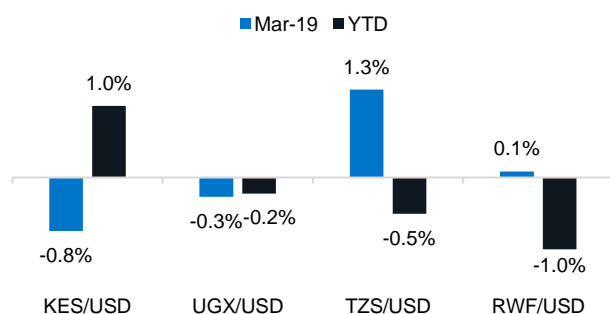


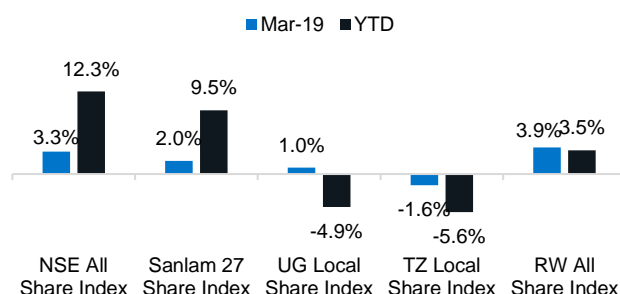
Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation (latest)	4.4%	3.0%	3.0%	0.8%
CBR Rate	9.0%	10.0%	12.0%	5.5%
91 Day T-Bill	7.5%	9.9%	3.9%	6.9%
2 Year Bond Yield	10.5%	14.0%	11.4%	n/a

Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

Regional Currency Performance


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

Regional Stock Market Performance


Source: Nairobi Securities Exchange & Bloomberg

Global Markets Dashboard

INDEX	Mar-19	YTD	12 Months
MSCI World	1.0%	11.9%	2.0%
MSCI Emerging Markets	0.7%	9.6%	-9.6%
Brent Crude Oil	1.9%	23.8%	4.7%
Gold	-1.6%	0.8%	-2.5%

Source: Bloomberg

Monthly Market Commentary

Equities: The Nairobi Securities Exchange (NSE) posted positive returns during the month and closed the quarter at +12.3%. Growth in earnings by banking stocks despite the interest rate cap augmented the stock market's performance during the month. The market experienced increased activity after the High Court of Kenya declared the interest rate cap law unconstitutional. The basis for the ruling was on issues related to ambiguity of the clauses. Parliament has 12 months to amend the irregular clauses before the declaration of the ruling is effected. Increased demand for EABL spawned the stock to rally 7.3% during the month. The Uganda Local Share appreciated in March 2019 mainly engendered by the positive results by SBU which rallied 4.0% in the month. Muted activity by foreign investors at the DSE saw the exchange experience low volumes turnover and a further decline in market prices. The Rwanda Stock exchange was up 3.9% for the month subsequently turning its performance green for the year on account of Bank of Kigali's price appreciation. The bank posted 17.2% rise in net profit and announced a 40.0% dividend payout.

Economic Update: Kenya's inflation rose marginally by 20 basis points to 4.4 in March majorly on account of food and non-alcoholic beverages. The country continues to enjoy price stability having maintained inflation within the Central Bank's target of 2.5% to 7.5% since September 2017. In Uganda, the increase in price levels remained unchanged in March from February at 3.0%. An increase in the core inflation was counterbalanced by a decrease in food inflation. Uganda's economy grew 6.6% in the second quarter of the financial year 2018/19 compared to 5.9% registered in a similar period in 2017/18 with all three sectors of the economy; agriculture, forestry and fishing, industry and services registering supportive growth. An increase in the prices of transport, housing and utilities in Tanzania was underpinned by declining food prices leading to a stable inflation of 3.0% in February, similar to January's inflation. Rwanda's February inflation increased 0.8% compared to 1.0% in January.

Interest Rates: High liquidity saw yields on government bonds in Kenya fall albeit slightly during the month. The Monetary policy committee maintained the central bank rate at 9.00% and noted that the economy was operating close to its potential with inflation well anchored. Similarly, yields were relatively stable in Uganda with the Bank of Uganda maintaining the Central Bank Rate at 10.0 in March. Increased demand for government papers saw yields fall during the month in Tanzania.

Currencies: The Kenya Shilling came under pressure in March due to increased demand for the dollar from local manufacturers. However, the shilling has continued to show resilience appreciating 1.0% in the year supported by strong remittances and import proceeds. The global strengthening of the dollar coupled with an upsurge in local demand for the dollar precipitated the depreciation of the Uganda shilling. The Tanzania shilling was bolstered by local demand from Tanzanian corporates to meet quarter end tax obligations. Ebbing dollar demand amid increased exports has seen the Rwandan Franc appreciate marginally during the month.

Global Markets: The dovish stance adopted by the Federal Reserve coupled with positive market sentiment as the talks between the US and China restart has seen the increased appetite for riskier assets that was experienced globally in January plod on. The equities markets have rallied amid rising concerns over the inverted yield curve that is usually perceived as a sign that a recession could ensue.

Outlook: The Fed's decision to slow rate hikes as has been seen with the recent decision to maintain rates will release some pressure off East African currencies in the short run as export proceeds are expected to strengthen later in the year from agricultural exports with the exception of Rwanda whose currency is expected to depreciate further from development expenditure. Interest rates are likely to remain stable, with a downward bias supported by liquidity and accommodative policies by central banks in the region. The effects of the selloff in emerging market stocks could possibly be reversed as investor's appetite for riskier assets increases. This could also see fund flow towards global equities persist as geopolitical tension lessens on the possibility of an agreement between China and the US.

Business Contacts:**Kenya**

Sanlam Investments East Africa
Africa Re Centre, 5th Floor, Hospital Rd,
P.O Box 67262, 00200 Nairobi,
Kenya
Telephone: +254 (0)20 496 7000
Website: www.sanlameastafrica.com

Uganda

Sanlam Investments East Africa.
Workers House, 7th Floor, 1 Pilkington Road
P.O. Box 9831, Kampala, Uganda
Telephone: +256 414 340 708

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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