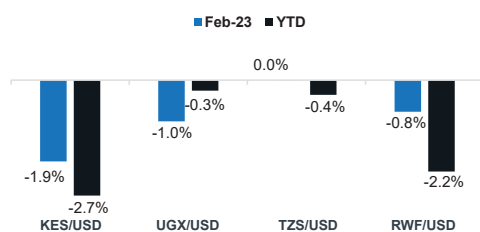


Global Markets Dashboard

	Feb-23	YTD
MSCI World	-2.5%	4.3%
MSCI Emerging Markets	-6.5%	0.8%
Brent Crude	-0.7%	-2.4%
Gold	-5.3%	0.2%

Source: Bloomberg

Regional Currency Performance



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

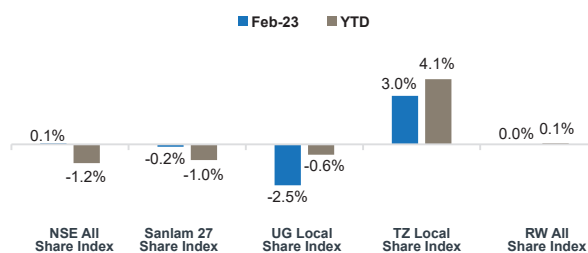
Regional Inflation & Key Interest Rates, February 2023

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	9.2%	9.2%	4.9%	20.7%
Central Bank Rate	8.8%	10.0%	5.0%	7.0%
91 Day Treasury Bill	9.7%	10.0%	4.0%	7.8%
2 Year Treasury Bond Yield	12.2%	13.5%	9.4%	10.9%

*Rwanda and Tanzania inflation as of January 2023

Source: Kenya, Uganda, Rwanda, and Tanzania National Bureau of Statistics & Bloomberg

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

Global Markets: Global equities markets were weaker in February 2023, with the MSCI World Index down 2.5%.

Stronger than expected US data on labour and retail sales has led to a stronger US Dollar reversing the relative weakness experienced in Q4 2022 against other major global currencies. This has led to higher interest rate expectations and, conversely, risky assets have underperformed.

Inflation: Global inflation remains elevated. However, we expect inflation to peak in H1 2023 due to the interest rate hikes by global central banks. The IMF projects the average global inflation rate to decline from 8.8% in 2022 to 6.6% in 2023. This is still above pre-COVID levels and higher than the 2.5% inflation target.

Kenya's headline inflation increased to 9.2% year-on-year (y/y) in February 2023 from 9.0% y/y in January 2023. This increase in inflation was driven by higher food and non-alcoholic beverages prices that rose by 1.2% month-on-month.

Uganda's consumer inflation eased from 10.2% to 9.2% due to lower food and energy prices. Core inflation declined from 9.0% to 7.8%. Tanzania's inflation edged up to 4.9% y/y in January 2023 from 4.8% in December 2022, driven by higher food and non-alcoholic beverages prices.

Rwanda's urban inflation declined to 20.7% y/y in January 2023 from 21.7% y/y in December. The drivers of higher prices were food, transport, and energy.

Currencies: The Kenyan Shilling, Ugandan Shilling, and Rwandan Franc depreciated by 1.9%, 1.0% and 0.8% respectively against the US Dollar (USD) in February. The Tanzania Shilling was unchanged during the month. We expect further pressure for currency depreciation across East Africa. This is due to a stronger USD and the mismatch in dollar supply and demand.

Interest Rates: The Central Bank of Kenya issued a 5-year and a 10-year bond in February. The average yields were 13.9% and 14.2% respectively. Average bond yields increased modestly during the month.

The Bank of Uganda (BOU) issued several bonds with varying tenors to replace the treasury bond maturing in April 2023. The BOU re-opened 5-year and 20-year bonds in February at average yields of 15.0% and 17.0% respectively. The BOU Monetary Policy Committee left the Central Bank Rate (CBR) unchanged at 10.0% in February. The committee noted given the increased uncertainty about the economic growth outlook. The asserted that the current monetary policy should contain inflation and support economic growth.

The Bank of Tanzania issued 10-year and 20-year bonds at average yields of 11.1% and 12.6% respectively.

The National Bank of Rwanda issued a 7-year bond at a weighted average rate of 12.0%.

Equities: The Uganda bourse posted negative returns in February on the back of a sustained sell off by retail investors. The Tanzania stock exchange gained 3.0% on strong demand on banking stocks. The Kenya and Rwanda equity markets were flat. We anticipate increased investor demand leading up to the earnings reporting season due to higher earnings and enhanced dividend payments.

Outlook: We expect some of the macroeconomic headwinds from higher inflation and US Dollar strength to reduce in intensity in H2 2023. Additionally, multilateral institutions like the IMF and World Bank continue to provide support and encourage structural reforms in African economies. Portfolio companies have begun to post strong earnings, as we had expected, despite the challenging macroeconomic conditions. These companies remain resilient due to their strategic advantages in the markets they operate in and their focus on sustainable earnings growth.

Kenya Contact Information:

Sanlam Investments East Africa Limited
Africa Re Centre, 5th Floor, Hospital Rd,
P.O Box 67262, 00200 Nairobi, Kenya
Telephone: +254 719 067 000
Website: www.sanlameastafrica.com

Uganda Contact Information:

Sanlam Investments East Africa Limited
7th Floor, Workers House, Pilkington Road, Kampala,
P.O Box 9831, Kampala, Uganda,
Telephone: +256 771 452 573
Website: www.sanlameastafrica.com

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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