



Conexus' investment objective is to provide Investors with the opportunity to achieve long-term capital appreciation together with dividend growth through active management by investing in a portfolio of equities, derivative instruments, other securities listed on the JSE and OTC markets, private equity and private equity related securities and instruments listed on the Bond Exchange of South Africa. The Investment Manager targets a substantial portion of the investments being made in private equity investments that may be regarded as high risk by virtue of these positions being illiquid in nature and where governance and reporting standards may not be as developed as those in public markets. Investors in Conexus will own ordinary shares in Conexus Investment Fund Limited (which will house most listed instruments) as well as a beneficial ownership through a vested interest in the Conexus Capital Trust (which will house private equity investments).

Conexus Investment Fund Limited

Company information

Launch Date:	October 2006
Company NAV:	R74.4m
Dealing:	Quarterly
Investment:	Ordinary unlisted shares
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of realised & unrealised gains using the high water mark principle
Share price:	R1,155.68

1. Excl VAT

2. Rounded to nearest Rand

Top holdings

Cash	27.0%
Vox Telecom	17.4%
Hedge Funds	10.8%
York	9.8%
Sasol	8.6%
Billiton	6.4%
Standard Bank	5.4%
Listed Prefs	5.1%
MTN	4.0%
Grindrod	2.7%
Metmar	2.4%
PPC	2.0%

Share Price history²

Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	YTD %
2006/7	-	-	1,015	1,071	7.1%
2007/8	1,182	1,194	1,197	1,190	11.1%
2008/9	1,219	1,156	-	-	-2.9%
2009/10	-	-	-	-	-

Share Price Performance Calculation

The share price represents the net asset value calculated at the end of February, May, August and November each year, in accordance with the Offer document. The YTD performance represents the percentage movement in the share price for the period under review (i.e. latest share price / previous year end price less 1). Past performance is not necessarily a guide to future performance.

Conexus Capital Trust

Trust Information

Investment:	Vesting Trust
Trust NAV:	R54.4m
Initial charges:	Nil
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of realised & unrealised gains using the high water mark principle

1. Excl VAT

Investments

Series	Investment	Date	Cost	Estimated Mkt Value	IRR ¹
1	South Point Property	Feb 2007	R4.1m	R12.6m	109%
2	South Point Property	Jun 2007	R8.3m	R18.8m	114%
4	Magix Integration	Sept 2007	R10.3m	R12.7m	11%
5	Lereko Metier CG Fund	Nov 2007	R11.3m	R10.0m	n/a ²
6	LMCGF Committed Funds	Nov 2007	R10.1m	R10.0m	n/a
7	Rowbow Investments	Feb 2008	R4.9m	R4.9m	n/a
8	Poynting Holdings	July 2008	R4.9m	R3.1m	n/a ²

1. IRR represents annualised IRR per investment. No IRR is calculated for investments held for less than 1 year
 2. The Manager remains confident in the fundamental value of these investments.

Investment Manager Commentary

A lot has changed in the last quarter bringing Conexus real fundamental value opportunities with capital to deploy into a market that has cracked due to fear and illiquidity. Conexus has the benefit of R41 million of new money following a capital raising exercise launched at our July Investor meeting. This significant "war chest" could not have been accumulated at a better time.

The credit crisis has further negatively affected international markets. While some players are rescued others are not as lucky. The US Government bail out of Fannie Mae and Freddie Mac has taken on the appearance of "nationalisation" which is a phenomenon that used to be reserved for emerging markets. For equity "bulls" having the Government of the largest economy in the world saving the consumer is a bit like a free put option. In contrast Lehman Brothers has filed for bankruptcy, Bank of America buys Merrill Lynch and AIG is restructuring to avoid a cut in credit rating. Thus while we may hope that the crisis will be over this year, it is difficult to predict when the last casualty of the credit crisis will be behind us.

In the May Fact Sheet the decoupling theory was addressed, but "synchronisation" of world markets now appears the more likely outcome. No economy is immune from global forces like the effects of a USD rebound and declining commodity prices influenced by the oil price. The UK is suffering a squeeze on household and corporate income exaggerated by utility price rises while the Euro zone has concerns about inflation with limited growth. Japan has lost ground as exports to the US and Europe contract with demand. So as consumerism falters with less credit, there is nowhere to hide. An amazing exception is the Industrial & Commercial Bank of China (ICBC) which earned a record half year profit of \$9.42bn, growing net income by 57%, to become the world's most profitable bank as its domestic focus immunised it from the global credit crisis. Maybe consumer credit is the decoupling between Western and Eastern economies! It must be kept in mind that ICBC bought 20% of Standard Bank last year, positioning it as the best capitalised SA bank at a critical time.

SA will continue to benefit from the good commodity prices though they are significantly off the top. With some oil price relief and household debt under better control and interest rates topping, the consumer might revive sooner than originally expected. If so, consumer stock price falls might have been exaggerated. Resource stocks might be supported by the recently weaker rand. We are seeing great value on and off the market, but with choices and cash Conexus can be somewhat greedy amid the current investor uncertainty.

Notwithstanding the difficult consumer markets and less confident economic circumstances, all the Conexus private equity investments continue to perform well and each represents greater fundamental value to us than in the last period. The only investment made in the quarter in Conexus Capital Trust was R4.9m in Poynting which listed on AltX as the "storm clouds were gathering". We regard this as a private equity investment because the market provides no liquidity in the share and we would need to rely on generating a transaction to release the true value of the share. The amount invested was funded by the realisation of Hillson (R2.7m) and a Magix share buy back (R2m). The return of excess capital from Magix arose from its strong profitability and cash flow last year, allowing us to reduce the cost of capital.

While many opportunities present themselves, we will be diligent in how we deploy the new capital raised in Conexus.

Investment Manager:

Clive Douglas Investments (Pty) Ltd

Advisor (corporate & legal):

Metier Advisory (Pty) Ltd

Structured & Administered by:

Realtime Financial Solutions (Pty) Ltd

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