Maxim Asset Management Ltd ACN 104 512 978

October 2008 Report

Fund Performance to 31 October 2008

	Month %	3 Months %	1 Year %	3 Years %	Since Inception % p.a.
Maxim Property Securities Fund (Maxim PSF)*	-31.25	-31.97	-58.26	-13.27	-13.18
S&P/ASX 300 A-REIT Accumulation Index	-25.37	-22.79	-55.36	-12.60	-12.83
Value Added (Detracted)	-5.88	-9.18	-1.90	-0.67	-0.35
Capital Growth	-31.31	-33.09	-62.77	-22.24	-22.19
Income Distribution	0.00	0.94	4.10	8.14	8.16
Net Performance (After Fees but Before Tax)	-31.31	-32.15	-58.67	-14.10	-14.03

'* Gross Returns (i.e. before Fees and Taxes). **Past Performance is not a reliable indicator of future performance.**

Market Review

October 2008 saw most equity markets around the world record large falls. Volatility was a major feature of financial markets with big swings occurring on an intra day basis which can, in part, be attributed to increasing investor concern over the prospects for a global economic recession. To highlight the extent of this volatility, on two separate days in October, the Dow Jones Index recorded the two largest percentage gains ever recorded on a single day, albeit the Index closed lower at the end of the month.

In the US, the S&P 500 index fell 16.8% over the month, making it the worst monthly fall since the fall in October 1987. In Australia, the Reserve Bank took the unusual step of reducing the Official Cash rate by 1% and 10 Year Bonds rallied 31 basis points to finish at 5.02% whilst 90 Day Bank Bill rates fell 130 basis points lower to 5.78%. The Aussie Dollar fell 15.7% over the month to close at US66.79 cents.

Impacted by the overall market volatility and in the absence of investment flows into the property sector, the S&P/ASX A-REIT 300 Accumulation Index fell 25.4% in October. Since the start of the year, the Index has fallen 50.0% whilst the broader equity market, as measured by the S&P/ASX 200 Ordinaries Accumulation Index has fallen 34.2%. An additional negative impact on the A-REIT sector came from capital raisings totalling $3.1bn which occurred in October as a number of groups which included Stockland, CFS Retail, GPT and Goodman Group came to the market to raise, in most cases, much needed capital.

At the sub-sector level, the Industrial property sub-sector recorded the largest fall (-64.5%) over the month, whilst the Retail sub-sector (-5.3%) was the best performer

Table 1 lists the property sub-sectors and their October returns:

Table 1 (Source UBS)

Property Sub-Sector	% Change on Month
Property Leaders	-22.5%
Diversified Property	-44.5%
Retail Property	-5.3%
Commercial Property	-29.1%
Industrial Property	-65.4%

At the individual stock level of constituents of the A-REIT 300 Index, the gap between best to worst performing stock was 77.0% as Westfield Group fared best (-1.4% and the ING Industrial Fund faring worst (-78.4%).

Table 2 lists the five best performing S&P/ASX 300 A-REIT Index securities in October whilst **Table 3** lists the five worst.

Table 2

Code	Security Name	Price 31 Oct 08	Return %
WDC	Westfield Group	$16.40	-1.44
CER	Centro Retail Group	$0.11	-4.35
CDI	Challenger Div.Pro.	$0.57	-5.83
CPA	Commonwealth Prop	$1.32	-8.33
CFX	CFS Retail Property	$2.04	-9.33

Source IRESS

Table 3

Code	Security Name	Price 31 Oct 08	Return %
IIF	ING Industrial Fund	$0.34	-78.39
MCW	Macquarie Countrywid	$0.24	-75.26
VPG	Valad Property Group	$0.08	-71.53
MDT	Macquarie DDR Trust	$0.08	-70.00
TSO	Tishman Speyer	$0.32	-65.59

Source IRESS

Outlook

Overall market sentiment continues to be negative and particularly so for the property sector. Whilst investor confidence remains at low levels, this is generating an ongoing aversion to risk. Although we view the A-REIT sector as being significantly oversold, it is likely that the current sentiment will prevail for a while longer as financial markets come to grips with the ramifications of a slowing global (and domestic) economy as well as a lack of clarity with regards to capital values due to an absence of actual trades in the physical property market.

It is considered once confidence starts to pick up, the attractive prevailing pricing will likely lead to sector consolidation through privatisation or by M&A activities as some of the entities that have the financial capacity take advantage of market opportunities.

Maxim Property Securities Fund

ARSN 116 193 563 APIR Code COL0001AU

The Maxim Property Securities Fund (Maxim PSF) returned -31.31% in October compared with the S&P/ASX 300 A-REIT Accumulation Index which fell 25.37% over the month. (Refer page 1 for more detailed information on longer term time horizons).

In October, positive contributors to performance included the fund's zero exposures to Dexus Property Group, CFS Retail, Macquarie Office and ING Office Fund all of which underperformed whilst negative contributors to performance included the Fund's exposures to the FKP Group, Abacus Group, Valad Property, Thakral Holdings and Stockland Group.

A number of capital raisings at deep discounts to the market were announced in October in which Maxim PSF participated. They included the GPT, Goodman and Aspen groups.

Portfolio Summary

At the end of October, Maxim PFS held investments in 16 listed securities representing 81.2% of the portfolio and 4 unlisted securities accounting for 16.4% of the portfolio.

Cash /Liquidity represented 2.4% of portfolio exposure.

Strategy

Over recent months, investors appear to have taken refuge in what they consider to be some of the safe stocks (e.g. Westfield, CFS Retail and CPA) whilst reducing exposure to most other property securities. Having regard to the recent sell off in the sector, it is considered that there are a number of well managed, conservatively geared entities with sound business strategies, trading at large discounts to NTA that, on a relative basis, offer better medium to long term investment opportunities than the "safe haven" stocks. Accordingly, the Maxim PSF portfolio is positioned to take advantage of current market conditions.

Having regard to the economic outlook including the prospect of rising unemployment, Maxim has an underweight to the retail sub-sector including Westfield Group which has been trading at a premium to its NTA as well as CFS Retail with a preference for a number of stocks trading at large discounts to their NTA's, possessing sound balance sheets and relatively low levels of gearing and which include Stockland, Abacus and Aspen Group.

Fund Positioning

Active Security Positions

Over Weights	Under Weights
Abacus Property Group	Westfield Group
Stockland Group	CFS Retail
Cedar Woods	Dexus Property Group
Peet Ltd	Commonwealth Office
Thakral Group	ING Office

Maxim PSF Unit Price
As at 31 October 2008

NAV: $0.5047
BUY: $0.5060
Sell: $0.5034

Maxim PSF last 4 Distributions

31 December 2007	**1.4707 cents per Unit**
31 March 2008	**1.2283 cents per Unit**
30 June 2008	**1.8995 cents per Unit**
30 September 2008	**0.7089 cents per Unit**

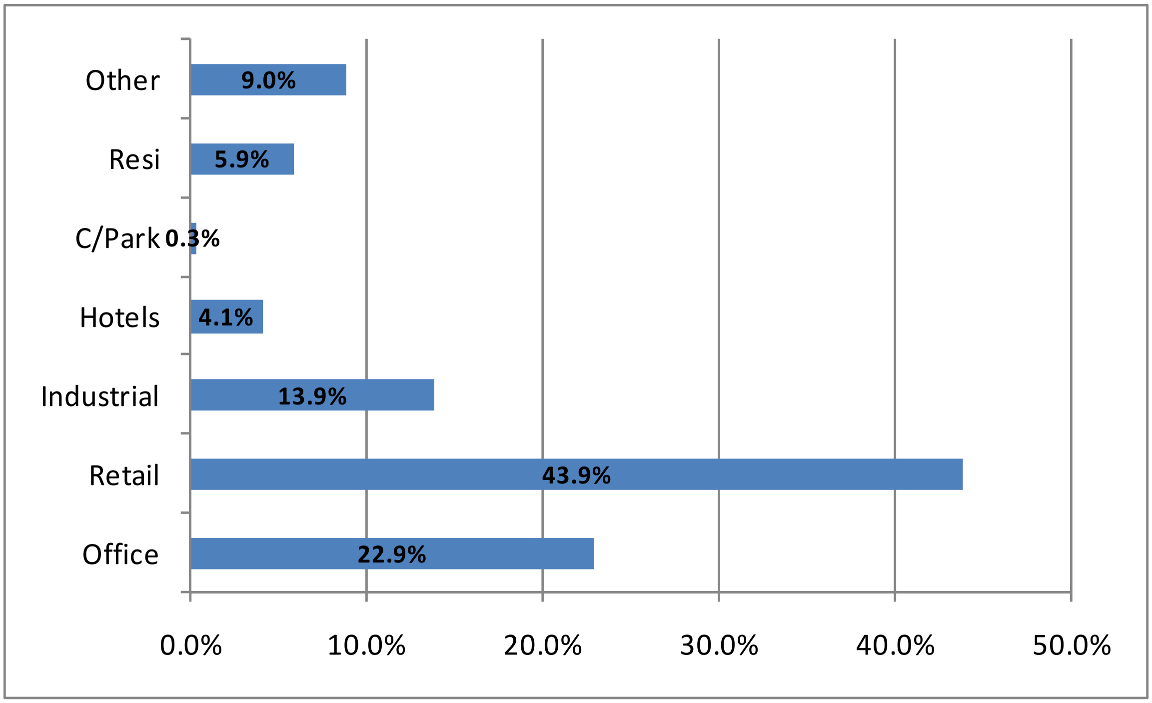
Research House Ratings

Adviser Edge Rating ★★★★☆

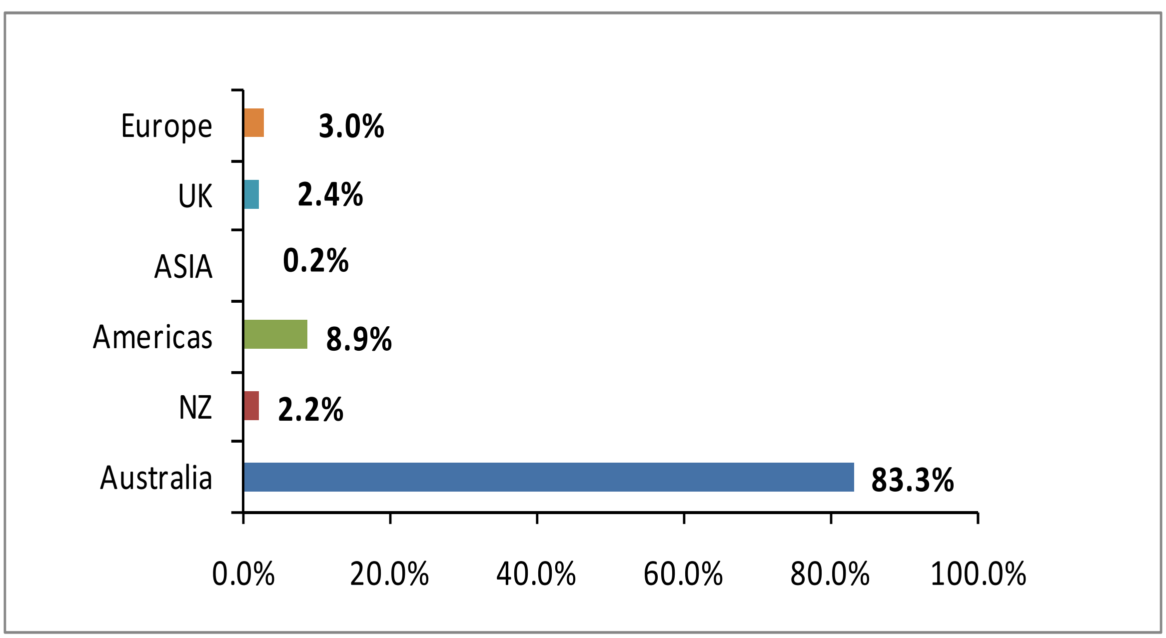
Platforms

Symetry
Macquarie Wrap Solutions

Maxim Property Securities Fund-Exposures as at 31 October 2008



Maxim Property Securities Fund-Geographic Exposures as at 31 October 2008



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October, 2008

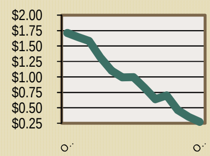
ExcelUser.com

Property Securities - Monthly Charts from 31 October 2007

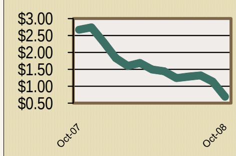
1

	Maxim PSF
Listed Securities Held	16
Unlisted Securities	4
Listed Securities	81.2%
Unlisted Securities	16.4%
Cash/Liquidity	2.4%
Total	100.0%

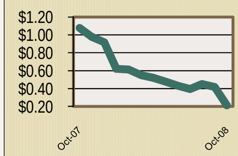
2 Aust. Education Trust



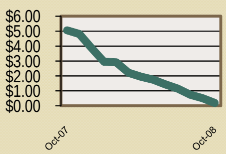
3 Aspen Group



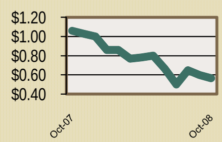
4 B & B Communities



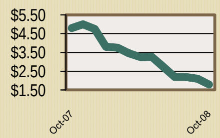
5 Becton Group



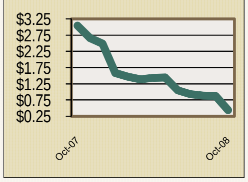
6 Challenger Diversified



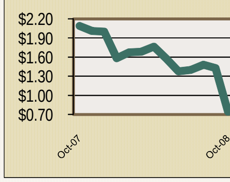
7 Cedar Woods



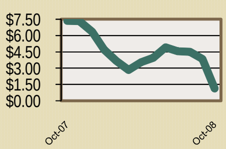
8 Charter Hall Group



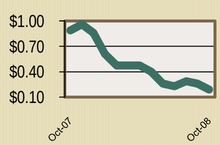
9 Dexus



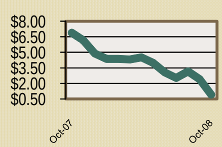
10 FKP Group



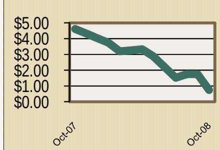
11 GEO Property



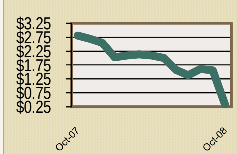
12 Goodman Group



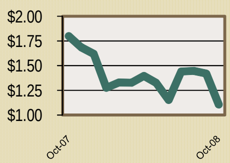
13 GPT



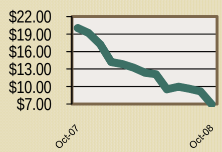
14 ING Industrial



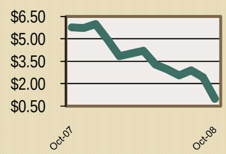
15 ING Office



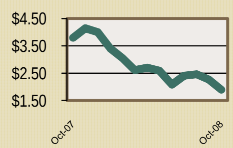
16 Lend Lease



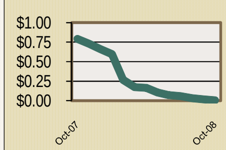
17 Mirvac Group



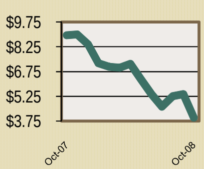
18 Peet Limited



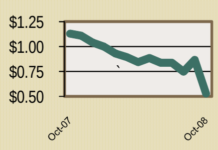
19 Record Realty



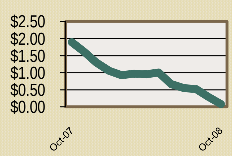
20 Stockland Group



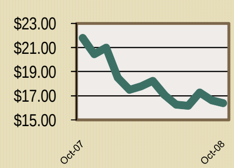
21 Thakral Group



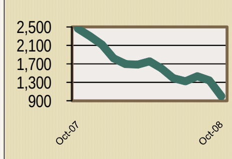
22 Valad Group



23 Westfield Group



S&P/ASX A REIT 300 Index



Data: *IRESS*

Contact Details

For additional information about any of the Maxim funds, or for more information on Maxim Asset Management, please contact us either by phone or email: Phone: 02 9223 4255 Email: info@maximam.com.au