investment Consortium (KEPFIC) held their Annual Investment Conference in July 2023 highlighting a pool of investment opportunities in infrastructure spanning across the telecommunication and ICT, transport and logistics, water and sanitation, energy, property, healthcare, agriculture, and food security, and MSMEs sectors. Alternative investments continue to provide diversification benefits to traditional investments for pension funds.

**Outlook:** Portfolio companies have been posting strong earnings in line with our expectations. These companies remain resilient due to their strategic advantages in the markets they operate in and their focus on sustainable earnings growth.

The headwinds in the regional markets are fiscal, currency, inflationary pressure, debt repayments and the twin deficits (current account & budget).

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### Important Information

- **Basis points (bps)** - A basis point is a standard measure for interest rates and other percentages in finance, representing one-one hundredth of one percent.
- **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.
- **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.
- **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.
- **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.
- **The Purchasing Managers Index (PMI)** is a measure of the prevailing direction of economic trends in manufacturing. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%).
- **Quarter to date (QTD)** refers to the period beginning the first day of the current quarter up to the current date. QTD information is useful for analyzing business trends over time or comparing performance data to competitors or peers in the same industry.
- **Rwanda Stock Exchange All Share Index** is a market cap weighted index that includes all non-domestic Rwanda listings.
- **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.
- **Tanzania Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Uganda Local Share Index** is a market cap weighted index. It includes only domestic listed 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.
- **Year-over-year (Y/Y)** is a method of evaluating two or more measured events to compare the results at one period with those of a comparable period on an annualized basis.

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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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