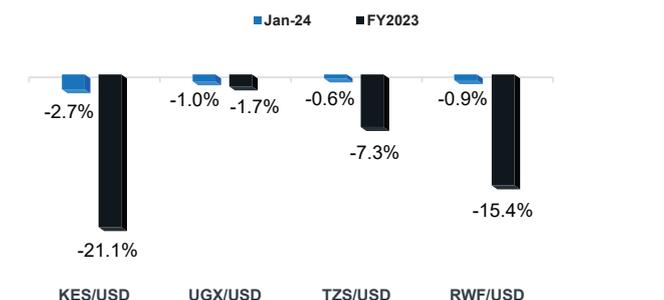


Global Markets Dashboard

	Jan-24	Q4 2023	12 Months
MSCI World	1.1%	11.1%	15.1%
MSCI Emerging Markets	-4.7%	7.4%	-5.4%
Oil-Light Crude	6.1%	-19.2%	-3.3%
Gold	-1.1%	11.6%	5.8%

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

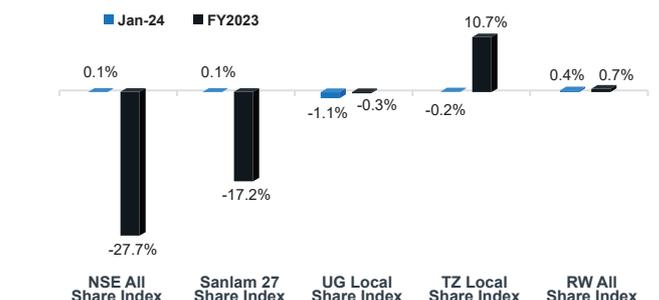
Regional Inflation & Key Interest Rates for January 2024

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	6.6%	2.6%	3.0%*	6.4%*
Central Bank Rate	12.5%	9.5%	5.5%	7.5%
Average 91 Day Treasury Bill	16.0%	10.0%	9.1%	9.3%
Average 2 Year Treasury Bond Yield	17.9%	13.5%	11.6%	11.7%

*Rwanda and Tanzania inflation as of December 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

Market Commentary

Global Markets: The US Central bank retained the Fed policy rate at 5.25% to 5.50% due to the 12-month inflation rate remaining elevated at 3.3% above 2% target. The decision was against investors' expectations which resulted in an immediate drop in stock prices and a rise in bond yields. We expect an interest rate cut in IH 2024 since the 6-month annualized inflation rate was at 1.9%, which is within the target rate. Developed market equities posted a one month return of 1.1% while emerging markets printed a negative return of -4.7% year to date. In the medium-term, investor appetite for risky assets is expected to increase, supported by the decline in inflation in developed markets and lower interest rates. Some of the key risks to global markets in 2024 are:

- *Upcoming elections in the United States that might have a ripple effect on the global economy.*
- *Geopolitical conflicts in Europe and the Middle East could, potentially reverse the progress made towards curbing high inflation.*

Inflation: Kenya's headline inflation edged higher to 6.9% in January 2024, from 6.6% in December 2023 mainly due to the higher costs of electricity and food. The impact of the depreciation of the Kenya Shilling was passed through to consumers. We expect favorable weather conditions and government interventions could support agricultural productivity in 2024. Uganda's consumer inflation edged up to 2.8% from 2.6% in December 2023. This was attributed to the high cost of passenger transport. Tanzania's inflation remained unchanged at 3.0% while Rwanda's inflation dropped to 6.4% in December 2023 from 9.4% in November due to easing pressures from food and non-alcoholic beverages. El Niño rains pose a notable downside risk to inflation in the region in H1 2024.

Currencies: The Kenyan Shilling, Ugandan Shilling, Tanzania Shilling, and Rwandan Franc depreciated by -2.7%, -1.0%, -0.6% and -0.9% against the US Dollar respectively. We expect gradual currency depreciation across the region on account of high demand for hard currencies.

Interest Rates: In Kenya, the average yields on the government papers have maintained an upward trend especially on the shorter end of the yield curve. The 5-year paper rose by 68 bps to 18.1% and the 364-day T-bill was up 42 bps to 16.5%. Interest rates will remain elevated on the shorter end of the curve as the Central Bank of Kenya (CBK) continues to issue shorter dated papers. CBK issued a new 3-year bond and re-opened a 5-year bond which were oversubscribed. Investor appetite remained high for the shorter tenors. The average yield on was 18.4% on the 3-year and 18.8% for the 5-year bond. However, the follow up tap sale for both papers was undersubscribed by 21% an indication of tight liquidity in the market. The Bank of Uganda (BOU) issued a 2-year and a 10-year paper at average yields of 13.2% and 15.5% respectively. The Bank of Tanzania successfully issued a 10-year bond, attracting yields of 12.0% while the National Bank of Rwanda issued a 20-year bond at a yield of 13.3%.

Equities: Kenya stock market performance was flat during the month while Tanzania and Uganda stock markets posted negative returns on the back of sustained exits by foreign investors. The Rwanda bourse edged up 0.4%. Kenyan equities are trading at historically low valuations with macroeconomic risks seeming to be priced in. As global interest rates subside, we expect quality names to draw investor interest.

Outlook: The tighter monetary policy applied in Kenya in December 2023 is expected to result in T-bill yields rising further in Q1 2024. However, if the Monetary Policy Committee shifts towards a more accommodative stance and government's external funding sources improve, net domestic issuance may ease and thereby curb upside pressure on the KES. Higher interest rates and increased taxation might constrain private consumption expenditure and result in private sector firms tightening spending and reducing employment levels. These tough economic conditions remain a drag on economic growth by way of increased loan defaults and business liquidations. Fiscal concerns on debt sustainability as well as repayment of upcoming maturities will be key themes in the wake of higher global rates. With continued regional currency weakness, dollar assets remain attractive to seek diversification value.

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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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