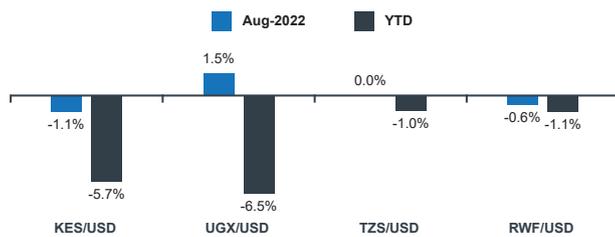


Regional Inflation & Key Interest Rates, August 2022

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	8.5%	9.0%	4.5%	5.9%
Central Bank Rate	7.5%	9.0%	5.0%	4.5%
91 Day Treasury Bill	8.8%	9.0%	2.8%	6.0%
2 Year Treasury Bond Yield	9.4%	14.0%	7.9%	9.3%

*Rwanda and Tanzania inflation as of July 2022
Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg

Regional Currency Performance



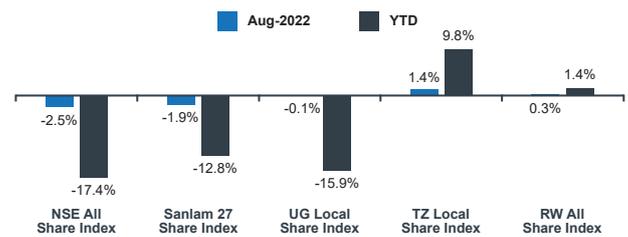
Source: Central Bank of Kenya, Bank of Uganda, National Bank of Rwanda & Bank of Tanzania

Global Markets Dashboard

	Jul-22	YTD
MSCI World	-4.3%	-18.7%
MSCI Emerging Markets	0.0%	-19.3%
Oil-Light Crude	-12.3%	24.1%
Gold	-3.1%	-6.5%

Source: Bloomberg

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

Inflation: Kenya's inflation marginally rose to 8.5% year-on-year (y/y) in August 2022 from 8.3% y/y in July 2022. The main contributor for the peak remains the fuel and food price baskets. Uganda's inflation accelerated to 9.0% y/y in August 2022 from 7.9% y/y in July 2022 while Tanzania's inflation rose to 4.5% y/y in July 2022 from 4.4% y/y in June 2022 on account of higher food and non-alcoholic beverages prices. Rwanda's urban inflation increased to 5.9% y/y in July 2022 from 4.6% y/y in June 2022 due to higher food and non-alcoholic beverages, housing, water, and fuel related prices. The pick-up in inflationary pressures is largely due to the elevated commodity prices particularly on food and energy goods.

Interest Rates: Bond yields in Kenya remained relatively unchanged across the yield curve in the month of August. The Central Bank of Kenya re-opened a 3-year, 10-year and 20-year bond at weighted average yields of 12.4%, 13.9% and 14.0% respectively. In Uganda, interest rates declined by an average of 10 bps across the maturity spectrum as the Bank of Uganda re-opened the 2-year and 10-year bonds at weighted average rates of 14.0% and 16.3% respectively. In Tanzania, money market liquidity was ample, reflected by stable money market interest rates prevalent in the market.

Currencies: The Kenyan Shilling and Rwandan Franc depreciated further by 1.1% and 0.6% respectively in August driven by increased dollar demand from oil and merchandise importers. On the other hand, the Ugandan Shilling appreciated by 1.5% in August 2022 on the back of elevated foreign portfolio flows. The Bank of Uganda hiked the Central Bank Rate by an additional 50 bps to 9.0% in August in a bid to tame inflationary pressures in the economy. We expect further currency depreciation across the region on account of higher global commodity prices coupled with the projected strengthening of the US Dollar as rates in developed economies continue to hike.

Equities: The Kenyan and Ugandan equity markets posted negative returns on sell-off from foreign investors exiting frontier markets. The Tanzania and Rwandan bourse nonetheless were up 1.4% and 0.3% respectively as local investors took advantage of the attractive valuations in select counters. The prevailing political stand-off remains a near term headwind in Kenya as investors maintain caution awaiting the outcome of the ongoing presidential petition.

Global Markets: Global markets plummeted at the tail end of the month of August on the back of inflationary pressures and persistent supply chain constraints. Euro area composite manufacturing indices (Purchasing Managers Index) reflected that the production figures and business confidence had weakened while various developed economies had experienced a contraction. Even so, most developed Central Banks were resilient to hike rates in a bid to manage the inflationary pressures. Gold commodity continued its weakening streak due to pressure from interest rate hikes and a strengthening US Dollar. Oil prices retreated on economic slowdown concerns.

Outlook: The tightening policy stance amongst major Central Banks to curb inflation could potentially detract the economic growth achieved thus far. We continue to monitor the local and global production and spending figures to identify near term risks on economic growth. However, current valuations in the markets pose opportunities to select discounted securities that could provide decent return for long term investors.

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.
- **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.
- **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.
- **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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