



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:	R77.1m
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:	R1,189.67

1. Excl VAT

2. Rounded to nearest Rand

Top holdings

Vox Telecom	16.4%
Bridging Loan	15.6%
Cash	14.1%
Hedge funds	10.0%
York	8.8%
Sasol	7.5%
Billiton	6.4%
Standard Bank	4.9%
Listed prefs	4.7%
Datatec	4.0%
MTN	3.9%
PPC	2.3%
Grindrod	2.3%

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	-	-	-	-	-
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:	R51.8m
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	Trustee's Valuation	IRR
1	South Point Property	Feb 2007	R4.2m	R7.5m	n/a
2	South Point Property	Jun 2007	R8.5m	R11.1m	n/a
3	Hillson Drilling	Aug 2007	R2.1m	R2.1m	n/a
4	Magix Integration	Sept 2007	R11.4m	R11.4m	n/a
5	Lereko Metier CG Fund	Nov 2007	R7.6m	R8.2m	n/a
6	LMCGF Committed Funds	Nov 2007	R13.3m	R13.3m	n/a
7	Rowbow Investments	Feb 2008	R4.7m	R4.7m	n/a

Investment Manager Commentary

During the last quarter the reality of the sub-prime crisis manifested itself and has been the single most significant driver of negative equity market returns. Even with the significant efforts of the major central banks injecting both liquidity and providing interest rate relief, there have been ongoing write-offs by major financial institutions. This is not necessarily the end of the crisis as has recently been demonstrated by the Federal Reserve providing emergency funding to Bear Stearns. The optimistic theory of decoupling between emerging markets and developed economies does not appear to be valid as all markets have suffered significant corrections and the differential in market performance being accommodated in the exchange rate rather than any form of dislocation. This has been most notable in the weakness of the US\$ which has fallen to a record low against most European and Eastern currencies.

As commented in the last quarterly report, the South African scenario was not that bullish and the pressure on the economy and markets has only increased with further increases in interest rates, household debt to disposable income at a new high and all measures of inflation outside Reserve Bank targets. The only market "engine" that keeps the South African scenario positive is the resource sector benefiting from both the weak US\$ pushing commodity prices to all time highs and these prices being leveraged further by an even weaker Rand. The Rand has weakened significantly against all major currencies as capital outflows (in the bond and equity markets) continue to expand the current account deficit. To some extent, the Conexus Investment Fund portfolio (quoted investments) has been protected by the combined weighting of 25% in the likes of York, Sasol, Billiton and Grindrod which all qualify as commodity Rand hedges. The significant amount of cash, near cash (prefs) and hedge funds making a combined weighting of 44% has also cushioned the portfolio from the severe market correction. Standard Bank could be construed as a weak spot in the portfolio and clearly this has been shown in the share price performance on the back of all financial stocks suffering in the wake of "sub prime". However, we remain convinced that the deal concluded with International Commerce Bank of China is intended by the Chinese to secure significant business through Standard Bank into Africa and most of this is likely to be commodity orientated.

In the last quarter, having had the "war chest" of cash available prevented any need to realise cash into the weak markets and allowed us to continue following the Conexus theme. We were able to conclude a further Private Equity investment of R4.7 million by buying a 30% holding in Rowbow Investments 80 (Pty) Ltd which is the holding company of Daly Credit Corporation. This business through the combination of Daly Credit Corporation and RL Daly Incorporated (a legal practice) carries out debt collections for unsecured banking and retail debtors. It is unique in the debt collections business and has recently expanded it's call centre to 550 seats which, when combined with the legal practice, provides attractive results for both retailers and banks in the area of collections. Douglas Investments would have liked Conexus to be able to make a bigger investment in Rowbow / Daly, but considers this holding a good start. It is a platform from which the business can be expanded through considerable value add opportunities identified by Douglas Investments with the principals of Daly. It is also a business that will naturally grow from the expanded consumer cycle and the need for improved collections being an area identified in the recent results of all major SA banks.

CONEXUS FACT SHEET

Investment Manager Commentary (continued)

FEBRUARY 2008

The other Private Equity investments already held in Conexus Capital Trust are all performing well and these results will translate into attractive valuations. This has already been demonstrated in South Point where the Lereko Metier Capital Growth Fund (LMCGF) has recently concluded a transaction valuing the business at R178 million. This would translate in Conexus showing a return of R6.4m or 52% since this investment was made last year. We show this revised valuation in both the fact sheet above and on investor statements for information purposes only as Conexus Capital Trust has not been part of the transaction, but clearly there is an indication of significantly improved value.

Hillson Drilling has been operational for the whole of the last quarter and while expected difficulties were experienced over the December period, a significant milestone was achieved in February with more than 1,350 metres being drilled (break-even = 900 metres).

Magix has continued to show exceptional results because of ongoing customer expansion and penetration caused by the effectiveness of the Enterprize Risk Management technologies it deploys. While the investment was only concluded in the beginning of the previous quarter, the performance to date indicates that this investment was bought at a turning point and therefore cheaply as judged today.

Investors can expect a full annual report by the end of May which will review the first completed year of Conexus to February 2008. This report and our annual investors meetings are intended to keep all fully informed, however we are always available should an Investor want a one-on-one meeting.

The current market pressures might dampen general investment enthusiasm but we see this as an opportunity at significantly lower prices.

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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