

FUND UPDATE

Zank Income Fund

ARSN 637 888 307

3 November 2021

Change in Target Return

From 1 April 2020, the Investment Manager of the Zank Income Fund ('the Fund') has been targeting a return to Investors of 8% per annum (pre-tax, after fees and expenses but before withholding tax payable by foreign resident Investors).

The Investment Manager has decided that effective 1 April 2022, the Fund will reduce the target return from 8% per annum to 7.5% per annum, due to the following considerations:

1. The lending rate of the Fund has to be relatively competitive in the current debt market to maintain a healthy lending pipeline; and
2. The reduction in this rate is prudent given the impact of the current COVID-19 Pandemic and the volatility of the world economy.

The Investment Manager notes that since 2020 the RBA cash rate has been reduced twice, and its current cash rate is 0.10%, which is a historic low. As a result of this loosening in monetary policy, Australia's banks have been lending money out at lower interest rates. Non-bank lenders within the financial sector have followed the banks lead and have begun to reduce their target return, in order to maintain a sustainable lending pipeline. Trilogy Monthly Income Trust has dropped its net rate from 7.2% to 5.98%. Latrobe Financial has dropped its rate from 5.2% to 4.15%.

The Investment Manager maintains that the Fund's investment strategy remains conservative, in order to cope with future uncertainty in financial markets, and to allow for the possible payment of stable returns to investors in the future.

Lastly, the Investment Manager reiterates that investors should be aware that the target returns stated are targets only and are not forecasts or a guaranteed return. Actual returns may be lower than the target return. In particular, should the Fund not generate sufficient income in any given month, the actual return to investors may be lower than the target return. Any payment of returns by the Fund is not guaranteed, and past performance is not an indicator of future performance.



If you have any questions about the Fund's investments, please do not hesitate to contact the Investment Manager on +61 1300 501 817.