## Week 41 2026 Strategy

Following Week 40's broad market pullback, we maintain a selective accumulation strategy, focusing on fundamentally strong counters where earnings, cash generation and shareholder returns remain supportive. We continue to favour Safaricom, Co-op Bank and KCB Group as core long-term ideas, while EABL enters the watchlist on the back of strong FY2026 earnings, enhanced shareholder distributions and improving balance-sheet fundamentals. I&M Group remains an accumulation opportunity, while KenGen retains a more speculative, income-oriented proposition. Given recent price appreciation across several counters, we continue to favour buying on weakness rather than chasing momentum.

## Week 41 2026 at a Glance

| Counter | View | Preferred Action/Entry | Conviction |
|---|---|---|---|
| Safaricom | Long-term Buy | Kes. 35.00-36.50 | High |
| Co-op Bank | Long-term Buy | Kes. 34.00-36.00 | High |
| KCB Group | Buy / Accumulate | Kes. 91.00-92.50 | Medium/High |
| EABL | Buy/Accumulate | Kes. 282.00-286.00 | Medium/High |
| I&M Group | Accumulate | Kes. 81.00-82.50 | Medium/High |
| KenGen | Tactical Buy | Kes. 10.60-10.85 | Speculative |

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## CORE LONG-TERM IDEAS

### 1. Safaricom | LONG-TERM BUY

**Preferred entry:** Kes. 35.00-36.50

**Strategy:** Accumulate on weakness

**Catalysts:** M-PESA monetisation | Ethiopia expansion | Dividend proposition| Strong cash generation

**Risk:** Avoid chasing near-term price momentum

Safaricom remains a core long-term Buy, supported by its dominant Kenyan franchise, continued M-PESA monetisation, Ethiopia expansion and strong cash-generation potential. With the counter closing at Kes. 36.55 on 2nd October 2026, slightly above our preferred entry range, we maintain a patient accumulation strategy

and would favour adding exposure on weakness towards the Kes. 35.00-36.50 region rather than chasing short-term price momentum.

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### 2. Co-op Bank | LONG-TERM BUY

**Preferred entry:** Kes. 34.00-36.00

**Strategy:** Accumulate on weakness

**Catalysts:** Resilient earnings | Strong asset returns | Improving asset quality | Dividend potential

**Risk:** Entry-price discipline following strong YTD performance

Co-op Bank remains a core long-term Buy, supported by resilient earnings, continued balance-sheet expansion and a strong shareholder-return profile. The bank's H1 2026 performance also showed strong returns from its asset base alongside improving asset quality. With the counter closing at Kes. 37.05 and having gained 54.7% YTD, we would avoid chasing the stock and instead favour accumulation on price weakness towards the Kes. 34.00-36.00 region.

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### 3. KCB Group | LONG-TERM BUY / ACCUMULATE

**Preferred entry:** Kes. 91.00-92.50

**Strategy:** Accumulate on price weakness

**Catalysts:** Earnings growth | Regional footprint | Improving asset quality | Strengthening shareholder returns

**Risk:** Avoid chasing the counter materially above our entry range

KCB remains a long-term accumulation opportunity, supported by its regional franchise, earnings growth and strengthening shareholder distributions. H1 2026 PBT increased 20.8% YoY to Kes. 49.3Bn, while the Group declared an interim dividend of Kes. 3.00 per share, payable on 10 November 2026. Asset quality also improved during the period, strengthening the quality of the earnings recovery. With the counter closing at Kes. 92.50, we retain our preferred accumulation range of Kes. 91.00-92.50 rather than chasing further strength.

### 4. EABL | LONG-TERM BUY / ACCUMULATE

**Preferred entry:** Kes. 282.00 – 286.00

**Strategy:** Accumulate on price weakness

**Catalysts:** Strong earnings | Higher dividend | Lower financing costs | Premiumisation strategy

**Risk:** Consumer-spending pressure | Input-cost inflation | Entry valuation following recent gains

EABL delivered a strong FY2026 performance, with net revenue increasing 13% to Kes. 146.0Bn and PAT rising 49% to Kes. 18.2Bn. The total dividend increased 59% to Kes. 12.70 per share, strengthening the counter's shareholder-return proposition, while net finance costs declined to Kes. 4.41Bn from Kes. 5.86Bn.

The change in majority ownership also presents a longer-term growth opportunity through potential expansion of EABL's premium portfolio, including the planned introduction of international premium brands such as Asahi Super Dry and Peroni Nastro Azzurro. With the counter closing at Kes. 287.25 on 2nd October 2026, we favour accumulation on weakness towards the Kes. 282.00-286.00 region rather than chasing the recent price appreciation.

## ACCUMULATION OPPORTUNITY

### 5. I&M Group | ACCUMULATE ON WEAKNESS

**Preferred entry:** Kes. 81.00-82.50

**Strategy:** Accumulate selectively

**Catalysts:** Improving earnings | Regional diversification | Dividend potential

**Risk:** Valuation rerating following strong YTD performance

I&M Group remains an accumulation opportunity, supported by improving earnings and regional diversification. The counter closed at Kes. 82.50 on 2nd October 2026, placing it directly within our preferred accumulation range after declining 2.94% during the previous week. However, given the counter's substantial

YTD appreciation, we retain a disciplined approach and favour gradual accumulation within the Kes. 81.00-82.50 region rather than pursuing the stock on renewed rallies.

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## TACTICAL/SPECULATIVE IDEAS

### 6. KenGen | SPECULATIVE BUY ON WEAKNESS

**Preferred entry:** Kes. 10.60-10.85

**Strategy:** Accumulate selectively on weakness

**Catalysts:** Dividend income | Renewable-generation leadership | Long-term capacity expansion

**Risk:** Capital expenditure requirements | Slight earnings pressure | Lower dividend

KenGen remains a speculative accumulation opportunity rather than a core Buy. FY2026 revenue increased 6.4% to Kes. 59.71Bn, supported by higher electricity generation and demand, although PBT declined 2.7% to Kes. 15.05Bn and PAT eased 1.2% to Kes. 10.35Bn. The proposed dividend of Kes. 0.75 per share was 16.7% below the previous year's Kes. 0.90 payout.

At a closing price of Kes. 10.80 on 2nd October 2026, the proposed dividend retains a meaningful income component, while KenGen's strategic position in Kenya's renewable-energy generation remains supportive of the longer-term investment case. We therefore favour selective accumulation around Kes. 10.60-10.85, recognising that sizeable capital-investment requirements and modest earnings pressure warrant the more speculative classification.

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