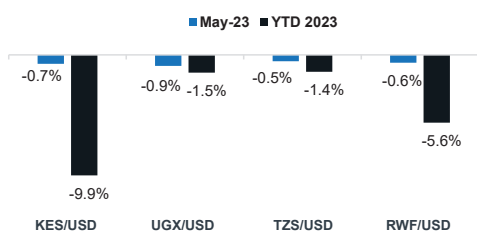


Global Markets Dashboard

	May-23	YTD 2023
MSCI World Index	-1.2%	7.6%
MSCI Emerging Markets Index	-1.9%	0.2%
Brent Crude Oil	-8.6%	-15.4%
Gold	-1.4%	7.6%

Source: Bloomberg

Regional Currency Performance



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

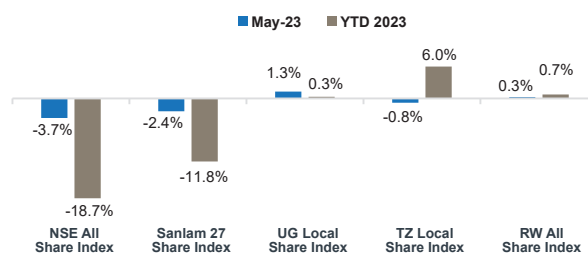
Regional Inflation & Key Interest Rates for May 2023

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	8.0%	6.2%	4.3%*	19.3%*
Central Bank Rate	9.5%	10.0%	5.0%	6.5%
Average 91 Day Treasury Bill	11.1%	10.0%	4.0%	8.4%
Average 2 Year Treasury Bond Yield	12.7%	14.0%	9.1%	10.9%

*Rwanda and Tanzania inflation as of April 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 positive in May 2023, with the MSCI World Index up +1.8%.

Global inflation has moderated from the peak in 2022 but remains above historical averages. Central banks have indicated a slowdown in monetary policy tightening as the impact of higher rates continues to contain inflation and is generally supportive of equities.

Inflation: Kenya's headline y/y inflation rose to 8.0% in May 2023 from 7.9% in April 2023. The increase is mainly attributable to higher food & non-alcoholic beverages and transportation prices which increased by 10.2% and 10.1% respectively on a year-on-year basis.

Uganda's consumer inflation, which has been on a downward trajectory since October 2022 slowed further in May 2023 to 6.2% y/y from 8.0% in April. This is attributable to the slowdown in core inflation to 5.6% from 6.8%. Tanzania's inflation marginally declined to 4.3% y/y in April from 4.7% in March 2023, driven by lower food and non-alcoholic beverages prices.

Rwanda's urban inflation declined for the 6th straight month to 17.8% y/y in April 2023 from 19.3 y/y in March.

Currencies: The East African Currencies depreciated against the US Dollar (USD) in May 2023 with the Kenyan Shilling, Uganda Shilling, Tanzania Shilling, and Rwandan Franc depreciating by 0.7%, 0.9%, 0.5%, and 0.6% respectively. Lower USD flows into the EA countries amid increased import demand have seen the currencies come under pressure. We expect gradual depreciation to the end of the year due to a strong USD and a mismatch in dollar supply and demand.

Interest Rates: Interest rates in Kenya edged up in the month of May 2023 by an average of 50 basis points (bps) across the yield curve. The greatest shift was in the 5 year which rose by over 100 bps.

The Central Bank of Kenya issued a 3-year bond in May 2023 and opened 2 tap sales on the same during the month. The weighted average yield of accepted bids for the bond was 14.23%.

The Bank of Uganda (BOU) re-opened 5-year and 20-year bonds in May at average yields of 14.8% and 16.3% respectively. Yields declined across the yield curve by an average of 50 bps across the maturity spectrum.

The Bank of Tanzania issued 5-year, 10-year, and 25-year bonds at average yields of 8.6%, 10.3%, and 12.6% respectively. Yields have been on a downward trend across the yield curve.

The National Bank of Rwanda re-opened a 20-year bond at a weighted average rate of 13.3%.

Equities: The Uganda, bourse gained 1.3% in May 2023 mainly attributable to SBU Stock which was up 4% for the month.

The Nairobi All Share Index and the Tanzania Local Share Index lost 3.7% and 0.8% respectively in May 2023 as stock selloff by international investors persisted. Despite slight improvements in Kenyan US Dollar liquidity, market demand remains unmatched by the available supply causing difficulties in repatriating dividends. Local investors preferred short term government securities that offered high yields.

Outlook: The IMF expects economic growth in Africa to be sustained at 3.8% in 2023 despite the challenging macroeconomic headwinds they have been facing.

Portfolio companies have been posting strong earnings in line with our expectations. These companies remain resilient due to their strategic advantages in the markets they operate in and their focus on sustainable earnings growth.

The headwinds in the regional markets are fiscal, currency, inflationary pressure, debt repayments, and the twin deficits (current account & budget). Investors maintain a preference for fixed-income securities.

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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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