KINGDOM SECURITIES

Week 40 – 2026 Watchlist

Week 40 2026 Strategy

Following the broad recovery from the September correction, we maintain a selective accumulation strategy. Rather than chasing recent gains, we favour fundamentally strong counters at attractive entry levels, particularly where price pullbacks improve the risk-reward profile. Our core long-term preferences remain Safaricom, Co-op Bank and KCB Group, with I&M offering an accumulation opportunity, while KenGen remains a more speculative proposition.

Week 40 2026 at a Glance

Counter	View	Preferred Action/Entry	Conviction
Safaricom	Long-term Buy	Kes. 35.00-36.00	High
Co-op Bank	Long-term Buy	Kes. 34.00-36.00	High
KCB Group	Buy / Accumulate	Kes. 91.00-92.00	High
I&M Group	Accumulate	Kes. 82.00-83.00	Medium/High
KenGen	Speculative Buy	Kes. 10.70-10.85	Speculative
Uchumi	Profit Taking	Into strength	Tactical

CORE LONG-TERM IDEAS

1. Safaricom | LONG-TERM BUY

Preferred entry: Kes. 35.00-36.00

Strategy: Accumulate on weakness

Catalysts: M-PESA monetisation | Ethiopia expansion | Improved dividend payout | Strong cash generation

Risk: Avoid chasing the recent recovery

Safaricom remains our preferred long-term Buy, supported by its strong Kenyan franchise, continued M-PESA monetisation, Ethiopia expansion and robust cash generation. The improvement in dividend payout from Kes. 1.20 to Kes. 2.00 per share further strengthens the counter's shareholder-return proposition. Following the recent recovery, we recommend accumulating during periods of weakness rather than chasing price momentum, with the Kes. 35.00-36.00 region offering a more attractive entry point.

2. Co-op Bank | LONG-TERM BUY

Preferred entry: Kes. 34.00-36.00

Strategy: Accumulate on weakness

Catalysts: Resilient earnings | Improved dividend payout | Balance-sheet growth | Potential interim dividend

Risk: Avoid chasing the recent recovery

Co-op Bank remains a long-term Buy, supported by resilient earnings, continued balance-sheet growth and an improved shareholder-return proposition, with dividend per share increasing from Kes. 1.50 to Kes. 2.50. The bank's first-ever interim dividend of Kes. 1.00 following its Q3 2025 results provides an additional potential catalyst should a similar payout be declared following Q3 2026 results. We therefore favour accumulating on weakness within the Kes. 34.00-36.00 region rather than chasing the recent recovery.

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3. KCB Group | LONG-TERM BUY / ACCUMULATE

Preferred entry: Kes. 91.00-92.00

Strategy: Accumulate on price weakness

Catalysts: Regional footprint | Earnings potential | Improving dividend payout | Stronger shareholder returns

Risk: Avoid chasing the counter towards Kes. 100

KCB remains a long-term Buy, underpinned by its regional footprint, earnings potential and improving shareholder returns. The Group's interim dividend has increased steadily from Kes. 1.50 per share in 2024 to Kes. 3.00 in 2026. The improving payout profile strengthens the counter's income proposition alongside its longer-term earnings potential. Following the recent rally, we favour accumulation around Kes. 91.00-92.00 during periods of price weakness rather than chasing the counter towards Kes. 100.

ACCUMULATION OPPORTUNITY

4. I&M Group | ACCUMULATE ON WEAKNESS

Preferred entry: Kes. 82.00-83.00

Strategy: Accumulate on weakness

Catalysts: Improving earnings | Regional diversification | Potential interim dividend

Risk: Avoid chasing the recent recovery

I&M Group remains an accumulation opportunity, supported by improving earnings and regional diversification. The Group's track record of declaring interim dividends following its nine-month results provides an additional potential catalyst should the trend continue following Q3 2026 results. We therefore favour accumulation on weakness around Kes. 82.00-83.00 rather than chasing the recent recovery.

TACTICAL/SPECULATIVE IDEAS

5. KenGen | SPECULATIVE BUY ON WEAKNESS

Preferred entry: Kes. 10.70-10.85

Strategy: Accumulate selectively on weakness

Catalysts: Dividend proposition | Strategic role in Kenya's energy transition | Long-term income potential

Risk: Execution risk | Capital-investment requirements

KenGen remains a speculative accumulation opportunity, supported by its attractive dividend proposition and strategic position within Kenya's energy transition. We favour selective accumulation within the Kes. 10.70-10.85 region, while recognising execution and capital-investment risks. The counter may also appeal to longer-term income-oriented investors seeking exposure to the energy sector.

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6. Uchumi | PROFIT TAKING / SELL

Preferred action: Take profits into strength

Strategy: Tactical profit taking

Catalyst: Recent strong price momentum

Risk: Limited new fundamental catalysts following the sharp rally

Uchumi rallied 37.0% to Kes. 1.63 during the week. Given the sharp price appreciation and limited new company-specific fundamental catalysts, investors who benefited from the rally may consider taking profits into strength. The recommendation reflects tactical risk management following the rapid price appreciation rather than a fundamentally negative view on the company's turnaround prospects.

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