Week 42 2026 Strategy

Following a relatively subdued week for the broader market, we maintain a selective accumulation strategy, focusing on fundamentally strong counters where earnings, balance-sheet quality and shareholder returns remain supportive. We continue to favour Safaricom, Co-operative Bank, KCB Group and EABL as our core long-term ideas, while ABSA Bank Kenya enters our accumulation list on account of its attractive valuation and dividend proposition. Crown Paints joins the watchlist as investors assess whether recent price strength continues to be supported by improving business fundamentals. We continue to favour accumulating quality counters on weakness rather than chasing short-term market momentum.

Week 42 2026 at a Glance

Counter	View	Preferred Action/Entry	Conviction
Safaricom	Long-Term Buy	Kes. 34.50–36.00	High
Co-op Bank	Long-Term Buy	Kes. 34.00–36.00	High
KCB Group	Buy/ Accumulate	Kes. 87.00–88.50	Medium/High
EABL	Buy / Accumulate	Kes. 284.00–288.00	Medium/High
ABSA Bank	Accumulate	Kes. 31.00–32.80	Medium/High
Crown Paints	Selective Buy / Watch	Kes. 58.00–61.50	Speculative

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CORE LONG-TERM IDEAS

1. Safaricom | LONG-TERM BUY

Preferred entry: Kes. 34.50-36.00

Strategy: Accumulate on weakness

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

Risk: Slower subscriber growth and increased competition

Safaricom remains our preferred long-term telecommunications exposure, supported by its dominant market position, resilient cash generation and continued M-PESA monetisation. The company's expansion into Ethiopia provides a longer-term growth opportunity, while its dividend profile continues to appeal to income-

focused investors. We continue to favour disciplined accumulation during periods of market weakness 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: Earnings growth | Strong dividend profile | Improving asset quality | Resilient business model

Risk: Slower credit growth and sector-wide re-rating risk

Co-op Bank remains one of our preferred banking-sector names due to its consistent earnings growth, attractive shareholder returns and diversified business model. The bank continues to benefit from a strong retail and SME franchise, while maintaining healthy capital and asset-quality metrics. We continue to view any pullback towards our preferred entry range as an accumulation opportunity.

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3. KCB Group | LONG-TERM BUY / ACCUMULATE

Preferred entry: Kes. 87.00–88.50

Strategy: Accumulate selectively

Catalysts: Strong regional franchise | Earnings growth | Capital strength | Dividend prospects

Risk: Regional macroeconomic pressures and credit quality deterioration

KCB remains attractive due to its diversified regional footprint, improving profitability and strong capital position. The Group continues to benefit from growing regional earnings contributions and improved operational efficiency. We remain constructive on the long-term outlook and favour gradual accumulation around our preferred entry levels.

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4. EABL | LONG-TERM BUY / ACCUMULATE

Preferred entry: Kes. 284.00 – 288.00

Strategy: Accumulate on price weakness

Catalysts: Strong FY2026 earnings | Higher dividend payout | Lower financing costs | Premiumisation strategy

Risk: Consumer-spending weakness and input-cost inflation

EABL remains among our highest-conviction consumer names following its strong FY2026 performance, improved profitability and enhanced shareholder distributions. Continued focus on premium brands, stronger cash generation and lower financing costs support the long-term investment case. We continue to favour accumulation on weakness rather than chasing recent price gains.

ACCUMULATION OPPORTUNITY

5. ABSA Bank | ACCUMULATE

Preferred entry: Kes. 31.00-32.80

Strategy: Gradual accumulation

Catalysts: Earnings quality | Dividend yield | Attractive valuation | Strong capital position

Risk: Banking-sector re-rating risk

ABSA remains an attractive accumulation candidate, supported by a solid earnings profile, strong capital buffers and a consistent dividend-paying history. The counter continues to trade at valuations that compare favourably with several banking peers, offering investors an appealing balance between income and growth.

SELECTIVE IDEAS

6. Crown Paints Kenya | SELECTIVE BUY / WATCH

Preferred entry: Kes. 58 - 61.50

Strategy: Monitor fundamentals and accumulate selectively

Catalysts: Earnings recovery | Margin improvement | Revenue growth

Risk: Momentum-driven volatility and slower construction-sector activity

Crown Paints has attracted increased investor attention following stronger earnings and improved market sentiment. While recent price performance has been encouraging, we prefer to see continued support from underlying business fundamentals before adopting a more aggressive stance. Investors should focus on earnings growth, revenue momentum and margin sustainability rather than price action alone.

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