

## To our SEI 1 Stakeholders

2020 has been a somewhat challenging year as the prevailing operating environment was fraught with material macro-economic risk coupled with the reality of the Covid-19 pandemic and the consequent lockdown imposed to combat the spread of this virus. Economically, the lockdown implemented has had a severe impact on the South African economy. The impact has had far reaching consequences on society as a whole including all of our stakeholders.

As 2020 draws to an end we would like to take a moment to reflect on how far SEI 1 has come since it's incorporation in 2007. This reflection is largely driven by the enquiries that the SEI 1 team has received from various stakeholders throughout the course of the year. We believe that it is important to provide clarity on where SEI 1 stands in the bigger picture given the difficult past, and also would like to highlight how SEI 1 continues to grow into the future. This newsletter contains snippets of SEI 1's past, present and future. We hope that this information will provide clarity and transparency with respect to the ongoing queries about the company.

### The Past: Where SEI 1 started

StratCorp Limited ("STA"), was an investment holding company that invested in high growth companies (Venture Capital Model). StratCorp provided its subsidiaries with management services and infrastructural support.

StratCorp was initially listed on the Johannesburg Stock Exchange's main board in 2001 and subsequently moved its listing to the AltX in 2007. StratCorp traded under the ticker STA.

StratCorp's subsidiaries included:

- StratCorp Property Holdings;
- StratEquity;
- StratFin;
- Virtus Financial Services ("VFS") (FSB registered);
- Independent Client Introducer ("ICI") now WealthNet; and
- I-Cura.

Through these companies, StratCorp provided the following products:

- Financial products (e.g. Wealth Creator Subscription Plan);
- Health and wellness products;
- Short term insurance;
- Funeral products; and
- General finance.

Clients were recruited through a referral marketing system of a 5 x 5 matrix with monthly commissions and once-off bonuses. Between 2000 to 2006, STA through StratEquity funded only start-up companies that included and are not limited to Orbtech, Electiv Lifestyle, Beget, StratCol, West Jewel, Mobile Event Marketing, APMI, Citadin, Global Jewel and Supertow International.

Unfortunately, most of the above funded companies did not perform and were subsequently liquidated which resulted in many complaints from clients and pressure from the regulators. STA and VFS decided to launch new



empowerment companies in 2007 with a promise that they will invest only in JSE listed companies, mainly the Top 40 blue chips companies. StratCorp Empowerment Holdings (“SEH”), now called Kose Kose Investments (“KKI”), and StratEquity Empowerment Investments 1, 2 and 3, now called Selective Empowerment Investments 1, 2 and 3, were registered and investment funds were channelled into these entities. SEI 1 was established to invest in high risk JSE listed equities.

Due to ongoing challenges with the founder and regulators, the SEI Companies through its leadership cancelled the management agreement with STA and VFS in 2014 and opened their separate offices in Centurion and identified separate asset managers to manage their respective listed investment portfolios. Both SEI 1 and SEI 2 were managed by one board of directors. During the AGM of 2018, SEI 1 and SEI 2 were separated and SEI 2 opened its own offices in Pretoria Central. Both SEI 1 and SEI 2 now operate independently of each other governed by a separate board, with different management teams and ultimately differing strategies.

Of all the companies incorporated under STA and the related subsidiaries, the remaining and active companies include StratCorp, Kose Kose Investments, StratCol, SEI 1, SEI 2 and West Jewel. These remaining companies all operate independently of each other with different management teams and in certain instances different shareholder bases.

#### **The Present: Where are we now?**

After a somewhat turbulent past, a new SEI 1 board was elected in the second half of 2017 that has worked tirelessly to steer SEI 1 in a new direction, this despite facing legacy regulatory and compliance challenges from the CIPC that included delayed submissions of annual returns, audited financial statements and not holding the annual general meeting as per prescribed timelines. All regulatory matters are up to date. The board has worked toward the development and implementation of a new strategy that encompasses a new investment diversification strategy in unlisted equities vs investing in only high risk listed equities.

In 2019, SEI 1 declared an inaugural dividend of R6 940 126.70 since inception and introduced a trading platform managed by Singular Systems (“Singular”) to allow shareholders to trade their SEI 1 shares. SEI 1 shareholders can claim their dividends through Singular and can also trade their shares on the Singular OTC Express platform.

As part of the revised investment strategy, the 2019/2020 financial period saw the implementation of the revised investment structure. SEI 1 incorporated new subsidiaries that would hold the future unlisted investment opportunities. These 100% owned subsidiaries are as follows:

- **Seboka Distributors:** The initiative was informed by the need to identify other sources of generating income to primarily supplement the dividends and interests that are earned by the SEI 1 investment portfolio. The main business of *Seboka Distributors* is to distribute high-purchase-frequency consumable products through its unique business model. Seboka Distributors commenced the ground work to operations in January 2020, however due to the lockdown, faced a slow start to operations. As at December 2020, the business was ramping up its sales and marketing efforts. Information on the dates of further roadshows on Seboka Distributors will be shared with shareholders as dates are finalised.
- **SEI 1 Agri:** SEI 1 Agri was incorporated to invest in innovative food and agriculture technology companies across a wide range of sectors and stages around Southern Africa.
- **SEI 1 Financial Services:** SEI 1 Financial Services will focus on equity investments in technology driven innovation in financial infrastructure, products, services and their distribution.



- **SEI 1 Manufacturing:** SEI 1 Manufacturing is set to make equity investments in manufacturing and industrial companies across a diverse array of industries, including basic materials, consumables, healthcare and luxury products, automotive parts, capital equipment and general manufacturing.
- **SEI 1 Services:** SEI 1 Services seeks equity in companies with the ability to generate superior business growth through product or service innovation, strong sales management and integrated brand marketing excellence.

### **The Future: Where are we going?**

The current SEI 1 board has made strides in implementing the overall new strategy. The board understands that in order for the business to be able to meet its strategic objectives of the future, certain key measures are required. To this end, to prepare for future growth, the SEI 1 board has put in place the following:

- Established the appropriate corporate governance structures;
- Recruited a new MD and investment team to grow the investment portfolio in the unlisted equities space to aid in diversification and increase investment returns;
- Made strides in developing policies and procedures that result in a high performance culture organisation ;
- Developed a stakeholder engagement plan, to ensure that the needs and interests of all SEI 1 stakeholders can be balanced in order to grow the business; and
- Rebranding of SEI 1's corporate identity to be in line with the new strategy.

The current management team, in conjunction with the board's investment committee has built a strong investment pipeline whose prospects are exciting and will yield the required returns that SEI 1 seeks to achieve.

### **Annual General Meeting**

The last AGM for SEI 1 was held in July 2019. The next scheduled AGM had been scheduled for October 2020, however owing to the size of the shareholder base of SEI 1 i.e. approximately 26,000 shareholders, it was not possible to schedule a physical AGM due to COVID-19 restrictions. SEI 1 applied to the Companies Tribunal for an AGM extension and was granted an extension to the 31<sup>st</sup> of March 2021. SEI 1 will for the first time be moving to a virtual platform to conduct the AGM. It is anticipated that the virtual AGM will be scheduled for Friday the 19<sup>th</sup> of March 2021. The appropriate communication around the AGM process will be sent out in January 2021.

### **Annual Reports**

The annual reports for SEI 1 are available on the Singular Platform and on the Company's website [www.seinvest.co.za](http://www.seinvest.co.za) The latest 2020 Annual Report will published in January 2021.

### **Shareholder Verification by Singular Systems**

SEI 1 encourages all its shareholders to keep their contact details current with the share transfer secretaries Singular. Singular also assists shareholders to register on the Over-The-Counter platform that allows shareholders to trade their shares. To update details, claim any outstanding dividends or for queries, please contact the scheme administrators, Singular Financial Services, on 010 271 3902 or email them at [sei@singularservices.co.za](mailto:sei@singularservices.co.za).



### Important Contact Details

The table below shows contact information relevant to both historic and current operations which can assist stakeholders in directing their queries accordingly:

Company Name	Contact Details	Description
SELECTIVE EMPOWERMENT INVESTMENTS 1 (SEI 1)	401 Lougardia Building 1262 Embankment Road, Centurion Tel: 012 942 0038 Fax: 086 416 8457 <a href="mailto:info@seinvest.co.za">info@seinvest.co.za</a>	General enquiries
SINGULAR SYSTEMS	25 Scott Street, Waverly, 2090 Johannesburg, Tel: 010 271 3902 <a href="mailto:sei@singularservices.co.za">sei@singularservices.co.za</a>	FICA updates and verification Dividends disbursements Share trading platform
SEBOKA DISTRIBUTORS	401 Lougardia Building 1262 Embankment Road, Centurion Tel: 012 942 0039 Fax: 086 416 8457 <a href="mailto:brand@seboka.net">brand@seboka.net</a>	Business opportunities: <ul style="list-style-type: none"> <li>• Master Distributors</li> <li>• Field Sales Agents</li> <li>• Referral Marketing of consumable products</li> </ul>
SELECTIVE EMPOWERMENT INVESTMENTS 2 (SEI 2)	309 Central Towers Building 286 Pretorius Street, Pretoria Tel: 012 021 0261/087 096 0299 <a href="mailto:info@seinvestment.co.za">info@seinvestment.co.za</a>	KKI shareholders
WEALTHNET/VIRTUS FINANCIAL SERVICE/ICI/STRATCORP	925 Arcadia Street, Arcadia, Pretoria, Tel: 012 035 1044/5 <a href="mailto:info@wealthnet.co.za">info@wealthnet.co.za</a>	All other shares, iCura Health products, short-term insurance products.
WALKDICK JANSEN VAN RENSBURG LAW FIRM (WJVR)	58 Lyttelton Road, Clubview, Centurion, Tel: 012 643 0004 Fax: 012 643 0074/086 231 0153 <a href="mailto:info@wjvrlaw.co.za">info@wjvrlaw.co.za</a>	Refunds from last capital call (R27 million) instituted by VFS which was unallocated and to be returned to investors.

### Season's Greetings

The management team of SEI 1 would like to take this opportunity to thank all our stakeholders and express our gratitude for the continued support, specially during this last year which had its challenges. We hope that you have a beautiful Christmas and a Happy New Year.

