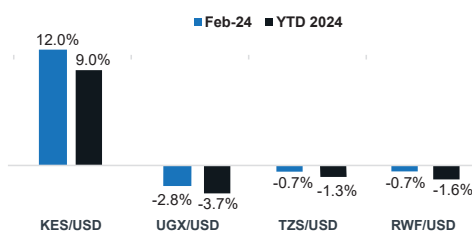


Global Markets Dashboard

	Feb-24	YTD 2024	12 Months
MSCI World Index	4.1%	5.3%	22.9%
MSCI Emerging Markets Index	4.6%	-0.3%	5.9%
Oil- Light Crude	2.3%	8.5%	-0.3%
Gold	0.2%	-0.9%	11.9%

Source: Bloomberg

Regional Currency Performance



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

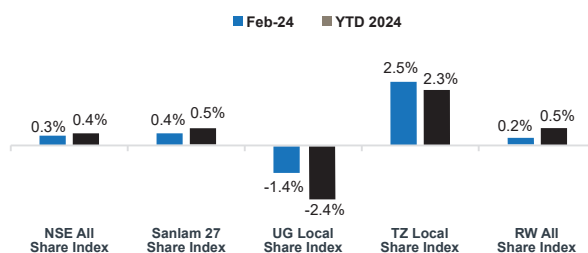
Regional Inflation & Key Interest Rates for February 2024

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	6.3%	3.4%	3.0%	6.4%
Central Bank Rate	13.0%	9.5%	5.0%	7.5%
Average 91 Day Treasury Bill	16.6%	9.0%	8.4%	9.3%
Average 2 Year Treasury Bond Yield	18.1%	13.5%	11.6%	11.7%

*Rwanda and Tanzania inflation as of January 2024

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

Regional Stock Market Performance



Source: Nairobi Securities Exchange & Bloomberg

Market Commentary

Global Markets: The pace of Global inflation is coming down slower than expected largely due to resilient services inflation. The Fed policy rate is expected to remain at 5.25% to 5.50% for longer as the US inflation rate remains elevated at 3.4% - above the 2% target. Developed market and emerging markets equities posted a one-month positive return of 4.1% and 4.6% respectively in February 2024. Equities valuations in the US are at a record high, driven by strong earnings expectations over the medium term. Additionally, markets are already pricing in the expected rate cuts for the second half of 2024.

Some of the key risks to global markets in 2024 are:

- Stickier than expected global inflation.
- Escalation in geopolitical risks.
- The upcoming elections in the United States and several other countries might have a ripple effect on the global economy.

Inflation: Kenya's headline inflation edged lower to 6.3% y/y in February from 6.9% y/y in January 2024. This was mainly due to a decline in petrol and diesel prices during the month. We expect inflation to remain below the Central Bank of Kenya (CBK) upper band of 7.5%, supported by sufficient rainfall forecasts for 2024.

Uganda's consumer inflation edged up to 3.4% y/y in February compared to 2.8% y/y in January 2024. This was because of increased annual service inflation, which went up by 5.4% during the year. Tanzania's inflation remained unchanged at 3.0% y/y. Rwanda's inflation dropped to 3.1% y/y in January 2024 from 6.2% y/y recorded in December 2023 due to easing pressures from food and non-alcoholic beverages.

Currencies: The Kenyan Shilling appreciated against the US dollar by 12.0% during the month. The country benefited from substantial US Dollar supply from a successful 7-year Eurobond issuance and foreign investors' participation in the infrastructure bond issued in February. Ugandan Shilling, Tanzania Shilling, and Rwandan Franc depreciated by -2.8%, -0.7%, and -0.7% against the US Dollar respectively in February. High demand for hard currencies across the region will continue to exert downward pressure on regional currencies.

Interest Rates: In Kenya, the average yields on government papers maintained an upward trend in February 2024, with an average increase of 7.1 bps across the yield curve. Pressure remains on the shorter end of the yield curve with the 1 to 5-year yields rising by an average of 15 bps. In addition, the Monetary Policy Committee (MPC) increased the Central Bank Rate (CBR) by 50 bps to 13.0% in February. We expect stability of rates at the current levels in the medium term as pressure eases on the Kenya shilling.

CBK issued an 8.5-year tax-free infrastructure bond which attained a subscription of 412% with a coupon rate of 18.46%. They were able to raise Ksh 241 billion from a single bond issue, the largest raise ever attained. The attractive yields on short-term securities have led to an increased demand for Kenyan fixed income. The Bank of Uganda (BOU) reopened a 5-year and a 15-year paper at average yields of 14.6% and 16.3% respectively. The Bank of Tanzania successfully issued a 15-year bond, attracting yields of 13.65%, and reopened a 20-year at 15.82% while the National Bank of Rwanda reopened a 10-year bond at a yield of 12.77%.

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**Market Commentary**

Equities: Kenya, Tanzania, and Rwanda stock markets posted positive returns during the month of 0.3%, 2.5%, and 0.2% respectively. Uganda local stocks attained a negative performance of 1.4%, however, the all-share index that includes cross-listed stocks gave a positive performance because of a strengthening Kenya shilling against the Uganda shilling

The refinancing of the Kenya Eurobond and improved US dollar liquidity could attract investor interest to quality names that are trading at historically cheap valuations.

Outlook: The increase in Kenya's CBR rate could result in short-term securities yields staying elevated over the short term. The support received from the IMF, the World Bank, and other supranational organizations continues to shore up FX reserves. In our view, this could curb additional pressure on interest rates and the Kenya shilling over the short term. The major risk to global assets remains higher than expected inflation for developed markets, which could delay expected Fed rate cuts. High external debt servicing costs continue to undermine the FX reserves in some frontier markets, resulting in pressure on regional currencies. US Dollar assets against this macroeconomic backdrop remain attractive.

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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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