



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:	R69.5m
Dealing:	Quarterly
Investment:	Ordinary unlisted shares
Management Fee¹:	1.20% pa of NAV
Administration Fee¹:	0.24% pa of NAV
Performance Fee¹:	12% of realised & unrealised gains on a high watermark basis of NAV
Share price:	1,014.71

1. Excl VAT

Top holdings

Cash	73.9%
Listed Prefs	6.0%
Datapro	4.7%
Sasol	4.3%
Datec	2.5%

Share Price history²

Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	YTD %
2006/7	-	-	1,015	-	1.5%
2007/8	-	-	-	-	-
2008/9	-	-	-	-	-
209/10	-	-	-	-	-

Fee Calculations

Management, administration and performance fees are calculated after providing for income and/or capital gains tax. This practice of calculating fees on after tax values aligns the interests of the manager with those of the shareholders.

2. Rounded to nearest Rand

Conexus Capital Trust

Trust Information

Investment:	Vesting Trust
Trust NAV:	nil
Initial charges:	nil
Management Fee¹:	1.20% pa of NAV
Administration Fee¹:	0.24% pa of NAV
Performance Fee¹:	12% of realised gains on a high watermark basis of NAV

1. Excl VAT

Investments

Series	Investment	Date	Cost	Proceeds	IRR
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BLANK AS NO INVESTMENTS MADE TO DATE

Investment Manager Commentary

The JSE has surpassed expectations for 2006. This has been supported by the strong economic cycle based on consumerism and a strong resource export market. However, the weaker Rand, combined with the Reserve Bank effort to curb the consumer (statistics: retail sales, credit growth yoy 25.3%, CPIX 5.1%, PPIX 10% & Current a/c) will and has slowed things down. Mboweni will continue to tighten interest rates. The relief expected from marginally lower oil prices is neutralised by the weaker rand, which in turn causes further inflationary pressures. The equity market has done outstandingly, but the earnings growth is already reflected in the price. Any further subdued growth will probably be absorbed in the earnings multiple and, apart from specific opportunities, in general better entry prices should occur.

There are always opportunities and some of these could be deal arbitrages as the trend of public to private seems to be gaining momentum. Conexus has its own solution in this regard, as it can straddle both the quoted and private equity markets based on where the most value is exhibited. There are many private equity deals available and these are being pursued in an effort to find businesses that will perform in any economic cycle. A number of private equity companies have been worked on for the best part of 2006 and some deals might be closed in early 2007. There has been an opportunity to accumulate preference shares (prefs), as this market has been oversupplied and a re-alignment of shareholders has taken place as interest rates have risen and continue to rise. This has caused these prefs to be attractive only to full tax payers.

In light of the above and taking the current equity market conditions into account, a degree of patience needs to be exercised. The fund has been held predominantly in cash and a holding of prefs has been established. This has been in an effort to maintain a "war chest" for opportunities as they occur.

Investment Manager:

Clive Douglas Investments (Pty) Ltd

Advisor (corporate & legal):

Metier Advisory (Pty) Ltd

Structured & Administered by:

Realtime Financial Solutions (Pty) Ltd

Disclaimer

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