

October 2009 Report

Fund Performance to 31 October 2009

	Month %	3 Months %	6 Months %	1 Year % p.a.	2 Years % p.a.	3 Years % p.a.	Since Inception % p.a.
Maxim Property Securities Fund (Maxim PSF)*	-6.44	+22.59	+37.95	+7.77	-32.93	-18.27	-8.40
S&P/ASX 300 A-REIT Accumulation Index	-8.98	+16.30	+30.18	-6.09	-35.99	-21.40	-11.21
Value Added	+2.54	+6.29	+7.77	+13.86	+3.06	+3.13	+2.81
Capital Growth	-6.51	+21.02	+31.92	-1.92	-37.32	-26.45	-17.43
Income Distribution	+0.00	+1.31	+5.41	+8.67	+3.74	+7.39	+8.13
Net Performance (After Fees but Before Tax)	-6.51	+22.33	+37.33	+6.75	-33.58	-19.06	-9.29

\* Gross Returns (ie before Fees and Taxes)

Past Performance is not a reliable indicator of future performance

Market Review

The generally positive run experienced by financial markets over the previous 7 months came to an end in October as in the USA the NASDAQ and the S&P 500 fell 3.6% and 2.0% respectively, in Japan, the NIKKEI fell 1.0% whilst in Australia the S&P/ASX 200 Accumulation Index ended the month 6.9% lower.

In the US, the Federal Reserve left interest rates unchanged (target 0.0% to 0.25%) whilst the US CPI rose 0.2% over the month as Non-farm payrolls for September came in weaker than expected.

In Australia the Reserve Bank increased the official Cash rate by 25 Basis Points to 3.25% as Australian core CPI rose 0.8% over the quarter and 3.2% over the year which is above the RBA's target inflation band of 2 to 3%. Employment rose unexpectedly in September with most of the rise attributed to full-time jobs as the unemployment rate fell 0.1% to 5.7%. Australian 10 Year bonds rose 18 basis points whilst the Australian Dollar continued to rally, rising 1.9% over the month to close at US\$0.8997.

On the property front, the S&P/ASX A-REIT 300 Accumulation Index fell 9.0% in October, underperforming the broader equity market by 2.1%.

At the property sub-sector level, October saw the Commercial A-REITS (Office) perform the best, whilst the Retail sub-sector fared worst. The following table lists the individual property sub-sectors and their returns in October.

Property Sub-Sector	% Change on Month
Commercial Property	+1.6%
Industrial Property	-7.7%
Diversified Property	-9.2%
Property Leaders	-10.0%
Retail Property	-10.4%

Source UBS

At the individual stock level of the S&P/ASX A-REIT 300 Index, the gap between best to worst performing stock in October was 21.7% with ING Office returning +7.1%, whilst

the GPT Group fell 14.6%. The following table lists the Five Best and Five Worst performing A-REIT 300 Index securities in the month of October.

OCT 5 Best Index Movers	%	OCT 5 Worst Index Movers	%
ING Office Fund	+7.14	GPT Group	-14.60
Macquarie Office	+6.67	Charter Hall Group	-13.49
Aspen Group	+3.03	Macquarie DDR Trust	-13.04
Macquarie Countrywid	-0.78	Westfield Group	-11.73
Abacus Property Grp.	-2.27	Mirvac Group	-11.01

Source IRESS

At month end, ING Industrial Fund announced details of a capital raising of \$700m with proceeds to be used to strengthen their balance sheet. Notwithstanding the fact that two of IIF's large stakeholders announced their non-participation, the capital raising was well sought after.

IIF also announced that it had sold 5 properties from its Australian portfolio realising a total of \$104m which was around 1% below their June 2009 book values. GPT announced the sale of its Four Points Sheraton Hotel in Sydney for \$185m to an overseas investor. The sale price represented a 10% discount to the value assigned as at 30 June 2009 and represented a passing yield of 8.8%.

With regards to M&A activity, Mirvac (MGR) announced a recommended merger with Mirvac Real Estate Investment Trust (MRZ) on a ratio of 1 MGR for every 3 MRZ (plus 1c per MRZ). Based on MGR's month end closing price, the implied value of MRZ is \$0.54c per unit representing a 37% discount to MRZ's last stated NTA of \$0.85c.

Outlook

The environment for the A-REIT sector has improved over recent months as markets stabilised reflecting an Australian economy which has outperformed the worst of expectations. Consumer and business sentiment appears to have improved and unemployment levels, although disappointing, are much better than previously forecast.

Under this scenario, vacancy rates are considered unlikely to deteriorate whilst asset values are close to their bottom. This is expected to augur well for the longer term improvement of the sector which now awaits earnings growth flowing through to higher distributions generated from rising rents.

## Maxim Property Securities Fund

ARSN 116 193 563

APIR Code COL0001AU

Over the month of October, The Maxim Property Securities Fund (Maxim PSF) returned -6.51% (After Fees but before Tax) as compared to the S&P/ASX 300 A-REIT Accumulation Index which returned -8.98% over the period (Refer Page 1 for more detailed comparisons over longer time frames).

Positive contributors to performance in October came from the Fund's investment in Cedar Woods Properties and its underweight exposure to the Westfield Group. Having a Zero exposure to the Mirvac Group also provided a positive contribution. Negative contributions to returns came from the Fund's holdings in the GPT Group whilst holding no Macquarie Office Fund also had a negative impact on returns.

## Portfolio Summary

As at the end of October, Maxim PSF held investments in 12 listed A-REITs which will increase to 13 in November as the Fund will participate in the capital raising undertaken by ING Industrial Fund.

Maxim PSF's investments in listed A-REITs represented a portfolio exposure of 86.8%, whilst its two investments in unlisted property securities represented an exposure of 11.9%. Exposure to Cash/Liquidity made up 1.3% of the portfolio at month end.

## Outlook & Strategy

The A-REIT sector is currently offering a FY10 DPS (Distribution per Share) yield of around 6.5% which represents a 267 basis points premium to 90 Day Bank Bills and about 100 basis points premium to 10 Year Bonds. Notwithstanding the positive yield differential, the rally in the sector over the last 6 months or so is considered to have returned the market to fair to full valuation levels for the time being, particularly in light of recent rises in the Cash Rate (with expectations of more to come).

We expect the sector will need to consolidate at around current levels for a little while (likely through to the end of the year) before moving higher driven by the prospects of better news on the distribution front as the need to retain cash starts to dissipate over time. Accordingly Maxim will look to maintain its existing exposures with a preference for the better managed smaller capitalised A-REITs possessing sound balance sheets.

## Maxim PSF Unit Price As at 31 October 2009

NAV: \$0.4825

BUY: \$0.4837

SELL: \$0.4813

## Maxim PSF last 4 Distributions

31 December 2008 0.7955 cents per Unit

31 March 2009 1.5887 cents per Unit

30 June 2009 1.4706 cents per Unit

30 September 2009 0.5211 cents per Unit

## Research House Ratings



## Platforms

BEACON

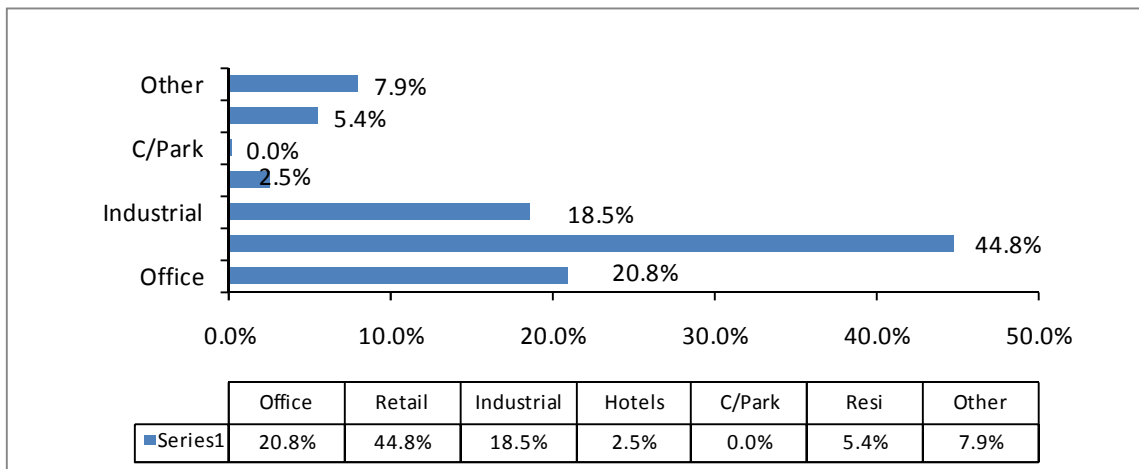
FirstWrap

Macquarie Wrap Solutions

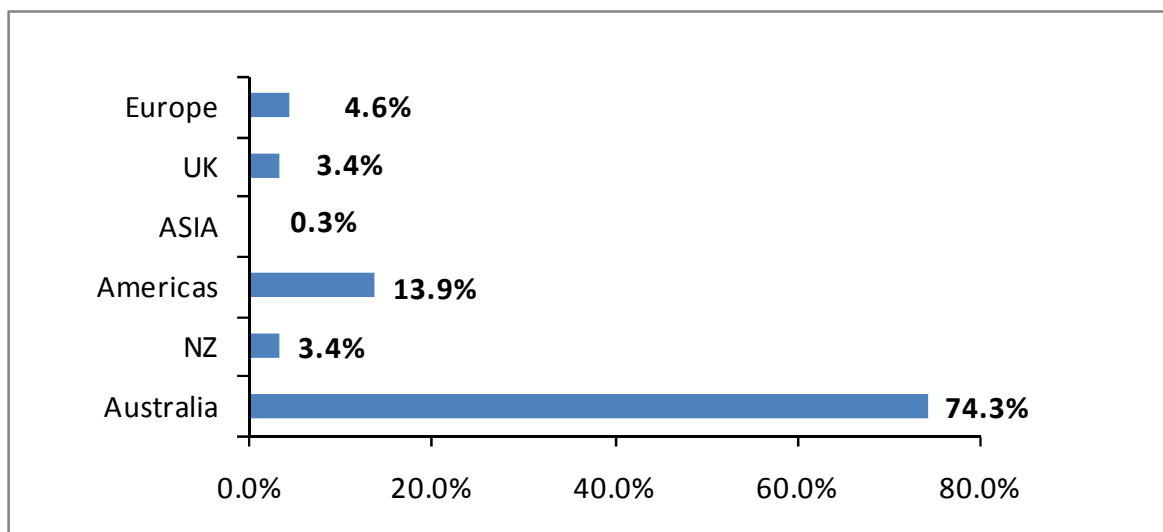
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### Maxim Property Securities Fund-Exposures as at 31 October 2009



### Maxim Property Securities Fund-Geographic Exposures as at 31 October 2009



### Contact Details

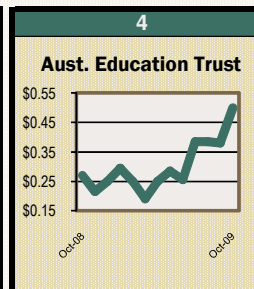
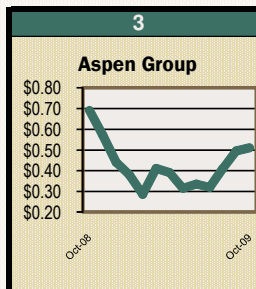
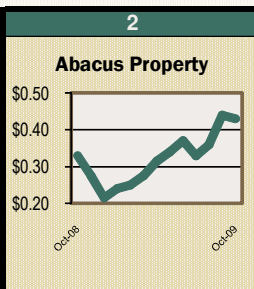
For additional information about the Maxim Property Securities Fund, or for more information on Maxim Asset Management, please contact us:

Phone: 02 8904 0163

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

### Property Securities - Monthly Charts from 31 October 2008

<b>1</b>	
<b>Maxim PSF</b>	
Listed Securities Held	12
Unlisted Securities	2
Listed Securities	86.8%
Unlisted Securities	11.9%
Cash/Liquidity	1.3%
<b>Total</b>	<b>100.0%</b>

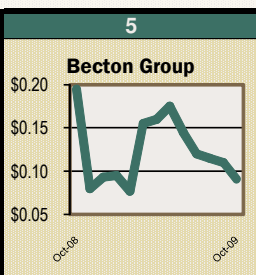


Closing Prices 31 August 2009

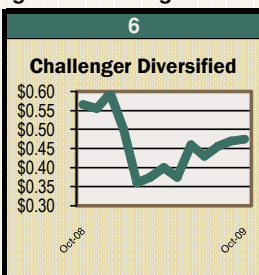
**\$0.430**

**\$0.510**

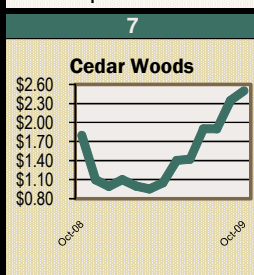
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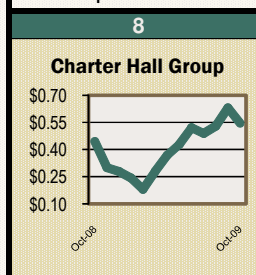
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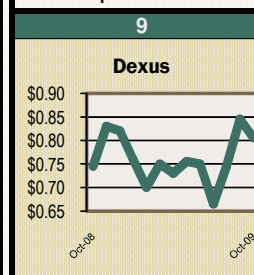
**\$0.475**



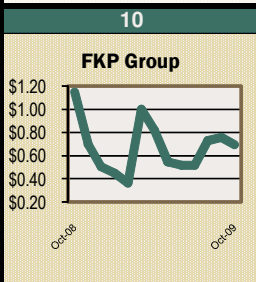
**\$2.500**



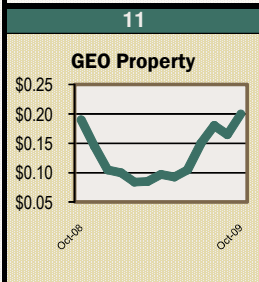
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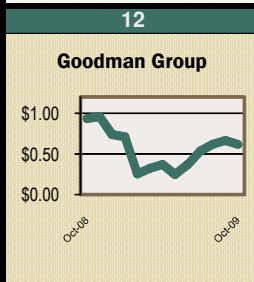
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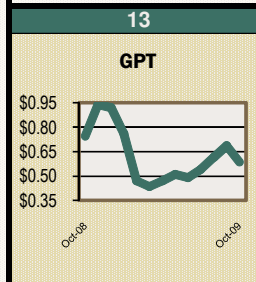
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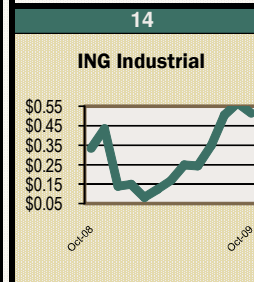
**\$0.200**



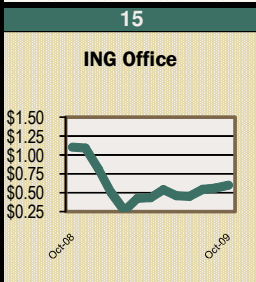
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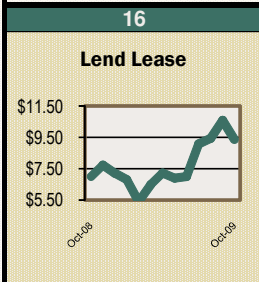
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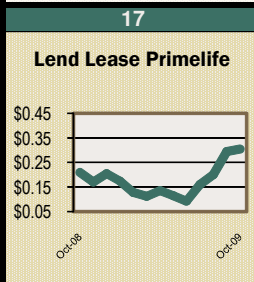
**\$0.515**



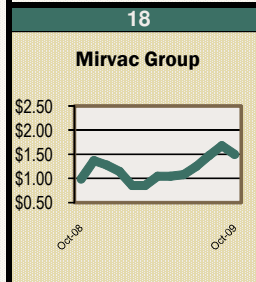
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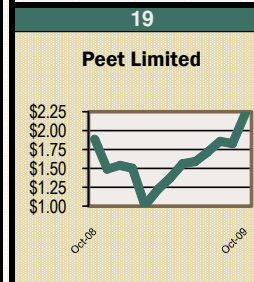
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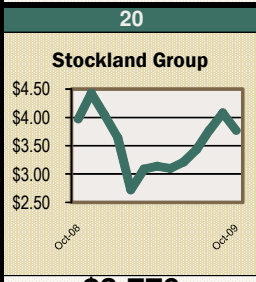
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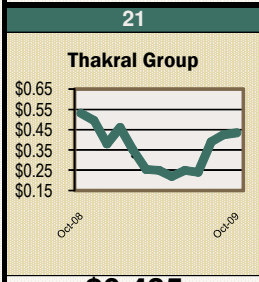
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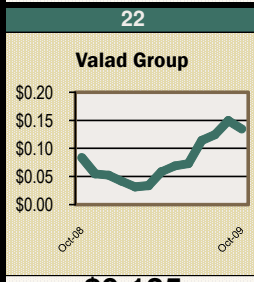
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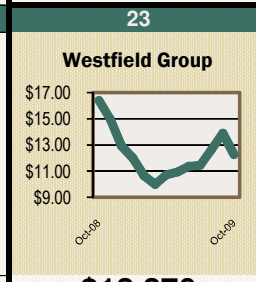
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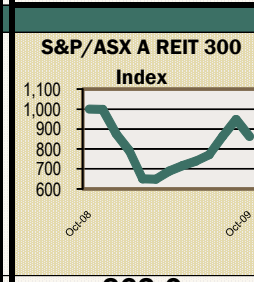
**\$0.435**



**\$0.135**



**\$12.270**



**863.0**

Data: IRESS