



**ZANK & Co.**  
RESPECT, RESPONSIBLE, RESPONSIVE



Average Redemption  
*1-3 Month*



Stable Income  
*Quarterly*



Secured Return  
*1<sup>st</sup>/2<sup>nd</sup> Mortgage*



Diversified  
*Across Australia*

---

Tel 1300 501 817

Lv2 115 Collins Street Melbourne 3000  
S3503 31 Market Street Sydney 2000

[www.zank.com.au](http://www.zank.com.au)  
[invest@zank.com.au](mailto:invest@zank.com.au)

---



**ZANK & Co.**  
RESPECT, RESPONSIBLE, RESPONSIVE

# 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**  
**Q4**

# 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	4

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.

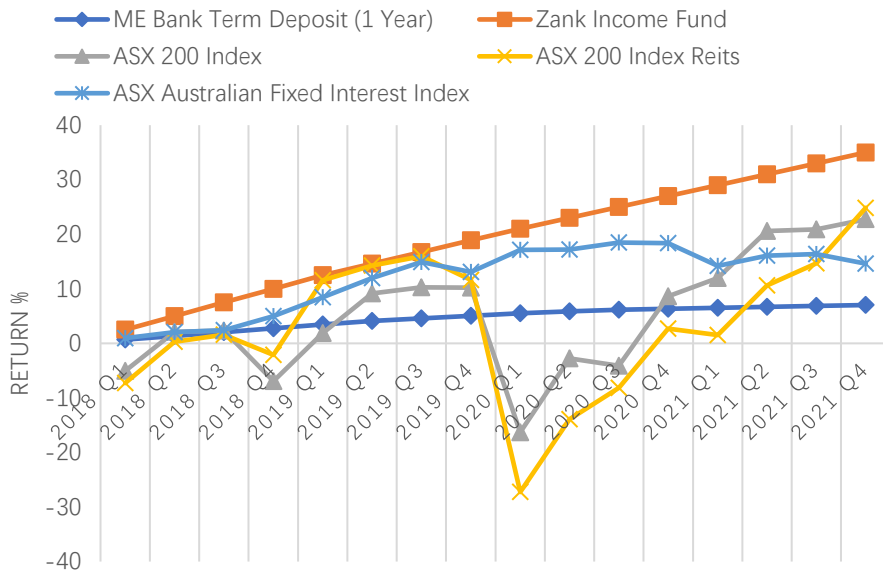
Net rates are net of management fees and costs, including GST (less RITCs) and assuming no reinvestment of distributions.

Past performance is not a reliable indicator of future performance.



# PERFORMANCE SUMMARY

## QUARTERLY ACCUMULATION COMPARISON



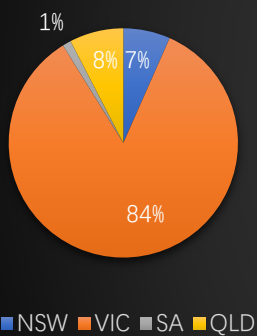
The objective of our Income Fund has long been to provide investors with a choice of capital stable and consistent income generating investments. Based on the accumulation comparison between other indicators' performance, we find that the return of ASX Australian Fixed Interest Index is noticeable increased 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.

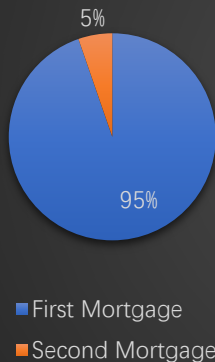
### Geographic Allocation

(as at 31/12/2021)



### Sector Allocation

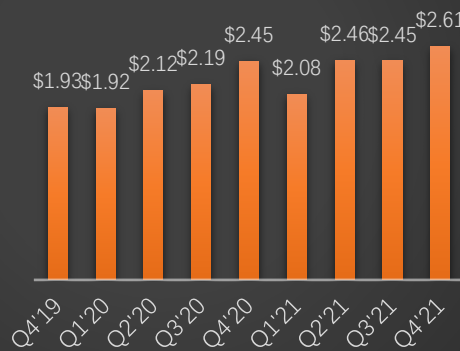
(as at 31/12/2021)



### Average Loan Size

(as at 31/12/2021)

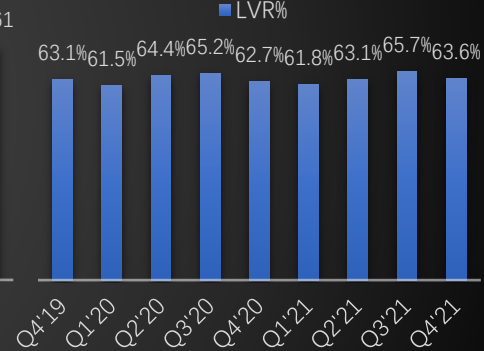
Unit (Million)



### Loan to Valuation Ratio

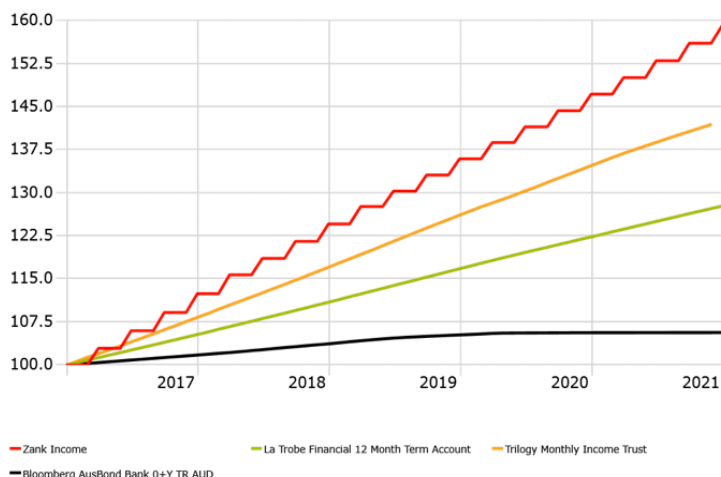
(as at 31/12/2021)

LVR%



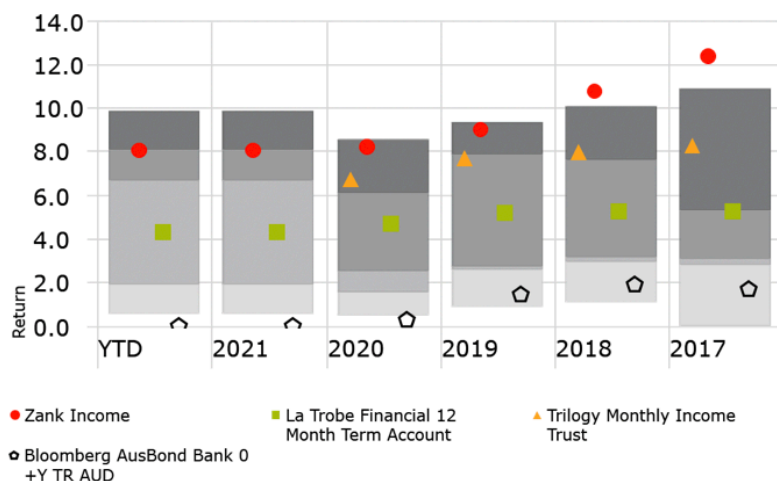
### Investment Growth

Time Period: 1/01/2017 to 31/12/2021



### 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 fourth 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 fourth quarter in 2021, 31 December 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: 1/04/2018 to 31/12/2021

Morningstar Risk	1.16
Morningstar Return	5.10
Std Dev	0.43
Information Ratio (arith)	42.54
R2	99.98
Tracking Error	0.19
Sharpe Ratio	0.45
Sortino Ratio	0.76
Value at Risk	1.65

## Trailing Returns

Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	8.13
2 Years	8.20
3 Years	8.49
4 Years	9.06
5 Years	9.72

## 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: 1/04/2018 to 31/12/2021

Morningstar Risk	1.02
Morningstar Return	0.92
Std Dev	0.20
Information Ratio (arith)	15.80
R2	99.96
Tracking Error	0.25
Sharpe Ratio	0.13
Sortino Ratio	0.20
Value at Risk	0.97

## Trailing Returns

Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	4.39
2 Years	4.56
3 Years	4.79
4 Years	4.93
5 Years	5.01

## CVS Lane First Mortgage

Ticker	43550
Base Currency	Australian Dollar
Registration Company	CVS Lane Capital Partners Pty Limited
Management Company	CVS Lane Capital Partners Pty Limited
Morningstar Category	Australia Fund Mortgages Aggressive
Inception Date	19/05/2017
Max Management Fee	0.50
Performance Fee	—
Dividend Distribution Frequency	Quarterly
Minimum Additional Purchase	100,000

## Historical Performance

Time Period: 1/04/2018 to 31/12/2021

Morningstar Risk	1.06
Morningstar Return	4.27
Std Dev	0.54
Information Ratio (arith)	14.63
R2	99.83
Tracking Error	0.51
Sharpe Ratio	0.41
Sortino Ratio	0.69
Value at Risk	1.41

## Trailing Returns

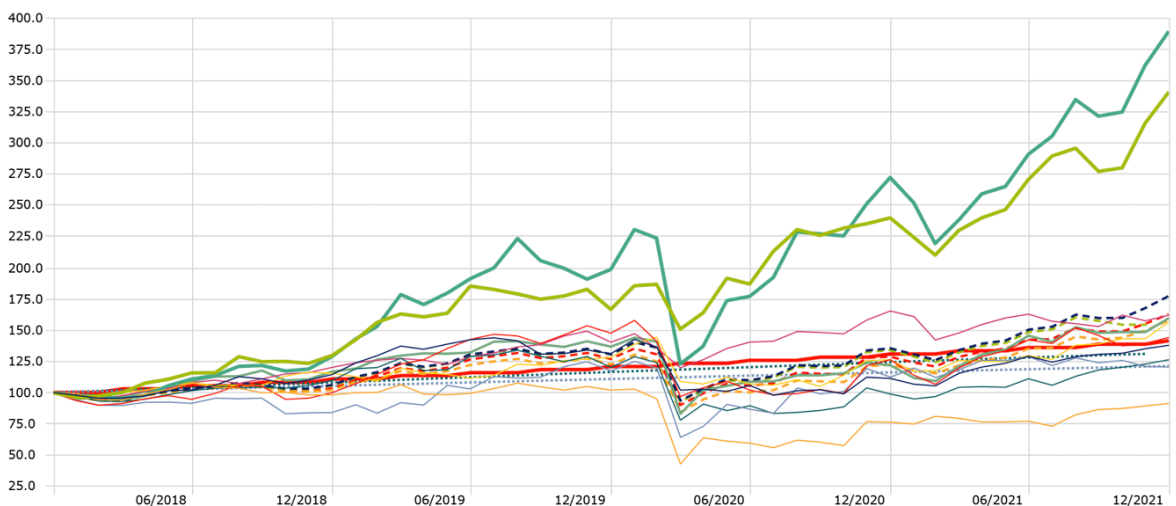
Calculation Benchmark: Bloomberg AusBond Bank 0+Y TR AUD

	Return
1 Year	7.25
2 Years	7.81
3 Years	8.28
4 Years	8.42
5 Years	—

Source: Morningstar Direct

## Investment Growth

Time Period: 1/01/2018 to 31/12/2021



Dexus	Goodman Group	Scentre Group
Mirvac Group	Stockland Corp Ltd	GPT Group
Charter Hall Group	Shopping Centres Australasia Property Group	BWP Trust
Growthpoint Properties Australia	AMP Capital Listed Property Trusts	AMP Capital Property Securities
Resolution Capital Core Plus Prp Sec II	Pendal Property Investment	La Trobe Financial 12 Month Term Account
Trilogy Monthly Income Trust	Zank Income	

Source: Morningstar Direct

# PERFORMANCE SUMMARY

As at 31 December 2021, the Fund has about \$49.7 million of loans under management across 19 different borrowers as follows:

Authorized investments		
Cash	13.33%	\$7,643,350.25
Land - vacant	49.05%	\$28,120,000.00
Commercial	9.33%	\$5,346,000.00
Construction & Development	28.29%	\$16,217,650.36
Total	100.00%	\$57,327,000.61
Mortgage Investment Portfolio Metrics		
Weighted Average LVR	63.57%	-
Largest Mortgage Investment	-	\$8,380,000.00
Pre-paid & capitalized interest loans	-	\$12,614,865.00

Mortgage Investments by State		
NSW	6.63%	\$3,293,010.73
VIC	84.55%	\$42,008,564.63
QLD	7.61%	\$3,782,075.00
SA	1.21%	\$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%	45.18%	\$22,447,331
10.00% - 11.99%	36.60%	\$18,183,596
12.00% - 13.99%	12.92%	\$6,417,859
14.00% - 15.99%	5.30%	\$2,634,865
> OR = 16.00%	0.00%	\$0
Maturity Profile		
0 - 6 months	7.53%	\$3,738,859
7 - 12 months	70.13%	\$34,844,792
13 - 24 months	22.34%	\$11,100,000
25+ months	0.00%	\$0
LVR Profile <sup>1</sup>		
<50%	3.62%	\$1,800,000
50%-59.99%	8.82%	\$4,382,075
60%-69.99%	78.89%	\$39,193,717
= 70%	8.67%	\$4,307,859

Security Location		
Metro	88.44%	\$43,940,791.73
Regional	11.56%	\$5,742,858.63
Rural	0.00%	\$0.00
Total Performing Authorized Investment		
Cash	12.95%	\$7,643,350.25
Term Deposit	0.00%	\$0.00
Mortgage	84.15%	\$49,683,650.36
Performing Mortgage past Due <sup>2</sup>		
1-30 days	1.78%	\$1,050,000.00
31-60 days	0.00%	\$0.00
61-90 days	0.00%	\$0.00
>90 days	12.72%	\$7,509,865.00
Total	14.50%	\$8,559,865.00
Non-performing Loans <sup>3</sup>		
1-30 days	0.07%	\$38,845.89
31-60 days	0.00%	\$0.00
61-90 days	0.05%	\$28,753.69
>90 days	0.06%	\$37,254.76
12 months +	2.73%	\$1,611,602.86
Total Non-performing	2.91%	
Total Performing	97.09%	

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).

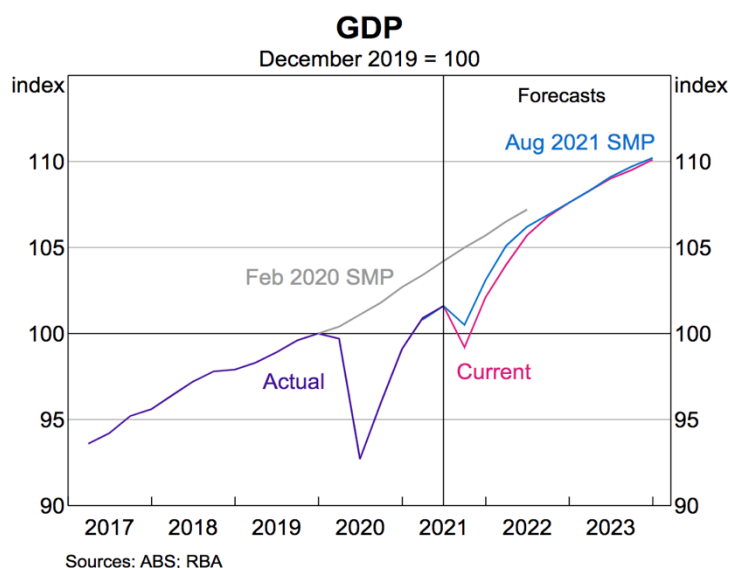
-Mortgage Funds may also be effected by other risks, while there are many factors that may impact on the performance of any investment, section 7 of the Product Disclosure Statement summarises some of the major risks that investors should be aware of when investing in the Fund. Before investing, prospective 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.

## Domestic activity is forecast to recover strongly

The recovery in the Australian economy from the Delta outbreak is underway. A rapid recovery in household spending is expected in the near term, driven by the broadening of consumption opportunities and supported further out by growth in household income and wealth. Dwelling investment has started to bounce back from the health-related restrictions on construction activity and the recovery in business investment that was underway before the Delta outbreak is expected to resume. By mid 2022, the economy is forecast to be back on its pre-Delta path.



Economic activity in Australia contracted sharply in the September quarter due to the lockdowns associated with outbreaks of the Delta variant of COVID-19. This setback has delayed but not derailed the economic recovery that was underway in the first half of the year. A rapid bounce back in domestic demand is forecast in the December and March quarters as restrictions are further eased. By mid 2022, the outlook is broadly in line with the pre-Delta recovery path. Under the central scenario, GDP is forecast to grow by around 3 per cent over 2021, 5½ per cent over 2022 and 2½ per cent over 2023.

The unemployment rate is expected to be a little below 5 per cent at the end of 2021, before declining to around 4 per cent by the end of 2023. Inflation was higher than anticipated in the September quarter, led by growth in new housing construction costs, as well as higher fuel prices. Underlying inflation is now forecast to be around 2¼ per cent for much of the forecast period, increasing to around 2½ per cent by the end of 2023. This inflation profile reflects a stronger outlook for housing cost inflation in coming quarters and a steady pick-up in wages growth further out.

## Output Growth and Inflation Baseline Forecasts<sup>(a)</sup>

Per cent

	June 2021	Dec 2021	Year-ended			
			June 2022	Dec 2022	Jun 2023	Dec 2023
<b>GDP growth</b>	9.6	3	4	5½	3¼	2½
<b>(previous)</b>	(9½)	(4)	(4½)	(4¼)	(2¾)	(2½)
<b>Unemployment rate<sup>(b)</sup></b>	5.1	4¾	4½	4¼	4	4
<b>(previous)</b>		(5)	(4½)	(4¼)	(4¼)	(4)
<b>CPI inflation</b>	3.8	3¼	2¾	2¼	2¼	2½
<b>(previous)</b>		(2½)	(1½)	(1¾)	(2)	(2¼)
<b>Trimmed mean inflation</b>	1.6	2¼	2¼	2¼	2¼	2½
<b>(previous)</b>		(1¾)	(1½)	(1¾)	(2)	(2¼)
Year-average						
	2020/21	2021	2021/22	2022	2022/23	2023
<b>GDP growth</b>	1.4	4¼	3¼	5	5	3
<b>(previous)</b>	(1¼)	(4¾)	(4½)	(5)	(4)	(2¾)

(a) Forecasts finalised on 3 November. The forecasts are conditioned on a path for the cash rate broadly in line with recent market pricing and assume other elements of the Bank's monetary stimulus are in line with the announcement made following the November 2021 Board meeting. Other forecast assumptions (August Statement in parenthesis): TWI at 62 (62), A\$ at US\$0.74 (US\$0.74), and Brent crude oil price at US\$80bbl (US\$70bbl). The assumed rate of population growth is broadly in line with the profile set out in the Australian Government's 2021/22 Budget. Forecasts are rounded to the nearest quarter point. Shading indicates historical data, shown to the first decimal point.

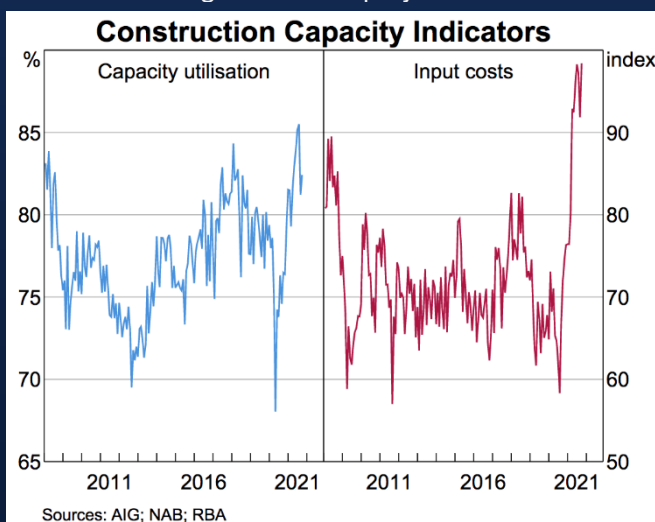
(b) Average rate in the quarter

Sources: ABS; RBA

## The outlook for residential construction activity remains strong but may be subject to capacity constraints

Approvals for new detached housing have decreased since HomeBuilder program applications concluded in March 2021, but remain above pre-pandemic levels. Approvals for alterations & additions have increased strongly over the past year. The increase in renovation activity has occurred as many households spend more time at home and have had reduced consumption options due to lockdowns and border restrictions. The construction of high-density dwellings continues to support investment as the pipeline of projects is worked through.

Capacity constraints have begun to slow the delivery of this large pipeline of approved dwellings. In the June quarter, dwelling investment grew modestly and the ratio of work completed to work yet to be done declined, consistent with the impact of capacity constraints. Capacity utilisation for the construction sector in the June quarter was at a high level. The cost of building materials has also risen. In the September quarter, restrictions on workers attending construction sites in New South Wales and Victoria delayed work on dwelling investment projects.

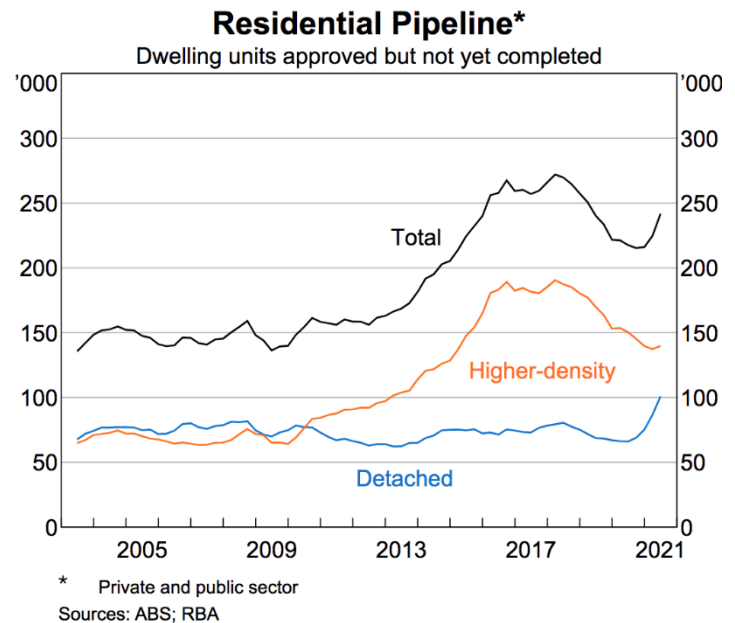


## Housing Price Growth Percentage change, seasonally adjusted

	October	September	August	July	Year-ended	Past five years
Sydney	1.5	1.8	1.8	2.2	25.2	29
Melbourne	0.7	1.0	1.5	1.6	16.4	24
Brisbane	2.4	1.7	2.1	2.1	22.3	28
Adelaide	1.8	1.9	2.0	1.9	20.1	30
Perth	0.0	0.4	0.7	0.8	16.4	9
Darwin	0.4	0.2	0.5	1.4	19.3	0
Canberra	1.9	1.9	2.1	2.6	25.5	53
Hobart	1.9	2.4	2.4	2.2	28.1	72
Capital cities	1.3	1.5	1.7	1.9	20.8	25
Regional	1.8	1.8	2.0	1.9	24.3	36
Australia	1.5	1.6	1.7	1.9	21.6	27

Sources: CoreLogic; RBA

# MANAGER REVIEW



## Housing price growth remains strong in most markets

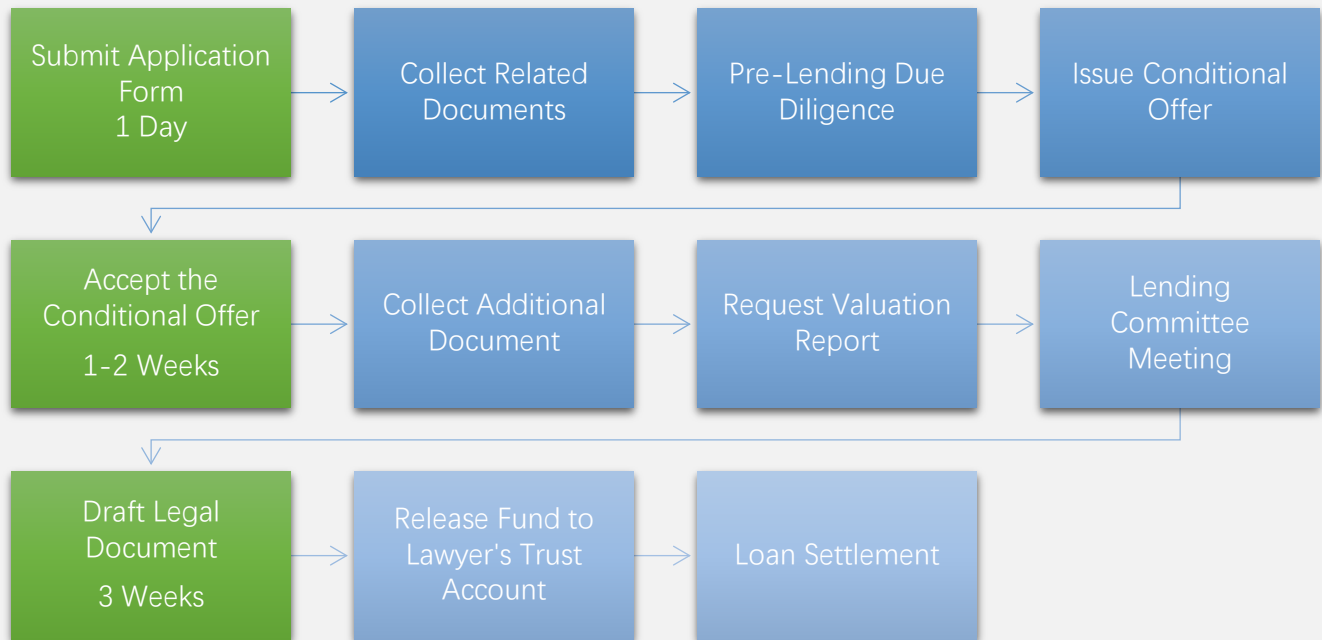
Housing prices have grown rapidly over 2021 across Australia. Median housing prices have reached new highs in most capital cities. Demand for housing has been strong from owner-occupiers, including first home buyers, and investors. Price growth has been strongest for detached dwellings and in regional areas over the past year. Restrictions introduced in response to the Delta outbreak, including on open inspections, temporarily weighed on housing market activity, particularly in Melbourne. However, new listings and auction market activity rebounded quickly following the easing of restrictions in Sydney and Melbourne.

The strongest increases were recorded in the smaller capital cities and regional areas, where changes in the pattern of internal migration during the pandemic have contributed to demand. The weakness in population growth resulting from the closure of the international border reduced rental demand in large capital cities, and advertised rents for units remain below their pre-pandemic level in Melbourne and around their pre-pandemic level in Sydney. However, advertised rents for units in major capital cities have increased over recent months as vacancy rates have declined.

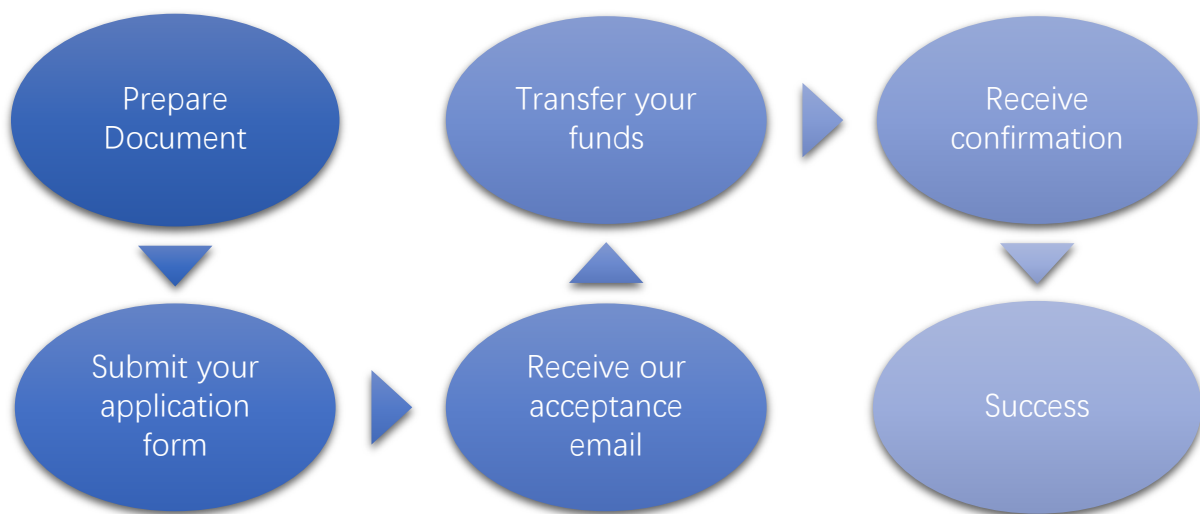


# LOAN PROCESS

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.

---

## **Disclaimer**

This report has been prepared by Zank & Company Pty. Ltd. (Zank) as a Corporate Authorised Representative of (No. 001276430) of Zank Capital Ltd ACN 106 064 644 AFS licence number 246943. Zank is the Investment Manager of the Zank Income Fund (Fund), a registered managed investment scheme. Zank's authority under its Corporate Authorised Representative Agreement is limited to general advice regarding the Fund only. Vasco Trustees Limited (Vasco) (AFS Licence number 344486) is the Trustee of the Fund. This document contains information about the potential issue of interests in the Fund to retail investors. It is not intended to be used by any other persons in any other jurisdiction if and to the extent that to do so would be in breach of Australian laws, or the laws of any foreign jurisdiction.

This report contains general information only and is not intended to provide any person with financial advice. It does not take into account any person's (or class of persons) investment objectives, financial situation or particular needs, and should not be used as the basis for making an investment in the Fund. Neither Vasco nor Zank make any representation as to the accuracy, completeness, relevance or suitability of the information, conclusions, recommendations or opinions contained in this report (including, but not limited to any forecasts made). No liability is accepted by any of these entities or their respective directors, officers, employees, agents or advisors for any such information, conclusions, recommendations or opinions to the fullest extent possible under applicable laws.

This publication may contain forward looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. Zank does not undertake any obligation to revise any forward-looking statements to reflect events and circumstances after the date of this publication. Neither Vasco nor Zank guarantees the repayment of capital, the performance of any investment or the rate of return for the Fund. Past performance is not necessarily indicative of future performance.

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.