

## Derivatives Risk Management Statement – Part A

Maxim Property Securities Fund – APIR COL0001AU

### 1 Purpose of the Risk Management Statement

The purpose of this Risk Management Statement Part A (RMS) is to link the use of derivative investments to the investment strategies used by Maxim Asset Management Limited ABN 25 104 512 978 AFSL 238349 (MAXIM) in the management of the Maxim Property Securities Fund-APIR COL0001AU (the Fund).

### 2 The Entity Responsible for the RMS – Part A

MAXIM is the entity responsible for producing this RMS in its capacity as the appointed Investment Manager of the Fund appointed under the terms of an Investment Mandate (IMA).

### 3 Objectives of this Statement

MAXIM believes that derivatives can play a role in the investment management process of a Fund. Derivatives can be used for a variety of purposes, including (but not limited to) the following:

- Hedging  
Derivatives can be used to 'hedge'. Hedging can protect the value of a Portfolio against market fluctuations. Hedging can also reduce the volatility of a portfolio.
- Tactical Reasons  
Derivatives might be used to effect a strategy change, e.g. to adjust the weighting of an asset class in a Portfolio.
- Transactional Reasons  
Derivatives can be used to control the impact on the value of a Portfolio due to

market fluctuations caused by significant transactions.

- Cost Reasons  
Derivatives might be used to obtain pricing advantages over the physical market. Alternatively, the use of derivatives may reduce the transaction costs involved in achieving a desired exposure to an asset class.

A Part B RMS has been prepared in respect of all of MAXIM's derivatives uses.

### 4 Overall Investment Strategy

The overall investment strategy for the Fund and, in particular the use of derivatives, is governed by, and can be found in –

- The Investment Management Agreement and
- The Product Disclosure Statement (PDS).

The use of derivatives will be consistent with, and sub-ordinate to, the investment strategy of the Fund. Details of the types of derivatives and circumstances for their use are contained in the latest RMS Part B for MAXIM dated 1 April 2008.

## 5 Strategy Delegated to the Investment Committee

The Board of MAXIM has appointed an Investment Committee to manage the underlying assets of the Maxim Property Securities Fund. The Investment Committee is bound by the Fund's IMA to manage the Fund in accordance with the component of the Fund's investment strategy as delegated to the Investment Committee and in accordance with MAXIM's RMS.

The Investment Committee is required to ensure compliance with the relevant RMS Part B, which includes audit reviews on an annual basis, and to confirm such compliance to the MAXIM Board and to the Fund's Responsible Entity.

Details of the control and reporting requirements in relation to derivatives are continued in MAXIM's detailed RMS Part B dated 1 April 2008.

## 6 Identification and Date of the RMS

The current RMS was adopted by the Board of MAXIM on 1 April 2008.

The RMS is reviewed by the entities/persons responsible for control mechanisms as set out in the detailed RMS Part B. As circumstances change, the RMS may be revised.

A copy of any revised RMS is made available for all personnel who are responsible for managing, monitoring or implementing the investment processes for

MAXIM. These personnel are, by their experience and training, aware of the requirements of the RMS.

If, for any reason, a change needs to be made to this RMS, the Chairman of the Board of MAXIM has been authorised by the Board to approve the change. The ratification of this change by the Board will be sought at the next Board Meeting.

MAXIM's RMS is subject to an external audit, conducted in accordance with Australian auditing standards.

## 7 Authorisation of the Use of Derivatives

Through the various controls outlined in the detailed RMS Part B for MAXIM as the entity responsible for preparing this (Part A) RMS, MAXIM is responsible for determining that –

- The use of derivatives in the Maxim Property Securities Fund is permitted under the terms of the IMA and related governing documentation; and
- The purposes for using derivatives are consistent with the investment strategies contained within the IMA.

Relevant documentation about this RMS can be obtained from:

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