



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:	R32.3m
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:	R1,014.78

Top holdings

Cash	36.8%
South Point	
Bridging Loan	29.6%
RedSun Loan	20.2%
Vox	8.0%
Metmar	6.2%
Wavelength Loan	1.7%

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%

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:	126.7m
Initial charges:	Nil
Management Fee¹:	1.20% pa
Administration Fee¹:	0.24% pa
Performance Fee¹:	12% of gains on a per series basis

Investments

Description	Cost	Estimated Mkt Value	IRR ¹
Unrealised	R123.9m	R140.9m	7.1%
Realised			
Hillson Drilling			34.5%
Total			7.3%

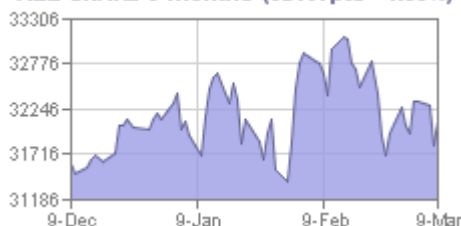
1. Excl VAT

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

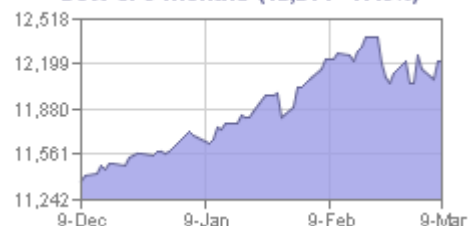
Investment Manager Commentary

As we complete the first quarter into 2011 the momentum of 2010 has continued to allow equity markets to improve. The JSE has shown considerable volatility particularly when compared with the New York Stock Exchange as shown by the Dow Jones Index. This is demonstrated in the graphs below.

ALL SHARE 3 months (32107pts +1.55%)

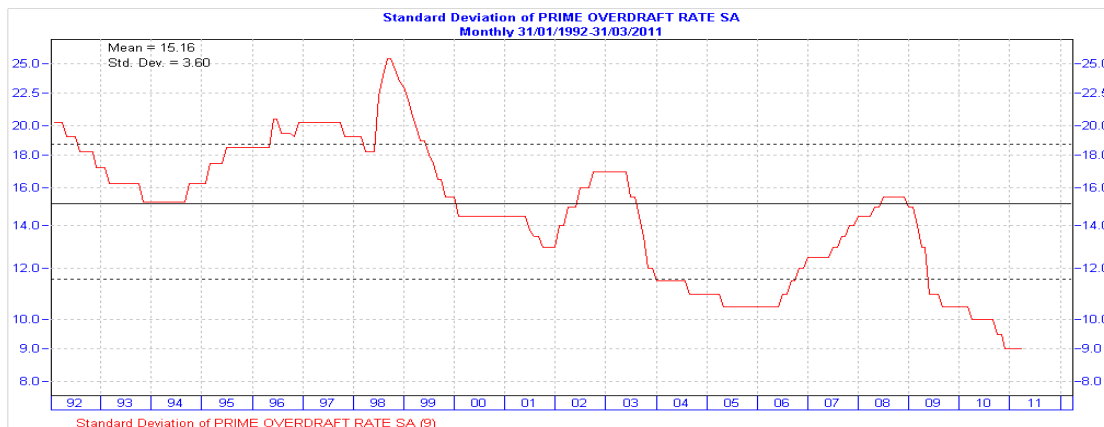


Dow J. 3 months (12,214 +7.43%)



The South African economic backdrop has continued to remain positive but to an extent this has been absorbed by the Rand strength which has made South Africa along with other emerging markets appear expensive in the traditional currencies. Interest rates remain low but the turning point could well be towards the end of 2011 if inflation risks start to manifest.

Investment Manager Commentary (continued)



This environment is favourable for most (with the exception of Redsun) of the Conexus portfolio companies not only because the equity markets provide a valuation benchmark, but also a low cost debt environment is easier to operate in. There is also considerable activity within many of the portfolio companies and in brief these involve the following:

- Daly's is trading exceptionally well and has developed a strong pipeline of accounts that need to be recovered with a significant breakthrough into another of the major South African banks.
- The sale of the Magix's integration business to Magix System Enterprises ("MSE") has been concluded. The sale has resulted in a corporate restructure with a dedicated focus on the two businesses (integration and security) which are housed in two different corporate entities. The MSE deal has certain earnings targets which if achieved will result in additional value creation for Wavelengths, the holding company of the integration and security businesses and our entry point into the Group. The security business has had a slow uptake but is starting to show signs of penetration into the major corporate customers largely driven by the recognition of the products and a changing legislative environment.
- Poynting's commercial division, while finding trading conditions tough might have a corporate action opportunity as mentioned in a cautionary that was announced on SENS. We are not at liberty to provide more detail due to the sensitivity of this information. The defence division continues to trade well and has a strong pipeline of orders.
- South Point has been through several years of rapid expansion and will now go through a phase of consolidation in an effort to improve margins and re-organise the capital structure. More equity might be required but it is more likely that this will be achieved by rationalising the property portfolio.

As stated previously the exception is Redsun where the current status is:

- Severe stress following 2 years of a strong Rand which has pressured the export prices of raisins and the recent floods of the Orange River which went through the Keimoes and Upington areas has adversely affected the input cost of raw material for Redsun this year. The floods affected many of the farmers that supply raisins to Redsun. The result is an extremely small crop, possibly less than 20,000 tonnes and high input prices on raisins purchased by Redsun. Furthermore, Sweet Dried Fruit who expressed interest in acquiring a share of Redsun have withdrawn putting the company under cash strain. We are therefore in negotiations with the IDC as the major debt provider to Redsun and investigating the possibility of some relief by a possible conversion of IDC debt to equity and additional funding from their flood disaster relief fund. We might also investigate the possibility of another shareholder to invest much needed capital in the business which while being dilutionary is important to put cash in the business. We do not wish to put more capital at risk in Redsun and would prefer to dilute in favour of a new shareholder. Investors should be aware that we have valued the equity of Redsun based on a tangible NAV of R10 million (our pro-rata share being R8 million). The bridge loan from CIF is valued of R6.5 million as at 28th February. Since then CIF has received payments of R800k and the current value of R5.7million equals the DTI incentive (Manufacturing Investment Program) payable to Redsun and therefore should be recoverable.

The listed shares Vox and York are both performing well and circumstances are improving. While we cannot influence them we are aware of significant internal restructuring which should bode well for the future. We continue to try and drive shareholder value in all the companies and believe this should be achieved, with the exception of Redsun that is currently in survival mode.

We attended the Lereko Metier Capital Growth conference in early March which was very positive and optimistic about the future of the portfolio. Should any Conexus investor want an update on LMCGF please call on us.

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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