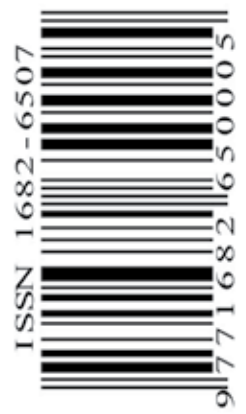


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# SANLEI TROUT BREAKS INTO US MARKET



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# Sanlei Trout breaks into US market

## As Mergence acquires private equity stake in Lesotho aquaculture project



TEBOHO LEBESA

MASERU - Commercial-scale rainbow trout farm, Sanlei Premium Trout, has following successful trials secured a permanent supplier contract with a major United States of America (US) retailer.

The US company is one of the largest Fast-moving Consumer Goods (FMCG) retailers with a nationwide footprint of over 2 000 stores, according to Mergence Investment Managers-Lesotho.

FMCGs are products that are sold quickly and at a relatively low cost, they are also known as consumer packaged goods or convenience goods.

Sanlei trout farm is located on the shores of the Katse Dam in the highlands of Lesotho, a site known for its deep, pristine waters and highly favourable environment for growing premium trout. Loosely translated from Japanese the name "SanLei" means "where the mountains meet the sky."

It is the largest trout farming operation in Southern Africa and has successfully farmed rainbow trout since 2018.

Sanlei has the licence and physical infrastructure capacity

to supply the bulk of the South African rainbow trout market, coupled with a fast-growing niche export market, currently focused on the USA.

To enable this export feat Mergence acquired the remaining 51 percent of the shares in Sanlei Premium Trout, an integrated aquaculture producer of Africa's largest sushi-grade trout. The stake was sold to Mergence by the former co-investor, a private family capital fund backed exclusively by industry-leading families, largely from the US.

The investment sits in Mergence's Lesotho Private Equity Fund, whose main investor is the largest pension fund in Lesotho. Mergence says, accordingly, the investment sits fully in-country with benefits to the Basotho such as improving food security, sustaining 102 jobs and generating hard currency revenues.

Managing Director at Mergence, Semoli Mokhanoi, revealed that the company bought an initial stake in Sanlei in 2019.

"Mergence is in the process of raising capital to deploy expansion and working capital to further scale up Sanlei's operations to attract other potential customers,

particularly further in the Far East as well as in the European Union," he said.

Commenting on the development Sanlei CEO, Dewald Fourie, said that they were delighted to have entered the massive US market which will make a significant boost to Lesotho's export capability, food security, provide access to as hard-currency dollar revenue stream, as well as grow the Lesotho country brand on a global scale.

"Growth projections are to double the current trout production of 1 000 tons of trout per annum to 2 000 tons by 2030," said Fourie.

With 100 percent Mergence investment in Sanlei is strategically aligned with the asset manager's focus on Lesotho's national development plans and the United Nations' SDG 2, aimed at ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture, the company says.

Further, as an institutional impact investor, Mergence requires Sanlei as an investee company to report back on strict environmental, social and governance (ESG) criteria.

### Environmental

Milestones are already being reached, with Sanlei in June achieving Best Aquaculture Practices (BAP) certification from the Global Seafood Alliance, an international standard for sustainable produce. The Sanlei Trout Farm and hatchery are the first in Lesotho to attain BAP certification, as well as the first farm and hatchery on the continent. The company measures various water parameters including phosphorus, pH and oxygen levels at regular intervals to remain within set sustainable limits for healthy water bodies. Rigorous requirements are adhered to in order to minimise disease outbreaks and antibiotic use.



A special feed formula adheres to strict limits to minimise the use of wild fish as an ingredient for feed and the farm by design runs at lower stocking densities than the industry average in order to benefit fish welfare and product quality.

### Corporate Social Responsibility

As the largest employer in the local Katse community, Sanlei currently sustains 102 jobs in Lesotho with 34 percent of the workforce women. With the planned expansion of the production facilities over the next two to three years, the number of jobs is expected to increase significantly.

All employees are remunerated well above the national minimum wage, and receive healthcare, pension, death and disability cover as well as a funeral policy. Education and training are also provided, with most of the courses and certifications focused on aquaculture production management, leadership and operations management, maintenance for food safety and vaccination training.

Local companies are used for the transport of certain supplies and staff, as well as clearing agents for imports and exports.

Sanlei provides Mergence with regular beneficiation reports which detail its relationship with

the surrounding communities from where the workforce is derived. There are two primary beneficiation projects, The Rosehip Company and the Khokhoba Care Fund, which help to generate additional income streams for the local communities and to complement Sanlei's operations.

### Governance

Sanlei is committed to upholding the highest standards of corporate governance, ensuring transparency, accountability and ethical practices in all aspects of its operations. The robust governance framework is designed to foster trust and enhance stakeholder value.

Mergence Investment Managers is an independent asset manager founded in 2004 with capability across both listed and unlisted investments – spanning equity, debt, multi-asset class, private equity and infrastructure funds, whose clients are largely institutional, with a growing offering for individual investors.

They work throughout the SADC, with offices in Cape Town, Johannesburg, Windhoek, Maseru and Mbabane.

Mergence is a licensed financial services provider registered and regulated by the Central Bank of Lesotho, with a mandate to harness its extensive experience in managing unlisted assets and to invest in local infrastructure and developmental assets.

The company's product range has been extended to offer access to its South African unit trusts under the collective investment schemes, hence granting access to additional vehicles to individual investors to save for their future.



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min: 14°C	max: 27°C min: 15°C	max: 21°C min: 15°C	max: 23°C min: 15°C	max: 26°C min: 14°C	max: 26°C min: 17°C	max: 28°C min: 18°C
Cloudy skies	Heavy rain	Heavy rain	Heavy rain	Rain	Light rain	Few clouds
20 Km/h	23 Km/h	19 Km/h	24 Km/h	26 Km/h	22 Km/h	18 Km/h