

MSCI Indices Tracker – Price declines across SSA slowdown; Kenya and Safaricom weighting up in SSA Index, but down in Frontier Index

- Markets pulled back further in June weighed by rising global interest rates and economic growth concerns.
- **MSCI EFM Africa ex ZA** declined the least (-5.2% m/m), while the **MSCI ACWI** declined the most (-8.4% m/m), dragged by developed markets. Amongst the large countries in the MSCI EFM Africa ex ZA, Nigeria’s weighting increased the most - boosted by Dangote Cement higher weighting, while Mauritius’ weighting dipped the most.

Across the sector weights, Financials’ weighting in the index gained the most (+100bps m/m) as investors positioned for higher bank margins amidst increased monetary policy tightening – in 2Q Central Banks in Egypt, Nigeria and Kenya hiked policy rates by 200bps, 150bps and 50bps, respectively. However, banks ranked amongst the top 10 index constituents had a poor showing, signaling investor interest was mainly in mid-cap financials – signifying a broader shift by investors, since January the top 10 constituent companies total weighting in the MSCI EFM ex ZA index has declined to 66.2% from 69.9%.

Borrowing from the global investor shift from growth to value stocks, the utilities sector weighting surpassed that of the Information & Technology sector.

- **Kenya’s** country weighting in the **MSCI EFM Africa ex ZA** improved slightly to 16.58% from 16.36% - Kenya still has a long way to get back to its 18.92% weighting at the start of 2022. Aided by higher m/m price declines across other constituents, **Safaricom’s** weighting edged up slightly m/m to 10.45% from 10.28%. **Equity Group’s** weighting remained unchanged at 4.24% - also on the back of faster price declines across other constituents. Both Safaricom and Equity maintained their respective index weighting ranking, 2nd & 7th – same level since the start of 2022.

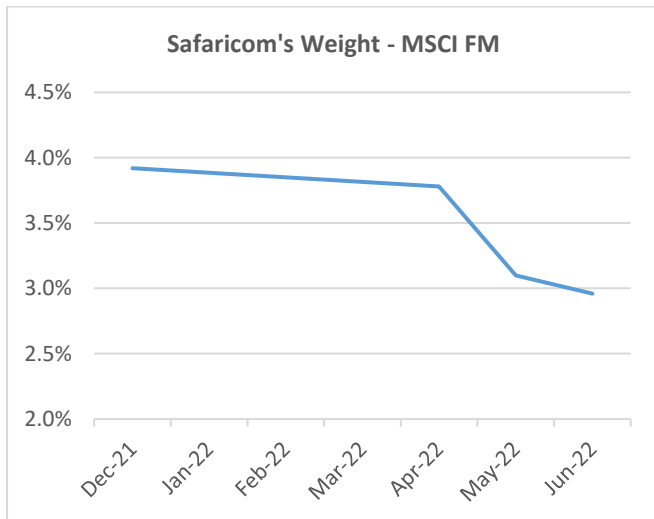
Safaricom’s weighting in the **MSCI FM** slid further to 2.96% from 3.10% in May – Safaricom’s index weight ranking closed at 7th down from 6th in May and 4th at the start 2022. Vietnam’s country weighting in the MSCI FM was up to an impressive 31.54% from 28.45% - the only country whose weighting recorded any meaningful change. **MSCI FM - Across the sector weights**, Financials’ weighting in the index declined the most, while the Energy sector registered the highest improvement.

Performance

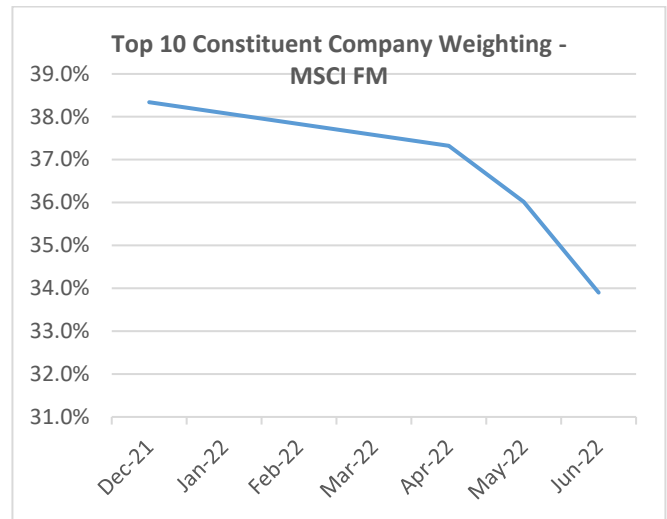
	Dec-21	Apr-22	May-22	Jun-22	YTD
MSCI EFM Africa ex ZA	2.2%	0.0%	-6.5%	-5.2%	-19.7%
MSCI Frontier Markets	1.5%	-2.7%	-6.3%	-5.3%	-20.5%
MSCI EFM (Emerging + Frontier)	1.9%	-5.5%	0.4%	-6.6%	-17.5%
MSCI ACWI	4.0%	-8.0%	0.2%	-8.4%	-20.0%

Source: MSCI

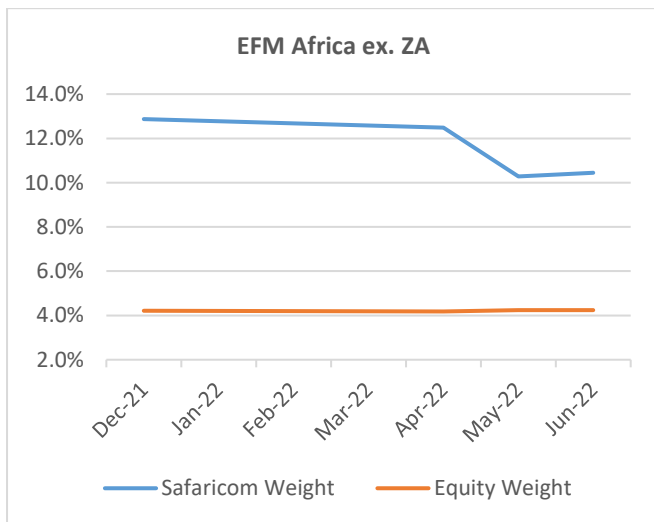
Higher weighting by Constituents from Vietnam



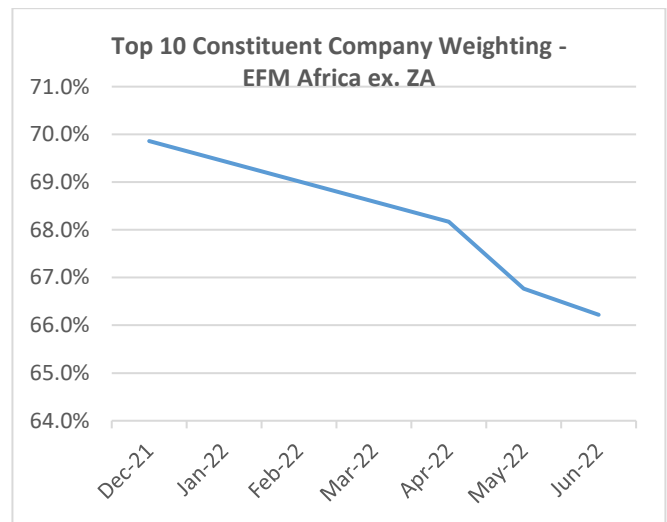
Mid-cap constituents dominate as investors diversify



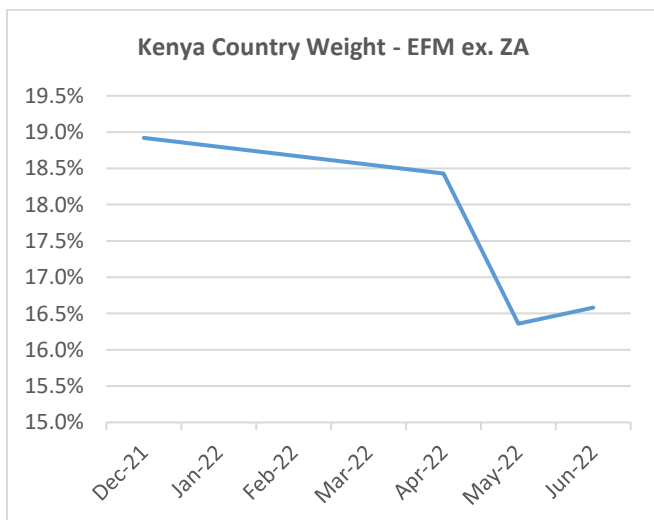
Safaricom & Equity benefit from larger declines elsewhere



Shift to mid-cap, but financials still dominate



Kenya's weighting weighed by Safaricom



Index details

Index	Constituent Countries
MSCI Emerging Frontier Markets Africa ex South Africa	Egypt, Burkina Faso, Benin, Guinea-Bissau, Ivory Coast, Kenya, Mauritius, Mali, Morocco, Niger, Nigeria, Senegal, Togo and Tunisia.
MSCI Frontier Markets	Bahrain, Bangladesh, Burkina Faso, Benin, Croatia, Estonia, Guinea-Bissau, Iceland, Ivory Coast, Jordan, Kenya, Lithuania, Kazakhstan, Mauritius, Mali, Morocco, Niger, Nigeria, Oman, Pakistan, Romania, Serbia, Senegal, Slovenia, Sri Lanka, Togo, Tunisia and Vietnam.
MSCI Emerging + Frontier Markets (EFM)	<p>EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.</p> <p>FM countries include: Bahrain, Bangladesh, Burkina Faso, Benin, Croatia, Estonia, Guinea-Bissau, Iceland, Ivory Coast, Jordan, Kenya, Lithuania, Kazakhstan, Mauritius, Mali, Morocco, Niger, Nigeria, Oman, Pakistan, Romania, Serbia, Senegal, Slovenia, Sri Lanka, Togo, Tunisia and Vietnam.</p>
MSCI All Country World Index (ACWI)	<p>DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US.</p> <p>EM countries include: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.</p>

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