JANUARY 2026 BULLISH BETS

Weekly Picks, Smart Plays

a.) Summary Highlights

Sector	Stock	Current Price (15TH Jan 2026) (Kes.)	Trailing Dividend Yield	Sector Sentiment	Fair Value Estimate (Kes.)
LONG-TERM BUY RECOMMENDATIONS					
Telco	Safaricom	29.70	4.04%	**Upside:** The telco business is well positioned to benefit from rising data usage as smartphone adoption and population growth in Kenya continue to support demand. The financial services arm is also set for its next phase of growth, with Safaricom's Ziidi Trader expected to drive additional revenues by transforming the platform into a comprehensive financial hub for sending money, saving, investing, and trading. In addition, the planned ownership restructuring; where the Government of Kenya is set to offload a 15% stake, granting Vodafone Kenya controlling ownership, is expected to attract increased foreign participation, as it signals reduced government involvement and greater operational independence. In addition, its expanding footprint in Ethiopia continues to drive optimism, with growing mobile and M-Pesa adoption supporting regional revenue diversification. Locally, Safaricom remains dominant in voice, data, and mobile money, underpinning its solid market position. **Downside:** Voice and SMS services are mature and are expected to see slower growth over the medium term. While a wider range of customized packages has helped retain users, this is unlikely to sustain long-term revenue growth as consumers increasingly shift to over-the-top services such as voice calls on WhatsApp.	34.04
				The firm returned to profitability in the year ended 30 September 2025, posting a net profit of KES 188Mn, following a loss in the prior	

Agriculture	Sasini	20.05	-	year that was partly driven by logistical challenges. We expect the recovery to be supported by a continued rebound in tea prices and broad-based operational stability. Overall, the firm remains fundamentally strong, with a proven track record of profitability. That said, downside risks persist, primarily from elevated production costs and potential logistical challenges in accessing key markets.	28.35
SPECULATIVE BUY RECOMMENDATIONS					
Banking	Equity	69.00	6.16%	The bank possesses strong fundamentals and a robust earnings trajectory, with a higher dividend payout likely if historical trends hold. In 3Q25, profit after tax (PAT) grew 32.2% y/y to KES 54.12Bn from KES 40.94Bn in 3Q24. Based on current momentum, the lender is well positioned to surpass KES 60Bn in profit after tax for the full year. While the stock offers near-term upside potential, current price levels are not attractive for long-term entry.	75.0
	KCB Bank	67.25	10.41%	The counter is a strong player in the banking sector, with long-term profitability anchored on profitable subsidiaries, an aggressive lending focus, and broad-based revenue diversification. The lender also benefits from strong foreign visibility and participation, creating opportunities for speculative investors at current price levels. We expect price momentum to persist ahead of the full-year results announcement and the subsequent dividend declaration.	72.1
HOLD RECOMMENDATIONS					
Banking	Standard Chartered	308.50	14.59%	Despite earnings pressure from the pension case, StanChart remains a notable dividend-paying stock. The 2025 dividend per share may	320.0

				decline by 45%–55% if historical payout patterns persist, but the long-term dividend track record and story remain intact.	
Energy	Umeme	8.18	-	The focus remains on resolving the buyout claim. The firm has received a partial payment of USD 118Mn, with a remaining USD 292Mn still in dispute. Umeme presents an opportunity for risk-tolerant investors willing to navigate the arbitration process, as we believe management has a strong position regarding the interpretation of the buyout amount. For more conservative investors, the uncertainty around the final buyout price makes Umeme a less suitable investment.	-
Insurance	Kenya Re	3.17	9.46%	Kenya Re stands out as both a long-term and speculative buy, supported by favorable regulatory reforms and strong fundamentals. Starting in 2026, insurers will be required to cede 25% of their reinsurance business to Kenya Re, up from the current 20%, a move that is expected to significantly boost the company's premium income and reinforce its leadership in the reinsurance sector. The firm maintains a solid balance sheet, stable profitability, and an impressive 10% dividend yield, making it one of the most attractive income stocks at the NSE. With both policy support and consistent performance, Kenya Re offers investors a compelling blend of yield stability and potential for further capital appreciation.	3.35
SELL RECOMMENDATION					
Commercial & Services	Uchumi	1.24	-	The firm lacks strong fundamentals to support long-term stability. Dividend payouts are unlikely, as the company is operating with negative equity. Restructuring is still ongoing and holding or buying the stock could tie up capital without near-term returns.	-

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