Selective Empowerment Investments 1

Newsletter
December 2021

INTRODUCTION

FESTIVE SEASON EDITION

A warm welcome to Selective Empowerment Investment 1's ("SEI1") quarterly newsletter to December 2021. 2021 has taught us much in the way of staying the course, looking ahead and the importance of climbing together to summit safely. While everyone's terrain is different, the goal remains the same, that is, building a sustainable and profitable business that can become a formidable player in the investment holding space. We look forward to the new year with hope of getting closer to achieving the strategic objectives of the business.

SHAREHOLDER ENGAGEMENT

1. SEI1 Annual Report for 30 June 2021 Release

The SEI1 Annual report for the year to 30 June 2021 will be released onto the SEI1 website and the OTC Platform on the 20th of December 2021. The annual report will also be shared on the various official SEI1 platforms and stakeholders can access this report to read through this.

The annual report will form the basis of the 2022 Annual General Meeting to be scheduled in March 2022. The annual report includes the following:

+ Strategy Implementation Report.
+ Board Subcommittee Reports (Investments, Social & ethics, Remuneration & Nominations and Audit & Risk Reports, Corporate Governance).
+ Group Risk Management Report
+ Group Consolidated AFS of SEI1

We urge all shareholders to read through this annual report to stay updated on the SEI1 Group's performance. It is also important to note that all entities except for Seboka Distributors received clean audit reports and an emphasis of matter have been raised on the holding company audit report highlighting the impact of the ongoing CIPC cases and the Seboka Distributors loan impairment on the going concern of the SEI1 Group. The overall outcome has been positive despite the various challenges.

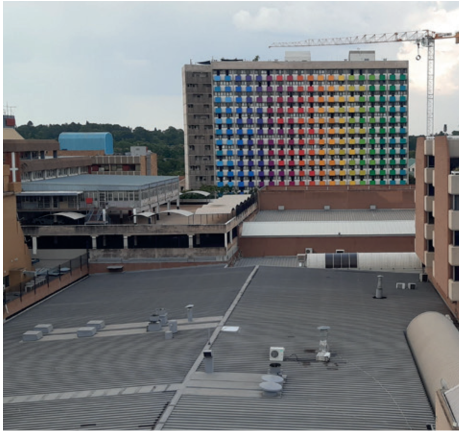
2. Shareholder Feedback Roadshow Report

The SEI1 Management team in conjunction with Singular Systems embarked on a series of roadshows in October and November 2021 in preparation for the General Meeting for the Odd–lot offer. The roadshows were also to engage shareholders as part of the stakeholder engagement plan. The last roadshow was concluded in Kimberley on the 17th of November 2021.

The SEI1 team in conjunction with Singular stratified the share register according to location and selected venues. The choice of venues for the earlier roadshows were impacted due to the elections and vaccination roll out programs so typical venue locations could not be utilized for Gauteng and North West Provinces roadshows.

The SEI1 team sent out the following communications to notify shareholders of the roadshows:

+ Save the dates sent early in October 2021.
+ Notifications sent out via the provincial WhatsApp groups and social media pages
+ SMS's and emails sent out by Singular Systems.
+ Reminder SMSs per province sent out by Singular Systems to shareholders a week before the roadshows.



The table below provides feedback from shareholders per location:

Location	Attendance	Common Comments
CENTURION: GAUTENG	**36**	+ Declining share value since inception. + Lack of dividends or low dividends. + Distinction between StratCorp/ICI/Wealthnet. + Follow up on R27 million taken by Virtus Financial Services to affected shareholders. + Concerns of providing FICA information telephonically to Singular agents as they were not sure if their information would be lost or duplicated. + Complexity of how to use the OTC Platform. + Lack of sight of the management team and board in previous years. Time to implement new strategy.
RUSTENBURG: NORTHWEST	**5**	+ Declining share value. + Lack of dividends or low dividends.
BLOEMFONTEIN: FREE STATE	**20**	+ Lack of dividends or low dividends. + How to use the OTC platform. + Share value decline. + Request for training on how to trade shares on JSE but also training on the value of shares. A monthly Zoom meeting was requested.
RICHARD'S BAY: KWA-ZULU NATAL	**5**	+ Declining share value. + Lack of dividends or low dividends. + Distinction between StratCorp/ICI/Wealthnet. + Lack of shares being purchased on the OTC Platform.

POLOKWANE: LIMPOPO	**47**	+ Fairness of the Odd-lot Offer and lack of premium on the offer price. + High costs of Odd-lot Offer. + Why shareholder engagement costs had increased from R1m in 2019 to R5m in 2020. + Request for a cost breakdown for shareholder engagement costs. + Request for subsidiary AFS and interim 2021 AFS. + Explanation of loss on Seboka and related liquidation. + Can monies be recouped from Seboka Venture? + Declining share value. + Lack of dividends or low dividends. + Distinction between StratCorp/ICI/Wealthnet. + Follow up on R27 million taken by Virtus Financial Services. + Concerns of providing FICA information telephonically to Singular agents as they were not sure if their information would be lost. + Lack of visibility from the board or management team previously. + Time to implement new investment strategy.
BURGERSFORT: MPUMALANGA	**15**	+ Declining share value. + Lack of dividends or low dividends. + Inconsistent information from the company in the past. + Distinction between StratCorp/ICI/Wealthnet.
KING WILLIAM'S TOWN, EASTERN CAPE	**6**	+ Lack of dividends or low dividends + Lack of visibility from the board or management team previously. + Inconsistent information from the company in the past.
KIMBERELY, NORTHERN CAPE	**2**	+ Lack of dividends. + Distinction between StratCorp/ICI/Wealthnet. + Follow up with the liquidators of Virtus on funds invested between 2014-2016. + Low turnout attributed to shareholders not being interested in hearing from SEI1.

Responses to Key Questions asked during Roadshows

All questions asked during the roadshow were responded to verbally in the presentations and at the General Meeting held in November 2021. For the benefit of all SEI1 shareholders key responses are provided below:

Declining share value, tradability of shares and limited dividends?

+ SEI1 has implemented the unlisted investment strategy that will see the cash generative assets being acquired to improve the company share value and to ensure that the SEI1 share price is attractive due to assets held to ensure tradability.

+ Through the acquisition of cash generative assets and a reduction in costs, it was expected that the business would be able to declare dividends in the medium to long term.

How to trade on the OTC Express Platform?

+ This information has been loaded on the company website and shared via the various social media platforms. The call center staff can assist shareholders further.

+ Monthly training will be scheduled from January 2022 to assist shareholder on how to use the platform.

Distinction between SEI1 and other Stratcorp related Companies?

+ It was highlighted to shareholders that SEI1 though had links to other Stratcorp related companies, is a standalone legal public entity and as such can only assist with respect to matters pertaining to SEI1 and not the other related legal entities.

+ Contact details for Stratcorp related companies were circulated during the roadshows and this information is readily available for referral.

Follow up on R27 million subscription by Virtus Financial Services to affected shareholders?

+ Following a series of Roadshows that took place between October and November 2021. The SEI1 team received questions from some shareholders, whom had taken part in a subscription of shares that was initiated by Virtus Financial Services in/or around 2014/2016.

  This subscription of shares was marketed as a subscription in SEI1 and related company shares, however this subscription did not materialise and monies were taken from prospective shareholders. As most of you have come to know, these funds were never received by SEI1 and related companies and were placed in an attorney's trust which is managed by Walkdick Jansen Van Rensburg Law Firm ("WJVR" Attorneys.

  Affected SEI1 shareholders have requested that a petition is set-up so this can be presented to the attorney's in order to ensure that they can recoup lost monies as far possible. It is important to note that there have been various efforts to engage the FSB, now FSCA in the past by various related companies and these efforts remain ongoing. If you are an affected shareholder and wish to include your name on this petition to the attorney's, please click on the form below and complete your details. It is expected that this petition would be presented to the attorneys at the end of January 2022.

+ **https://bit.ly/3sfaXIW**

+ Apart from completing the petition, affected shareholders can also send enquiries to WJRV Law on the following contact details.
    - Telephone: 012 643 004
    - Fax: 012 643 0074/086 231 0153
    - Email: info@wjvrlaw.co.za

Conclusion on Roadshows

+ It was encouraging to receive general feedback that shareholders noted that they could see the improvement in communication from the company through roadshows, social media engagement, official SEI1 WhatsApp Groups and through
+ the outbound call process managed by scheme administrators Singular Systems, the teams were well received and though there were many questions throughout the presentations, engagement was cordial.

+ Shareholders also noted that the roadshows were insightful in terms of understanding what the company strategy is now, and many noted they wished to hold shares longer and other noted that they would like to purchase more shares.

+ SEI1 would like to thank all the shareholders that participated and attended the roadshows.

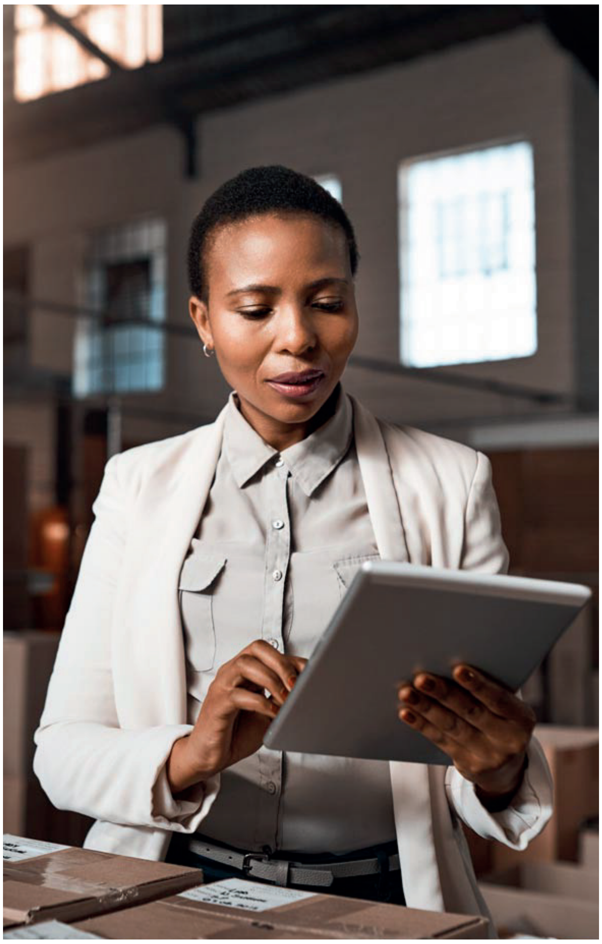
3. Results of the Odd-lot Offer

Following the approval of the Resolutions passed at the General Meeting held virtually on 19 November 2021, shareholders are advised that the Odd–lot Offer transaction has been implemented in accordance with the Terms and Conditions of the offer as detailed in the circular.

3 163 828 SEI 1 odd lot shares have been repurchased by Selective Empowerment Investments 1 Ltd at repurchase consideration of R0.79 per SEI1 share. As such, the issued share capital of the SEI1 share scheme has been reduced from 138 802 534 to 135 638 706.

As of 26 November 2021, the share register was reduced by 32.8% to 17 680 SEI1 shareholders.
The cash consideration has been disbursed to 8641 odd lot holders who elected to dispose of their holding and those who did not make an election by the cut–off date.

Shareholders are advised to contact Singular Systems on sei@singularservices.co.za or contact 010 271 3902 for any queries.



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.

4. Singular Systems Verification

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

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

2. 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 registered on OTC Express.

5. 2022 Preliminary Calendar for Shareholders

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

Key Event	Proposed Dates
How to use the OTC Express Platform for share trades	Monthly via Zoom (Virtual Events)
SEI1 Notice of Annual General Meeting Issued	19 February 2022
SEI1 Annual General Meeting Roadshows	19 February 2022 - 16 March 2022
SEI1 Annual General Meeting	22 March 2022

It is important to note that the nature of the event will depend on Covid–19 restrictions. The SEI1 team however hopes to have an in–person AGM in 2022.

GOVERNANCE & COMPLIANCE

1. Status of CIPC Liquidation Case & Director Delinquency (Legacy Matters)

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

INVESTMENTS

On 30 November, Statistics South Africa has published the Quarterly Labour Force Survey (QFLS) for Q3 2021, showing how continued lockdown restrictions, load shedding and the July riots impacted jobs in the country. The above impacts resulted in the official unemployment rate increasing by 0.5 of a percentage point from 34.4% in the second quarter of 2021 to 34.9% in the third quarter of 2021 - the highest since the start of the QLFS in 2008.

The results show that the number of employed persons decreased by 660,000 in the third quarter of 2021 to 14.3 million. By comparison, the number of unemployed persons decreased by 183,000 to 7.6 million from second quarter of 2021. On 7 December, Statistics South Africa published real gross domestic product (GDP), which under the twin pressures of tighter COVID–19 lockdown restrictions and a spate of civil disorder in July, as well as several other headwinds, the South African economy contracted in the third quarter of 2021 (July-September).
After recording four consecutive quarters of positive growth, GDP slumped by 1,5%1, eroding some of the economic gains the country has made since the severe impact of COVID–19 in the second quarter of 2020. In the third quarter of 2021 the level of GDP was on par with the first quarter of 2016.

SEI1's investment team is continuously seeking and screening investments from various partnerships and industry sources based on our investment criteria. The screening ensures that SEI1 only invests in quality investments, which will yield the highest returns for shareholders in the long-run.

SEI1 Investment Portfolio Snapshot as per end of quarter

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.

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

1. Unlisted Equity Investments

The unlisted equity investment portfolio currently consists of 3 active investments which were concluded in the June 2020/2021 financial period:

- Ara Indigenous (Pty) Ltd;
- Zama Finance (Pty) Ltd; and
- Riverside Developments (Pty) Ltd (USave stores).

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 MANUFACTURING (PTY) LTD	Micro finance lender focusing on bridging the financial inclusion gap while using technology to bridge the gap.
RIVERSIDE DEVELOPMENTS (USAVE STORES)	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 early February 2022.

These investments are revalued annually, and investment movements are reported in the annual report of SEI1.

SEI1 plays a pivotal role in the post investment activities of the investments, with meetings with the investment management team every 2 weeks, to ensure that operations are in-line with initial projections when investment was made.

This quarter, we take a detailed look at investee company Ara Indigenous, whose Production and sale of Imphepho soap for health benefits. SEI1 holds a c.23% equity stake in Ara Indigenous through SEI1 Manufacturing (Pty) Ltd.

Spotlight on Ara Indigenous

Business history and overview
ARA is a South African start up that manufactures and distributes personal hygiene soap that utilizes Imphepho, also known as Kooigoed and African Sage, which has been steam extracted and added to the soap bars. The company has registered the logo and trademark name of ARA with the patents office.

The Company has been operational since April 2019 was founded by Adrian Varkel and Joanne Sandler and now incorporates various shareholders including SEI1 that holds 23% in the business. ARA partners with suppliers to manufacture the bars of soap and retail stores to distribute its product.

Product overview
Imphepho has bteen used in South African traditional medicine for generations, it is believed to protect, nourish and cleanse both body and soul. The Imphepho soap bar has glycerine which can be used daily by the whole family to help nourish, cleanse and protect body and soul. Imphepho soap's unique formula has been developed for South African skin and is locally manufactured. Imphepho oils are said to have anti–viral, anti–bacterial, anti–inflammatory and anti–fungal properties.

Current operations and future growth
The business has completed its pilot phase and is looking to solidify operating model over the next few months. The company has secured a distribution agreement with Takealot.com and can be found in Pick n Pay stores in KwaZulu Natal (KZN). The company is in the process of partnering with various businesses and individuals to sell Imphepho soap based on a multilevel marketing strategy. This will potentially increase the soap's expose across the country, with reduced dependence on large retailers.

2. Semi-Listed Equity Investment Portfolio as of 30 November 2021

BEE Investments	Share ID	No of Shares	Share Price (R') - 30-Sep-21	Share Price (R') - 30-Nov-21
MTN Zakhele Futhi	MTNZF	334 961	24,06	34,00
Phuthuma Nathi	PN	77 500	127,01	135,00
Sasol Khanyisa	USOLKH	15 588	66,48	66,48
Sasol SOLBE1	SOLBE1	21 044	128,00	141,21
Value (R')			**21 632 359**	**25 859 087**

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.

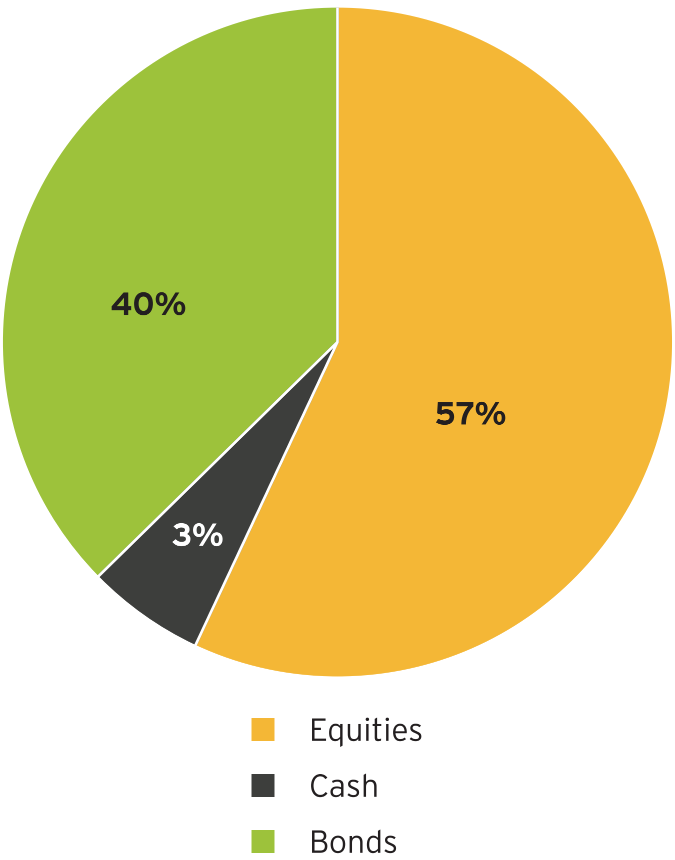
Over the last 2 months from 30 September to 30 November, the semi–listed portfolio has appreciated by c.R4.3 million, from R21.6 million to R25.9 million.

The key underpin for the improvement in the last quarter is due to the increase in the share price of all unlisted shares, with the best performing sharing being MTN Zakhele Futhi which increase by c.41.3%. Phuthuma Nathi and Sasol SOLBE1 increased by c.6.8% and 10.3% respectively.

3. Listed Investment Portfolio

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

SEI1 Listed Portfolio Composition (Nov 2021)



The listed portfolio balance sits at approximately R85 million as at the end of November, on the back of the Odd–lot offer. The portfolio's equity component exposure is overweight in the resources sector, and this has remained unchanged over the year. Year to date, Resources (RESI10 Index) returned 25.42%, and this has translated into a positive alpha contribution for the portfolio.

The search for higher yielding fixed income instruments remains ongoing since the low interest rate environment has had an adverse effect on the portfolio yield. Opportunities to participate in tactical trades aimed at boosting the yield will be taken as and when the options are identified. Exposure to inflation linked securities was maintained as these securities add value on a real basis, more especially in times of a heightened inflationary environment.

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 57% 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.

The portfolio has returned 18.01% for the annual period ending 30 November 2021, compared to the CPI+6% benchmark, which grew by 11.02%. Since the strategic change in the portfolio's alpha driver in August 2018, the portfolio has generated an after-cost return of 9.94% per annum versus the CPI+6% target of 10.37%.

ENVIRONMENTAL, HEALTH & SAFETY MATTERS

The great debate: Should South Africa consider mandatory vaccination policy?
President Cyril Ramaphosa addressed the nation on the new Covid-19 variant, Omicron, and so-called developed countries, closed their borders to people from southern Africa.

In his speech, the President noted that the government has set up a task team to consider "making vaccination mandatory for specific activities and locations". This revelation has sparked the debate - is it unconstitutional to impose mandatory vaccination?

When you have the proportion of positive Covid-19 cases rising from 2% to 9% in just under a week, then the writing is on the wall that the pandemic is still the greatest threat to public health and mandatory vaccination is a must. The source of these debates is the proposal that places such as hospitals, grocery stores, certain government services, large-scale events, travel in buses, taxis and aeroplanes, indoor establishments such as restaurants and taverns, and places of worship be subjected to vaccine mandates or allow access only to people who are vaccinated.

Many South African businesses and other groups have warmed up to the idea of mandatory vaccination, with many following suit, and anti-vaccination groups and people argue that nobody should be coerced to vaccinate and that mandatory vaccination policy is anti-human rights.

Now, let us unpack the issue of human rights. The World Health Organization published a policy brief entitled Covid-19 and Mandatory Vaccination: Ethical Considerations and Caveats, which answers the question, what does "mandatory vaccination" entail? The relevant part reads:

1. While interfering with individual liberty, [a mandatory vaccination] does not in itself make a policy intervention unjustified. Such policies raise several ethical considerations and concerns and should be justified by advancing another valuable social goal, like protecting public health.

2. Typically, mandatory vaccination policies permit a limited number of exceptions recognized by legitimate authorities (e.g., medical contraindications).

3. Despite its name, "mandatory vaccination" is not truly compulsory, i.e., force or threat of criminal sanction are not used in cases of non-compliance ; . Still, "mandatory vaccination" policies limit individual choice in non-trivial ways by making vaccination a condition of, for example, attending school or working in particular industries or settings, like health care. Such policies are not uncommon.

It should be noted that mandatory vaccination has always been constitutional and has been for over a century. Imposing so will allow us as a society to control Covid-19 infection while at the same time allowing the social, economic and political aspects of our lives to run as normally as possible. Of course, there will never be ordinary normality after this pandemic.

As a carrying corporate member of society, we pledge support to the government of South Africa and agree that it will be derelict in its constitutional duty to protect the public from a health pandemic, should it not impose mandatory vaccination.

Source: Article adapted from the Daily Maverick, "A constitutional duty: The case of mandatory vaccination"

https://www.dailymaverick.co.za/opinionista/2021-11-30-a-constitutional-duty-the-case-for-mandatory-vaccination/

CONCLUSION

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 scheme administrators, Singular Systems on all the relevant platforms (SEI1 Website, OTC Express Platform, SEI1 WhatsApp Groups, SEI1 Facebook & LinkedIn Pages. We wish you and your families a happy and restful holiday season ahead.

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