



Selective Empowerment Investments 1

Newsletter

March 2023
Easter Edition



INTRODUCTION



A warm welcome to Selective Empowerment Investment 1 Limited's ("SEI1") quarterly newsletter to March 2023. The first quarter of 2023 was challenging for South Africa, which saw continued loadshedding and rising interest rates that had an ultimate impact on the economic outlook.

Some economic analysts have predicted that 2023 will be a year of recession for South Africa and have revised the growth rates down to approximately 1.4%. Despite the somewhat dim looking economic outlook, operationally the team at SEI1 and stakeholders continue to push through to ensure that the Company is growing and targets are met within the restrictive conditions in which we operate. The first quarter of 2023 saw the SEI1 team participate in a sod-turning ceremony for the development of Maruleng Mall in Hoedspruit, Limpopo.

SEI1 is a 30% equity investor in this development. The fruition of such a project brings forth a sense of hope that the tides are turning and the unlisted investment strategy is slowly but surely starting to yield results.

As always, we look forward with hope and remain committed to achieving the strategic objectives of the company for the financial year ending 30 June 2023.



SHAREHOLDER ENGAGEMENT

SEI1 AGM Roadshows Feedback Report

Following the publishing of SEI1's Annual Report on the 22nd of December 2022, the SEI1 team in conjunction with Singular Systems embarked on a series of roadshows from Monday the 27th of February 2023 to the 22nd of March 2023 to engage with shareholders.

The purpose of the roadshows is to:

- + Provide shareholders with notice for the AGM;
- + Provide SEI1 shareholders with a summary of the company's performance for the financial year ending 30 June 2022;
- + Provide an opportunity for shareholders who are unable to vote or attend the virtual AGM to ask questions and vote on the decisions or appoint another shareholder to vote on their behalf using a proxy form;
- + Take shareholders through the summary of the annual report, the resolutions, and the post-balance sheet events;
- + Respond to any questions or concerns that may arise and provide feedback; and
- + To ensure shareholders' FICA documents were updated by the Singular team.



Communications prior to the roadshows

- + Save the dates' for the roadshow messages were sent on the 6th of February 2023 on the SEI1 social media platforms.
- + The SMS for the dates and venues for the roadshows were sent on the 22nd of February 2023.
- + Notice to the virtual AGM was sent on the 23rd of February 2023 via all SEI1 platforms and through the post where required.
- + Confirmation of venues and dates was sent out on the 1st of March 2023 on the provincial WhatsApp groups.
- + Follow up SMS's were sent per province a week prior to the roadshows.



AGM-Roadshows attendance

Date	Location	Attendance
27/02/2023	Gauteng – Centurion	42
02/03/ 2023	Free State – Bloemfontein	32
03/03/2023	Northern Cape – Kimberley	11
08/03/ 2023	Northwest – Klerksdorp	34
10/03/ 2023	Mpumalanga – Witbank	59
14/03/2023	Eastern Cape – King Williams' Town	15
17/03/2023	KZN – Richards 'Bay	15
20/03/2023	Limpopo – Polokwane	Cancelled
22/03/2023	Gauteng – Vaal	65

Due to the EFF national shutdown on the 20th of March 2023, Limpopo shareholders were informed of the cancellation via SMS and through the various platforms on the 15th of March 2023.

Questions raised during the roadshows & responses.

Q Why has dividend not been declared considering the Group NPAT of R12.5m in the 2021/2022 Financial year?

Answer: Dividends are only declared by the board after having satisfied itself that such a decision will not negatively impact the liquidity and solvency requirements of the company in terms of the Companies Act. The board has also taken a decision to build the capital reserve, through a new strategy for growth, dependent on new and diversified investments (Listed and unlisted portfolios) and operational efficiencies while at the same time ensuring good governance and compliance.

Q Why were there no roadshows all along and why only engage after so many years?

Answer: SEI1 has been conducting roadshows since September 2020 in all provinces. Roadshows were limited from 2020 due to the onset of Covid-19, however, due to the lifting of restrictions in 2021, the company was able to resume with full roadshows from October 2021 and has since arranged annual roadshows, specially prior to the AGM's that are typically scheduled in March. SEI1 does continue to engage shareholders outside of the roadshow process on its various platforms.

Q When are the next shareholders meetings planned?

Answer: The company shall take the decision and advise. Feedback will be provided in that regard, however, shareholders are encouraged and advised to continue to use the contact details provided for SEI1 and Singular Systems.



Q Why are waiting periods so long when contacting singular and knowing shareholders are mostly pensioners and have no money?

Answer: The turnaround time for response from Singular Systems once all information is submitted is 72 hours which is 3 working days.

Q Why do shareholders have to speak directly with the buyers when selling their shares when that is not the case with other systems?

Answer: The Over-the-Counter Express Platform is designed this way to allow shareholders the opportunity to negotiate on price ensuring the sale price is beneficial to both the seller and buyer.

Q How is the company looking towards other communication methods given that most shareholders are elderly and have challenges using and understanding digital platforms.

Answer: SEI1 makes use of various forms of communication i.e., roadshows, SMS, virtual social media platforms to communicate with shareholders. SEI1 continues to explore other methods to ensure reach to all shareholders. Online methods have so far assisted the company together with the roadshows to reach out to our shareholders. The company will continue to use all options available and financially viable to reach out to all our stakeholders. Shareholders are encouraged to always ensure their records are up to date to ensure that they receive the latest company information.

Q Why do we have to vote for the directors, their fees, and appointments to committees when we are not receiving any dividend?

Answer: Directors have a fiduciary duty to run the company according to or in terms of the Companies Act and the company's Memorandum of Incorporation and as such directors' fees are aligned to the requisite roles and responsibilities. The directors' fees were last revised in 2020.

Q When will the directors attend roadshows?

Answer: Directors are largely independent non-executive directors and therefore the function of roadshow attendance is managed by the management team and Singular Systems. Directors attend the Annual General Meetings of the company. Should shareholders have queries for the board, these queries can be shared and raised during the AGM's or through the Company Secretary. The channels remain open between shareholders, the management team and board of SEI1.

Q Why cannot shareholders appoint their children as non-executive directors?

Answer: SEI1 is a public company and aligns to the King IV Principles of Good Governance & the Companies Act. The directors are appointed based, among other important things, on qualifications, expertise, and experience and not necessarily on the basis of being a dependent or family member of the shareholder/s. A conflict of interest would arise in such circumstances and therefore in alignment to good governance principles, directors are independently sought.



Results of the SEI1 AGM held virtually on the 24th of March 2023

The AGM notice and related Annual Report for the year ending 30 June 2022 was released on the 23rd of February 2023 on various platforms. The SEI1 team in collaboration with scheme administrators, Singular Systems, embarked on a journey to collect proxy forms through roadshows and through an outbound call process from the Singular Systems Call Centre. The virtual AGM was successfully held on Friday the 24th of March 2023 and all resolutions were passed.

SEI1 would like to thank shareholders or representatives of shareholders that attended the meeting and contributed toward the AGM through robust engagement. Minutes of the AGM will be shared on all SEI1 platforms in due course. The results of the AGM were released and are available [Here](#)



Beneficial Interest Shareholders

As at the end of June 2022 SEI1 had 17 619 shareholders across South Africa and selected Southern African countries with 56 (0.34% of issued share capital of SEI1) of those shareholders being juristic persons [companies, close corporations, and trusts] with underlying beneficial interest shareholders.

In terms of SEI1's Memorandum of Incorporation ("MOI"), clause 14, which is effective as of May 2021, states that the Company's issued securities may not be held by, and registered in the name of, one person for the beneficial interest of another person as set out in section 56(1) of the Companies Act 71 of 2008 ("the Act"). Your entity/grouping has been identified as one with beneficial interest shareholders. As part of an ongoing compliance exercise and in alignment with the MOI, SEI1 is presenting the following two options to resolve the significant compliance matter:

- + A request that such persons or entities holding shares on behalf of beneficial interest shareholders allocate shares directly to the beneficial interest shareholders so that the beneficial interest holders will directly hold shares in SEI1 versus through a third party; and/or
- + Those shareholders holding shares on behalf of beneficial interest shareholders as duly authorized, consider SEI1's voluntary offer to buy back the shares at an offer price which meets solvency and liquidity requirements of SEI1. This voluntary buyback is in line with a board resolution approved by the Directors of SEI1 as of March 2023.



The above options are presented to such shareholders up until **Friday, the 28th of April 2023 at 17:00hrs**. Please kindly contact Singular Financial Services on **telephone 010 271 3902 or on email sei@singularservices.co.za** should clarity be required and to exercise either of the options. SEI1 reserves the right to undergo a process whereby it will consider alternative measures that may include the conversion of such shares to treasury shares and remove such shareholders from the share register of SEI1 to ensure that the Company follows the relevant laws and regulations and that the significant risk is managed in the best interest of the Company.

2018 Dividend Recall

In September 2018 ("the 2018 Declaration Date"), SEI1 declared a dividend in an amount equal to R0.05 (five cents) per ordinary share in the issued share capital of SEI1 ("the 2018 Dividend"). SEI1 has, since the 2018 Declaration Date, encountered difficulties in locating, contacting, and tracing some of its shareholders ("Untraceable Shareholders"). The result is that a portion of the balance of the amount of the 2018 Dividends remains unclaimed by the Untraceable Shareholders ("Unclaimed Dividends").

Having regard to the fact that the Unclaimed Dividends have not been claimed for a period of more than 3 (three) years from the 2018 Declaration Date, the Board of SEI1 has resolved to recall such dividend effective the 28th of April 2023. We request that all SEI1 shareholders with the unclaimed 2018 dividend come forward and contact our Transfer Secretaries, Singular Financial Services ("SFS") on the details below, failure which they will forfeit this dividend on the effective date.

FICA Verification of Shareholders

One of the objectives of the Financial Intelligence Centre Act (FICA) is to ensure that financial institutions know whom they are doing business with. As is the case with SEI1, it is important that the company maintains the most up to date shareholder information for compliance and for effortless communication by both parties.

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

- A.** Kindly contact the SEI1 Trading Helpdesk for telephonic verification. You may contact us via 010 271 3902 sei@singularservices.co.za.
- B.** 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.

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.



GOVERNANCE & COMPLIANCE



New Independent Non-Executive Director Appointment

Following a rigorous interview process, the board appointed Fuzlin Levy-Hassen to the board of SEI1 effective the 6th of February 2023. This decision was ratified by shareholders in the AGM on the 24th of March 2023. Fuzlin is a qualified Chartered Accountant with extensive experience in the investment and finance space and the board and team of SEI1 wishes to welcome her onboard. Fuzlin's detailed profile is on the company's website on the following link:

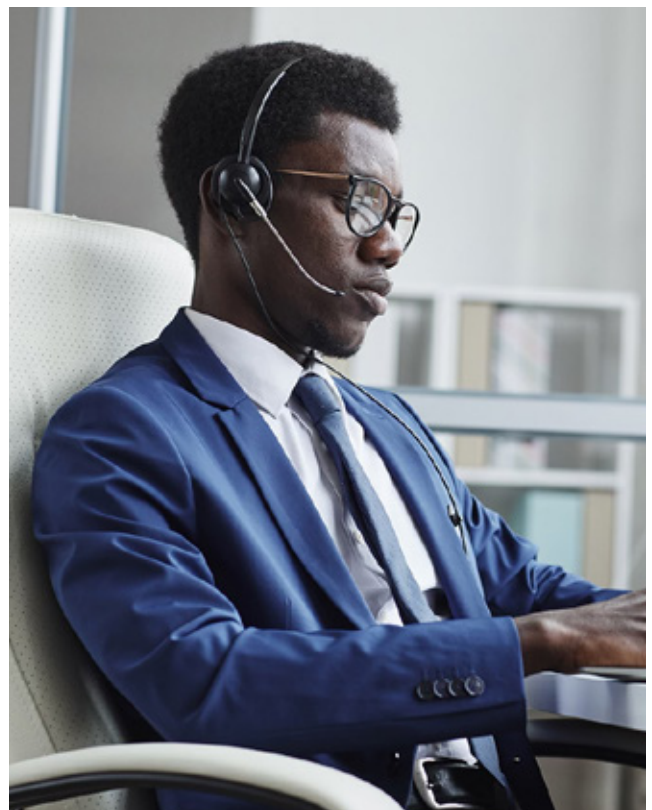
<https://seinvest.co.za/what-we-do/>

Status of CIPC Liquidation Case & Director Delinquency

SEI1 received a motion of set-down for the liquidation matter relating to historical non-compliances (2013–2017) which had since been resolved. The liquidation matter was opposed and presented in the Pretoria High Court on the 5th of October 2022 and outcome of this hearing is pending. Shareholders will be notified of the hearing outcome as soon as this becomes available.

The matter pertaining to the historic director delinquency matter will be opposed and presented in the Pretoria High Court on the 24th of April 2023.

The conclusion of both matters, more so, the liquidation matter is particularly critical and important as this matter has had a negative impact on the business's ability to conclude on investment opportunities, which is a key objective of the Company. SEI1 remains hopeful in concluding both matters.



INVESTMENTS

Global Outlook

The global economy still faces major headwinds in 2023, but the economists believe that inflation appears to have peaked in 2022. With global growth expected to fall from 3.4% in 2022 to 2.9% this year, which is an improvement on previous estimates of 2.7%. Still, the road back to a full recovery, with sustainable growth and stable prices, is only just beginning.

Inflation appears to have peaked in 2022, as consumer spending remains robust and the energy crisis following Russia's invasion of Ukraine has been less severe than initially feared. Global growth is now expected to fall from 3.4 percent in 2022 to 2.9 percent this year, before rebounding to 3.1 percent in 2024. The 2023 growth projection is up from an October 2022 estimate of 2.7 percent, as the economists sees far fewer countries facing recession this year and does no longer anticipates a global downturn. One of the reasons behind the cautiously optimistic outlook is the latest downward trend in inflation, which suggests that inflation may have peaked in 2022.

The International Money Fund predicts global inflation to cool to 6.6 percent in 2023 and 4.3 percent in 2024, which is still above pre-pandemic levels of about 3.5 percent, but significantly lower than the 8.8 percent observed in 2022.

Monthly data in early 2023 point to a near-term improvement in growth prospects in the largest economies. Activity data in the United States surprised on the upside in January, and labour markets remain tight across almost all G20 economies, including in Europe, supporting private consumption.



Consumer confidence has started to improve globally, and enterprise survey indicators have stabilised or rebounded in all major regions. In February, more firms reported rising output than falling output in all major economies, with substantial jumps in the United States, the euro area, China and the United Kingdom.

A strong economic pick-up in China in January and February, and part of the increase in household savings from the zero-COVID-policy period will likely be spent in 2023, boosting aggregate demand.

A resumption in international travel by Chinese residents will provide a further boost to global air traffic and services trade, with the strongest gains likely in neighbouring Asian economies based on visitor patterns prior to the pandemic. At the same time, stronger commodity demand from China, which accounts for a large share of consumption in many markets, is likely to put some upward pressure on commodity prices. This is particularly the case if Chinese energy demand strengthens significantly, after stagnating in 2022.

Global financial conditions have tightened considerably since the start of 2022. Real long-term interest rates have risen sharply, triggering repricing across asset classes, including equities, and generating sizeable unrealised losses on the bond portfolios held by financial institutions.



Signs of the impact of tighter monetary policy have started to appear in parts of the banking sector, including regional banks in the United States. In a number of economies, actual and expected credit growth has slowed, even turning negative in some recent bank lending surveys, including in the euro area. This is reflected in the related contraction of the broad money supply in several large economies, after the strong growth seen during the pandemic.

Source: <https://www.oecd.org/economic-outlook/march-2023/>
<https://www.weforum.org/agenda/2023/02/imf-global-growth-forecast-inflation-cools-inflation/>



South Africa Outlook

South Africa's economic and social challenges are mounting, risking stagnation amid an unprecedented energy crisis, increasingly binding infrastructure and logistics bottlenecks, a less favorable external environment, and climate shocks. A recovery in the services sector supported job creation in 2022; however, employment remains below pre-pandemic levels and unemployment close to record highs, on the back of already high poverty and inequality.

The near-term growth outlook has deteriorated for South Africa, with Real GDP growth projected to decelerate sharply to 0.1 percent in 2023 mainly due to a significant increase in the intensity of power cuts, as well as the weaker commodity prices and external environment.

In the medium term, growth is expected to rebound, though only to about 1+ percent per year, with income per capita likely to stagnate as a result. This is because of long-standing structural impediments, such as product and labour market rigidities and human capital constraints, offsetting expected improvements in energy supply, higher private spending on energy-related infrastructure, and a more supportive external environment.

Headline inflation is projected to fall back within the SARB target range (3–6 percent) in the second half of 2023. Lower food and fuel price inflation and the SARB's less accommodative monetary policy stance are key factors behind this decline. Inflation is expected to reach the target range mid-point of 4.5 percent in 2024 and remain there through the medium term.

In addition, the economy remains exposed to external shocks and capital flow volatility, in the context of tighter global financial conditions, and volatile commodity prices related to Russia's war in Ukraine. The elevated public debt significantly limits the fiscal space available to respond to economic and climate shocks and meet social and developmental needs. Long-standing rigidities in product and labour markets, and governance and corruption vulnerabilities also weigh on growth and employment prospects, threatening social cohesion.

Source: <https://www.imf.org/en/News/Articles/2023/03/21/mcs032223-south-africa-2023>

Investments Summary

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:

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



Total Investments Summary for each quarter since the last financial year end to date are shown in the table below:

Investment Portfolio	30 June 2022 (audited)	30 September 2022 (unaudited)	31 December 2022 (unaudited)	31 March 2023 (unaudited)
Listed Investments	R78 863 635	R66 430 688	R70 371 006	R69 278 532
Semi-Listed Investments	R24 085 972	R22 913 308	R21 322 819	R21 785 071
Unlisted Investments	R21 325 329	R29 334 200	R31 704 200	R32 294 033
TOTAL INVESTMENTS	R124 274 936	R118 678 196	R123 398 025	R123 357 636

*Unlisted investments are only measured at fair value at financial year end following a year end valuation by management.

Indicative Share Price for SEI1 Shares

SEI1 tracks its share price based on the Net Asset Value ('NAV'). The NAV is calculated as follows; Total Assets less Total Liabilities of SEI1 on a month-to-month basis. The indicative unaudited share price per SEI1 share is as follows:

	30 June 2022 (audited)	30 September 2022 (unaudited)	31 December 2022 (unaudited)	31 March 2023 (unaudited)
Indicative Share Price	R0,81	0,79	0,80	0,81
Total Shares in Issue	135 638 706	135 638 706	135 638 706	135 638 706

Listed Investments

The listed investment portfolio started its recovery from October to December 2022. In the last quarter, the portfolio has been impacted by the increase in the repo rate by the South African Reserve Bank. The increases are due to inflation being above its target range of 3% to 6%.

As of February 2023, the repo rate is currently at 7,0%, which was slightly up from 6,9% published in January 2023. Electricity stability will be very key to ensuring companies are productive and spending less money on energy solutions, thus focusing their time on core business during the course of the year.

Semi-listed Investments

The semi-listed investments have a very close relationship between the main company and the BEE shares due to the fact that if the company performs well, it would lead to an improved share price over a certain period of time. The only exception to the correlation is Sasol Group Share Price and Sasol SOLBE1.

The reason for the increase in the share price of SOLBE1 is that the debt financing of the structure is being reduced through dividends and the BEE Scheme term is close to being concluded.

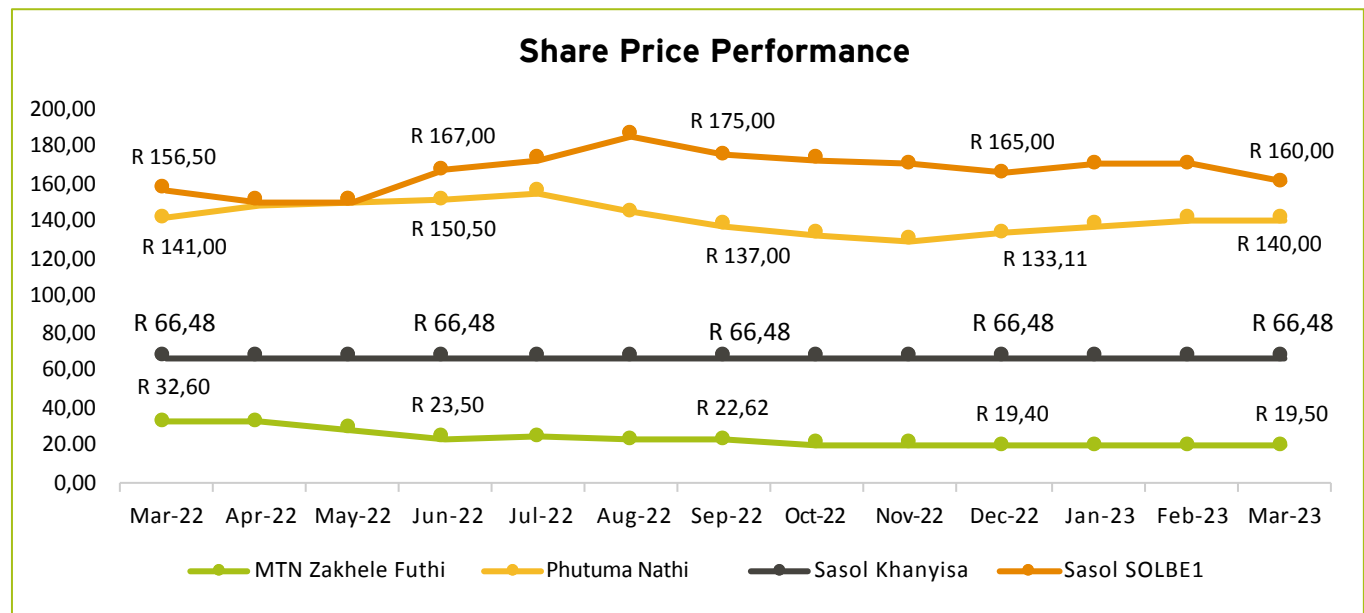


The past 12 months, the main companies share price and the BEE schemes have performed as follows:

Company	01-April-22	31-March-23	% change
MTN	R193,31	R127,47	(34,1%)
Sasol	R359,31	R240,00	(33,2%)
Multichoice Group	R131,73	R123,36	(6,4%)
Semi-Listed (BEE Scheme)	01-April-22	31-March-23	% change
MTN Zakhele Futhi	R32,60	R19,50	(40,2%)
Sasol SOLBE1	R156,50	R160,00	2,2%
Phuthuma Nathi	R141,00	R140,00	(0,7%)

As illustrated in the diagram above, there has been negative share price growth for the majority of the main company shares, which has resulted in the Semi-Listed Investments to move in a similar direction.

Below is an illustration of the share price movements from 31 March 2022 to 31 March 2023.



Unlisted Investments

The Board implemented a strategy to balance the portfolio by moving away from listed investments to unlisted investments, as this will provide greater stability in the portfolio as there will be less impact on the portfolio by global external factors and the company can invest in entities where SEI1 will have a greater influence in the following:

- + Investment returns;
- + Increase in governance processes;
- + Job creation; and
- + Social Impact.

The unlisted investment consists of four investments that have been restructured in the current financial period in Ara Indigenous, Riverside Properties Zama Finance, and Hoedspruit Mall.

The Board is currently finalising its funding solution to grow the unlisted portfolio without drawdowns from the listed portfolio. The funding will be utilised in investing in unlisted companies which illustrate the following:

- + High Growth;
- + High cash generative;
- + Low impact by South Africa's macro-economic conditions; and
- + Strategic alignment to overall portfolio growth.

An update on the funding process and new investments will be provided in the next newsletter.



HR MATTERS



The 'Great Resignation' is now the 'Great Regret': 80% of job hoppers wish they hadn't quit their old roles

It seemed like such a good idea at the time. Many left their jobs in the wake and aftermath of COVID in search for better work environments and working from home opportunities.

Yet for those who handed in their notice during the so-called 'Great Resignation' of 2021, many have seen little benefit for the upheaval.

Now dubbed the 'Great Regret', analysis carried out by a number of recruitment websites found that 80% of people who quit their roles in search of greener pastures regretted the move.

Of course, not all those who left their roles did so as part of the 'Great Resignation', as many were buffeted by pandemic factors which left them without choice. Yet for those who did jump ship for better pay and work-life balance, the vast majority admitted they still want their old roles back.

Job-hoppers miss their old friends?

Whilst the study was carried out in the US, the sentiments appear to be the same across Europe and parts of South Africa.

The most common reason job-hoppers gave for wanting a return to their former employers was that they missed their old colleagues, with almost a third of respondents saying they missed their former teams.

This was followed by a range of monetary motivations: 27% said they missed their old salary, 23% valued their old incentive or bonus scheme, a further 23% said they missed their health benefits.

Other reasons included better work-life balance, better pay and remote-work options.

Could you tell us if you have had a similar experience? Please write in to info@seinvest.co.za

Bringing stories closer to you, our shareholder, is what we aim to do. If you are interested in sharing a unique or compelling story with us, please contact us at info@seinvest.co.za





CONCLUSION

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).



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