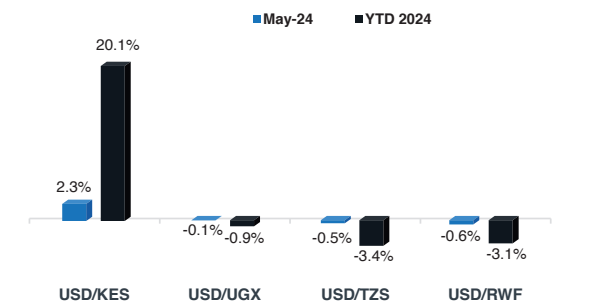


Global Markets Dashboard

	May-24	YTD	12 Months
MSCI World	4.2%	8.7%	16.6%
MSCI Emerging Markets	0.3%	2.5%	7.1%
Oil-Light Crude	-7.1%	5.9%	10.5%
Gold	1.8%	12.8%	14.9%

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

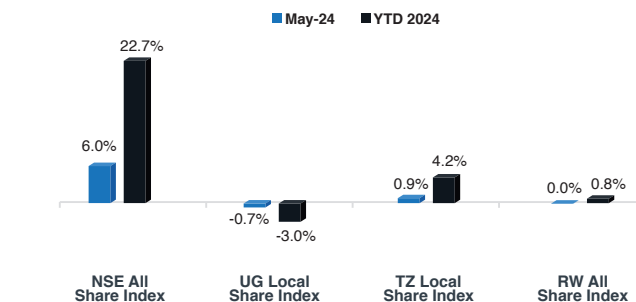
Regional Inflation & Key Interest Rates for May 2024

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	5.0%	3.2%	3.1%	4.5%
Central Bank Rate	13.0%	10.3%	6.0%	7.0%
Average 91 Day Treasury Bill	15.8%	10.0%	8.1%	8.5%
Average 2 Year Treasury Bond Yield	16.7%	13.6%	7.0%	9.5%

\*Rwanda and Tanzania inflation as of April 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:** Developed equity markets rose by 4.2% in May and Emerging markets posted a return of 0.3% buoyed by strong corporate earnings and rate cut expectations.

Key risks to global market performance in 2024:

- Sticky global inflation.
- Escalation of geopolitical risks in the Middle East and Russia/Ukraine.
- The outcome of the upcoming elections in the USA might have a ripple effect on the global economy.

**Inflation:** In May, Kenya's headline inflation increased marginally by 0.1% to 5.1% y/y driven by an increase in food inflation. Cheaper prices on imported commodities from a stronger Kenya shilling to the US Dollar (USD) should retain inflation within the Central Bank of Kenya (CBK) target band of 2.5% and 7.5%. Uganda's consumer inflation increased to 3.6% y/y in May from 3.2% y/y in April due to higher services inflation. Tanzania's inflation remained relatively flat at 3.1% y/y in April from at 3.0% y/y in March. Rwanda's inflation increased to 4.5% y/y in April from 4.2% y/y in March from increased pressure on the transport index.

**Currencies:** The Kenya shilling appreciated against the USD by 2.3% in May 2024, and 20.1% year to date supported by financial inflows. The World Bank approved a \$1.2bn Fiscal Sustainability and Resilient Growth loan and the IMF is expected to release another disbursement.

The Uganda Shilling depreciated by 0.1% against the USD. Moody's downgraded Uganda's sovereign credit rating from B2 to B3 as treasury is expected to struggle to raise enough money to fund the larger 2024/25 budget of UGX72.1tn from an initial estimate of UGX52.7tn. The Tanzania Shilling and Rwandan Franc depreciated by 0.5%, and 0.6% against the USD respectively.

**Interest Rates:** Bond yields in Kenya continued on a downward trajectory declining by 26 basis points across the yield curve. Borrowing pressure has reduced as the Treasury has achieved its bond funding target for 2023/24.

The Central Bank of Kenya (CBK) re-opened a 10-year bond with a coupon rate of 16.0%. However, investors' demand remains on the shorter-term bonds. The Bank of Uganda (BOU) reopened a 5-year bond and a 15-year bond at yields of 15.5% and 16.5% respectively. The Bank of Tanzania re-opened a 15-year bond and a 10-year bond at average yields of 13.50% and 11.44% respectively. The National Bank of Rwanda issued a 10-year bond at an average yield of 12.98%. These bonds were successfully issued.

**Equities:** Kenya and Tanzania stock markets posted positive returns during the month of May of 6.0% and 0.9% respectively. Uganda posted a negative 0.7% return attributed to a weaker currency during the month. The Rwandan bourse remained flat.

**Outlook:** Positive sentiments still support a decline in government yields as currency pressures reduce and domestic borrowing pressures reduce across the region. We therefore, expect positive bond returns in 2024.

The reduced pressure on East African currencies and cheap valuations support regional equity markets.

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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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