Maxim Property Securities Fund

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Unit Price	31-Jul-06
NAV	$1.1506
Buy	$1.1535
Sell	$1.1477

Contact Details

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Fund Performance

The Maxim Property Securities Fund (Maxim PSF) outperformed the S&P/ASX 300 Property Accumulation Index by 0.43% in July, delivering a return of 3.01% for the month, compared to the S&P/ASX 300 Property Accumulation Index return of 2.58%.

For the 3 months ended 31 July 2006, the portfolio returned 7.80%, outperforming its Benchmark by 0.51%, whilst for the 6 months to 31 July, Maxim PSF returned 10.20% which was 0.15% behind the Benchmark Index. Since inception (9 1/2 months) the fund has returned 17.30% after fees, which is 0.21% ahead of the Benchmark return of 17.09%.

The table below summarises the returns for the Maxim PSF relative to the Index as at 31 July :

	1 Month %	3 Months %	6 Months %	Since Inception
Maxim	3.01	7.80	10.20	17.30
Index*	2.58	7.30	10.36	17.09
Relative	0.43	0.51	-0.15	0.21

* S&P/ASX 300 Property Accumulation Index

Market Update

For the second month in a row the Property Trust Sector outperformed the broader general equity market by a wide margin. The S&P/ASX Property Accumulation Index returned 2.58% in July whilst the S&P/ASX 200 Accumulation Index fell 1.72%. For the 2006 Calendar Year to date, the Property Sector has returned 9.06% compared to a return of 6.94% from the general equity market.

The table below sets out the individual Property Sub-Sector returns for the month of July:

Retail	+4.7%
Diversified	+2.0%
Commercial	+1.4%
Industrial	-1.0%
US Trusts	-1.5%
Hotels	-6.4%

At the stock level, Multiplex was the best performing security, returning 9.2% over July. It was followed by the Valad Group which returned 6.6% and Westfield Group which rose 6.2%. The worst performing securities included Grand Hotel Group which fell 6.4% followed by Reckson New York and JF US Industrial which fell 4.8% and 3.6% respectively.

Portfolio Activity

The fund grew by 66% over July. Accordingly, general activity related to purchases across all targeted securities to result in maintaining overall exposures in line with the model portfolio. During July the investment in Macquarie CountryWide was sold and replaced with an exposure to the Babcock & Brown Japan Trust which was considered to have fallen to levels that appear attractive on a medium to long term view.

Having sold out of the GPT Group in June, the opportunity was taken to re-introduce the exposure particularly with a distribution due this month.

Maxim PSF's exposure to Unlisted/Direct Property was diluted from 10% to around 6.1% at the end of July as a result of new fund flows. In the short term, a 5% exposure is being targeted for this investment.

Due to distribution considerations, no derivative transactions were undertaken in July, however we expect to be active in August, particularly after the Westfield Group and GPT trade Ex their distributions.

As at July month end, liquidity represented 2.7% of the portfolio. A cash exposure of 5% is being targeted for August end.

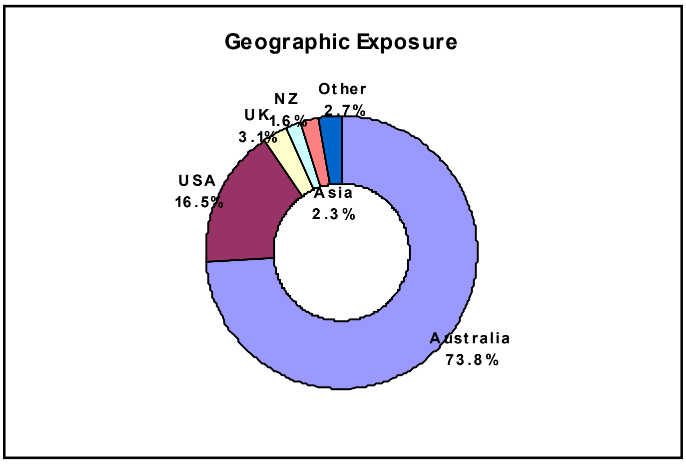
Outlook

The sector has performed well over the last few months despite the CPI surprising on the upside and a rising interest environment. We consider this to be due to investors' current preference for less volatile assets such as listed property. In excess of $2billion of distributions from the sector are due to be paid in August and we expect this to provide support for the sector as some proceeds are re-invested . The market has been speculating that Investa Group and DB REEF Trust are being possibly considered as take over targets. This is also likely to provide support for these securities due to investors being reluctant to reduce exposure to these stocks

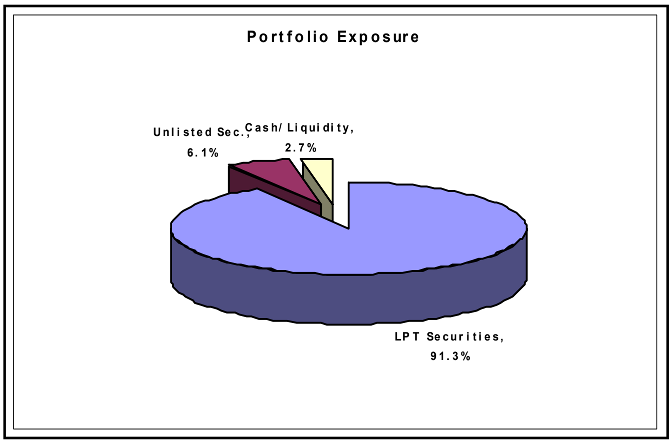
Listed Property securities are currently offering a FY 07 (est) yield of 6.5% with 5 year distribution growth of approximately 3.6% p.a. Due to the general uncertainty surrounding global financial markets, investors are likely to take a more cautious approach and favour less volatile asset classes, including property-sectors.

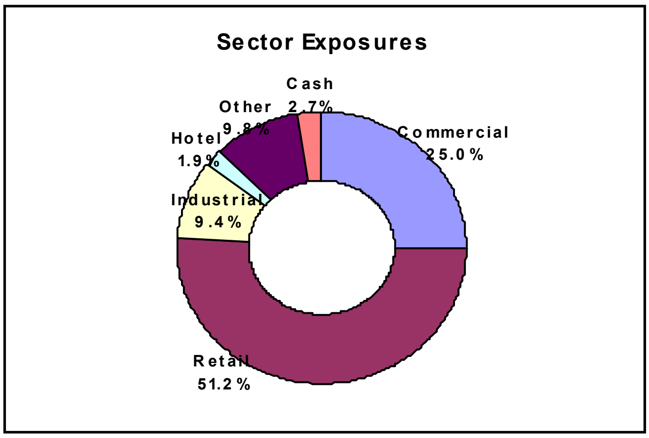
Portfolio Geographic Exposure as at 31 July 2006

At present, Maxim PSF does not (directly) hold any investments which are domiciled (listed) offshore. The international exposure depicted in the accompanying chart is a consequence of the international exposures inherent in the Australian domiciled investments (e.g. Westfield Group, Centro Properties, Babcock & Brown Japan Trust, Macquarie CountryWide etc).



Portfolio Exposures as at 31 July 2006





The Sector Exposure graph has been generated by breaking up each individual securities' exposure into the relevant property sub-sectors.

Strategy

We expect improving office fundamentals over the next 12 to 18 months, particularly in the Sydney CBD market as well as a continuation of a sound outlook for the industrial market. Accordingly a preference for securities which provide exposure to these property sub-sectors will be targeted. Having regard to the current outlook for interest rates as well as the continued upward pressure on oil prices, we expect the retail sector to lag the other property sub-sectors in the medium term.

We will look to increase portfolio liquidity back up to around 5% following receipt of distribution entitlements for the GPT Group and the Westfield Group which will occur early in August.