



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:	R31.8m
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:	R1,010.85

1. Excl VAT
2. Rounded to nearest Rand

Top holdings

Cash	38.2%
South Point	
Bridging Loan	30.9%
RedSun Loan	17.9%
Vox	8.3%
Metmar	5.1%

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				-0.3%

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:	126.8m
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

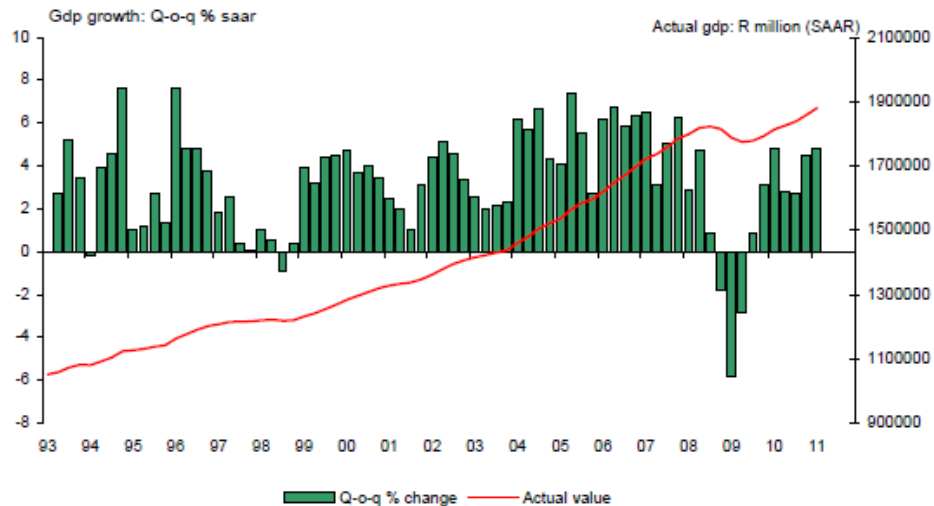
Investments

Description	Cost	Estimated Mkt Value	IRR ¹
Unrealised	R124.6m	R138.6m	2.9%
Realised			
Hillson Drilling			34.5%
Total			3.1%

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

Investment Manager Commentary

The South African GDP growth trends shown below reinforce the equity opportunity that exists in emerging markets generally.



Source: Statistics South Africa

Investment Manager Commentary (continued)

The SA GDP growth rate continues to grow at a seasonally adjusted annual rate of 4.5 – 5% q-o-q. The graph also shows that the recession of 2008/9 appears to be well behind us and that the trend of actual GDP value (shown in the red line) is very much intact. This key economic indicator is the all encompassing environment in which South African companies (equities) have to perform and it would appear to bode well for the future. Furthermore the potential of a weakening Rand, subdued interest rate environment for longer than is expected and strong demand for commodities should continue to support South African businesses. Generally, Douglas Investments (“DI”) is positive on equities (see Investment Environment May 2011) and this is true for private equity as well. South African companies should be capable of continuing to grow their earnings and as the market is resource based, the Rand hedge and commodity underpin will also be positive.

As we are about to release the Conexus Annual Report, we comment by exception below:

- Dalys continues to trade exceptionally well and we are in discussions as to a possible sale of Conexus’ shareholding.
- The Magix transaction is complete and while management continue to focus on MSE earnings targets, the remaining security business has attracted some large contracts.
- Poynting remains under cautionary as announced on SENS and DI is involved in assisting with the corporate finance element of a possible transaction. The defense division continues to support the value of the business.
- South Point is consolidating after the rapid growth with a senior appointment having been concluded. The directors of the company are currently evaluating the fair value of the buildings acquired to date which may result in a lower value to reflect the short term market conditions currently being experienced. The company has always used an external valuer to determine fair value but feels it necessary to embark on an internal process to assess the reasonableness thereof. We do believe that the medium to longer term dynamics of this asset class remain in tact and value will manifest itself in the future albeit at a slower rate than previously.
- As previously reported, the exception remains Redsun which continues to struggle having only secured 1,500 tonnes of raisins to process. DI is however in negotiations with the IDC in an effort to save the company to allow it to trade into the future when hopefully normal market conditions will prevail.

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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