



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:	R81,5m
Dealing:	Quarterly
Investment:	Ordinary unlisted shares
Management Fee <sup>1</sup> :	1.20% pa
Administration Fee <sup>1</sup> :	0.24% pa
Performance Fee <sup>1</sup> :	12% of realised & unrealised gains using the high water mark principle
Share price:	R985.49

**Top holdings**

Cash	38.0%
RedSun Loan	17.3%
Hedge Funds	9.4%
York	6.0%
Sasol	5.0%
Vox Telecom	5.0%
Listed Prefs	4.4%
Billiton	4.3%
Standard Bank	3.6%
MTN Group	2.6%
PPC	1.6%

**Share Price history<sup>2</sup>**

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	-	-	-	-	-

**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.

1. Excl VAT  
2. Rounded to nearest Rand

**Conexus Capital Trust**

**Trust Information**

Investment:	Vesting Trust
Trust NAV:	R71.2m
Initial charges:	Nil
Management Fee <sup>1</sup> :	1.20% pa
Administration Fee <sup>1</sup> :	0.24% pa
Performance Fee <sup>1</sup> :	12% of realised gains using the high water mark principle

**Investments**

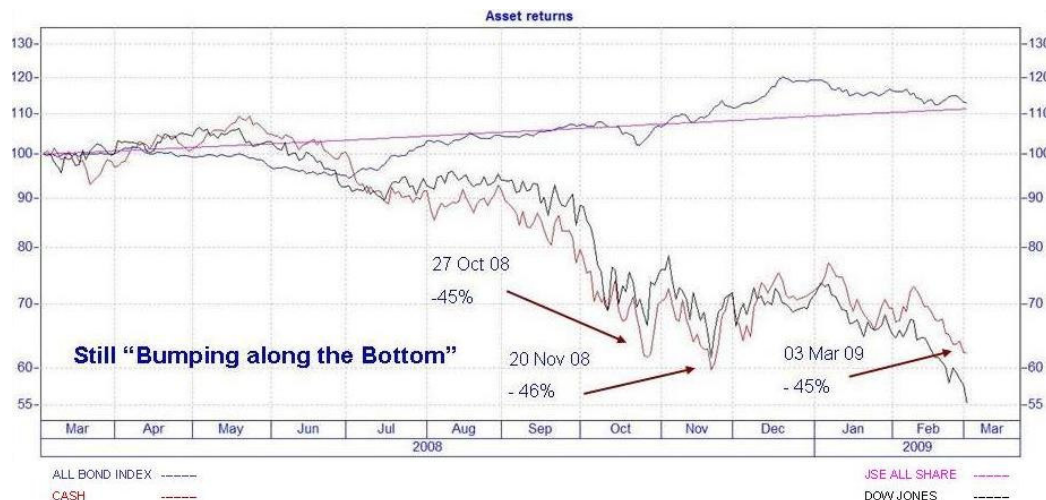
Description	Cost	Estimated Mkt Value	IRR <sup>1</sup>
<b>Unrealised</b>	R70.4m	R78.2m	11.8%
<b>Realised</b>			
Hillson Drilling			34.5%
<b>Total</b>			<b>12.5%</b>

1. Excl VAT

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

**Investment Manager Commentary**

We remain hopeful that our theory of Bumping along the Bottom is still intact. This is demonstrated in the graph below. On the assumption we are correct, it is clearly not a time to be throwing out shareholdings as this would crystallise losses possibly at the worst time.



It is not possible to forecast how long the global economy and markets will remain in the current depressed state. The sheer magnitude of the financial crisis and extent of bail outs is difficult to comprehend but these events centre around a liquidity crisis. The story that is repeated is of companies getting into a negative working capital cycle, with no access to further capital either as debt (credit crisis!) or as share capital (market crisis!), and the end result is assets are liquidated at fire sale prices.

The JSE All Share Index declined to the third bottom as shown by the JSE All Share Index which is again 45% below the May 2008 peak. There might be some comfort in being in the South African market as major Western markets have shown a worse performance demonstrated by the Dow Jones Index on the graph above. The regular bumps on the bottom reflect stress points which coincide with the occurrence of another deleveraging event, the current example being General Motors in the US.

**Investment Manager Commentary (continued)**

Again we have remained deliberately inert (neither buying nor selling) as we allow the process of deleveraging to work its way through the markets. Sadly there are casualties along the way, but if these can be avoided we know that markets will recover ahead of economies. When we are confident that the worst is behind us, we must use these depressed values to gain a long term advantage. The current financial markets exert extreme stress on holders of equity but we continue to ride out these difficult times. This is obviously easier if there is sufficient cash to avoid a forced sell situation.

The Conexus Investment Fund portfolio is reflective of the current market and we are disappointed that the share price is below the issue price of R1,000. There is however some comfort in the private equity positions taken by Conexus Capital Trust and we are particularly pleased to report that virtually all the holdings, with the exception of Poynting, have at least retained their value. In some cases, such as South Point (the biggest investment), gains have been shown. We have finalised the investment of R21 million into RedSun Raisins with this deal being consummated in March and will be shown on the next quarter end statement. There are many opportunities in the private equity arena that we continue to investigate.

The next Conexus Investors Meeting has been set for Tuesday 2 June, and invitations will be sent out in due course.

**Investment Manager:**

Clive Douglas Investments (Pty) Ltd

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

Realtime Financial Solutions (Pty) Ltd

**Disclaimer**

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