



ZANK & Co.
RESPECT, RESPONSIBLE, RESPONSIVE



Average Redemption
1-3 Month



Stable Income
Quarterly



Secured Return
1st/2nd Mortgage



Diversified
Across Australia

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QUARTERLY REPORT

The Zank Income Fund offers investors access to a pooled mortgage fund secured by registered mortgages. This fund is designed to provide investors with stable income by investing in Australian commercial mortgages.

8% P.A

for the Past 12 Months

2021
Q3

INVESTMENT OBJECTIVES

Key Benefits of the Fund

- ✓ Quarterly distributions
- ✓ No entry or exit fees
- ✓ Actively managed by an experienced team
- ✓ Diversified investments across Australia
- ✓ Exposure to a strong underlying asset class
- ✓ Portfolio diversification



8% P.A.

FOR THE PAST 12 MONTHS

At A GLANCE

Type of fund	Mortgage fund
Investment timeframe	At least 12 months
Minimum investment amount	\$100,000
Minimum additional amount	\$10,000
Withdraws	Quarterly, at least 12 months
Distribution	Quarterly
Borrowing	Nil
Entry and Exit fees	Nil
Management costs	1.5% p.a.
Early redemption fee	1.0% of redemption amount
Adviser remuneration	0.5% p.a.
Trustee Fee	0.3% p.a.
Rate of return (after fees)	8.0% p.a.
Benchmark	RBA rate
Indicative Risk Level	Low-Medium
Number of non-performing loans	2

The primary objectives of the fund are to provide a stable return that outperform bank term deposits.

- ✓ Stable and predictable return
- ✓ Capital stability-- the Fund invests in development Loans
- ✓ High yield

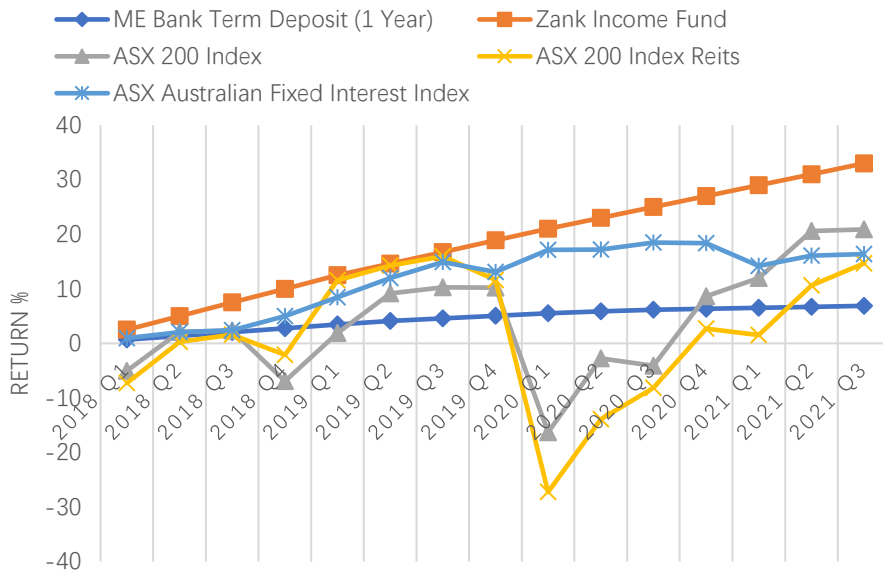
About the Fund Manager

Zank is a fast-growing asset manager with a mission to create a better financial future for its clients. Its goal is to increase investors' wealth by delivering regular income returns through well structured products.

Net rate paid to investors with Allocated Units calculated daily and paid quarterly in arrears for the quarter ended 31 March 2020.
 Net rates are net of management fees and costs, including GST (less RITCs) and assuming no reinvestment of distributions.
 Past performance is not a reliable indicator of future performance.

PERFORMANCE SUMMARY

QUARTERLY ACCUMULATION COMPARISON



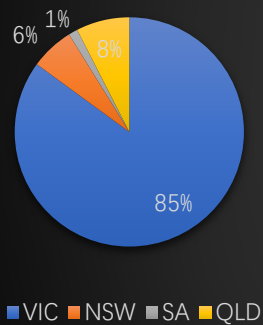
The objective of our Income Fund has long been to provide investors with a choice of capital stable and consistent income generating investments. Based on the accumulation comparison between other indicators' performance, we find that the return of ASX Australian Fixed Interest Index is noticeable increased annually in most of time and the performance of ME Bank term Deposit (1 Year) is maintain in a slight growth.

Whilst past performance is no guarantee of future performance, Zank Income Fund has outperformed most fixed income fund products as shown in the Quarterly Accumulation Comparison.

Although the mortgage fund is normally illiquid compare with stock market trading. It also brings less volatility to investors.

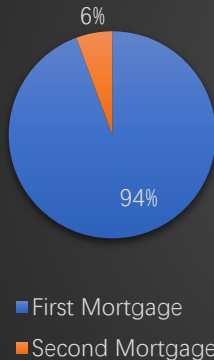
Geographic Allocation

(as at 30/09/2021)



Sector Allocation

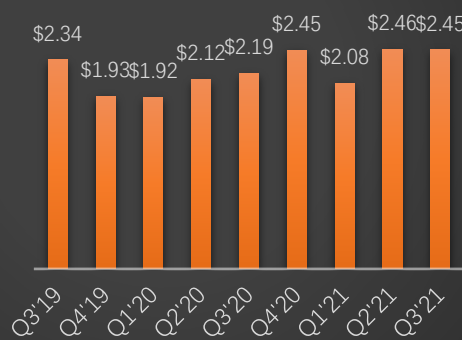
(as at 30/09/2021)



Average Loan Size

(as at 30/09/2021)

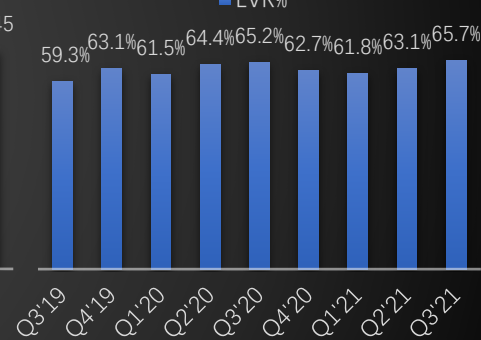
Unit (Million)



Loan to Valuation Ratio

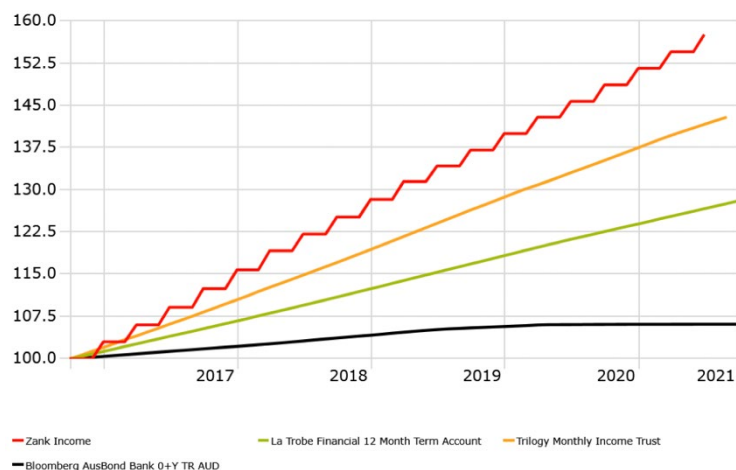
(as at 30/09/2021)

LVR%



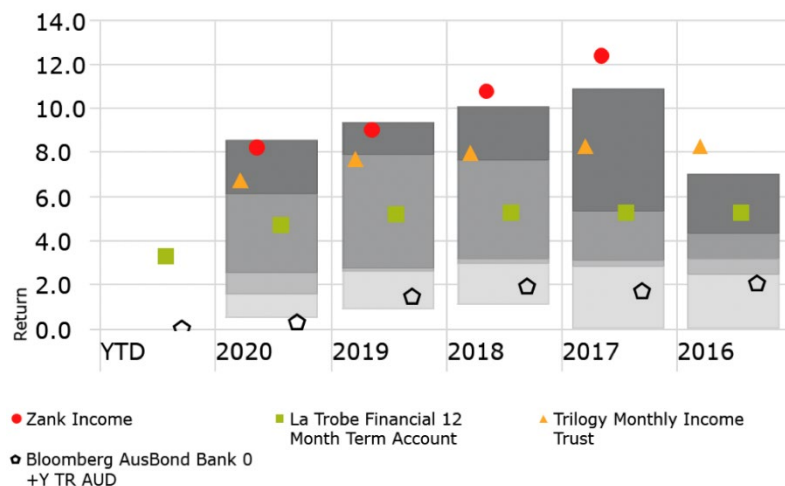
Investment Growth

Time Period: 1/10/2016 to 30/09/2021



Performance Relative to Peer Group

Top Quartile 2nd Quartile 3rd Quartile Bottom Quartile



From the two graphs above, we can see the Investment Growth of these four parameters (Bloomberg AusBond Bank, La Trobe Financial 12 Month Term Account, Trilogy Monthly Income trust, and Zank Income Fund) increased to a varied extent since 2016. By the last day of the third quarter in 2021(30 September 2021), the Investment Growth of Zank Income Fund maintains this first, with an increased rate of around 160% from October 2016 to the end of the third quarter in 2021, 30 September 2021. In the meantime, we can notice that compared with the other three peer groups, Zank Income Fund is in the top quartile state since its establishment.

PERFORMANCE SUMMARY

Snapshot - Zank Income

Ticker	43813
Base Currency	Australian Dollar
Registration Company	Vasco Trustees Limited
Management Company	Zank & Company Pty Ltd
Morningstar Category	Australia Fund Mortgages
Inception Date	1/07/2016
Max Management Fee	1.50
Performance Fee	25.00
Dividend Distribution Frequency	Quarterly
Minimum Additional Purchase	100,000

Historical Performance

Time Period: 1/01/2018 to 30/09/2021

Morningstar Risk	1.10
Morningstar Return	6.57
Std Dev	0.58
Information Ratio (arith)	23.01
R2	99.91
Tracking Error	0.35
Sharpe Ratio	0.40
Sortino Ratio	0.68
Value at Risk	1.53

Trailing Returns

Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	8.13
2 Years	8.27
3 Years	8.66
4 Years	9.32
5 Years	9.93

La Trobe Financial 12 Month Term

Ticker	14260
Base Currency	Australian Dollar
Registration Company	La Trobe Financial Asset Management Limited
Management Company	La Trobe Financial Asset Management Limited
Morningstar Category	Australia Fund Mortgages Aggressive
Inception Date	1/10/2002
Max Management Fee	1.58
Performance Fee	—
Dividend Distribution Frequency	Monthly
Minimum Additional Purchase	0

Historical Performance

Time Period: 1/01/2018 to 30/09/2021

Morningstar Risk	0.95
Morningstar Return	2.15
Std Dev	0.19
Information Ratio (arith)	15.44
R2	99.96
Tracking Error	0.26
Sharpe Ratio	0.07
Sortino Ratio	0.11
Value at Risk	1.01

Trailing Returns

Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	4.46
2 Years	4.68
3 Years	4.89
4 Years	5.00
5 Years	5.06

Trilogy Monthly Income Trust

Ticker	16726
Base Currency	Australian Dollar
Registration Company	Trilogy Funds Management Limited
Management Company	Trilogy Funds Management Limited
Morningstar Category	Australia Fund Mortgages Aggressive
Inception Date	1/03/2007
Max Management Fee	0.96
Performance Fee	—
Dividend Distribution Frequency	Monthly
Minimum Additional Purchase	1,000

Historical Performance

Time Period: 1/01/2018 to 30/09/2021

Morningstar Risk	0.98
Morningstar Return	4.36
Std Dev	0.41
Information Ratio (arith)	33.26
R2	99.98
Tracking Error	0.19
Sharpe Ratio	0.25
Sortino Ratio	0.41
Value at Risk	1.28

Trailing Returns

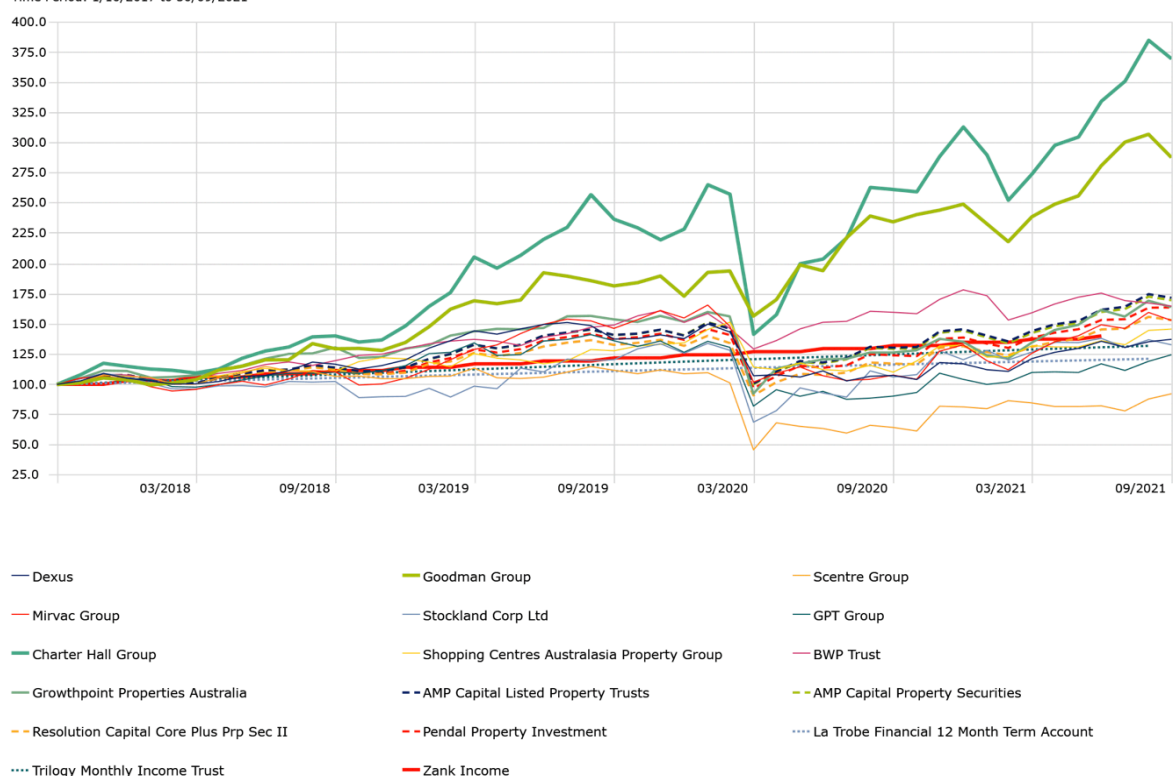
Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	6.14
2 Years	6.53
3 Years	7.00
4 Years	7.27
5 Years	7.48

Source: Morningstar Direct

Investment Growth

Time Period: 1/10/2017 to 30/09/2021



Source: Morningstar Direct

PERFORMANCE SUMMARY

As at 30 September 2021, the Fund has about \$46.6 million of loans under management across 19 different borrowers as follows:

Authorized investments		
Cash	12.67%	\$6,760,016.11
Land - vacant	48.04%	\$25,640,000.00
Commercial	11.62%	\$6,200,000.00
Construction & Development	27.67%	\$14,769,132.29
Total	100.00%	\$53,369,148.40
Mortgage Investment Portfolio Metrics		
Weighted Average LVR	65.66%	-
Largest Mortgage Investment	-	\$6,900,000.00
Pre-paid & capitalized interest loans	-	\$2,634,865.00

Mortgage Investments by State		
NSW	6.14%	\$2,859,867.65
VIC	85.06%	\$39,644,011.64
QLD	7.52%	\$3,505,253.00
SA	1.29%	\$600,000.00
WA	0.00%	\$0.00
TAS	0.00%	\$0
Mortgage Investments Interest rate profile		
<8.00%	0.00%	\$0
8.00% - 9.99%	23.72%	\$11,054,692
10.00% - 11.99%	43.89%	\$20,455,018
12.00% - 13.99%	13.23%	\$6,164,558
14.00% - 15.99%	19.17%	\$8,934,865
> OR = 16.00%	0.00%	\$0
Maturity Profile		
0 - 6 months	4.05%	\$1,889,558
7 - 12 months	88.29%	\$41,149,574
13 - 24 months	7.66%	\$3,570,000
25+ months	0.00%	\$0
LVR Profile ¹		
<50%	3.86%	\$1,800,000
50%-59.99%	8.81%	\$4,105,253
60%-69.99%	58.06%	\$27,059,321
= 70%	29.27%	\$13,644,558

Security Location		
Metro	88.22%	\$41,119,574.22
Regional	11.78%	\$5,489,558.07
Rural	0.00%	\$0.00
Total Performing Authorized Investment		
Cash	12.25%	\$6,760,016.11
Term Deposit	0.00%	\$0.00
Mortgage	84.46%	\$46,609,132.29
Performing Mortgage past Due ²		
1-30 days	0.00%	\$0.00
31-60 days	0.00%	\$0.00
61-90 days	0.00%	\$0.00
>90 days	26.11%	\$14,409,865.00
Total	26.11%	\$14,409,865.00
Non-performing Loans ³		
1-30 days	0.00%	\$0.00
31-60 days	0.00%	\$0.00
61-90 days	0.85%	\$471,750.28
>90 days	0.05%	\$26,944.14
12 months +	2.39%	\$1,319,415.60
Total Non-performing	3.29%	
Total Performing	96.71%	

NOTES: All figures shown as percentages are based on dollar values and are reported on loan balances in the Fund. These may differ from figures provided in the statutory accounts which are based on the investment balances in the Fund. The Investment Accounts may invest in the same mortgage. Loan numbers refer to the number of loans only and do not reflect the number of individual securities. 1. Loan to Value Ratio (LVR) represents the value of the security property at the start of the loan compared to the approved loan amount, reflecting the LVR used in the Fund's lending criteria. 2. Performing but past due loans represent expired loans that continue to make required payments (Default). 3. Arrears for the Fund are calculated by dividing the total investment amount of loans in arrears by the total balance of outstanding investments (Arrears).

-Mortgage Funds may also be effected by other risks, while there are many factors that may impact on the performance of any investment, section 7 of the Product Disclosure Statement summarises some of the major risks that investors should be aware of when investing in the Fund. Before investing, prospective investors should consider whether the Fund is a suitable investment, having regard to their personal investment objectives, financial position, particular needs and circumstance. For more information please refer to Product Disclosure Statement.

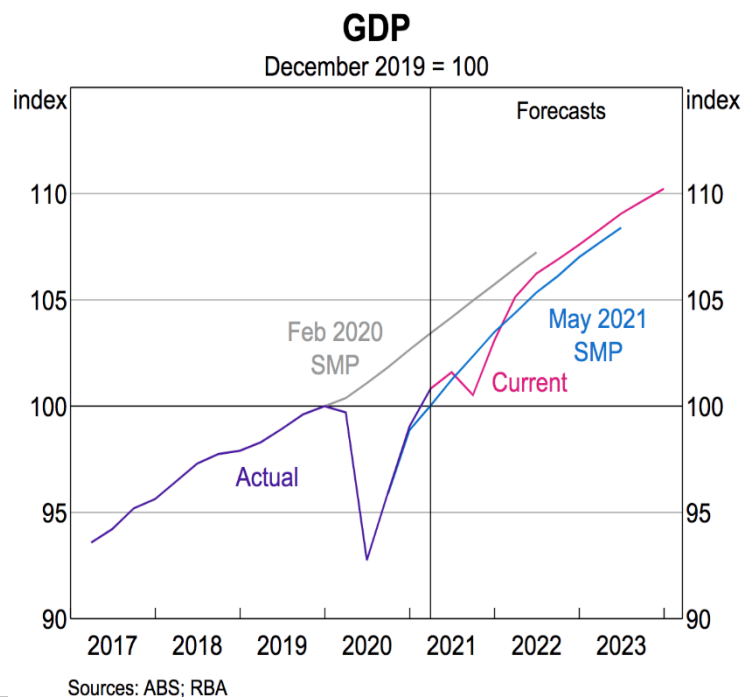
- whilst the current net return is 8%, the target return is not guaranteed, it may vary along with the overall property market.

- The performance of this investment, the repayment of capital or of any particular rate of return, is not guaranteed by the Responsible Entity, the Investment Manager, their directors or their associates. Loan investments, by their nature, carry a level of risk and no guarantee is or can be given that an investment in the Fund will not decrease in value and that investors will not suffer losses. We strongly recommend that investors obtain independent financial advice before investing in the Fund.

MANAGER REVIEW

The domestic recovery had been stronger than anticipated prior to the recent outbreak

Prior to the recent outbreaks of Covid-19, Australia's economic recovery was stronger than early expected. GDP has surpassed its pre-pandemic level, and the unemployment rate fell further in the June quarter and is also lower than its pre-pandemic level. However, recent outbreaks of the Delta variant across Australia and the resulting lockdowns in several states have severely affected activities and labor markets in the September quarter. During this period, the Australian government and state and territory governments introduced a large number of additional fiscal measures to support families and businesses. By the end of this year, with the relaxation of restrictions, the economy is expected to rebound from this setback.



In addition to the recent impact of the lockdowns on economic activity, the GDP level in 2023 is expected to be slightly higher than the forecast in the previous statement. GDP is expected to grow by more than 4% in 2022 and 2.5% in 2023. In the second half of the forecast period, private investment and public demand are expected to be slightly stronger than previously expected. It is expected that the unemployment rate will rise in the near term, and then resume to drop to about 4% before the end of 2023. As the unemployment rate is expected to fall below the previously expected level, it is expected that wage growth and potential inflation will also pick up slightly from the previous statement. In the baseline scenario, the inflation rate is expected to be slightly higher than 2% by the end of 2023.

Output Growth and Inflation Baseline Forecasts^(a) Per cent

	June 2021	Dec 2021	Year-ended		June 2023	Dec 2023
			June 2022	Dec 2022		
GDP growth	9½	4	4½	4¼	2¾	2½
(previous)	(9¼)	(4¾)	(4)	(3½)	(3)	(n/a)
Unemployment rate^(b)	5.2	5	4½	4¼	4¼	4
(previous)		(5)	(4¾)	(4½)	(4½)	(n/a)
CPI inflation	3.8	2½	1½	1¾	2	2¼
(previous)		(1¾)	(1¼)	(1½)	(2)	(n/a)
Trimmed mean inflation	1.6	1¾	1½	1¾	2	2¼
(previous)		(1½)	(1½)	(1¾)	(2)	(n/a)
Year-average						
	2020/21	2021	2021/22	2022	2022/23	2023
GDP growth	1¼	4¾	4½	5	4	2¾
(previous)	(1)	(5¼)	(5)	(4)	(3¾)	(n/a)

(a) Forecasts finalised on 4 August. Forecast assumptions (May Statement in parenthesis): TWI at 62 (64), A\$ at US\$0.74 (US\$0.77), Brent crude oil price at US\$70bbl (US\$68bbl), population growth of 0.1 per cent over 2021, 0.4 per cent over 2022 and 1.2 per cent over 2023; cash rate in line with market pricing; and other elements of the Bank's monetary stimulus are in line with the announcement made following the August 2021 Board meeting. Forecasts are rounded to the nearest quarter point. Shading indicates historical data, shown to the first decimal point.

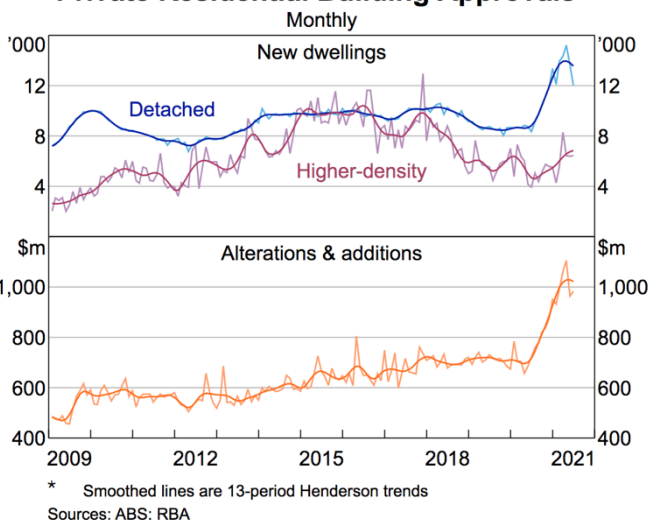
(b) Average rate in the quarter

Sources: ABS; RBA

Housing investment is supporting economic growth

With the support of fiscal and monetary policies, dwelling investment in all states increased in the first half of this year. The construction of new houses and renovation contributed to a 6.5% increase in investment in the March quarter. Due to the influence of HomeBuilder weakening, the number of approvals for alterations and additions in the June quarter fell from historical highs, but the approvals were still much higher than the pre-pandemic levels. Potential demand for new homes remains strong. Although construction activities in some states have been temporarily suspended, a large amount of work on approved projects will continue to support construction activities in the coming year. It is expected that residential and commercial investment will boost economic activity in the next few years. The recent lockdowns and temporary restrictions on construction activities in some states will put pressure on residential and non-residential investment in the September quarter, but after the restrictions are eased, a rebound is expected in December 2021 and March 2022 quarters.

Private Residential Building Approvals*



Housing Price Growth

Percentage change, seasonally adjusted

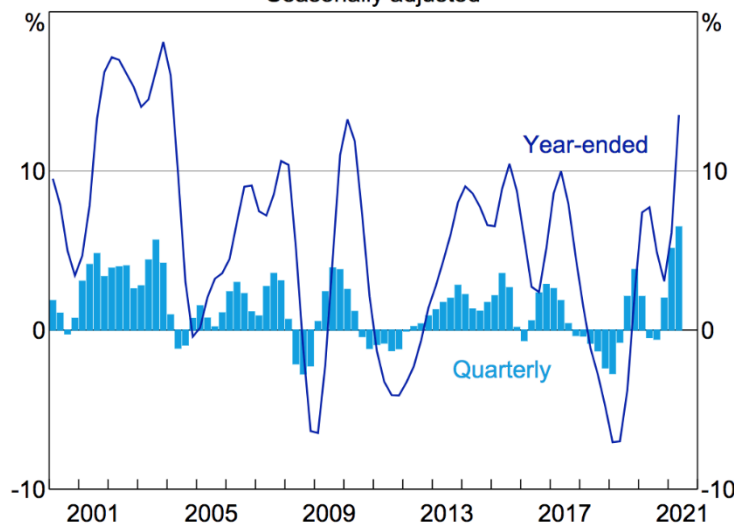
	July	June	May	April	Year-ended	Past 5 years
Sydney	2.3	2.8	3.0	2.2	18.2	30
Melbourne	1.9	1.9	2.0	1.3	10.4	25
Brisbane	2.1	2.2	2.1	1.7	15.9	21
Adelaide	1.9	1.9	1.7	1.8	15.7	24
Perth	0.8	0.6	1.3	0.7	10.8	-6
Darwin	1.8	1.0	2.9	2.4	23.4	-2
Canberra	2.5	2.7	2.0	1.8	20.5	45
Hobart	2.0	3.0	2.9	1.2	21.9	66
Capital cities	2.0	2.2	2.4	1.7	15.1	24
Regional	1.9	2.2	2.0	1.8	19.6	30
Australia	2.0	2.2	2.2	1.7	16.1	25

Sources: CoreLogic; RBA

MANAGER REVIEW

Housing Price Growth

Seasonally adjusted



Sources: CoreLogic; RBA

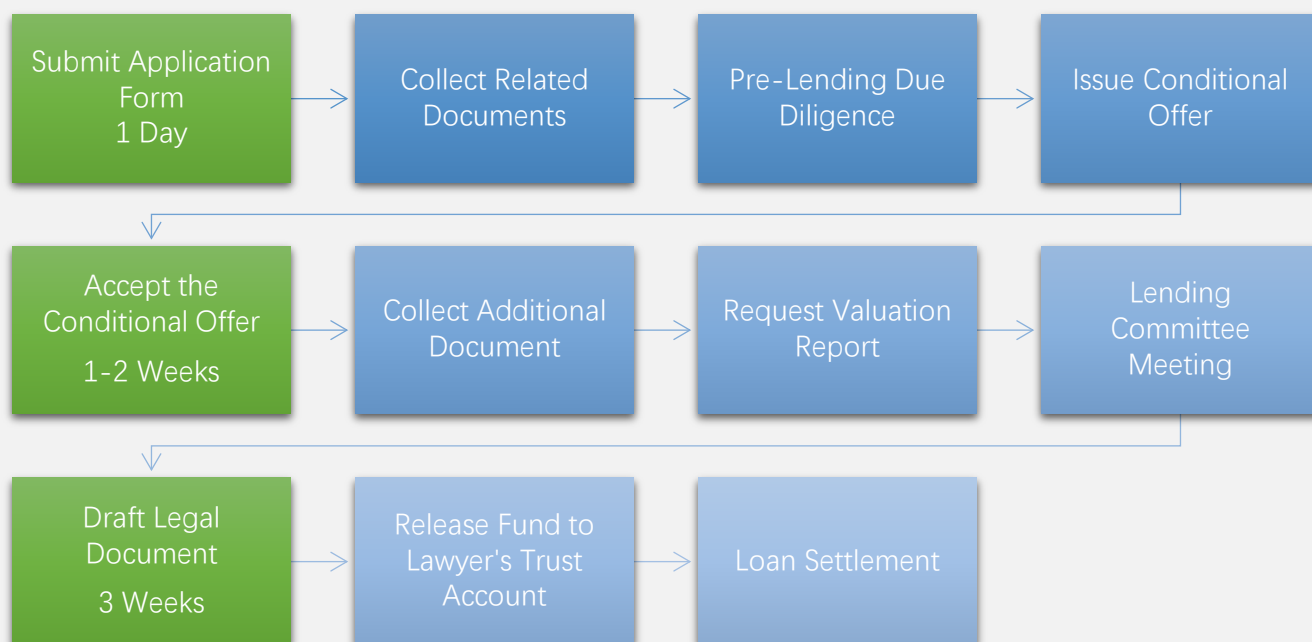
Conditions in housing markets remained strong

Housing prices increased by 6% in the June quarter. The strong price growth continued into July, and the national housing prices were about 15% higher than at the beginning of the year. National housing demand remains strong, and turnover remains at the highest level in more than a decade. In the past year, owner-occupiers accounted for a large portion of home loan commitments, but investor activity has picked up in recent months. Due to lockdown again and restrictions in Sydney, house price growth has slowed slightly, and the auction market has seen an increase in withdrawals. The supply of newly listed properties for sale is still at the highest level, although the number of listings has declined in the past month due to restrictions on activities in certain markets.

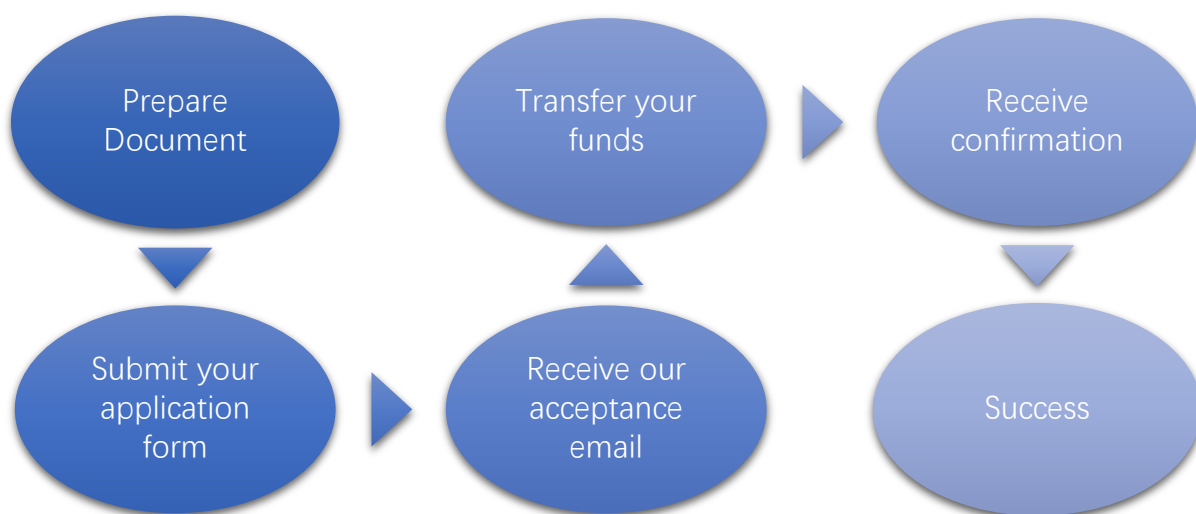
Since the end of last year, housing prices across the country have risen very strongly, boosting household wealth and consumption, but in some cases, asset price growth may slow down or even reverse. For example, in terms of housing, the supply of new housing in the next few years may exceed population growth. If it puts pressure on housing prices, household wealth and consumption growth may decrease. However, long-term low-interest rates may also

LOAN PROCESS

ZANK normally takes 3 weeks to finalize a commercial loan case. After submission of the application form, you will get a response within 2 days on whether we can or cannot fund this project. Pre-lending Due Diligence work may take 1-2 weeks depends on the complexity of the case. And another week to settle the loan. In some urgent cases, we can push the entire process time to 2 weeks.



How to Invest



Download: [Zank Income Fund Application Form](#)

Risks

The Zank Income Fund is a Mortgage Fund that makes loans predominantly to borrowers for the purpose of financing the development of a property. The chief risks to which investors are exposed to:

- **Default Risk:** This is the risk that a borrower may not be able to meet its financial obligations under a loan. Where a borrower defaults on their financial obligations, investors may receive income distributions less than the Target Rate or no income distributions.
- **Security Risk:** This is the risk that the value of the underlying secured property is insufficient to cover the amount outstanding on a loan.
- **Valuation Risk:** Valuation risk is the risk that the valuation of the secured property obtained by the Fund is not reflective of current market property values. Incorrect valuation may affect the amount the Fund can recover at the time of loan default.
- **Construction and Development Risk:** Funds advanced under loans may be used for property construction projects. There are specific risks associated with this type of loan. These risks include:
 - construction or development costs can exceed budgeted costs, and the borrower may be unable to complete the construction project unless the borrower can obtain further funds, and
 - a change in market conditions could result in the project's value on completion being worth less than anticipated, or in lower sale rates and prices than expected.

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This document is not an Information Memorandum for the purposes of the Act. Accordingly, it does not purport to contain all information that potential investors may need to make an informed assessment as to whether or not to invest in the Fund. Some numerical figures in this publication have been subject to rounding adjustments.