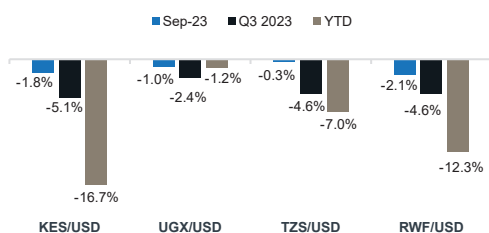


### Global Markets Dashboard

	Sep-23	Q3 2023	YTD
MSCI World	-4.4%	-3.8%	9.6%
MSCI Emerging Markets	-2.8%	-3.7%	-0.4%
Oil-Light Crude	9.7%	27.2%	10.9%
Gold	-4.7%	-3.7%	1.3%

Source: Bloomberg. Returns are in US Dollar.

### Regional Currency Performance



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

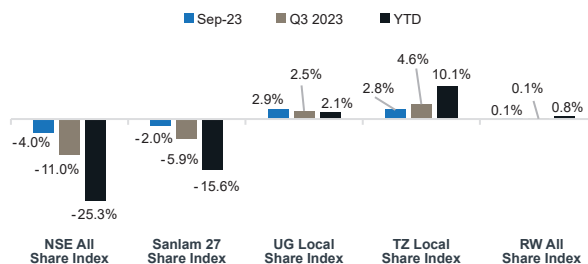
### Regional Inflation & Key Interest Rates for September 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	6.8%	2.7%	3.3%*	12.3%*
Central Bank Rate	10.5%	9.5%	5.0%	6.5%
Average 91 Day Treasury Bill	14.8%	9.2%	6.0%	8.9%
Average 2 Year Treasury Bond Yield	17.5%	13.5%	9.6%	10.9%

\*Rwanda and Tanzania inflation as of August 2023

Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg. Rates are in respective local currencies

### Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg. Returns are in respective local currencies.

## Market Commentary

**Global Markets:** Global stocks sell off persisted in September 2023. The MSCI World Index declined by 4.4% in US Dollar terms while the MSCI Emerging Markets posted a loss of 2.8% during the month. Both indices printed returns of -3.8% and -3.7% in Q3 2023 respectively. The global markets performance is attributable to: (i) China is facing deflationary pressure exacerbated by deteriorating property sector and faltering exports. (ii) Europe is on the verge of recession with data pointing to very weak manufacturing output and slowing services. (iii) A surge in sovereign bond yields in the US negatively impacted equities.

**Inflation:** Kenya's headline inflation increased to 6.8% y/y in September from 6.7% in August 2023. This was due to an uptick on food and non-alcoholic beverages (+0.7% month-on-month) and housing, water, electricity, gas, and other fuels prices (+1.4% month-on-month). Uganda's consumer inflation eased to 2.7% y/y from 3.5% y/y. This is attributable to the slowdown in core inflation from 3.3% to 2.4%. Tanzania's headline inflation stagnated at 3.3% y/y in August 2023, supported by a decline in food and non-alcoholic beverages prices (-1.8% month-on-month). Rwanda's urban inflation accelerated to 12.3% y/y in August 2023 from 11.9% y/y in July. The increase in inflation was driven by higher food and non-alcoholic beverages prices.

**Currencies:** The Kenyan Shilling, Ugandan Shilling, Tanzanian Shilling, and Rwandan Franc depreciated by 5.1%, 2.4%, 4.6% and 4.6% respectively against the US Dollar (USD) in the third quarter of 2023. We expect continued gradual depreciation due to a strong USD demand fueled by elevated USD yields in global markets.

**Interest Rates:** In Kenya, the average yields on the government papers maintained an upward trend, with the average yields on the 364-day, 2-year and 5-year papers increasing by 290 bps, 374 bps and 294 bps to 15.1% and 17.5% and 17.3% in Q3 2023. The Central Bank of Kenya (CBK) re-opened 2-year and 3-year bonds in September. The weighted average yields of accepted bids were 17.5% and 17.9% respectively. CBK issued a tap sale on the same bonds in the month of September. The Bank of Uganda (BOU) re-opened 5-year and 15-year bonds in September at average yields of 15.2% and 16.3% respectively. Yields edged up by an average of 50 basis points (bps) across the maturity spectrum. The Bank of Tanzania issued 2-year and 15-year bonds at average yields of 9.6% and 12.3% respectively. The National Bank of Rwanda re-opened a 10-year bond at a weighted average rate of 12.8%.

**Equities:** The NSE All-Share Index was down -11.0% in Q3 2023. International investors have continued to sell their positions in Kenya due to foreign exchange illiquidity. Tough macro conditions and high global interest rates have also led to a lower investor risk appetite for frontier Kenyan equities. The Uganda and Tanzania bourses performed well, up by 2.5% and 4.6% respectively in Q3 2023 supported by a rally in banking stocks. The Rwandan stock market was flat.

**Outlook:** The ongoing macroeconomic challenges have led to a reduction in investor interest and local stock market prices have been weak. We maintain our recommendation to hold and selectively accumulate high-quality stocks. We reiterate our earlier expectation that short term rates will increase at a faster rate compared to long term rates. Fiscal challenges on a rising fiscal deficit and upcoming debt repayment persists. Nonetheless, fixed income assets are largely expected to provide a decent return over the long-term despite the prevailing challenges in the macroeconomic environment.

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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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