

Dear Clients and Partners,

Below is our investment update for August 2022. All previous updates can be accessed via symbioticsgroup.com/monthly-update.

Our monthly update:

Global markets navigate a consistently challenging context and the global economic outlook remains clouded in uncertainty. Global output contracted in the second quarter and as economic activity stalls, inflation forecasts increase. Pipeline and loan origination remain strong with trends increasing from last year and no new recovery cases in our portfolios. We continue with a vigilant approach and remain confident in our investees.

- **Macroeconomic update:** Inflation continues to increase in many economies as a result of cost pressures and disrupted supply chains. The US Federal Reserve took aggressive action at the end of July with a second 0.75% key rate increase in quick succession. Oil prices are easing, with US crude oil falling to a pre-Ukraine war level at the beginning of August. Crude oil prices have fallen significantly in recent days and weeks (-15.25% in the first two weeks of August). It looks as though the market may be correcting, indicating an increase in supply that has provided the market a boost in optimism.
- **Currencies and interest rates:** Developing countries continue to increase interest rates to stabilize inflation and protect against increasing food, fuel, and medicine costs. Sri Lanka increased the key rate from 14.5 to 15.5% in July in an attempt to stabilize record high inflation (the highest in 20 years at 54.6%, end of July). The central bank of Kazakhstan raised its key rate by 50 bps to 14.5%. Turkey initially opted not to increase its main policy rate despite surging inflation levels, then surprised the markets with a 1.0% cut (to 13%) to protect against slowing economic growth. Russia also surprised markets by lowering interest rates by 1.5% for the second consecutive month again to 8% and South Africa increased 0.75% to 5.5%, their biggest interest rate rise in nearly 20 years.
- **Demand:** Symbiotics disbursed USD 167 million to 36 institutions in July 2022, for a total of USD 596.5 million year-to-date. The strongest origination for the month came from Asia (44% of all loans), followed by Latin America (32%), and Africa (18%).

Should you have any questions, please contact your relationship manager.

Sincerely,
Symbiotics Asset Management