

LPT returns tipped to rise

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MAXIM Asset Management has forecast a 10 per cent return for the listed property trust (LPT) sector for calendar 2007, an increase on last year's 8 per cent, albeit in a more volatile market.

The firm's founder, **Winston Sammut**, says capital raisings, interim results and offshore expansion have dominated the sector for the past two months, with LPT returns falling below those of the broader sharemarket.

Mr Sammut said February, which was dominated by half-year results, was the first month since May 2006 in which the LPT sector underperformed the broader sharemarket. The sector fell 0.53 per cent while the sharemarket rose 1.63 per cent.

"At the property sub-sector level, retail trusts were the best performers, rising 0.8 per cent," he said. This was despite a fall in consumer spending in February.

Equity raisings increased in value and number during the month, Mr Sammut said. A total of \$2.6 billion was raised including \$1.25 billion by the Centro stable.

Funds were expected to continue to flow into Australian LPTs because they were better value than their international counterparts.

"Maxim's forecast for a total return from the sector for calendar 2007 remains at 10 per cent, albeit in a more volatile market.

"We continue to favour smaller capitalised stocks as well as non-index securities which feature sound management and have well defined strategies in place."

Data released during the week indicated consumer spending fell 0.6 per cent to \$18.6 billion in February, following a 0.9 per cent rise in January.

The Cashcard retail activity index shows unadjusted spending has fallen to its lowest level since March last year.

Based on the expected increase in volatility, Mr Sammut said his fund Maxim PSF would target cash levels of about 5 per cent and take opportunities to top up portfolio holdings as the market pulled back in the short term.

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