Selective Empowerment Investments 1

Newsletter

September 2021

To our SEI1 stakeholders

A warm welcome to Selective Empowerment Investment 1's ("SEI1") quarterly newsletter. We are now in the final stretch of 2021 and we look forward with hope to close off the calendar year on a good note. This quarter commenced on a difficult note with riots, looting and destruction in July. Despite this tragedy, we witnessed South Africans pulling together in an extraordinary manner; ordinary folk protecting their towns; people in wheel chairs helping clean up; shops opening six days after being looted; school choirs singing of hope. As many brave South Africans have proven again and again, the only way to create a community where every South African is served, is to say and do something when we see something wrong happening.

The last quarter has seen the tail end of the third wave and with it an ease in Covid-19 restrictions. The vaccine rollout has seen an uptick with more individuals opting to get vaccinated.

This vaccination drive has brought about new hope as the economy slowly builds itself back up to pre-Covid levels. Despite the quarter starting off on a difficult note, the quarter ended off on a good note with a celebration of heritage month in September 2021.

Standing together, celebrating our successes, acknowledging those who strive for a better South Africa is what many of us do. And, while we must acknowledge and address our systemic challenges we also need a singular counterpoint where the stories of 'what makes us…. us' are told. Our narrative needs to spend as much time acknowledging the good as it does confronting the bad. We trust that this quarterly newsletter will be enriching to our stakeholders.

Shareholder Engagement

Odd lot Offer Announcement

SEI1 will be proceeding with the implementation of the Odd lot Offer to repurchase from the Odd-lot Holders, their Odd lot Holdings at the Fair Market Value of an SEI1 Share. An Odd lot Offer is a 'standard' corporate action and is permitted by the Company's Memorandum of Incorporation. The Odd lot Offer would affect those shareholders that hold 999 shares and below. In numbers, the Odd-lot Offer will impact approximately 8,675 shareholders that make up 32.94% of the total shareholder base of 26,332 shareholders.

The Odd lot Offer will provide Odd lot Holders with the ability to dispose of their Odd lot Holdings on an efficient basis and will provide liquidity for those Odd-lot Holders who elect not to retain their Odd lot Holdings or who make no election. A formal circular with this notice will be shared with shareholders during the course of October 2021 including further detail on the process and the proposed date of the Special General Meeting which is expected to take place in November 2021.

Save the Dates for Roadshows

The SEI1 management team is pleased to inform shareholders that with the ease in lockdown restrictions, the management team will be embarking on roadshows in ***October 2021 and November 2021*** to engage with shareholders and prospective investee companies. The roadshows will provide context to the Odd-lot Offer noted above and will also offer an opportunity to engage with shareholders as part of the stakeholder engagement plan. The table below shows the proposed dates for the roadshows, details of the timing and location will be shared on our platforms. All Covid-19 protocols will be observed. We urge all shareholders to keep an eye out for this communication.

Shareholder Engagement

Proposed Roadshow Dates

Province	Proposed Roadshow Date
Gauteng	25 – 26 October 2021
North West	27 October 2021
Free State	29 October 2021
Kwa-Zulu Natal	8 November 2021
Limpopo	10 November 2021
Mpumalanga	12 November 2021
Eastern Cape	15 November 2021
Western Cape	16 November 2021
Northern Cape	17 November 2021

Digital Engagement via WhatsApp

In September 2021, the management team of SEI1 set-up WhatsApp groups for each province to channel information relating to SEI1 shareholders and company related activities. The groups are not compulsory and will be used to share relevant public information with SEI1 shareholders relating to roadshows, AGM's and to handle SEI1 shareholder queries over and above the existing platforms that include the contact email, Singular Systems OTC Express platform and all SEI1 media platforms. Should you wish to join, please kindly click on the relevant link below. Please note that standard rules relating to this platform will apply. Please note that the links below are the only formal WhatsApp links administered by the management team of SEI1 and any other group not administered by the company is not a formal group with official information.

Please find the WhatsApp links as follows:

Limpopo
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/KpW5Rs6p5DHHaiyWGlUQYb

North West
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/KyG2sY7vJFUCwHKLdxOqtD

Free State
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/FV2nz6nVnxkGo2P5azd5JZ

Eastern Cape
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/HNjtK900Zfw0riGTq4UTmq

Mpumalanga
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/BhJOyxG3c97JBpgakUNXRl

Western Cape
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/KDhwQrT27ewErWR1s3Q4fz

KwaZulu Natal
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/E0ZoojEUSPGHftixVh6nWZ

Gauteng
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/Esx3dOcv8wGJcyqAO535h1

Northern Cape
Follow this link to join the SEI1 WhatsApp group: https://chat.whatsapp.com/CZU5826NE9glaWUyMo6mDh

SEI 1 OTC trading platform Statistics

Using September data, averaged over a 9-month period from January 2021, a snapshot of the OTC trading platform statistics are as follows:

Trading price range per share	R0.66 – R0.75
Average trade volumes per month	5,000 shares
Average number of deals per month	4
Average value traded	R3,500

Medium used to trade shares:

	OTC/Website	Call Centre
Buy Adverts	87%	13%
Sell Adverts	16%	84%
All Adverts	22%	78%

Through more outreach to shareholders and prospective investors, SEI1 seeks to grow the volumes of trades on the OTC Express platform.

Singular Systems Verification

The scheme administrators from Singular Systems are continually conducting shareholder verification. Should you wish to update your details and have your information verified, please follow the steps below:

Kindly contact the SEI1 Trading Helpdesk for telephonic verification. You may contact us via 0102713902/ sei@singularservices.co.za.

Once telephonically verified, FICA verification documents will be sent to you via email or via SMS. These documents will ensure that your profile is FICA compliant and that you are verified on OTC Express.

You may submit the FICA documents in the following ways:

- **Email:** sei@singularservices.co.za;
- **Post:** PO Box 1266, Bramley, 2018;
- **Hand delivery at the walk-in centre:** 25 Scott Street, Waverley, Johannesburg, 2090.

Kindly note that our turn-around time for assessing client documents is approximately 3 to 5 working days.

When all your documents are received and you have been FICA verified, an SMS and/ or an email will be sent to inform you.

Governance & Compliance

Status of CIPC Liquidation Case

In the June 2021 newsletter, we reported on the progress of the ongoing SEI1 liquidation case brought about by the CIPC due to non-compliance on historical matters. The company had hoped that we would be closer to concluding on this matter, however the case remains open. We hope that as Covid-19 restrictions have been eased, the court process will resume, and a conclusion can be reached on the matter. Further information will be shared with shareholders as the matter with the courts progresses.

Separation with SEI2

In the annual report for the financial period ended 30 June 2019, we reported that the handover process between SEI1 and SEI2 had been 100% complete. SEI1 acknowledges that there remains pockets of outstanding information to SEI2 meaning that the process is not fully complete. SEI1 & SEI2 are working closely to resolve this matter.

Investments

Investment opportunities in the face of uncertainty

According to a Brookings report from July 2021, the Covid-19 crisis has exposed South Africa's biggest challenge: its job market. Even in the best of times, the labour market has been marked by high levels of unemployment and inactivity. Out of a working-age population of almost 40 million people, only approximately 15 million South Africans are employed, which includes 3 million jobs in the public sector. The Covid-19 crisis has made a difficult situation worse because low-wage workers have suffered almost four times more job losses than high-wage workers.

Against the odds, there are also positive developments in the labour market, and young entrepreneurs are one of South Africa's best hopes to solve the jobs crisis. There are an increasing number of start-ups, especially in the digital sector, which are growing fast and could in the future become an engine of jobs growth. Cape Town alone, dubbed the "tech capital of Africa", has over 450 tech firms and employs more than 40,000 people. In 2020, a total of approximately R1.2 billion disclosed investments went into tech and related businesses.

SEI1 aims to be part of the solution by investing in high growth businesses specially in the tech space through our SEI1 Services subsidiary. The Investment team continues to identify and screen investments within the tech space with the view to make investments that will grow SEI1's investment portfolio while also creating an impact through the further development of high growth businesses that will not only create employment but also ensure growth within the economy.

SEI1 Investment Portfolio Snapshot as of 30 September 2021

This section provides a high-level overview of SEI1's investment portfolio for this quarter and the snapshot is split into the three main investment categories namely:

- Unlisted Equity Investments held via subsidiaries;
- Semi-Listed Investments; and
- Listed Investments.

Unlisted Equity Investments

The unlisted equity investment portfolio consists of 3 active investments which were concluded in the 2020/2021 financial period. These investments are revalued annually, and investment movements are reported in the annual report of SEI1. The Seboka Distributors investment has been excluded from the list below as the liquidation process for this business is nearing conclusion.

As an investor, SEI1 continues to look at opportunities that yield the desired returns for our portfolio. We maintain a long-term view and are continually supporting existing investee companies while continuing to assess the investment landscape to find suitable investments that meet SEI1's criteria. This quarter, we take a detailed look at investee company Zama Finance, whose sole aim is to bridge the funding gap and promote financial inclusion. SEI1 holds a 30% equity stake in Zama Finance through SEI1 Financial Services (Pty) Ltd.

Investments (continued)

Investee Company	Subsidiary	Nature of Business
Ara Indigenous (Pty) Ltd	SEI1 Manufacturing (Pty) Ltd	Production and sale of Imphepho soap for health benefits. The business has currently reviewed its digital strategy with the aim of pushing more products across the country. To order click on this link https://araindigenous.com
Zama Finance (Pty) Ltd	SEI1 Financial Services (Pty) Ltd	Micro finance lender focusing on bridging the financial inclusion gap while using technology to bridge the gap.
Riverside Developments (USave)	SEI1 Services (Pty) Ltd	Property development company developing property supported by lease agreements from Shoprite for USave branches in rural areas. The first branch is currently under development in the North West Province and is set for operational use by the end of November 2021.

Spotlight on Zama Finance

Business History

Zama Finance was founded in 2013 by Managing Director Trevor Rowe; the first branch was in the Highflats, Kwa-Zulu Natal ("KZN"). The business was born out of a company called Loanman that had been set up in 2004. When the financial crisis hit, Loanman was forced to expand their footprint or close their doors. Trevor founded branches in Donnybrook and Highflats which immediately turned over +/-R 400 000 per month with the book growing to over R 1 million within a year. Trevor was instrumental in establishing mobile pay points in rural areas co-ordinating with pension pay-out/grant locations. It was this experience that allowed Trevor to see the gaps in the market for funding solutions in rural areas.

Spotlight on Zama Finance

In 2013 an opportunity in the micro lending industry emerged. The industry, whilst highly regulated was poorly positioned to provide that segment of the market with quality services and products. Zama Finance entered the market and took a strategic decision to develop a system to provide mainstream products and services to an informal market.

Vision & Mission

The vision of Zama Finance is to fill the gap in the micro lending and financial services industry to facilitate financial inclusion and poverty reduction in remote rural areas. The Company's motto is "Sisebenza Ngomuntu: We work with humanity." Zama Finance's mission is to provide accessible financial solutions to low income client's with the goal of financial inclusion and poverty reduction.

In addition to tailoring the services to meet client needs, one of the biggest challenges is delivering secure and reliable financial services where customers are in rural areas, often far from existing branch networks. Zama Finance aims to provide the following:

Spotlight on Zama Finance (continued)

- To provide a one-stop shop to customers with secure access to pay-outs, personal loans and ATM services.
- Accelerating financial inclusion through constant expansion into rural areas thus providing more customers with access to secure and reliable financial services through an infrastructure of trusted branches.
- A platform that meets all the NCR requirements and digital/mobile paperless system.
- To provide employment opportunities to previously disadvantaged communities within which the business operates.
- To be a role model in our communities, helping others achieve their own success by exceeding their own expectations and setting new and greater goals for themselves.

Financial services and specifically micro lending is the core competency of Zama Finance. It requires stringent financial control and strict adherence to budgets. Zama Finance has developed a system that not only accurately predicts future financial outcomes, but manages the day to day, hour to hour financial control of the business, ensuring that the business is at no stage overextended in the short and long term.

Zama Finance is currently in the process of a strategic national expansion. This is being achieved through a collaboration with a national partner. The business started off with 1 branch which employed a branch manager and a service consultant. Subsequently the business has expanded into various regions within KZN, and currently has 11 branches, employing 68 staff. The head office team comprises of 6 regional managers.

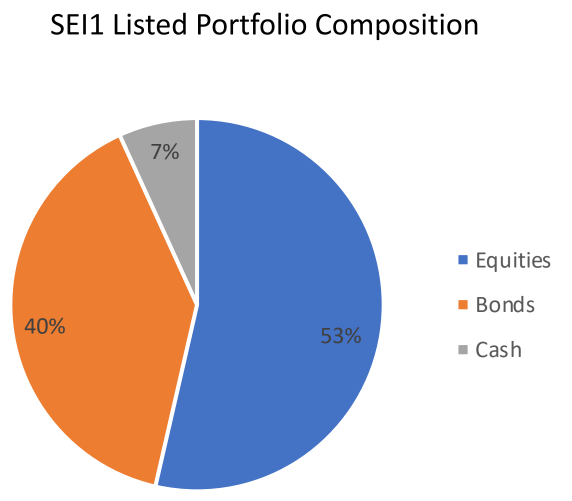
Semi-Listed Investment Portfolio as of 30 September 2021

Semi – Listed BEE Portfolio				
BEE Investments	Share ID	No of Shares	Share Price	30-Sep-21
MTN Zakhele Futhi	MTNZF	334 961	R 24,06	8 059 162
Phuthuma Nathi	PN	77 500	R 127,01	9 843 275
Sasol Khanyisa	USOLKH	15 588	R 66,48	1 036 290
Sasol SOLBE1	SOLBE1	21 044	R 128,00	2 693 632
				21 632 359

The table above shows the market value of SEI1's semi-listed BEE share schemes in which SEI1 participates in. SEI1 is a long term investor in these share schemes guided by the terms and conditions of each of these schemes Since acquisition, SEI1 has seen an appreciation in the share price of the various schemes. Though there are fluctuations in these share prices, the long term trend has been a capital appreciation with this portfolio doubling in value since acquisition. In the last quarter, there has been a steady appreciation in the share price of the MTNZ and Sasol SOLBE1 shares. The share price for Sasol Khanyisa is determined annually by the scheme based on a formula in place and this is not listed therefore the same share price is used. The share price for the Phuthuma Nathi shares has declined in the last quarter as compared to a share price of R142 a share in the last quarter. Despite the decline in share price, the Phuthuma Nathi share scheme has declared dividends in September 2021.

Listed Investment Portfolio

SEI1's listed investment portfolio is managed by Ensemble Capital asset managers. The listed portfolio composition is shown below:



The listed portfolio balance is approximately R90 million for the quarter. The portfolio's equity component exposure has 70% allocated to resources, and this has remained unchanged year-to-date. The equity allocation has returned 13% over the first six months of the year, because of this bias towards resources. The portfolio has benefited from its exposure to diversified miners, with exposure to coal mining generating significant returns in the month of June 2021.

An underweight position in the financial sector was maintained, as the low interest rate environment persisted throughout the quarter, which remains unfavourable for the sector. An opportunity to boost the portfolio's earnings by rebalancing the fixed income component exists and it's expected to increase the fixed income yield by 2%.

The asset managers believe that a higher allocation to the equity asset class is better-suited to achieve higher capital appreciation over the long term. Despite the low interest rate environment, it is the view that the current allocation of 40% to fixed income assets and 53% equities is moving in the right direction in terms of strategic asset allocation which is 75% equities and 25% fixed income. However, at current asset allocation levels we believe it is enough to meet the cash flow needs of SEI1, as well as improve the probability of achieving long term return objectives.

People Matters

At least 25% of South Africans are now partially Covid-19 vaccinated.

According to Business Insider (www.businessinsider) South Africa's vaccination rollout has reached another important milestone, with 25% of all adults – aged 18 and above being partially vaccinated against Covid-19.

A quarter of all South African adults have received at least one dose of the Covid-19 vaccine. This represents some 10 million people who have received their first dose of the Pfizer vaccine or their one-shot Johnson & Johnson (J&J) jab.

While the government's vaccination drive has visibly ramped up over the last few months, authorities are still hitting hurdles with the spread of misinformation about vaccines and their efficacy, cultivating vaccine hesitancy within the population. New data from the South African Health Products Regulatory Authority ("SAHPRA") and the Department of Health shows that, while there have been many reports of common negative side-effects from Covid-19 vaccines, none are directly attributed to deaths in the country.

According to (www.businesstech) between May and 31 August 2021, 86 reports of death among people who received Covid-19 vaccines (0.0007% of the total). Forty-six of these cases are still under investigation; however, 40 have been investigated and causality assessed. The experts found 34 cases to be coincidental, with no relation to the vaccine. 13 of the cases were Covid-19 related, and one case was a breakthrough infection. The remaining 6 cases were unclassifiable due to inadequate information available.

Vaccinated people are therefore encouraged to report any adverse event that is of concern to them. Anyone experiencing a severe adverse event or an adverse event getting worse and not subsiding within 2-3 days should immediately seek help at the nearest healthcare facility, i.e., clinic, hospital, or general practitioner.

The South African government has stressed that not having an immunisation certificate would not bar unvaccinated people from using services in sectors like health, education, and social services. Vaccine passports are not aimed at punishing South Africans but rather to ensure that residents protect each other.

Whilst government says it won't make COVID vaccinations compulsory for its employees, private companies such as Naspers is are making Covid-19 vaccines mandatory for staff after the country's largest medical-scheme administrator Discovery took the step earlier this month.

SEI1 still empowers vaccination for South Africa to bring back handshakes and better ways of living.

More information about COVID-19

It is important to stay informed through official sources. Learn more at https://www.gov.za/covid-19/vaccine or call the National Coronavirus Helpline on 0800 029 999 and WhatsApp: 0600-123456.

Celebrating our Heritage

September was Heritage month in South Africa. At SEI1, we explored the concept that Ubuntu opens us up to others. This is such a powerful concept. When we open ourselves up to other people's views, beliefs, ideas, culture, heritage, religion and language we open ourselves up to growing and enriching our lives and mindset.

SEI1 has a diverse shareholder base, board, management team and stakeholders, all of whom come from a rich heritage. As part of heritage month, we engaged some of the SEI1 management team to see what heritage day means to each of them:

What Does Heritage day mean to me?

Go ikgantšha ka maleme a Sepedi e lego Sepedi sa Lebowa, Khelubedu, Setokwa le Sepulana, go ja bušwa ka morogo wa Monawa le Leroto, basadi ba apara Yele le Nyebelese, banna ba tšwara Ntepa le Lekgeswa, gwa letšwa Arepa gwa binwa dinaka le kiba, re gopotše bo kgoši Sekhukhune, le dinoka tše kgolo bo Lepelle, ra kgothama fase ra re Thobela.

Heritage is about to a display of love and respect for our history, it is to celebrate the lifestyle of the previous generation, their beliefs and values and pass it to the future generations, it is about learning other different cultures and bringing unity in the society, let us expose our culture, let's all embrace and celebrate what we inherited from our forefathers which is the African identity, native languages, good manners, traditional attires, food and the land.

Refilwe Mohwatseleng (Personal Assistant)

Heritage Day translated to isiXhosa as usuku lwamagugu namasiko. To me it is a celebration of my roots – it is about paying homage to my forefathers ooJili, ooMasengwa. It is about celebrating isizwe samaBhaca and acknowledging 'in awe' the cultural diversity of South Africa and its people. It is a reminder of where we come from as a country, what we have achieved, and what we could accomplish if we celebrated our differences.

To me heritage is about preserving the history of Shaka and the Kwena people – ensuring that their teachings are passed on to next generations. It is about the artistry of Miriam Makeba and Edna Mahlangu. It is appreciating the beauty of the Drakensberg and Magwa falls. Acknowledging the giants of the Dinka and leaps of the Maasai. Heritage to me is the Cape Malay Bobotie, the Snoek fish, Roosterkek, Oysters, umngqusho nomqa and the braai. It is honouring and celebrating all these things that make us uniquely African while conserving its rich history.

Wanda Novukela (Group Financial Accountant)

Celebrating our Heritage (continued)

Heritage Day is about celebrating where I come from. It is about celebrating the people and various cultures and traditions that make me who I am today.

"Umuntu ***Ngumuntu Ngabantu****" – Translated as I am, because you are.*

I am a firm believer that I am because of the rich heritage of those that have come before me and those that are around me on a day-to-day basis whether it is in a social or professional setting. Heritage day provides an opportunity for us to celebrate the diverse nature of the people in our country, the continent and the world at large. Heritage day also allows us to celebrate our differences, which when respected, allow us to achieve more through working together thus creating a better future for those that will come after us.

Mazvita Maradzika (MD)

In Conclusion

As we enter the final stretch of 2021, the board and Management of SEI1 would like to thank all stakeholders for the continued feedback and support that allows the business to improve on its processes to ensure that all stakeholders needs are managed accordingly. We would like to encourage all stakeholders to continuously engage with the team at SEI1 and share scheme administrators, Singular Systems on the relevant platforms.