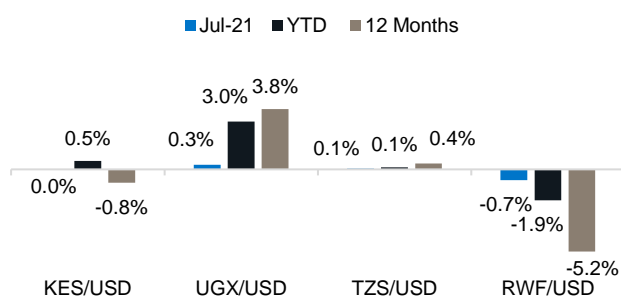


Regional Inflation & Key Interest Rates

	Kenya	Uganda	Tanzania	Rwanda
Inflation Rate (latest)	6.4%	2.1%	3.6%	4.1%
Central Bank Rate	7.0%	6.5%	5.0%	4.5%
91 Day Treasury Bill	6.5%	7.0%	3.0%	6.5%
2 Year Treasury Bond Yield	9.4%	11.5%	7.6%	9.4%

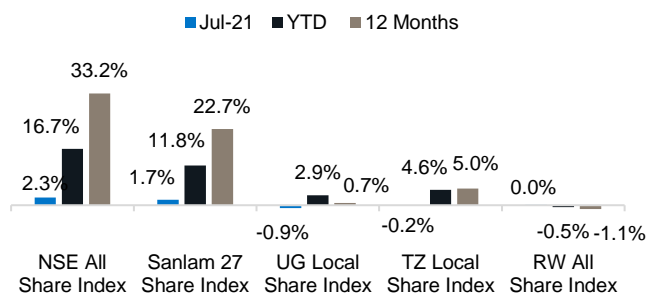
Source: Kenya and Tanzania National Bureau of Statistics & Bloomberg

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

	Jul-21	YTD	12 Months
MSCI World Index	1.7%	14.1%	33.2%
MSCI Emerging Markets Index	-7.0%	-1.0%	18.4%
Oil-Light Crude	1.6%	47.4%	76.3%
Gold	2.5%	-4.4%	-8.2%

Source: Bloomberg

Market Commentary

Inflation: Kenya's inflation marginally increased by 0.2% on a month-on-month basis and 6.4% year-on-year. This was mainly driven by food and non-alcoholic beverages basket which increased by 8.8% year-on-year while the housing, water, electricity, gas, and other fuels index surged by 6.0% year-on-year. Uganda's annual headline inflation rose to 2.1% in July compared to 2.0% in June, attributable to higher food & non-alcoholic beverages prices. Headline inflation in Tanzania edged up to 3.6% in June from 3.3% reported in May. The food and non-alcoholic beverages inflation rate decreased marginally to 4.7% on an annual basis. Rwanda Consumer Price Index declined to 4.1% in June compared to 4.9% reported in May, mainly due to the decrease in food and non-alcoholic beverages and transport prices. We expect inflation in the region to be well anchored within the respective Central Bank's inflation targets over the near term.

Interest Rates: In Kenya, bond yields marginally declined across the yield curve. The Central Bank of Kenya issued 6-year, 11-year, 18-year and 25-year bonds at weighted average rates of 11.5%, 12.6%, 13.3% and 13.7% respectively. In Uganda, interest rates declined over the medium portion of the curve, as both liquidity and offshore participation in government securities picked up. The Bank of Uganda issued 5-year and 20-year bonds at weighted average rates of 13.4% and 16.0% respectively. High liquidity in Tanzania's money market extended the decline on short-term interest rates during the month of July.

Currencies: The Uganda Shilling and Tanzania Shilling marginally appreciated by 0.3% and 0.1% respectively against the US Dollar in July amidst muted demand for dollars. The Kenya Shilling was relatively flat for the month of July while the Rwandese Franc depreciated by 0.7%. Our view is that currency pressures could remain moderate in the near term as economies reopen in the region.

Equities: The Kenya equities market continued its positive streak and recorded positive return in July supported by huge demand for banking stocks from both local and foreign investors. The Rwanda, Uganda and Tanzania local equities markets posted negative returns in July.

Global Markets: Positive corporate earnings numbers for the second quarter of the year supported global equities markets in July. Concerns about the Covid-19 delta variant failed to send off jitters on the prevailing positive market confidence. The MSCI Emerging Markets Index declined by 7.0% in July attributed to volatility caused by the Chinese government tightening financial and tech sector regulations.

Gold and Oil commodities posted returns of 2.5% and 1.6% respectively as investors expected vaccinations to soften the severe impact of the Covid-19 emerging variant and thus limiting the need for lockdown restrictions.

Outlook: The global rate of recovery has varied widely, but with vaccination momentum picking up particularly in the developing economies, we expect a stronger global economic recovery in the second half of the year. We foresee headwinds to our outlook around the emerging Covid-19 variants, disappointing economic indicators, elevated valuations, and near-term inflationary pressures.

Important Information.

- **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.
- **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.
- **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.
- **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.
- **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.
- **Uganda Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Tanzania Local Share Index** is a market cap weighted index. It includes only domestic listed companies.
- **Rwanda Stock Exchange All Share Index** is a market cap weighted index that includes all non-domestic Rwanda listings.
- **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.



August 2021 Update



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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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