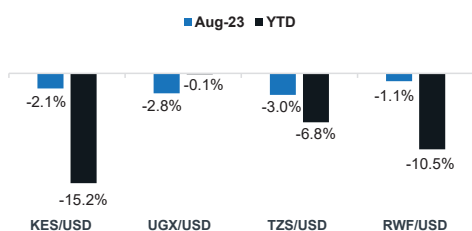


Global Markets Dashboard

	Aug-23	YTD 2023
MSCI World Index	-2.6%	14.7%
MSCI Emerging Markets Index	-6.4%	2.5%
Brent Crude Oil	1.5%	1.1%
Gold	-1.3%	6.4%

Source: Bloomberg

Regional Currency Performance



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

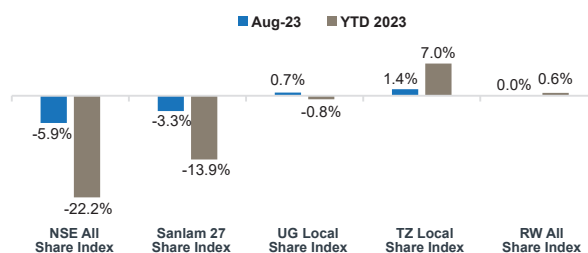
Regional Inflation & Key Interest Rates for August 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	6.7%	3.5%	3.3%*	11.9%*
Central Bank Rate	10.5%	9.5%	5.0%	6.5%
Average 91 Day Treasury Bill	14.0%	10.0%	4.8%	9.2%
Average 2 Year Treasury Bond Yield	17.0%	13.5%	9.5%	10.9%

*Rwanda and Tanzania inflation as of July 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: Market volatility edged higher due to stress in the Chinese property market, weak macroeconomic data out of China and an increase in sovereign bond yields in US. Global stocks sold off in August. The MSCI World Index declined by 2.6% in US dollar terms but outperformed emerging markets which posted a loss of 6.4%.

Inflation: Kenya's headline inflation softened to 6.7% y/y in August from 7.3% in July 2023 driven by a contraction of prices on basic food items. Food and non-alcoholic beverages prices declined by -0.5% month-on-month. Uganda's consumer inflation eased to 3.5% y/y from 3.9% y/y. This is attributable to the slowdown in core inflation from 3.8% to 3.3%.

Tanzania's inflation moderated to 3.3% y/y in July 2023 from 3.6% in June 2023 on, whilst Rwanda's urban inflation declined to 11.9% y/y in July 2023 from 13.7% y/y in June. The ease in inflation in both countries was driven by lower food and non-alcoholic beverages and housing water, electricity, gas and other fuels prices.

Currencies: The Kenyan Shilling, Ugandan Shilling, Tanzanian Shilling, and Rwandan Franc depreciated by 2.1%, 2.8%, 3.0% and 1.1% respectively against the US Dollar (USD) in August 2023. We expect continued gradual depreciation due to a strong USD demand.

Interest Rates: In Kenya, the average yields on the government papers maintained an upward trend, with the average yields on the 364-day, 2-Year and 5-year papers increasing by 129 bps, 200 bps and 103 bps to 14.0% and 17.0% and 17.6% in August. Investors have been demanding higher rates in bond auctions to cushion against interest risks.

The Central Bank of Kenya (CBK) issued 2-year and 5-year bonds in August. The weighted average yields of accepted bids were 16.9% and 17.9% respectively. CBK issued a tap sale on the same bonds in the month of August.

The Central Bank of Kenya, MPC kept the central bank rate unchanged at the August meeting as it expected inflation to ease further. The committee also noted the previous monetary policy tightening (100bps increase in July) was still transmitting through the economy.

The Bank of Uganda (BOU) re-opened 2-year and 10-year bonds in August at average yields of 13.5% and 15.5% respectively.

The Monetary Policy Committee of Uganda in August 2023 lowered the Central Bank Rate to 9.5% from 10.0% aiming to stimulate economic activity while maintaining inflation around the medium target of 5.0%. In addition, the Cash Reserve Ratio (CRR) was also cut by 50 basis points to 9.5%.

The Bank of Tanzania issued 5-year, 10-year and 25-year bonds at average yields of 10.0%, 11.5% and 13.8% respectively. The National Bank of Rwanda issued a 15-year bond at a weighted average rate of 13.0%.

The Monetary Policy Committee of Rwanda in August 2023 hiked the CBR to 7.5% from 7.0% to ensure inflation decelerates from 11.9% to the 5% benchmark target by 2024. The Bank of Tanzania, MPC left the central bank rate unchanged at the August meeting. The committee noted that the policy succeeded to contain liquidity at the desired levels.

Equities: The Uganda and Tanzania bourses edged up by 0.7% and 1.4% respectively in August. The Rwandan stock market was flat. The Kenyan stock market recorded a decline of 5.9% led by sell off of large capitalisation names such as KCB Bank, Equity Bank and Safaricom. The overall investor risk appetite remains depressed due to the tough macroeconomic environment and high interest rates in the money markets.

Outlook: Portfolio banks posted strong earnings in the first half of 2023.

Quicker loan growth and higher interest rates contributed to faster net interest income growth. Non-interest income contribution to revenue from FX, commissions and fees remains high.

Consumer spending pressure persists from inflationary effects and efforts to raise revenues by governments. Debt sustainability and currency liquidity issues continue to push yields higher and keep off foreign investors from local equity markets.

Institutional investors are investing in fixed income securities such as government treasury bills and bonds as they offer higher yields.

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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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