



Conexus provides Investors active management of a specialist alternative asset portfolio to achieve long-term capital appreciation together with dividend growth. Entry is through Conexus Investment Fund Limited which holds quoted investments, predominantly equities listed on the JSE, and also hedge funds, preference shares and cash. These funds are then invested into private equity and private equity related securities as such opportunities are identified by the Investment Manager. Private equity investments are deployed into Conexus Investment Trust as a series of units representing Investors vested interest, which now holds the bulk of the Conexus assets. The private equity assets should be considered high risk by virtue of their illiquidity and with governance and reporting processes not as developed as those in public markets. The performance of Conexus Capital Trust will only be established on realisation of the private equity portfolio with the Investment Manager providing an estimated market value at each quarter end.

Conexus Investment Fund Limited

Company information

Launch Date:	October 2006
Company NAV:	R17.0m
Dealing:	Quarterly
Investment:	Ordinary unlisted shares
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of gains using the high water mark principle
Share price:	R1,086.32

1. Excl VAT
2. Rounded to nearest Rand

Top holdings

SP ¹ Bridging Loan	59.4%
Vox	17.8%
SP ¹ Working	
Capital Loan	9.8%
Metmar	8.9%
Cash	5.0%

1. South Point

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	1,029	986	-17.1%
2009/10	1,016	1,038	1,015	1,016	3.0%
2010/11	1,015	1,017	1,041	1,014	-0.2%
2011/12	1,011	1,086			7.1%

Share Price Performance Calculation

The share price represents the net asset value calculated at the end of May, August, November and February 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:	R138.1m
Initial charges:	Nil
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of gains on a per series basis

1. Excl VAT

Investments

Description	Cost	Estimated Mkt Value	IRR ¹
Unrealised	R138.0m	R137.6m	1.8%
Realised			
Hillson Drilling			34.5%
Total			2.1%

1. IRR represents annualised IRR net of management fees and prior to performance fees.

Investment Manager Commentary

The quarter ended 31 August 2011 was as dramatic as the previous quarter, with the developed markets causing investors to behave with a great deal of uncertainty resulting in a loss of confidence in risky assets particularly equities.

The combination of the problems caused by political brinkmanship in raising the US debt ceiling and the lack of clear policy guidelines in responding to the Euro zone debt problems put developed markets into turmoil. In as much as emerging markets, such as South Africa, are performing better economically than the developed world, markets still correlate. The JSE All Share Index, like most equity markets, was extremely volatile but this may be an opportunity as equities (particularly cyclicals) have been significantly suppressed and are showing good value relative to other asset classes.

The quoted equity exposure in Conexus Investment Fund is Metmar and Vox. We explained in the Conexus Annual Report that we believe Metmar is significantly under priced, even on a comparison to NAV. The manager therefore intends holding this counter until better value emerges before taking any action. Vox is subject to a scheme of arrangement with a proposal to shareholders to receive either a cash offer of 45c per share or one BidCo for every ten Vox shares. This scheme is proposed in order to take Vox private. The Manager is considering these options but will probably accept the cash offer as there remains an exposure in Conexus through the investment in LMCGF.

A brief summary of the status of the investments held in Conexus Capital Trust is as follows:

- Dalys has remained the top private equity performer in the current year. The Manager has concluded a transaction purchasing Bill Daly's 32% interest at fair value. However, this has stimulated further corporate action with an approach by the Holgoun Group. This might provide Conexus an exit opportunity or a BEE partner investment in order to extend Dalys even further. The Manager will report in detail on these transactions when they are concluded.

Investment Manager Commentary (continued)

- Magix has been offered the opportunity to sell the remaining 25% of the integration business to MSE. This negotiation is underway but appears to be an attractive exit, however earnings targets to December remain the focus in order to earn the US\$400k bonus from MSE. This leaves Magix owning the security business but has halved the value at risk in Magix. The security business has not performed well to June 2011 and was woefully below budget. The Board has embarked on a strategic review considering a possible trade sale of the security business to a bigger IT company. In the interim, the business continues to focus on converting sales into meaningful contracts.
- The corporate action that led to a cautionary on Poynting fell away but the company has performed well in the year ending 30 June 2011, mainly as a result of the defense division's outperformance. However, the share price remains very suppressed as AltX attracts very little investor attention in the current market circumstances. This holding will have to demonstrate consistent growing results and show itself as a meaningful player in the wireless market to attract investor attention and move the share price positively.
- The South Point consolidation referred to in the May fact sheet and the Annual Report is well underway and Marius Minnie (ex Barloworld) has been appointed Chief Executive. This has led to further appointments in both the financial and human resources areas. The balance sheet is receiving significant attention as the Board considers restructuring alternatives in order to de-gear the business. This might require a further capital injection and in such circumstances the Manager will revert to Conexus investors. There is also a very focused initiative around the intake for 2012 in order to achieve student occupancies in excess of 90% for 2012 from the current level of 76%.
- The circumstances surrounding Redsun's trading have not changed as the current year roles out. However, the Manager has had very successful negotiations with the IDC who have subordinated their debt funding the factory and provided flood relief working capital loans allowing the business to trade into next year where hopefully normal market conditions will allow a positive result. Only in such circumstances will it be possible to introduce further equity investors.

In conclusion, there is a good chance some of the investments will be realised in the coming quarter, creating a cash pile on which the Manager will revert to Investors as to their options.

Investment Manager:

Clive Douglas Investments (Pty) Ltd

Advisor (corporate & legal):Metier Investment & Advisory Services (Pty)
Ltd**Structured & Administered by:**

Realtime Financial Solutions (Pty) Ltd

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