

STRATEQUITY

Past returns to haunt

Shares values questioned... share sales seemingly impossible

IT SEEMS THE GHOSTS of a rather rotten past are coming home to haunt wealth management company StratEquity, a subsidiary of AltX-listed financial services company StratCorp. StratEquity initially plied its trade in the venture capital investment market but later – possibly due to the lack of progress in those projects – shifted its focus to more mainstream investments.

StratEquity currently operates three empowerment funds, with the largest – StratEquity Empowerment Fund 1 – holding an array of blue chip investments worth around R120m. StratEquity endured some reputational damage when the StratEquity Empowerment Fund 1 took a hefty knock on a big investment in Best Cut Holdings (currently suspended on the JSE). But there could be more reputational bruising with investors in StratEquity’s original venture capital projects being frustrated in their efforts to determine whether their venture capital investments hold any value at all.

Tian Liebenberg, advertising manager at *Finweek*, was initially overjoyed at receiving a valuation statement from StratEquity that showed his unlisted venture capital holdings had shown marked increases in value. Not in great shape were Liebenberg’s investments in listed companies such as Beget and StratCorp, but the gains in the unlisted investments appeared to more than offset those losses.

Liebenberg’s statement showed shares in jewellery wholesaler GlobalJewel and swimming pool maintenance specialists APMI Holdings had both jumped from 75c to 100c, while shares in trailer manufacturer Supertow International had more than doubled, from 36c to 80c.

Liebenberg says: “At first I was delighted with the spectacular growth of my portfolio – with the exception of Beget, which I understand has been put into liquidation.”



But then came Liebenberg’s reality check. “Upon requesting the audited financials for the companies, I received a reply that was less than comforting.”

A StratEquity client liaison officer told Liebenberg the company was “still trying to obtain all the necessary details from Supertow International”. There was also an admission that the latest information about APMI Holdings wasn’t available and that feedback on the financial statements and AGM minutes for Supertow International would be provided as soon as possible.

Finweek is baffled as to how StratEquity can offer such promising valuations on unlisted investments when it appears the company doesn’t have ready access to audited financial statements.

Says Liebenberg: “It would appear as if StratEquity simply leaves investors hanging, with no recourse. As an investor I’m unable to get any further information from StratCorp as to how it determined the share price. And I’m also unable to establish contact with the company in which I own shares.”

Lawyer Riaan van Schalkwyk – acting on behalf of a StratEquity client – has also been frustrated in his efforts to determine whether StratEquity’s unlisted investments hold any value. Van Schalkwyk says his client is livid at seeing some investments drop in value from 80c to 1c (Best Cut Holdings) and has questioned how StratEquity could have mobilised investment funds into such a rotten investment.

But his client is also angry because promises of great returns have come to naught.

Currently, Van Schalkwyk is desperately trying to sell his client’s unlisted shares at the prices indicated by StratEquity. Unfortunately, that’s easier said than done. Correspondence about selling the remaining shareholdings has been – to date – summarily ignored by StratEquity.

It seems almost unethical to bandy about share price valuations but then have no platform or market on which the share can actually be sold. Van Schalkwyk says there’s no alternative but to revert to legal action. He notes: “It seems to be almost impossible to speak to any one of the directors of StratEquity... they simply refuse to let you speak to anyone in management.”

Finweek sent an email enquiry to StratEquity in a bid to clarify the company’s position on the valuation and sale of unlisted shares. But at the time of writing no response had been received.

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