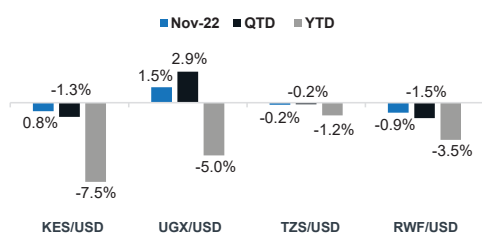


Regional Inflation & Key Interest Rates, November 2022

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	9.5%	10.6%	4.9%	20.1%
Central Bank Rate	8.8%	10.0%	5.0%	4.5%
91 Day Treasury Bill	9.2%	10.6%	3.0%	6.0%
2 Year Treasury Bond Yield	12.0%	16.7%	8.5%	9.3%

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

Regional Currency Performance



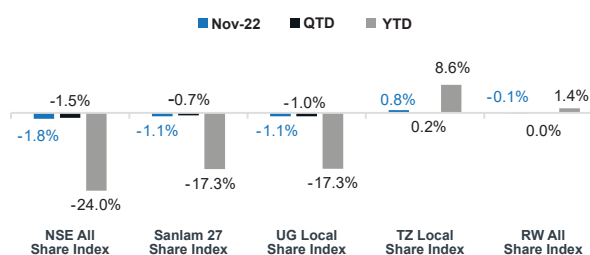
Source: Central Bank of Kenya, Bank of Uganda, National Bank of Rwanda & Bank of Tanzania

Global Markets Dashboard

	Nov-22	QTD	YTD
MSCI World	6.8%	14.4%	-15.8%
MSCI Emerging Markets	14.6%	11.0%	-21.1%
Oil-Light Crude	-9.9%	-2.9%	9.8%
Gold	8.3%	6.5%	-3.3%

Source: Bloomberg

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

Inflation: Kenya's headline inflation declined marginally to 9.5% year-on-year (y/y) in November 2022 from 9.6% y/y in October 2022. The ease in inflation was driven by a decrease in transport, housing and utilities costs which printed -0.1% and 0.4% month-on-month respectively.

Uganda's consumer inflation softened to 10.6% y/y in November from 10.7% in October. The decline was attributable to moderate food prices and energy and utilities inflation while Tanzania's inflation rose to 4.9% y/y in October 2022 from 4.8% y/y in September 2022 on account of higher food and non-alcoholic beverages prices.

Rwanda's urban inflation increased to 20.1% y/y in October 2022 from 17.6% y/y in September 2022 due to similar higher food, transport, and energy related costs. Looking ahead, we expect inflationary pressures to remain persistent on account of elevated food and energy prices.

Interest Rates: The Central Bank of Kenya issued a 14-year infrastructure bond in November at a weighted average yield of 13.9%. During the month of November bond yields edged up by an average of 4 basis points (bps) across the yield curve.

The Central Bank of Kenya Monetary Policy Committee (MPC) raised the Central Bank Rate (CBR) to 8.75% from 8.25%, the 3rd rate hikes this year, noting the potential domestic economic impact of sustained inflationary pressures and elevated global risks.

In Uganda, bond yields declined by an average of 41 bps across the various tenors in November. The Bank of Uganda re-opened a 2-year, 5-year, 10-year and a 20-year bonds at weighted average rates of 16.8%, 16.25%, 17.5% and 17.0% respectively. The Bank of Tanzania issued a 7-year, 15-year and 20-year bonds at weighted average rates of 9.7%, and 11.2% and 12.2% respectively.

Currencies: Regional currencies weakened further against the US Dollar in November 2022 on account of a tighter global monetary environment. The Ugandan Shilling appreciated by 1.5% on the back of foreign portfolio fund flows. We expect further currency depreciation across the region on account of rising rates in developed economies and a projected stronger US Dollar.

Equities: The Kenyan and Ugandan equity markets posted negative return as foreign investors exited the market. On the other hand, the Tanzania and bourse edged up by 0.8% while the Rwandan bourse was relatively flat. On a positive note, corporates earnings for most blue-chip stocks have remained resilient despite the prevailing inflationary pressures.

Global Markets: Equity indices soared across the globe after US October consumer price index (CPI) rose less than expected. US consumer inflation softened to 7.7% y/y in October from 8.2% in September 2022.

Crude oil prices plummeted in November 2022 on account of tighter Covid 19 restrictions in China. Gold surged to its highest level since August as the dollar depreciated on softer US CPI reading.

Outlook: The tightening policy stance amongst major Central Banks to curb inflation could potentially detract the economic growth achieved thus far post COVID. 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 opportunity for select discounted securities that could provide decent return for long term investors.

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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.
- **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.
- **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.
- **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%).

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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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