

February 2010 Report

Fund Performance to 28 February 2010

|   | Feb Month % | 3 Months % | 6 Months % | 1 Year % p.a. | 2 Years % p.a. | 3 Years % p.a. | 4 Years % p.a. | Since Incept % p.a. |
|---|-------------|------------|------------|---------------|----------------|----------------|----------------|---------------------|
| Maxim Property Securities Fund (Maxim PSF)* | +1.24       | +1.89      | +4.62      | +55.45        | -22.62         | -21.07         | -10.19         | -7.21               |
| S&P/ASX 300 A-REIT Accumulation Index       | +1.42       | +1.74      | +2.87      | +42.60        | -22.83         | -24.31         | -12.78         | -9.94               |
| Value Added                                 | -0.18       | +0.14      | +1.74      | +12.85        | +0.21          | +3.24          | +2.59          | +2.73               |
| Capital Growth                              | +1.16       | +0.78      | +2.15      | +42.61        | -27.77         | -28.14         | -18.15         | -15.59              |
| Income Distribution                         | 0.00        | +0.87      | +1.97      | +11.39        | +4.40          | +6.30          | +7.09          | +7.42               |
| Net Performance (After Fees but Before Tax) | +1.16       | +1.65      | +4.12      | +54.00        | -23.37         | -21.84         | -11.06         | -8.17               |

\* Gross Returns (i.e. before Fees and Taxes)

Past Performance is not a reliable indicator of future performance

Market Review

Financial markets were generally positive over the month of February with the Dow Jones Index returning 2.6% over the month, whilst the S&P 500 and the NASDAQ gained 2.9% and 4.2% respectively.

In Australia, the S&P/ASX 200 Accumulation Index rose 2.2% as the Reserve Bank (RBA) Board surprised the market holding the Cash Rate at 3.75% whilst in the US the Federal Reserve continued to leave the Fed Funds rate unchanged although they did raise the Discount rate.

The S&P/ASX 300 A-REIT Accumulation Index rose 1.4% over February, whilst the broader equity market rose 2.2%. Focus was on the December Half Year financial results which were announced over the month. By and large announcements and results were well received with bottom line numbers generally coming in line with expectations. The small number of stocks which did disappoint (e.g. Toll Holdings) did get punished by investors. In the A-REIT sector there were no real disappointments with the results themselves although guidance was not provided by a number of groups

The gap between best to worst performing stock at the individual stock level of the S&P/ASX 300 A-REIT Index, over the month of February was 24.9% with Charter Hall returning +11.2%, whilst Macquarie DDR fell 13.7%. The next table lists the Five Best and Five Worst performing Index securities in February:

| February 5 Best Index Movers % |      | February 5 Worst Index Movers % |       |
|--------------------------------|------|---------------------------------|-------|
| Charter Hall Group             | 11.2 | Macquarie DDR Trust             | -13.7 |
| Stockland                      | 8.8  | Ardent Leisure Group            | -10.8 |
| Abacus Property Grp.           | 7.7  | Centro Properties               | -8.0  |
| Mirvac Group                   | 5.2  | ING Industrial Fund             | -5.6  |
| Commonwealth Prop              | 4.4  | Macquarie Office                | -5.1  |

Source: IRESS

going forward. EPS numbers were well down on the corresponding period in 2009 due to the very heavy dilution which occurred from the many capital raisings which took place last year. Most of the larger A-REITs partook of the raisings and are now considered to be well placed to take advantage of opportunities as and when they arise. However for a smaller number of REITs that did not raise capital, they are likely to face a difficult business environment in which to operate. Caution is still considered warranted as investors will likely take a dim view of entities that have high debt levels and that own low quality assets.

Charter Hall announced a capital raising of \$220m with the funds used to acquire Macquarie Group's core real estate platform which included the management rights to Macquarie Country Wide and Macquarie Office Fund as well as three unlisted funds.

Outlook

As evidenced in a number of the recent results, whilst asset values have continued to decline, the rate of decline appears to have slowed and expectations are that the worst has indeed passed. The lending environment has also improved to the extent that lenders are now re-engaging with their property clientele who are now in much better positions to extend and re-structure their borrowings.

With regards to payout ratios these are now considered to be supportive of generating some growth as REIT's are retaining and re-investing part of their income.

We maintain our target for a total return from the A-REIT sector for the 2010 year of around 9% to 12% (made up of an income component of 7% to 8% and capital growth of about 3% to 4%.

Key themes of the 1H10 reporting season provided a reasonable and sound setting for the A-REIT sector

## Maxim Property Securities Fund

ARSN 116 193 563

APIR Code COL0001AU

The Maxim Property Securities Fund (Maxim PSF) returned 1.16% (After Fees but before Tax) in February compared with the S&P/ASX 300 A-REIT Accumulation Index which rose 1.42% over the same period. For the 12 months ended 28 February, Maxim PSF has returned +54.00%, outperforming its Benchmark by 11.38%. (Refer Page 1 for more detailed comparisons over longer time frames). The main contributors to performance during the month came from our holdings in the Abacus Property and GEO Property groups whilst the main detractors to performance were the Fund's zero exposures to CPA and the Stockland and Charter Hall groups.

## Portfolio Summary

At the end of the month Maxim PSF held investments in 13 listed A-REITs representing an overall portfolio exposure of 82.7%. The two unlisted investments represented an exposure of 10.3%. Exposure to Cash/Liquidity made up 7.0% of the portfolio at month end.

## Outlook & Strategy

As residential property markets have rebounded strongly over 2009 we expect activity for new housing to be strong for some time to come as demand continues to outstrip supply. Accordingly REITs with exposure to the residential property markets are expected to benefit as they grow their residential development earnings and these include Mirvac, Cedar Woods and GEO Property which are held in the portfolio.

## Maxim PSF Unit Price As at 28 February 2010

NAV: \$0.4889

BUY: \$0.4901

SELL: \$0.4877

## Maxim PSF last 4 Distributions

|                   |                       |
|-------------------|-----------------------|
| 31 March 2009     | 1.5887 cents per Unit |
| 30 June 2009      | 1.4706 cents per Unit |
| 30 September 2009 | 0.5211 cents per Unit |
| 31 December 2009  | 0.4202 cents per Unit |

## Research House Ratings



## Platforms

BEACON

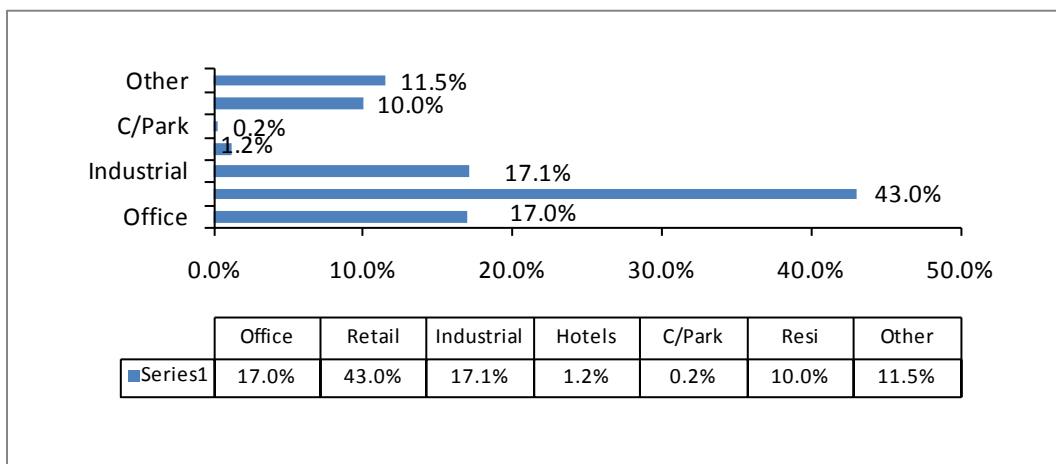
FirstWrap

Macquarie Wrap Solutions

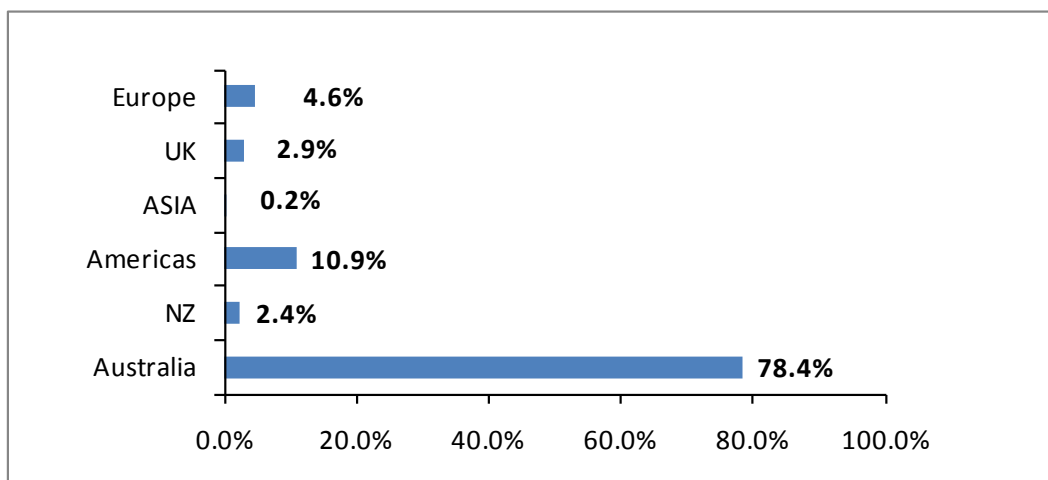
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### Maxim Property Securities Fund-Exposures as at 28 February 2010



### Maxim Property Securities Fund-Geographic Exposures as at 28 February 2010



### Contact Details

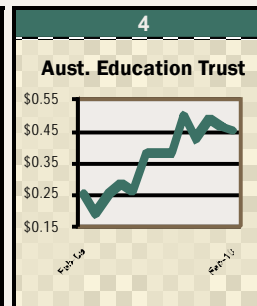
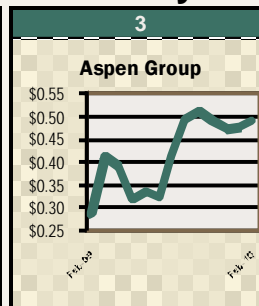
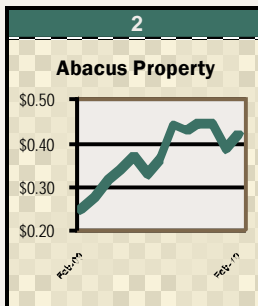
For additional information about the Maxim Property Securities Fund, or for more information on Maxim Asset Management, please contact us:

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Email: [info@maximam.com.au](mailto:info@maximam.com.au)

# Property Securities - Monthly Charts from 28 February 2009

|                        |               |
|------------------------|---------------|
| <b>1</b>               |               |
| <b>Maxim PSF</b>       |               |
| Listed Securities Held | 13            |
| Unlisted Securities    | 2             |
| Listed Securities      | 82.7%         |
| Unlisted Securities    | 10.3%         |
| Cash/Liquidity         | 7.0%          |
| <b>Total</b>           | <b>100.0%</b> |

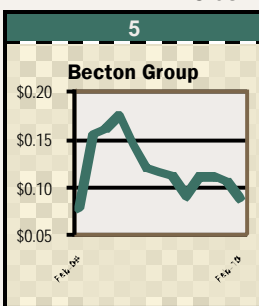


Closing Prices 31 January 2010

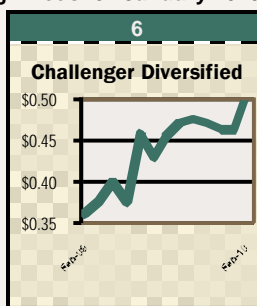
**\$0.420**

**\$0.490**

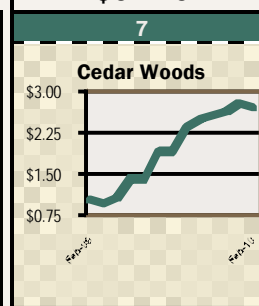
**\$0.450**



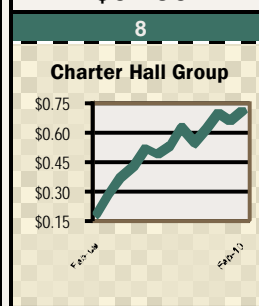
**\$0.088**



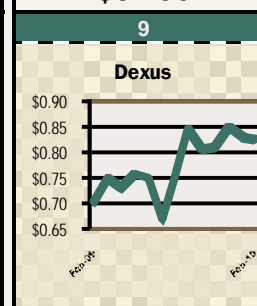
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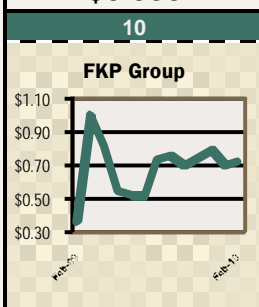
**\$2.700**



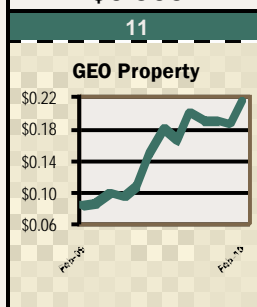
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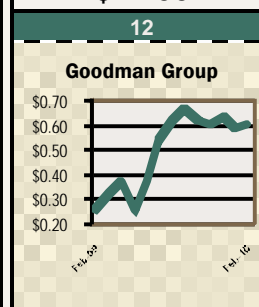
**\$0.825**



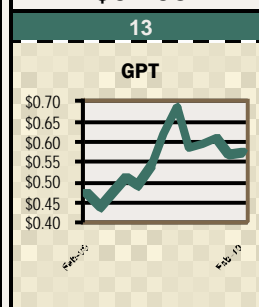
**\$0.725**



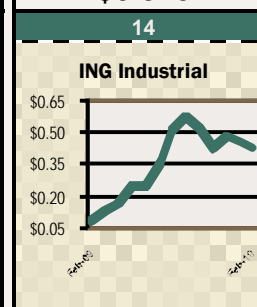
**\$0.215**



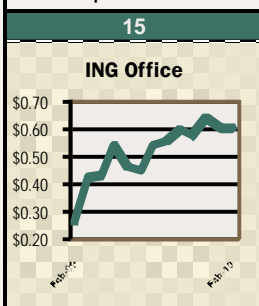
**\$0.600**



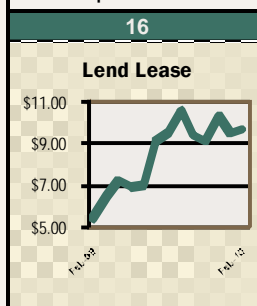
**\$0.575**



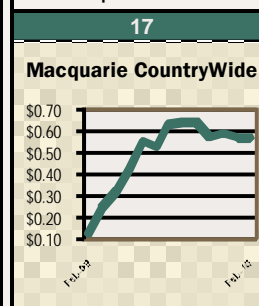
**\$0.425**



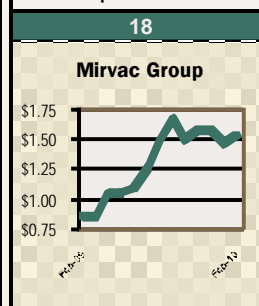
**\$0.605**



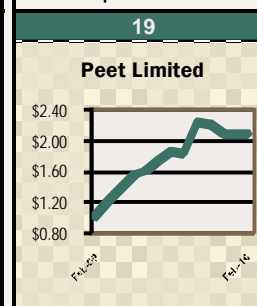
**\$9.670**



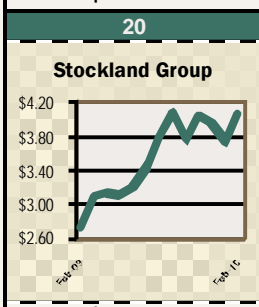
**\$0.570**



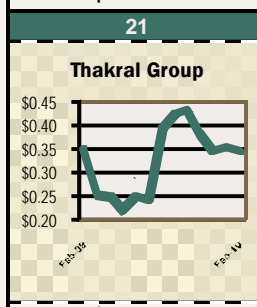
**\$1.530**



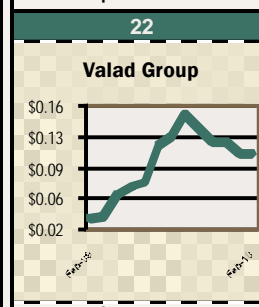
**\$2.080**



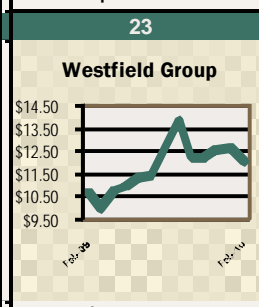
**\$4.060**



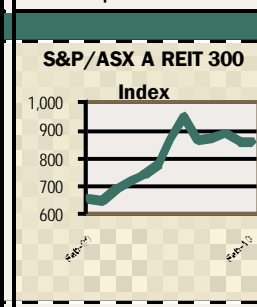
**\$0.345**



**\$0.105**



**\$12.020**



**859.2**

Data: IRESS