

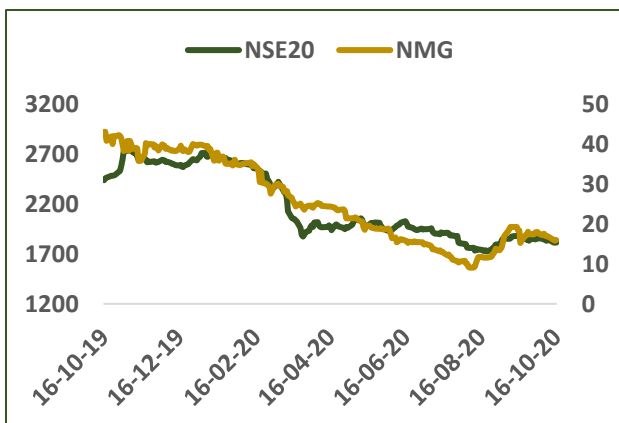
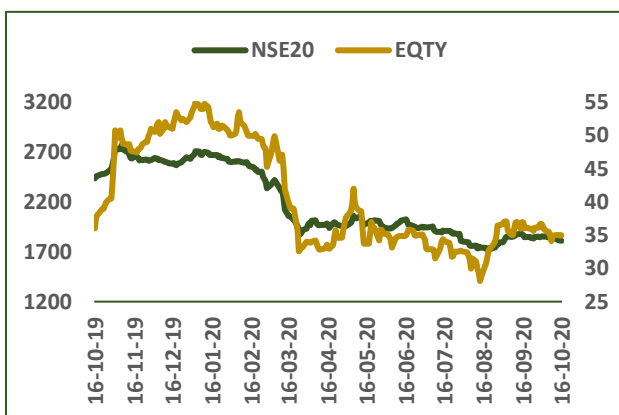
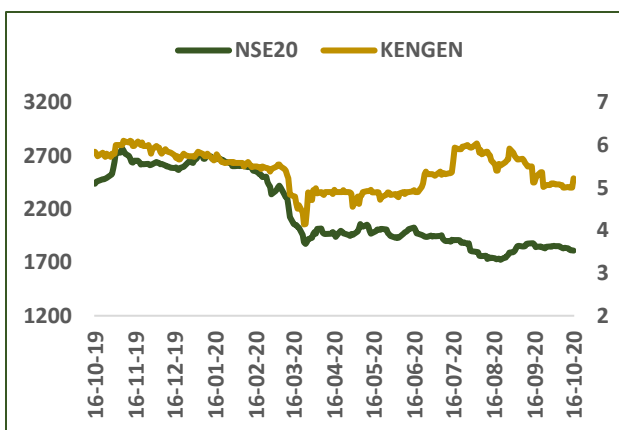
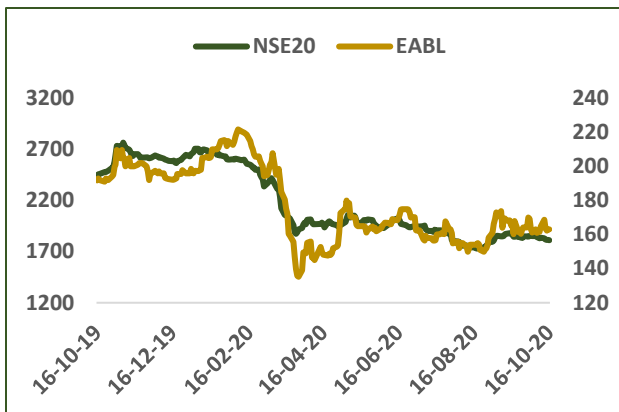
Equity Stock Picks

EABL – Long-term Buy – The counter is currently trading at Kes 163.00; a 17.9% downgrowth year-to-date. The company has a 52-week average of Kes 177.75, hence presenting an upside potential of 9.0% from the current levels. In the full year results, the brewer's Profit After Tax plunged by 39.0% to Kes 7.02Bn; a direct impact of government's regulation on Covid-19 mitigation measures which led to closure of entertainment joints. With the ongoing relaxation of these measures, we foresee a significant improvement of the bottom line in the subsequent financials.

Kengen – Long-term Buy – The power generator is currently trading at Kes 5.22, which is -8.7% year-to-date performance. The stock is trading cum dividends, with the book closure being within the week, 22nd October 2020. The company will be issuing a dividend of Kes 0.25. The key consumer, KPLC, announced a suppressed energy consumption whereby c.42% of the manufactures operated below half their capacity due to the Covid-19 pandemic. With the ongoing economy recovery, coupled with the upcoming festive season, we expect a recovery in the consumption of energy.

Equity – Buy – Currently trading at Kes 34.95, this stock has a registered a value erosion of 34.7% year-to-date, hence presenting an ideal entry point for long-term accumulation. With a 52-week average of Kes 40.63, the counter has an upside potential of 16.2%.

Nation Media – Sell – We still hold an exit position on the stock. The stock is currently trading at Kes 15.95, which is a year-to-date performance of -59.9%. The group has seen a continuous erosion in the revenues; a scenario that has been resulted by the shift on the distribution channels.



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Recommendation Guide:

Analysts' stock ratings are defined as follows:

- **Buy** – A buy rating reflects 1) An analyst has a bullish conviction on a stock 2) A 30% or greater expected return.
- **Accumulate** – An accumulate rating reflects 1) An analyst has a lesser bullish conviction on a stock 2) Expected return falls between 10% and 30%.
- **Hold** – A hold rating reflects 1) An analyst has a neutral conviction (lack of bullish or bearish conviction) on a stock 2) Expected return falls within the range of 5% to 10%.
- **Speculative Buy** – A speculative buy rating reflects 1) An analyst has a bullish conviction accompanied by a substantially higher than normal risk 2) Expected return falls above 10%.
- **Sell** – A sell rating reflects 1) An analyst has a bearish conviction on a stock 2) Expected return falls below 5%.

*Expected Return (ER) represents the sum total of both capital appreciation and the dividend yield.

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