

Dear Clients and Partners,

Below is our investment update for September 2022. All previous updates may be accessed using this link: symbioticsgroup.com/monthly-update.

Whilst there appeared to be signs of a rebound in July, August data saw a general slowdown for the global economy. Equity markets fell across the board, though emerging and frontier equity markets generated positive returns for the month, likely supported by a recovery in China. The clear priority for Central banks remains to tackle inflation or to slow growth enough to reduce inflation without causing a recession.

Our monthly update:

- **Macroeconomic update:** Europe is fighting against surging energy prices and the scale of the current energy crisis is proving difficult to manage. In Asian news, Sri Lanka reached an agreement with the IMF for a USD 2 billion loan package, a key step for the bankrupt country to unlock further funding and restructure debt. India's trade deficit narrowed from a record high as easing commodity prices lowered import costs. The Moldovan government revised its 2022 economic growth forecast to 0%, a rather dismal outlook when compared to 14% growth in 2021. In Kenya, although the country still faces challenges including rising inflation and high public debt, the peaceful conclusion of the contested presidential election provides a significant boost to the economy.
- **Currencies and interest rates:** The Fed delivered a third straight 75 basis points interest rate hike following surprisingly higher August inflation data, a decision that will have repercussions across the globe and therefore much awaited by investors. The Chinese yuan is on a slow but steady increase after a decline in August. The Central Bank of Myanmar abolished a rule maintaining a fixed exchange rate for the kyat versus the US dollar; this and the limited supply of US dollars has seen the Myanmar kyat steadily lose value, falling by almost half since the military coup in February. The central bank of Tajikistan raised its key interest rate by 25 bps to 13.5%, marking its first interest rate hike this year. Over the month the overall performance of local currencies was slightly negative but remains in positive territory thanks to high coupon: the Costa Rica colon and Peruvian sol increased in value over the month. The Georgian lari and Colombian peso recorded negative performances.
- **Demand:** Symbiotics disbursed USD 127 million to 35 institutions in August 2022, for a total of USD 723 million year-to-date. The strongest origination for the month came from Latin America (33% of all loans), followed by Asia (29%), and Europe and Central Asia (24%).

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

Sincerely,
Symbiotics Asset Management