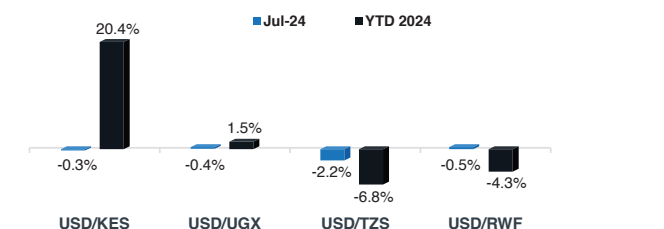


Global Markets Dashboard

	Jul-24	YTD	12 Months
MSCI World	1.7%	12.7%	16.6%
MSCI Emerging Markets	-0.1%	6.0%	3.6%
Oil-Light Crude	-6.6%	4.8%	-5.7%
Gold	5.2%	18.6%	24.6%

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

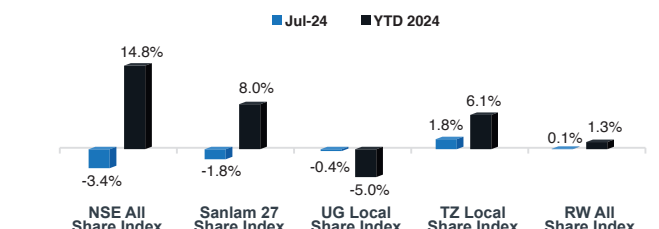
Regional Inflation & Key Interest Rates for July 2024

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	4.3%	4.0%	3.1%	5.0%
Central Bank Rate	13.0%	10.3%	6.0%	7.0%
91 Day Treasury Bill	16.0%	9.5%	5.1%	8.5%
1 Year Treasury Bond Yield	16.9%	13.8%	9.3%	8.6%

\*Rwanda and Tanzania inflation as at June 2024

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:** Equities in the Developed markets (DM) rose by 1.7% in July supported by a 0.1% decline in US Consumer inflation to 2.5% y/y. Emerging markets (EM) posted a negative return of 0.1% due to currency volatility and country specific concerns. Strong corporate earnings and interest rate cut expectations are supportive of equity markets in DM.

Key risks to global market performance in 2H 2024 remain persistently high global inflation, escalation of geopolitical risks in the Middle East and Russia/Ukraine, and the upcoming elections in the USA in November 2024 that might have a ripple effect on the global economy.

**Kenya Finance Bill 2024:** Moody's downgraded Kenya's sovereign credit rating from B3 to Caa1 after President Ruto declined to sign into Law the proposed Finance Bill 2024. This signaled increased country risk related to the country's diminished ability to fund public expenditure due to curtailed tax increases, limited external financing options and reliance on expensive domestic financing. The government will have to cut public spending to compensate for reduced tax revenue to manage the levels of public debt.

**Inflation:** In July, Kenya's headline inflation declined by 0.3% to 4.3% y/y attributable to slower y/y price growth in food and transport prices. Moderate food and fuel prices should contain inflation within the Central Bank of Kenya (CBK) target band of 2.5% and 7.5%.

Uganda's consumer inflation increased to 4.0% in July from 3.6% y/y in June due to an upward shift of fuel, accommodation and food prices. Tanzania's inflation remained flat at 3.1% y/y while Rwanda's inflation declined to 5.0% y/y in June from 5.8% y/y in May from reduced food and transport price pressures.

**Currencies:** The Kenya shilling depreciated against the USD by 0.3% in July 2024 but is up by 20.4% year to date. Foreign exchange reserves declined to 3.8 months from 4.1 months of import cover.

The Uganda Shilling depreciated by 0.4% against the USD with subdued dollar demand supporting the shilling. The Tanzania Shilling and Rwandan Franc depreciated by 2.2% and 0.5% against the USD respectively.

**Interest Rates:** Kenya bond yields between 0 to 10 years increased by 0.3% reversing a downward trend from the previous month. The Central Bank of Kenya (CBK) re-opened a 10-year and a 4-year bond which was undersubscribed. Interest rates are expected to rise as borrowing pressure increases to finance a higher budgetary deficit.

The Bank of Uganda (BOU) reopened a 2-year, 5-year and 15-year bond which were oversubscribed. The Bank of Tanzania re-opened a 10-year bond and a 16-year bond at average yields of 15.05% and 15.17% respectively. The National Bank of Rwanda issued a 19-year bond at an average yield of 13.28%.

**Equities:** Kenya and Uganda stock markets posted negative returns during the month of July of 3.4% and 0.4% respectively amid negative sentiments around debt sustainability. Tanzania posted a positive 1.8% return while the Rwandan bourse was flat.

**Outlook:** The expectation of an interest rate cut in the US in 2H 2024 could offer support to regional currencies and equities. However, in the short term, this might be weighed down by concerns of high external debt servicing costs, fiscal concerns, and cautious economic outlook of the East Africa region.

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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 twenty-three developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
- **The 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 the latest trade information from NSE's Automated Trading System.
- **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.
- **Tap Sale:** A tap issue is a procedure that allows borrowers to sell bonds or other short-term debt instruments from past issues. The bonds are issued at their original face value, maturity, and coupon rate but are sold at the current market price. A tap issue is also referred to as a bond tap or tap sale.
- **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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