# Maxim Property Securities Fund

## Monthly Report
## November 2006

## Contents



| Unit Price | 30 Nov 06 |
|---|---|
| NAV | $1.2907 |
| Buy | $1.2939 |
| Sell | $1.2875 |

| Distributions | |
|---|---|
| 30 Jun 06 | 2.2404 cents |
| 30 Sep 06 | 1.2598 cents |

| 2006 Year to Date Return | |
|---|---|
| Income | 3.26% |
| Capital | 20.54% |
| Total | 23.80% |

## Contact Details


For additional information about the Maxim Property Securities fund, or for more information on Maxim Asset Management, please contact us either by phone or email:
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Email: info@maximam.com.au


## Fund Performance

For November, the Maxim Property Securities Fund (Maxim PSF) returned 4.74% whilst the S&P/ASX 300 Property Accumulation Index rose 5.40%. For the year to 30 November 2006, Maxim PSF returned 30.56%.

The table below summarises Maxim's returns relative to the 300 Property Index as at November month end:

| | 1 Mth % | 3 Mths % | 1 Year % | Since Inception % |
|---|---|---|---|---|
| Maxim | +4.74 | +9.70 | +30.56 | +29.02 |
| Index * | +5.40 | +10.48 | +31.67 | +30.14 |
| Relative | -0.66 | -0.78 | -1.11 | -1.12 |

* S&P/ASX 300 Property Accumulation Index

## Market Update

The S&P/ASX 300 Property Accumulation Index rose 5.4% in November, outperforming the broader equity market by some 2.4%. The LPT sector's strong run occurred as a result of investors' recent ongoing appetite for yield and defensive stocks as well as the announcement early in November of a takeover for a listed US REIT, Equity Office Properties by Blackstone, a private equity group, for $36bn. This brought into focus the possibility of other private equity interest in the listed property sector.

The best performing property sub-sector over the month comprised the Diversified trusts which returned 6.4% in November, as Centro Properties, GPT Group and the Mirvac Group rose 11.5%, 9.3% and 8.2% respectively.

| | |
|---|---|
| Diversified | +6.4% |
| Leaders | +6.2% |
| Retail | +5.6% |
| Industrial | +5.4% |
| International | +4.4% |
| Commercial | +1.7% |

Leading property stocks performed better than their smaller counterparts with the Leaders group delivering a 6.2% return. The Retail sub-sector followed, rising 5.6%, also driven by Centro Properties as well as Centro Retail which rose 8.4%.

The Industrial sub-sector followed closely returning 5.4% as Macquarie Goodman rose 6.6%. The Commercial trusts whilst higher at November month end, was the only sub-sector to underperform the overall trust sector, delivering a return of 1.7% for the period.

## Portfolio Activity

Most of the transactions undertaken in November consisted of purchases undertaken with a view to maintaining portfolio weightings in line with target exposures as new funds flowed into Maxim PSF. Other activity included a number of switches such as buying Commonwealth Office Property Trust at the expense of Investa Property Group as well as selling out of the Bunnings Warehouse and Multiplex Acumen holdings whilst an exposure to Peet Limited was introduced.

During the month, as the price for Westfield approached attractive short term levels, Put options were written thereby increasing theoretical exposure and generating premium income for the fund. Later in the month, as Westfield's share price rallied strongly, Call options were sold to capture the price appreciation as well as generating additional premium income. The Put options subsequently expired unexercised

Reflecting our cautious approach, liquidity represented 4.1% of the portfolio at month end.

## Outlook

The Listed Property Trust Sector (LPT) has had a strong run in 2006, particularly so over the last 6 months, resulting in the sector returning 24.9% for the half year. Whilst there is little to suggest that a major correction will take place, such a strong run is considered unlikely to continue as other sectors of the market begin to look more attractive to investors on a relative basis.



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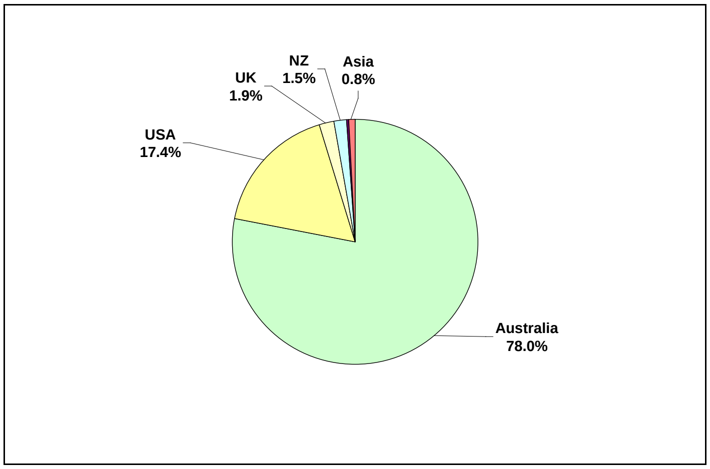
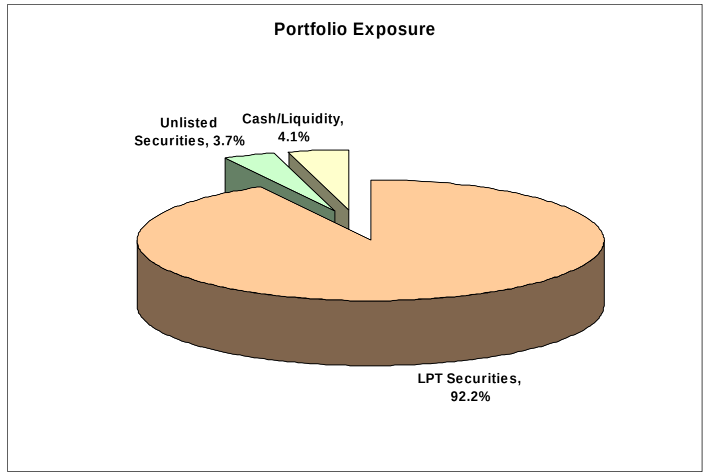
## Geographic Exposure as at 30 November 2006

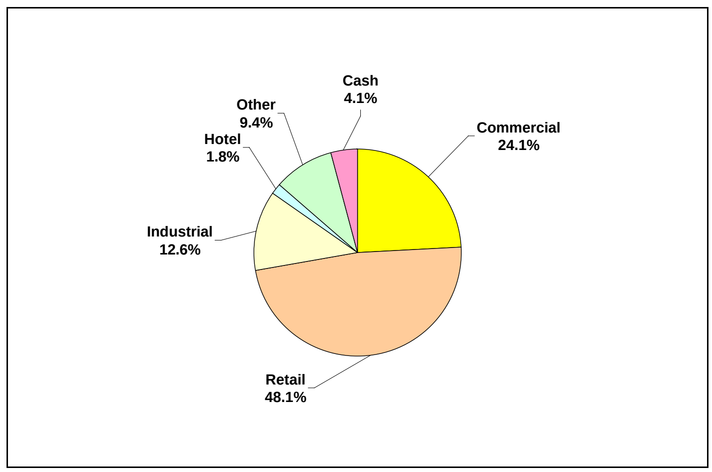



AT present, Maxim PSF does not (directly) hold any investments which are domiciled (listed) offshore. The international exposure depicted in the above chart is a consequence of the international exposures inherent in the Australian domiciled investments (e.g. Westfield Group, Centro Properties Group, ING Industrial Fund etc).

## Portfolio Exposure as at 30 November 2006




The Property Sub-Sector Exposure graph tabled below has been generated by breaking up each individual security's exposure into the relevant property sub-sectors.




## Strategy

**The solid returns for the listed property sector over recent months can be attributed to inflows as a result of investors' hunger for defensive and income producing stocks. Maxim is of the view that whilst there is potential for upside from current levels, it is unlikely to match the sector's recent strong performance. A total return from the sector of around 10% for the period out to December 2007 is currently forecast.**

**Opportunities to increase exposure to Maxim's preferred stocks will be taken as the sector consolidates over the coming months whilst we will also look to increase exposure to the unlisted (direct) property sector as the existing exposure has decreased due to the growth of the fund.**



Maxim Asset Management