



FOLKESTONE MAXIM A-REIT SECURITIES FUND

NOVEMBER 2014 REPORT

MARKET REVIEW

The price of oil suffered a sharp fall late in November following a meeting of the Organisation of the Petroleum Exporting Countries (OPEC) which decided to retain production levels of 30 million barrels of oil per day rather than cut production as Brent Crude fell 18.6% in November. In Europe, the ECB took action to expand its balance sheet and started to buy asset backed securities whilst in China, interest rates were cut which saw the one year benchmark deposit rate fall to 2.75% from 3.0%. Australia was impacted by falling commodity prices namely oil and iron ore which saw the benchmark spot iron price fall 10.4% impacted by soft demand and continuing supply glut.

The Reserve Bank of Australia (RBA) kept rates on hold at 2.5% following its monthly Board Meeting. By the end of November, the Yield on 90 Day Bank Bills fell stood at 2.74% and the yield on 10 Year Bonds fell 26 basis to 3.03% whilst the Aussie Dollar fell to US\$0.8506. The S&P/ASX 300 A-REIT Accumulation Index was flat over the month, returning 0.0%, yet outperformed the broader equity market by 3.3%.

The latter was impacted by falling commodity prices. For the 12 month period ended 30 November 2014, the S&P/ASX 300 A-REIT Accumulation Index returned +19.8% compared to the broader market's return of 6.4%.

Over November, the gap between best to worst performing stock in the S&P/ASX 300 A-REIT Index was 16.1%. The best performing A-REIT in the Index was 360 Capital Industrial Fund (TIX +8.8%) followed by Astro Japan Property Group (AJA +7.3%) and Abacus Property Group (ABP +6.3%) whilst the three worst performers were Ingenia Group (INA -7.3%), Growthpoint Property (GOZ -4.2%) and Stockland Group (SGP -2.8%).

ACTIVITY

During November, the Mirvac Group acquired an industrial portfolio comprising 5 assets (4 assets in Sydney and 1 asset in Adelaide) at a cost of \$224.1m and which came with a WALE of 8 years from Altis' Real Estate Equity Partnership Fund No.1.

A number of large CBD office buildings with residential conversion potential were transacted in November taking the 2014 YTD total sales of similar assets to \$1.1bn.

KEY STATISTICS

as at 31 November 2014

<i>Status</i>	Open
<i>Fund Maturity</i>	Open Ended
<i>Investments</i>	Primarily A-REITS
<i>Investment Horizon</i>	3-5 years
<i>Distribution</i>	Quarterly
<i>Frequency</i>	
<i>Fund Inception Date</i>	October 2005
<i>Pricing</i>	Daily
<i>Buy/Sell Spread</i>	0.25%/0.25%
<i>Total MER</i>	0.95% up to \$50m Then 0.85% > \$50m
<i>ARSN</i>	116 193 563
<i>APIR Code</i>	COL0001AU

PLATFORMS

Macquarie Wrap Solutions
Netwealth
Powerwrap
Symetry

TOP 5 HOLDINGS (by Portfolio Weight)

Scentre Group
Westfield Corporation
Stockland Group
GPT Group
Folkestone Social Infrastructure Trust



Fund Performance to 31 November 2014

Folkestone Maxim A-REIT Securities Fund	Nov 2014 %	6 Months %	1 Year % p.a.	3 Years % p.a.	5 Years % p.a.	7 Years % p.a.	Since Inception % p.a.*
Growth	+0.88	+8.72	+15.83	+13.11	+6.63	-5.40	-2.79
Income Return	+0.00	+3.13	+5.74	+6.61	+5.57	+2.68	+4.86
Total Return (After Fees but Before Tax)**	+0.88	+11.85	+21.56	+19.72	+12.20	-2.72	+2.07
S&P/ASX 300 A-REIT Accumulation Index	+0.00	+11.43	+19.80	+18.98	+11.81	-3.62	+0.96
Value Add	+0.88	+0.42	+1.76	+0.74	+0.39	+0.90	+1.11

*Fund inception date October 2005. **Please note the Fund's management fee was reduced on 16 May 2014. The Fund's after fees but before tax performance only reflects the new management fee from this date.

ACTIVITY CONT'D

The activity in November included the sale of 175 Liverpool Street, Sydney by the Government Investment Corporation of Singapore (GIC) to the Hong Kong listed Shimao Property for around \$393m. GDI Funds Management entered into a conditional put and call option deed for the sale of 233 Castlereagh Street, Sydney to a Chinese based fund manager, Visionary Investment Group for \$156m representing a 21% premium to book value.

Charter Hall Group acquired a portfolio of 6 industrial assets from Inghams for \$171.4m on average initial yield of 7.8% with a WALE of 22 years.

Sydney's Sheraton on the Park Hotel was purchased by Sunshine Insurance Group Corporation, a Chinese life insurer for \$463m on a yield of 6%. The sale represented the largest single hotel transaction in Australia on record.

SECTOR VALUATION

The A-REIT sector was trading at a 35% premium to NTA at the end of November and offering a FY15 yield of 5.4%. This equates to a 260 basis points premium to 90 day Bank Bills and a 237 basis points premium to 10 year bonds.

OUTLOOK

The A-REIT sector is currently offering attractive distributions as well as defensive attributes to cash flows (rental income) relative to the broader equity market and this continues to provide appeal for investing in listed real estate. We expect returns from the A-REIT sector over the short term to be more concentrated on

distributions as opposed to share price appreciation.

FUND PERFORMANCE

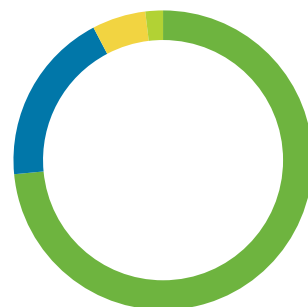
The Fund returned +0.88% (on an after fee but before tax basis) in November, outperforming the Fund's Benchmark which was flat over the month returning 0.0%. Over the 12 month period ended 30 November 2014, the Fund returned +21.56% outperforming the Benchmark return of +19.80% by 1.76%. Since inception (15 October 2005), the Fund has outperformed its Benchmark by 1.10% on an after fees but before tax basis.

Positive contributions to returns came from the Fund's exposure to the Folkestone Social Infrastructure Trust (FST +14.5%), Carindale Property Trust (CDP +5.5%) and underweight exposure to Mirvac (MGR) and Dexus Property (DXS) which fell 2.2% and 2.1% respectively. Detracting from returns were exposure to Ingenia Group (INA -7.3%), Cedar Woods (CWP -4.0%) and underweight exposures to Novion Property Group (NVN) and Federation Centres (FDC) which rose 1.4% and 1.8% respectively.

The Fund's investments comprised 15 ASX listed securities totaling 98.1% of the portfolio of which 9 were constituents of the S&P/ASX 300 A-REIT Index with the remaining 6 held outside of the Benchmark Index. The residual 1.9% of the portfolio was held in cash/liquid investments. The investment held in the Colonial Diversified Property Pool was the subject of a return of capital during November. No new investments in unlisted property will be undertaken in the future.

ASSET ALLOCATION

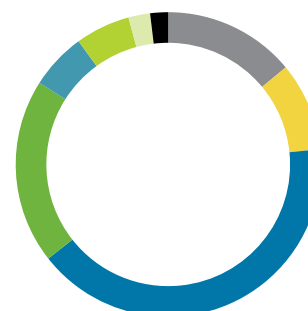
As at 31 November 2014



- S&P/ASX 300 A-REIT - 73.5%
- Ex S&P/ASX 300 A-REIT - 18.8%
- Developers & Managers - 5.8%
- Cash - 1.9%

SECTOR SPLIT

As at 31 November 2014



- Social Infrastructure - 14.0%
- Industrial - 9.4%
- Retail - 41.0%
- Diversified - 19.6%
- Office - 6.0%
- Developers & Managers - 5.8%
- Other - 2.3%
- Cash - 1.9%

Disclaimer: Investors should consider the product disclosure statement (PDS) issued by the Responsible Entity, One Managed Investment Funds Limited (ABN 47 117 400 987) (AFSL 297042) (OMIFL) before making any decision regarding the Folkestone Maxim A-REIT Securities Fund (Fund). The PDS contains important information about investing in the Fund and it is important investors read the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. Folkestone Maxim Asset Management Limited (ABN 25 104 512 978) (AFSL 238349) is the investment manager of the Fund (Folkestone Maxim). Neither OMIFL nor Folkestone Maxim guarantees the repayment of capital or the performance of any product or any particular rate of return referred to in this document. Past performance is not a reliable indicator of future performance. While every care has been taken in the preparation of this document, Folkestone Maxim makes no representation or warranty as to the accuracy or completeness of any statement in it including without limitation, any forecasts. This fact sheet has been prepared for the purpose of providing general information only, without taking account of any particular investor's objectives, financial situation or needs. Investors should, before making any investment decisions, consider the appropriateness of the information in this fact sheet, and seek professional advice, having regard to their objectives, financial situation and needs. OMIFL has not been involved in the preparation of this monthly report and takes no responsibility for its content. Information in this fact sheet is current as at 30 November 2014. The SQM rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036. SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs. You should read the PDS and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from Folkestone Maxim for the research and rating of the Fund.

Morningstar Definition

The Morningstar Rating is an assessment of a fund's past performance – based on both return and risk – which shows how similar investments compare with their competitors. A high rating alone is insufficient basis for an investment decision.

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