



## Charter Hall Maxim Property Securities Fund

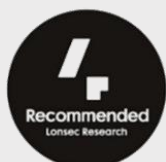
### Report November 2018

Charter Hall Maxim Property Securities Fund	Month %	3 Months %	1 Year % p.a.	3 Years % p.a.	5 Years % p.a.	10 Years % p.a.	Since Inception % p.a.*
Growth	+0.33	-3.14	-0.74	+6.31	+8.88	+7.04	+1.30
Income Return	+0.00	+0.58	+3.23	+4.32	+4.99	+4.99	+3.69
Total Return (After Fees but Before Tax) **	+0.33	-2.56	+2.49	+10.62	+13.86	+12.02	+4.99
S&P/ASX 300 A-REIT Accumulation Index	-0.27	-4.87	+1.64	+8.36	+11.86	+9.26	+3.91
Value Add	+0.60	+2.31	+0.85	+2.27	+2.01	+2.76	+1.08

\*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.

Past performance is not an indicator of future performance.

#### QUALITATIVE RATING



#### QUANTITATIVE RATING



Overall rating out of 123  
 Equity Australia Real  
 Estate funds as of 30  
 September 2018.



# Charter Hall Maxim Property Securities Fund

## MARKET REVIEW

In November, the S&P/ASX 300 A-REIT Accumulation Index returned -0.3%, outperforming equities by 1.9%. A-REITs have now outperformed equities for two consecutive months, as investors seek refuge from market volatility emanating from US/China trade tensions and rising fears that the US economy may have reached its cyclical peak. On a rolling 12 month basis, A-REITs have posted a total return of +1.6% versus -1.0% for the broader equities market.

Healthcare A-REITs posted the highest return for the month delivering +10.6%, led by Arena REIT (ARF) +10.6%, followed by Residential A-REITs with +6.2%, Specialised A-REITs with +1.9%, Office A-REITs with +1.4%, Diversified A-REITs with +1.1%, Industrial A-REITs with -1.0% and Retail A-REITs with -1.9%.

## SECTOR ACTIVITY

During the month, Folkestone (FLK) was removed from official quotation following its acquisition by Charter Hall (CHC), while Asia Pacific Data Centres (AJD) was suspended from official quotation as Next DC (NXT) moved to compulsory acquisition. Folkestone Education Trust (FET) was renamed to the Charter Hall Education Trust (CQE) following the acquisition of its management by Charter Hall (CHC). Redcape Hotel Group (RDC) listed on the ASX, the first IPO in the sector for some time.

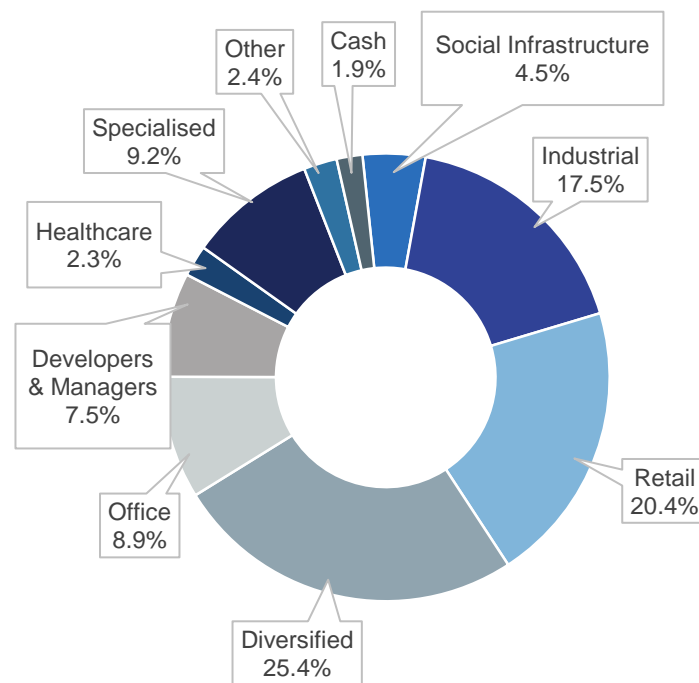
Three A-REIT equity raisings were completed. Cromwell Property Group (CMW) raised \$300 million at an issue price of \$0.98 per unit to reduce gearing and fund a \$124 million equity commitment to the Cromwell European Real Estate Investment Trust (CEREIT), which it manages. Growthpoint Properties Australia (GOZ) raised \$135 million at an issue price of \$3.46 per unit to acquire an office building in Brisbane, from one of Charter Hall's funds, for \$250 million. Ingenia Communities (INA) made a \$74 million strategic placement at a price of \$3.22 to Sun Communities Inc (NYSE: SUI), a leading US manufactured housing REIT, resulting in Sun Communities owning 9.99% of Ingenia Communities. The Charter Hall Maxim Property Securities Fund did not participate in any of these raisings.

In M&A news, Starwood Capital lowered its takeover offer for Australian Unity Office Fund (AOF) from \$2.95 to \$2.87, reducing its offer by the value of AOF's distribution.

In other news Dexus (DXS) announced the establishment of a new circa \$2 billion unlisted Australian logistics trust with GIC acting as a foundation investor taking an initial 25% investment in the fund. Eureka Group (EGH) announced it will recommence its acquisition program,

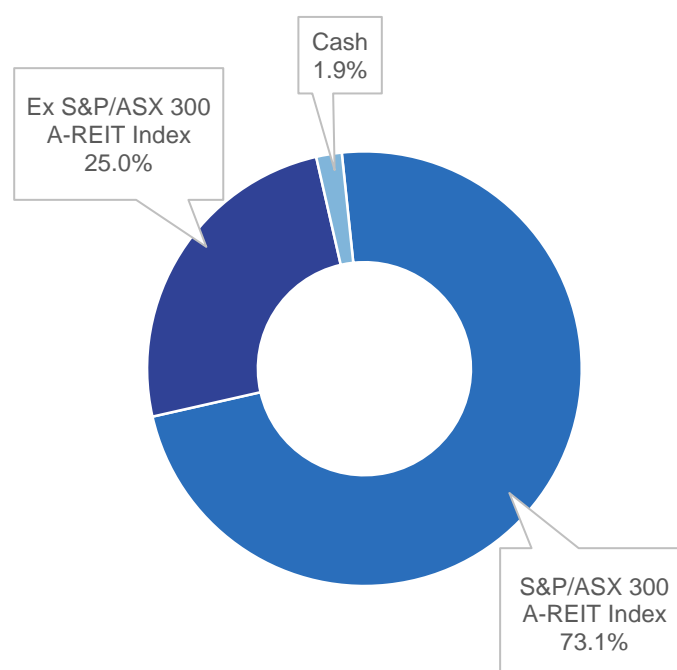
## FUND SECTOR SPLIT

As at 30 November 2018



## FUND ASSET ALLOCATION

As at 30 November 2018



Please note: Numbers in the graphs may not add up to 100 due to rounding.

having successfully divested non-core assets, and expects FY19 Core EBITDA to increase by 16% on FY18. APN Property Group (APD) announced a corporate restructure to become a stapled entity, which if implemented, would see its FY19 proforma EPS increase by 16-21%.

## SECTOR VALUATION

At the end of November, the A-REIT sector was trading at a 15.1% premium to NTA (-4.0% ex GMG/CHC), and FY19e DPS yield of 5.5%.

These multiples look attractive, especially given the current 260bp premium to 10-year bonds (2.9%).

## FUND PERFORMANCE

Over the month, the Fund returned +0.33% (after fees, before tax), outperforming the Benchmark by 0.60%. On a rolling 12-month basis, the Fund returned +2.49%, outperforming the Benchmark return of +1.64% by +0.85%.

Positive contributions in November came from the Fund's zero weighting to Unibail-Rodamco Westfield (URW - 7.1%) and an overweight exposure to Vital Harvest (VTH +5.9%).

Detracting from the Fund's performance was a zero exposure to Dexus (DXS +2.6%) and an overweight exposure to Lifestyle Communities (LIC -5.3%).

At the end of November, the Fund's investments comprised 20 ASX listed securities totaling 98.1% of the portfolio, 12 of which were constituents of the S&P/ASX 300 A-REIT Index, with the remaining 8 holdings being non-index securities. The balance, 1.9% of the portfolio, was held in cash/liquid investments.

## OUTLOOK

Since early November US 10-year bonds have retreated on growing expectations US economic growth may begin to stall, as recent rises in official interest rates start to take hold. During the month, the US Fed announced it was nearing a neutral stance on official rates.

These events could signal a pivotal turning point for the A-REIT market, which over the past twelve months has been negatively impacted by concerns that rising US rates will lead to higher domestic interest rates. Based on recent news, it appears these concerns may diminish, at least in the short term.

Outside of macro events, underlying commercial property fundamentals in Australia remain sound. Most sectors,

apart from the retail sector, are demonstrating robust rental growth and higher capital values.

The Fund continues its specific underweighting to the retail sector, while overweighting specialist sectors such as seniors living, childcare and the rural sector. This approach is consistent with the Fund's high conviction active management strategy.

## TOP 5 ACTIVE OVERWEIGHTS

By Portfolio Weight

Australian Unity Office Fund (AOF)
Rural Funds Group (RFF)
Charter Hall Education Trust (CQE)
Industria REIT (IDR)
Vital Harvest (VTH)

## FUND OVERVIEW

As at 30 November 2018

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

## PLATFORMS

Asgard
Colonial First State FirstWrap
BT Panorama
BT Wrap
HUB24
Macquarie Wrap Solutions
Netwealth
IOOF Pursuit
Powerwrap
Symetry
uXchange



**Charter Hall Maxim  
Wins Industry Leadership Award**

In December 2017, Charter Hall Maxim (formerly Folkestone Maxim) won the inaugural Financial Standard Investment Leadership Award for Australian Listed Property.

The Financial Standard award recognises "investment strategies that showcase all the qualities investors - whether they be advised or self directed - are looking for in a manager".

**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) is the responsible entity of the Charter Hall Maxim Property Securities Fund ARSN 116 193 563 (Fund). The information contained in this document was not prepared by OMIFL but was prepared by other parties. While OMIFL has no reason to believe that the information is inaccurate, the truth or accuracy of the information contained therein cannot be warranted or guaranteed. Anyone reading this report must obtain and rely upon their own independent advice and inquiries. Investors should consider the Product Disclosure Statement dated 8 November 2018 and Additional Application Booklet dated 8 November 2018 (together the PDS) issued by OMIFL before making any decision regarding the Fund. The PDS contains important information about investing in the Fund and it is important investors obtain and read a copy of the PDS before making a decision about whether to acquire, continue to hold or dispose of units in the Fund. You should also consult a licensed financial adviser before making an investment decision in relation to the Fund. A copy of the PDS may be obtained from <http://oneinvestment.com.au> or <http://charterhall.com.au/>. Charter Hall Property Securities Management Limited (ABN 25 104 512 978) (AFSL 238349) is the investment manager of the Fund (Charter Hall Maxim). Neither OMIFL nor Charter Hall 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, Charter Hall 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. Information in this fact sheet is current as at 30 November 2018.

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 Charter Hall Maxim for the research and rating of the Fund.

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. Charter Hall Maxim Property Securities Fund received a 5-Star Overall Morningstar Rating™ as at 30-09-2018. © 2018 Morningstar, Inc. All rights reserved. Neither Morningstar, its affiliates, nor the content providers guarantee the data or content contained herein to be accurate, complete or timely nor will they have any liability for its use or distribution. Any general advice or 'class service' have been prepared by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544, AFSL: 240892) and/or Morningstar Research Ltd, subsidiaries of Morningstar, Inc, without reference to your objectives, financial situation or needs. Refer to our Financial Services Guide (FSG) for more information at [www.morningstar.com.au/s/fsg.pdf](http://www.morningstar.com.au/s/fsg.pdf). You should consider the advice in light of these matters and if applicable, the relevant Product Disclosure Statement before making any decision to invest. Our publications, ratings and products should be viewed as an additional investment resource, not as your sole source of information. Past performance does not necessarily indicate a financial product's future performance. To obtain advice tailored to your situation, contact a professional financial adviser.

**Atchison Consultants** recommend that investors read the detailed information contained in the Product Disclosure Document. Investors should read the Analyst Interest and Certification, Warning (General Advice Only) and Disclosure (Commissioned Research) in the Recommended Ratings Report.

The **Lonsec** Rating assigned in November 2018 presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445. The Rating is limited to "General Advice" (as defined in the Corporations Act 2001 (Cth)) and based solely on consideration of the investment merits of the financial product(s). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Charter Hall Maxim Property Securities Management products, and you should seek independent financial advice before investing in this product. The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document following publication. Lonsec receives a fee from the Fund Manager for researching the product using comprehensive and objective criteria. For further information regarding Lonsec's Ratings methodology, please refer to our website at: <http://www.beyond.lonsec.com.au/intelligence/lonsec-ratings> The Lonsec Fund Reviews, Ratings, Rating Logos and other Research Reports are for financial services professionals only and are not suitable for retail investors or the general public. If you are a financial planner and would like a copy of the report, please email us: [office@charterhall.com.au](mailto:office@charterhall.com.au).

The **FE Crown Fund** rating contained in this document is issued by FE © 2018 FE. All Rights Reserved. The information, data, analyses, and opinions contained herein (1) include the proprietary information of FE, (2) may not be copied or redistributed, (3) do not constitute investment advice offered by FE, (4) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (5) are not warranted to be correct, complete, or accurate. FE shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, this information, data, analyses, or opinions or their use. FE does not guarantee that a fund will perform in line with its FE Crown Fund Rating as it is a reflection of past performance only. Likewise, the FE Crown Fund Rating should not be seen as any sort of guarantee or assessment of the creditworthiness of a fund or of its underlying securities and should not be used as the sole basis for making any investment decision.

## Contact Us

**Winston Sammut**  
Head of Listed Securities  
[Winston.sammut@charterhall.com.au](mailto:Winston.sammut@charterhall.com.au)  
T: 0411 401 576

**Lula Liossi**  
Investor Relations Manager  
[Lula.liossi@charterhall.com.au](mailto:Lula.liossi@charterhall.com.au)  
T: 0408 958 755

**Monica Hood**  
Business Development Manager  
[Monica.hood@charterhall.com.au](mailto:Monica.hood@charterhall.com.au)  
T: 0431 478 780

**Harry Horwitz-Rourke**  
Distributions Manager  
[Harry.rourke@charterhall.com.au](mailto:Harry.rourke@charterhall.com.au)  
T: 0409 488 655

**Charter Hall Property Securities Management Limited**  
ACN 104 512 978  
AFSL 238349  
[office@charterhall.com.au](mailto:office@charterhall.com.au)  
[www.charterhall.com.au](http://www.charterhall.com.au)

**Sydney Office**  
Level 20, No.1 Martin Place  
Sydney NSW 2000  
T: +61 2 8651 9000

**Melbourne Office**  
Level 12, 570 Bourke Street  
Melbourne VIC 3000  
T: +61 3 9903 6100