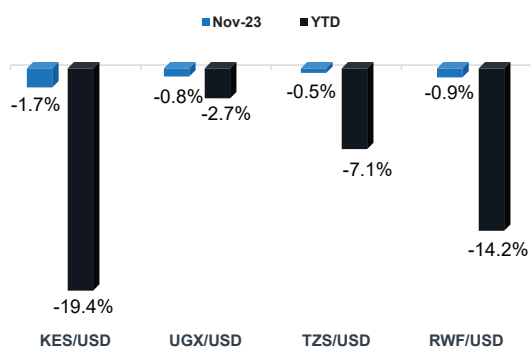


### Global Markets Dashboard

	Nov-23	YTD
MSCI World Index	9.2%	16.2%
MSCI Emerging Markets Index	7.9%	3.2%
Brent Crude Oil	-5.2%	-3.6%
Gold	2.6%	11.6%

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

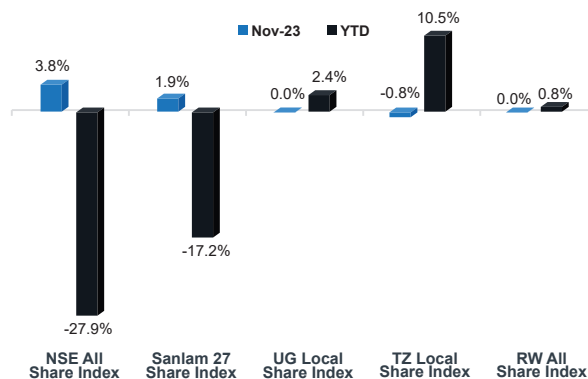
### Regional Inflation & Key Interest Rates for November 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	6.8%	2.6%	3.2%*	13.9%*
Central Bank Rate	10.5%	9.5%	5.0%	7.5%
Average 91 Day Treasury Bill	15.5%	9.0%	8.8%	9.1%
Average 2 Year Treasury Bond Yield	17.8%	13.5%	11.6%	10.9%

\*Rwanda and Tanzania inflation as of October 2023

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

## Market Commentary

**Global Markets:** Investor sentiment is shifting towards riskier assets as expectations mount that the Federal Reserve will not raise interest rates any further. This resulted in a rally in the global equities as developed markets equities rose by 9.2% and emerging market stocks by 7.9%. Additionally, the US Dollar (USD) weakened against its peers with the USD index dropping by 3.6%.

**Inflation:** Kenya's headline inflation rate dropped marginally to 6.8% y/y in November from 6.9% in October 2023. The transport index (+13.6% y/y) and food & non-alcoholic beverages index (7.6% y/y) were the major contributors. Uganda's consumer inflation increased to 2.6% y/y from 2.4% y/y, however core inflation remained flat at 2.0% y/y.

**Currencies:** The Kenyan Shilling, Ugandan Shilling, Tanzania Shilling, and Rwandan Franc depreciated by 1.7%, 0.8%, 0.5% and 0.9% respectively against the USD. Despite a weakening USD, we project continued gradual depreciation to frontier market currencies as USD yields in global markets remain elevated and demand for hard currencies remains high.

**Interest Rates:** In Kenya, the average yields on the government papers maintained an upward trend on the shorter end of the yield curve, with the 364-day T-bill increasing by 34 bps to 15.7%. Yields on the 15-year and 20-year declined by 35bps and 29bps to 15.5% and 15.7%, respectively. There is increased investor optimism on Kenya following commitments of up to USD 12 billion over three years from World Bank and USD 938 million from IMF. This eases the uncertainty over the settlement of the \$2 billion Eurobond maturing in June 2024. The Central Bank of Kenya (CBK) witnessed high investor interest in its November issuance of IFB1/2023/6.5, with a subscription rate of 177.8%. The weighted average yields of accepted bids were 17.93% and it has also been issued as a tap sale with a December value date. The Bank of Uganda (BOU) re-opened two issues a 10-year and 2-year paper at average yields of 15.0% and 13.0% respectively. The Bank of Tanzania successfully issued 15-year and 2-year bonds attracting yields of 12.8% and 11.6% respectively. The National Bank of Rwanda successfully issued a 7-year bond at 12.2% indicating high investor interests across the board.

**Equities:** The NSE All-Share Index was up 3.8% in November 2023 attributed to stocks such as Safaricom which rose by 10.6%. Safaricom posted strong first half 2024 results with total service revenue up by 9.9%. Equity, Absa, and Stanbic Bank also posted resilient third quarter results. Foreign exchange illiquidity and high global interest rates remain key challenges to the asset class. The Ugandan and Rwandan stock markets were flat m/m while the Tanzania bourse dropped by 0.8%.

**Outlook:** The projected peak in global interest rates should lead to a more optimistic outlook for riskier assets including equities in emerging and frontier markets. The anticipated increase in interest in African companies may be driven by the attractive valuations offered in these markets. We maintain our recommendation to hold and selectively accumulate high-quality stocks.

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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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