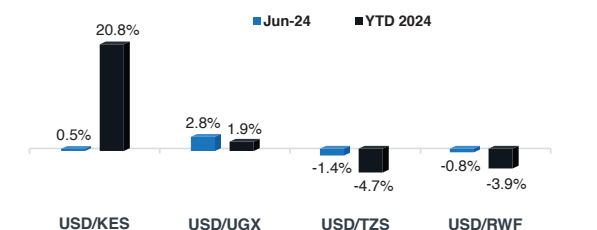


Global Markets Dashboard

	Jun-24	YTD	12 Months
MSCI World	1.9%	10.8%	18.4%
MSCI Emerging Markets	3.6%	6.1%	9.8%
Oil-Light Crude	5.9%	12.2%	15.4%
Gold	0.0%	12.8%	21.2%

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

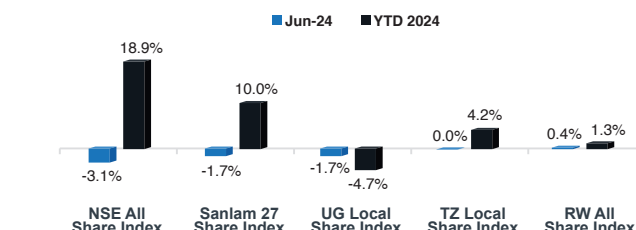
Regional Inflation & Key Interest Rates for June 2024

	Kenya	Uganda	Tanzania	Rwanda
Overall Inflation Rate (latest)	4.6%	3.9%	3.1%	4.5%
Central Bank Rate	13.0%	10.3%	6.0%	7.0%
Average 91 Day Treasury Bill	16.0%	10.0%	8.1%	8.5%
Average 2 Year Treasury Bond Yield	16.8%	13.5%	6.8%	9.3%

\*Rwanda and Tanzania inflation as of May 2024

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. Returns are in respective local currencies.

Market Commentary

**Global Markets:** Global markets registered strong performance in May 2024 with the MSCI Developed and Emerging markets indices gaining 0.9% and 3.6%, respectively. This was against a backdrop of lower inflation in the US as core inflation dropped from 2.8% to 2.6%, the lowest level since March 2021. Expectations of interest rate cuts and strong corporate earnings should be supportive equities performance in the second half of the year. Key risks to global market performance in 2024 include sticky global inflation, escalation of geopolitical risks in the Middle East and Russia/Ukraine. The elections in the US that might have a ripple effect on the global economy.

**Kenya Finance Bill 2024:** President Ruto declined to sign into Law the proposed Finance Bill 2024 in an unprecedented move following heightened protests across the country. The protests were fueled by excessive taxation, high cost-of-living, and high government expenditure. The rejection of the finance bill could result in rationalization of expenditure. In the short term however, the country's fiscal deficit is expected to increase debt levels which is already of concern at 64.5% of the country's GDP as of March 2024.

**Inflation:** Kenya's headline inflation declined to 4.6% y/y in June 2024 from 5.0% the previous month driven by a slower growth in food and fuel prices. Foreign exchange reserves rose to 4.1 months of import cover, falling above the Central Bank of Kenya (CBK) threshold of 4 months. This has supported the strengthening of the Kenya Shilling (KES) against the US Dollar (USD). Moderate food prices and cheaper prices on imported commodities should contain inflation within the Central Bank of Kenya (CBK) target band of 2.5% and 7.5%. Uganda's consumer inflation increased to 3.9% y/y in June from 3.6% y/y in May due to higher goods inflation which increased by 2% y/y. Tanzania's and Rwanda's inflation remained stable at 3.1% y/y and 4.5%y/y respectively in May compared to April 2024.

**Currencies:** The Kenya shilling appreciated against the USD by 0.5% in June 2024, and 20.8% year to date supported by increased forex reserves, strong diaspora remittances and increased tourism receipts. The Uganda Shilling appreciated by 2.8% against the USD supported by inflows from remittances and earnings from commodities. The Tanzania Shilling and Rwandan Franc depreciated by 1.4%, and 0.8% against the USD, respectively.

**Interest Rates:** Bond yields in Kenya continued a downward trajectory declining by 0.6% across the yield curve with a significant decline of 1.3% in 5-year and 10-year government securities. Rejection of the finance bill could reverse this trend in the FY2024/25 as borrowing pressure is expected to increase to finance a higher budgetary deficit. The Central Bank of Kenya (CBK) re-opened several bonds: 2-year, 3-year, 5-year, and a 10-year. The weighed rate of accepted bids were 17.12%, 17.59%, 18.16% and 16.39% respectively. Bond yields in Uganda declined by 0.3% across the yield curve. The Bank of Uganda (BOU) successfully reopened a 3-year bond and a 20-year bond at yields of 15.5% and 17.0%, respectively. The Bank of Tanzania re-opened a 15-year bond at an average yield of 15.05%. The National Bank of Rwanda re-opened a 5-year bond at an average yield of 11.99%.

**Equities:** Kenya and Uganda stock markets posted negative returns of 3.1% and 1.7% respectively in June 2024 amid negative sentiment following the anti-Finance Bill 2024/25 protests in Kenya. Tanzania and Rwanda bourse performance were flat.

**Outlook:** The prospect of lower interest rates in H2 2024 in developed markets could offer support to the regional currencies. However, external debt service, fiscal concerns, and negative sentiment on Kenya in the short term might put some pressure on the Kenyan shilling, an upward pressure on interest rates and volatility of the equity market.

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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 twenty-three developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.
- **The 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 the latest trade information from NSE's Automated Trading System.
- **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.
- **Tap Sale:** A tap issue is a procedure that allows borrowers to sell bonds or other short-term debt instruments from past issues. The bonds are issued at their original face value, maturity, and coupon rate but are sold at the current market price. A tap issue is also referred to as a bond tap or tap sale.
- **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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