



ZANK & Co.
RESPECT, RESPONSIBLE, RESPONSIVE

Zank Income Fund

ARSN 637 888 307

Product Disclosure Statement

20 December 2024

Responsible Entity

Vasco Responsible Entity Services Limited
ACN 160 969 120 | AFSL No. 434533

Investment Manager

Zank & Company Pty. Ltd.
ACN 167 559 364

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IMPORTANT INFORMATION

This Product Disclosure Statement (**PDS**) is dated 20 December 2024.

This PDS details the features, benefits, risks and general information about the Zank Income Fund ARSN 637 888 307 (**Fund**).

The responsible entity for the Fund and issuer of this PDS is Vasco Responsible Entity Services Limited ACN 160 969 120, holding Australian Financial Services Licence (**AFSL**) number 434533 (**Responsible Entity**).

The Responsible Entity has appointed Zank & Company Pty. Ltd. ACN 167 559 364 (**Investment Manager**) as the investment manager of the Fund.

The Investment Manager is a corporate authorised representative (authorised representative number 001276430) of Zank Capital Ltd ACN 106 064 644, holding AFSL number 246943.

The Responsible Entity has appointed Perpetual Corporate Trust Limited ACN 000 341 533, holding AFSL number 392673 (**Custodian**) as the Fund's custodian.

The Responsible Entity has also appointed Vasco Fund Services Pty Limited ACN 610 512 331 (**Administration Manager**) as the administration manager of the Fund.

By accepting this PDS, the recipient agrees to be bound by the terms and conditions set out in this PDS.

Images

Any images in this PDS do not depict assets of the Fund unless otherwise indicated.

Questions

Any questions regarding this PDS should be directed to either

- the Investment Manager on +61 1300 501 817 or at info@zank.com.au or at Level 2, 115 Collins Street, Melbourne VIC 3000, Australia; or
- the Responsible Entity on +61 3 8352 7120 or at info@vascofm.com or at Level 4, 99 William Street, Melbourne VIC 3000, Australia.

Updated information

Information in this PDS may change. Updated information that is not considered materially adverse to Investors will be made available on the Responsible Entity's website. In accordance with the Responsible Entity's obligations under the Corporations Act, the Responsible Entity may issue a replacement or supplementary PDS published on the Responsible Entity's website at www.vascofm.com. You should read any replacement or supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

ASIC takes no responsibility for the contents of this PDS.

Restrictions on distribution

The Offer is only available to persons receiving this PDS within Australia and does not constitute an offer of interests in any jurisdiction where, or to any persons to whom, it would be unlawful to make the Offer.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to the Offer. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

Not regulated by APRA

The Responsible Entity is not authorised under the Banking Act and is not supervised by the Australian Prudential Regulation Authority (**APRA**), and investments in the Fund are not covered by the deposit or protection provisions available to depositors that make a deposit with an Australian authorised deposit-taking institution (**ADI**).

Investor to undertake own due diligence

Information contained in this PDS has been provided to prospective Investors to assist them to make an assessment of whether or not to invest in the Fund.

The Responsible Entity has not sought to verify independently any statements contained in this PDS about the investments proposed by the Investment Manager, the Investment Manager's business or the business of any other parties named in this PDS.

Prospective investors should read this PDS in its entirety and seek independent professional advice as to the financial, taxation and other implications of investing in the Fund and the information contained in this PDS before making a decision to invest.

To the maximum extent permitted under the law, the Responsible Entity and the Investment Manager disclaim any liability arising from any information provided in the PDS.

IMPORTANT WARNING STATEMENTS

No performance guarantees

None of the Investment Manager, the Responsible Entity, Administration Manager, nor their associates or directors or any other person, guarantees the performance or success of the Fund, the repayment of capital invested in the Fund or any particular rate of return on investments in the Fund.

There can be no assurance that the Fund will achieve results that are comparable to the track record of the Responsible Entity or Investment Manager and their advisers or that the Fund's investment objectives will be achieved.

An investment in the Fund does not represent a deposit with, or a liability of, the Investment Manager, the Responsible Entity, the Administration Manager, or any of their associates.

An investment in the Fund is subject to investment risks which are described in Section 6 of this PDS, including possible delays in repayment and loss of some or all of your income or capital invested. The risks associated with an investment in the Fund are different to a cash deposit or investment in an approved deposit taking institution (ADI).

Prospective Investors should read the whole of this PDS before making a decision about whether to invest in the Fund. The information contained in this PDS is general information only and not personal financial product advice and therefore does not take into account the individual objectives, financial situation, needs or circumstances of investors.

Past performance should not be perceived as an indication of future performance as returns are variable and may be lower than expected.

Prospective Investors should not construe the contents of this PDS as tax or investment advice.

Should it be required to protect all investments in the Fund, the Responsible Entity, may use its discretion to delay or suspend withdrawals from the Fund.

Investors should refer to Section 4.9 under the heading "Withdrawals" for details of the withdrawal rights.

No representation other than this PDS

Except where expressly disclosed, the information contained in the PDS has not been independently verified or audited. To the maximum extent permitted by law, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Responsible Entity or Investment Manager and their advisers as to the accuracy or completeness of any part of this PDS, nor will they have any responsibility to update or supplement this PDS.

No person is authorised to give any information or to make any representation in connection with the Offer described in this PDS, which is not in this PDS. This PDS supersedes any prior PDS or marketing materials given prior to the issue of the PDS to the extent

of any inconsistency. Any information or representation in relation to the Offer described in this PDS not contained in this PDS may not be relied upon as having been authorised by the Responsible Entity, the Investment Manager or their advisers.

Responsible Entity limitation of liability

Except in certain circumstances (including fraud, negligence or default by the Responsible Entity), the Responsible Entity enters into transactions for the Fund in its capacity as responsible entity of the Fund only, not in its own capacity, and its liability in relation to those transactions is limited to the assets of the Fund.

Forward looking statements

Certain information contained in this PDS constitutes "forward-looking statements" that can be identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "estimate," "target", "intend," "continue," or "believe" or the negatives thereof or other variations thereon or comparable terminology.

Furthermore, any projections or other estimates in this PDS, including estimates of returns or performance, are "forward-looking statements" and are based upon certain assumptions that may change.

Due to various risks and uncertainties, including those set forth under "Risks" in Section 6, actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

The forward looking statements included in this PDS involve subjective judgment and analysis and are subject to uncertainties, risks and contingencies, many of which are outside the control of, and are unknown to, the Responsible Entity and Investment Manager. Actual future events may vary materially from the forward looking statements and the assumptions on which those statements are based. Given these uncertainties, prospective Investors are cautioned to not place undue reliance on such forward looking statements.

Any estimate, forecast, projection, feasibility, cash flow or words of a similar nature or meaning in this PDS are forward looking statements and subject to this disclaimer.

Confidentiality

Neither this PDS nor any other information provided by the Responsible Entity or Investment Manager may be disclosed to any other party, except for the purpose of obtaining independent advice in connection with the consideration of an investment in the Fund, or used for any purpose other than the consideration of an investment in the Fund, unless the express prior written consent of the Responsible Entity is obtained. Any reproduction of all or part of this PDS is strictly prohibited without the written consent of the Responsible Entity. In the event that the recipient does not participate in the Fund, this PDS, along with all related materials, must be returned to the Responsible Entity immediately upon demand.

ASIC

ASIC takes no responsibility for the contents of this PDS.

Summary of key documents only

This PDS contains a summary of the terms of the Fund and certain other documents. However, prospective Investors should refer to the complete legal documentation for the Fund (available upon request from the Responsible Entity). Investments in the Fund are governed by the Constitution and associated documents and nothing in this PDS limits or qualifies the powers and discretions conferred upon the Responsible Entity and the Investment Manager under those documents. This PDS should be read in conjunction with the Constitution and associated documents for the Fund. In the event of any inconsistency between the Constitution and associated documents and this PDS, then the Constitution and associated documents will prevail to the extent of the inconsistency.

Independent financial advice

You should obtain independent professional advice specific to your circumstances and requirements from a licensed investment advisor.

Letter from the Investment Manager

Dear Investor

As Managing Director of the investment manager of the Zank Income Fund (ARSN 637 888 307) (**Fund**), Zank & Company Pty. Ltd. (**Investment Manager**) I am delighted to present you with this opportunity to participate in an open-ended mortgage fund investing in commercial loans secured by registered first or second mortgages.

The Fund has successfully been in operation since 31 May 2016 and as at the date of this Product Disclosure Statement (**PDS**), currently has over \$20 million of loans under management.

Under this PDS, we are looking to raise further investment capital in order to facilitate additional lending within our existing investment strategy. The advantage of this approach is to spread our lending across a range of borrowers, thereby reducing the risk of any one borrower defaulting and having a negative impact on our target returns.

Since 1 April 2020, we have targeted a return to Investors of 7.5% per annum (pre-tax, after fees and expenses but before withholding tax payable by foreign resident Investors). This is a target only and not a forecast. Actual returns may be lower than the target return. Any updates to the Target Return will be made available in fund updates and will be accessible from the website of the Responsible Entity www.vascofm.com.

The Fund has an independent Responsible Entity, Vasco Responsible Entity Services ACN 160 969 120, AFSL 434533. Vasco is part of an investment services group that provides responsible entity, trustee and fund administration services to Australian and international investment managers. The Vasco team have significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds. Some of the funds Vasco's executives have developed include the \$3 billion Australian Unity Healthcare Property Trust and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Stock Exchange.

I recommend you read the entire PDS (especially Section 6 entitled "Risks") before making a decision to invest in the Fund and consult a suitably qualified professional adviser to ensure that an investment in the Fund suits your individual requirements.

On behalf of the Investment Manager, I look forward to your participation with us in this investment opportunity. Regards

Conghan Hu
Managing Director
Zank & Company Pty. Ltd.

1. Key features of the Fund

The table below is a summary of the key features of an investment in the Zank Income Fund (**Fund**). It is not intended to be exhaustive. You must read the whole of this PDS to obtain more detailed information before making a decision to invest in the Fund.

Key feature	Summary	Details
Overview		
Investment Manager	Zank & Company Pty. Ltd.	5.1
Responsible Entity	Vasco Responsible Entity Services Limited	5.2
Custodian	Perpetual Corporate Trust Limited	5.3
Administration Manager	Vasco Fund Services Pty Limited	5.4
Objective	<p>The Fund aims to generate the Target Return by investing in business and investment loans predominantly secured by registered first mortgages.</p> <p>In some instances, the Fund may make loans secured by a second registered mortgage where the Investment Manager considers that the return is appropriate to the risk profile of the loan.</p>	
Investment Structure	<p>The Fund is an open-ended unlisted registered managed investment scheme structured as a unit trust established by the Responsible Entity pursuant to the Constitution and is governed by Australian law.</p> <p>Prior to 17 December 2019, the Fund was an unregistered managed investment scheme that was open to investment by wholesale clients (as defined in section 761G of the Corporations Act) only. These current Investors will continue to hold Units that are issued on the same terms as the Units being offered under this PDS.</p> <p>The Fund provides Investors an opportunity to acquire Units in the Fund which entitles them to returns generated by the Fund.</p>	
Target Return	<p>The Investment Manager is targeting a return to Investors of 7.5% per annum (pre-tax, after fees and expenses but before withholding tax payable by foreign resident Investors).</p> <p>This is a target return only and is not a forecast or a guaranteed return. There is a risk that you may lose some or all of your capital invested. In particular, should the Fund not generate sufficient income, the actual return to investors may be lower than the target return.</p> <p>Over the last 3 financial years from 1 July 2021 to 30 June 2024, the Fund achieved an average return of 6.3% per annum.</p> <p>Any updates to the Target Return will be made available in fund updates and will be accessible from the website of the Responsible Entity www.vascofm.com.</p>	4.6
Investment Guidelines	The Investment Manager follows a set of Lending Guidelines in determining the suitability of and management of any loan, detailed in Section 2.2.	2.2
Minimum Investment	\$100,000 then in multiples of \$10,000. Any subsequent investment will trigger a new Minimum Term before Investors can withdraw that part of their investment.	4.5

Distribution of Income	<p>The Responsible Entity intends to calculate distributions of income at the end of each calendar quarter and pay distributions within 10 Business Days of the end of each quarter.</p> <p>Distributions are paid to Investors at a variable rate and will take into account the number of Units held each day within any distribution period.</p>	4.7
Minimum Term	<p>There is a Minimum Term of 12 months before Investors can request a withdrawal from the Fund.</p> <p>The Responsible Entity retains the discretion to allow Investors to withdraw prior to the end of their Minimum Term and charge an Early Withdrawal Fee of 1% of the Investor's withdrawal amount. This Early Withdrawal Fee is paid directly to the Investment Manager.</p>	4.8
Withdrawals	<p>Given the nature of the Fund's investments, an investment in the Fund should be considered an illiquid investment.</p> <p>Investors will have no rights to withdraw from the Fund prior to the end of their Minimum Term.</p> <p>Once the Minimum Term is reached, Investors will be able to withdraw from the Fund pursuant to Withdrawal Offers made by the Responsible Entity, which are expected to be made on a quarterly basis.</p> <p>Where there are insufficient funds to satisfy all Withdrawal Requests pursuant to any Withdrawal Offer, they will be satisfied pro-rata and carried over to subsequent Withdrawal Offers.</p>	4.9
Fees, costs and borrowings <i>All fees outlined below are inclusive of GST and net of input tax credits.</i>		
Management fees and costs	<p>Management fees and costs of the Fund are comprised of:</p> <ul style="list-style-type: none"> • The Responsible Entity Fee, which has the following components: <ul style="list-style-type: none"> - an Annual Fee of 0.31% per annum of the gross asset value of the Fund's assets subject to a minimum fee of \$62,700 per annum, paid monthly in arrears out of the Fund's assets - a Documentation Execution Fee of \$500 for each set of loan documents that requires review and execution by the Responsible Entity - a Default and Arrears Management Fee of \$250 per hour for the review and management of recovery proceedings against borrowers in default <p>The Responsible Entity is also entitled to establishment, conversion and termination fees outlined further in Section 7 of this PDS.</p> • The Investment Manager Fee, which has the following components <ul style="list-style-type: none"> - Investment Management Fees of 1.4% per annum of gross asset value of the Fund's assets, paid monthly in arrears out of the Fund's assets - a Performance Fee equivalent to all income above the Target Return (being 7.5% per annum (net of fees) as at the date of this PDS), paid quarterly in arrears <p>The Investment Manager may also earn fees in respect of each loan which are negotiated with and paid directly by a borrower, such as loan application and line fees.</p> • Ordinary Expenses, The Responsible Entity has the right to be reimbursed for Expenses incurred by it in the proper performance of its duties in respect of the Fund. These are the costs incurred in the establishment and operation of the Fund, including fees payable to the Custodian, Administration Manager, Auditor, Tax Adviser, Compliance Plan Auditor, incidental expenses of the Investment Manager and also other administrative expenses such as accounting and legal advice, insurances, consulting fees, costs relating to Investor meetings and registry fees. <p>These expenses will vary from year to year, but are estimated to be 0.84% per annum</p>	8



	of the gross asset value of the Fund.	
Entry and Exit fees	Generally, there are no entry or exit fees. However, an Early Withdrawal Fee of 1% of the withdrawal amount is payable on withdrawal of Units held for less than the Minimum Term, being 12 months, where the Responsible Entity has waived, in its absolute discretion, the Minimum Term. This Early Withdrawal Fee is paid directly to the Investment Manager.	8
Buy or sell spread	None	
Borrowing	The Fund will not have any borrowings.	
Cooling-off periods and risks		
Cooling-off period	As at the date of this PDS there is no cooling off period as the Fund is not liquid.	
Risks	All investments involve varying degrees of risk. While there are many factors that may impact on the performance of any investment, section 6 summarises some of the major risks that prospective investors should be aware of before 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, and particular needs and circumstances. Prospective Investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature, and their investment time horizon. Prospective investors should seek professional advice in setting their investment objectives and strategies.	7

2. Investment Strategy

2.1. Overview

The Investment Manager’s strategy is to make loans to borrowers for business and investment purposes with a low to medium risk profile, with a focus on capital preservation. Loans will not be used for personal, domestic or household purposes.

All loans will be secured by a registered first or second mortgage. Loans will be predominantly secured by registered first mortgages; however, the Fund may make loans secured by a second registered mortgage where the Investment Manager considers that the return is appropriate to the risk profile of the loan. Where considered appropriate by the Investment Manager, further or additional types of security may be sought, including corporate or directors guarantees and general security agreements.

The Fund will not lend to any related party borrowers of the Investment Manager.

The Investment Manager will focus on managing arrears and defaults with an overarching goal to maximise the recovery of loans from all possible sources. In some situations, this may result in the sale of the underlying security held by the Fund by the Responsible Entity in the capacity as mortgagee.

The Investment Manager maintains a set of Lending Guidelines it uses for assessing prospective loans to recommend to the Responsible Entity on behalf of the Fund and for managing those loans once they are made. Below is a summary of some the key terms of the Lending Guidelines which may be adjusted from time to time depending on the Investment Manager’s risk assessment of the Fund’s existing portfolio of loans and prevailing market conditions.

Investors will be notified if the Lending Guidelines outlined below change materially.

2.2. Lending Guidelines

LENDING PARAMETERS

The following table provides a summary of the parameters within which each loan will be made.

Borrowers	Loans will be made to borrowers for business or investment purposes, including, but not limited to, residential, commercial, industrial and rural developments. Loans will not be used for personal, domestic or household purposes.
Security	All loans will be secured by a registered first or second ranking mortgage (Real Property Mortgage). Where considered appropriate by the Investment Manager, further types of security may be sought, including corporate or directors guarantees and general security agreements.
Minimum Amount	Loans will be for a minimum of \$100,000.
Maximum Amount	There is no maximum amount that will be lent to any one borrower. However, the Investment Manager intends to spread lending across a range of borrowers to reduce the risk of a default negatively impacting Target Returns.
Term	Loans are expected to be made for a term of between 3 and 24 months – although loans may be made or extended beyond this.
Loan to value ratio (LVR)	For construction loans the maximum LVR is 70% of the “as-if-complete” value. For other loans, the maximum LVR is 70% of the “as-is” value.

	<p>Should a loan be secured by a second mortgage, the maximum combined debt LVR will be 70%. The LVR for a loan secured by a first mortgage will not be on a combined debt basis.</p> <p>A valuation will be prepared by an independent valuer. A report from an independent quantity surveyor is required prior to each loan advance in respect of construction loans. Money advanced in respect of constructions loans will be lent on a cost-to-complete basis.</p> <p>The Responsible Entity maintains and complies with a written valuation policy. This policy may be updated from time to time and is available on the Responsible Entity's website at www.vascofm.com.</p> <p>The actual LVR for each loan will vary depending upon the credit risk of a borrower and the nature of the property which is the subject of a Real Property Mortgage.</p>
Default terms	Standard events of default including failure to pay amounts when due, breach of financial covenants and insolvency of a borrower.
Target lending rate	Varies based on loan scenario.
Other key requirements	Typical representations, warranties, undertakings and events of default, including restrictions on a borrower disposing of the security property (where relevant) or incurring additional financial indebtedness.
Use of receipts from borrowers	The Investment Manager will deal with payments made by borrowers under the terms of the loan agreement with a borrower in accordance with the instructions of the Responsible Entity. This may include using those payments to make additional loans to new borrowers.

LENDING PROCESS

The Investment Manager is responsible for ensuring that the risk profile of each loan is appropriate having regard to the quality and value of the loan, the underlying security property and the Investment Manager's risk analysis process.

The Investment Manager has outlined its indicative lending process (which may change depending on the circumstances of each loan) as follows:

Preliminary Assessment

The preliminary step in the loan approval process generally involves collecting the following information:

- An applicant completes a loan application form and provides supporting documentation, including:
 - Clear copy of photo ID
 - Rates notice for the proposed security property
 - If a first mortgage is already secured against the proposed security property, then three months' worth of recent mortgage statements for the proposed security property.
- A valuation report from an independent valuer who is a member of an appropriate professional body in the jurisdiction in which the relevant property is located in accordance with the Responsibility Entity's valuation policy and, where considered necessary, an independent quantity surveyor's report.
- Where the loan involves a construction project, the full details of all projected costs, cash flows, and all ancillary documents to assess the ability of the borrower to complete the project on a timely basis.

The Investment Manager's credit assessment team then reviews documents to determine the suitability of the loan.

Conditional Offer

Once the loan application has been assessed, if it is found to be acceptable then a 'conditional offer' is issued by the Investment Manager on behalf of the Fund.

The conditional offer sets out the terms of the loan, including the costs, fees, interest and any conditions that may apply.

Where the loan is to be secured by a second-ranking mortgage, the borrower must send a loan balance request form requesting balance on the first-ranking mortgage to the financial institution which holds the first-ranking mortgage over the proposed security property.

The completed form is then sent directly back to the Investment Manager.

If the applicant accepts the proposed loan terms, then they must return a signed copy of the conditional offer and pay a loan application fee directly to the Investment Manager.

Credit Submission

A detailed credit submission is prepared by the Investment Manager outlining the details of the loan for the benefit of the Responsible Entity. The credit submission will generally include the following details:

- The borrower and any guarantors
- The amount of the loan
- The address of the security property to be mortgaged
- Title references
- Valuation details
- The loan to valuation ratio
- Fees payable by borrower(s) to the Investment Manager
- The interest rate payable by the borrower (which is usually fixed for the life of the loan)
- The term of the loan
- The date when the loan is scheduled to be repaid
- The capacity of the borrower to service the loan
- Any special provisions in the mortgage

Preparation of loan and security documents

Once the loan application fee payable by the borrower is cleared, the Investment Manager will instruct the Fund's lawyers to prepare a loan agreement which is then issued to the borrower's nominated solicitor for review.

Settlement

Once executed by the borrower, the loan agreement and any security documents (along with any conditions precedent) are then returned to the Fund's lawyers for review and sign-off.

On the instruction of the Responsible Entity, these documents are then delivered to the Fund's Custodian for execution and settlement of the loan drawdown amount to the bank account nominated by the borrower.

2.3. Ongoing monitoring

The Investment Manager is responsible for the active and ongoing management of each loan.

The Investment Manager will monitor that loan conditions, reporting and other covenants are being satisfied, that interest on loans are paid on time and will instigate remedial action where necessary.

The Investment Manager will also track early risk indicators in order to adjust the Fund's future lending, including changes to the macro environment and the market dynamics for mortgage-backed loan assets and financing, loan performances projections, loan arrears projections, loan losses, loan rating upgrade and downgrades and material changes to existing borrower's financial capacity to repay loans and make interest payments on time.

2.4. Arrears and default management

Although the Investment Manager's strategy is to spread the risk of any one loan going into default, Investors may be affected by the default of any one or more borrowers.

Where a borrower fails to make a payment on or before the due date, the Investment Manager will advise the Responsible Entity of the appropriate default management actions to be taken, including whether any grace period is to be provided to the borrower to remedy any late payment.

Depending on the borrower's response to the payment request, the Investment Manager may facilitate the issue of a default notice and commence recovery action against the defaulting borrower. If any recovery action is issued against a borrower, then:

- the Responsible Entity may become a mortgagee in possession of the security property
- the Responsible Entity may procure a new valuation in respect of the security property
- the security property may be placed on the market for sale
- depending on the nature of the security property, the Responsible Entity may appoint parties to manage the security property or complete the development of the security property before commencing a sale process
- if the security property is sold at a price that is less than the amount required to satisfy the outstanding balance of the loan together with interest and costs (including recovery fees), then recovery action against the borrower and any guarantors will continue
- if the security property cannot sell due to extreme market conditions, the Responsible Entity may consider holding the security property under receivership or to become an owner of the property over a longer-term period, with the view of maximising recoverability of the loaned principal & interest amounts.

The ability of the Responsible Entity to take the above actions where there is a second ranking Real Property Mortgage will depend upon the arrangement between the Responsible Entity and the first ranking financier. Generally, the Responsible Entity will not be able to enforce its rights under the second ranking Real Property Mortgage and will instead have to wait for the first ranking financier to enforce under its security.

The enforcement procedure can involve significant costs, including legal costs and receiver's fees. These costs may be funded as follows:

- From the assets of Fund.
- By the Investment Manager from its own funds. In this case, the Investment Manager will be able to recover these costs from the proceeds received by the Fund from the borrower following the enforcement in priority to any

payment to Investors. For the avoidance of doubt, recovery from the Investment Manager will only occur if the Fund has recovered surplus amounts in excess of their entitlements against the defaulting borrower.

- By the Responsible Entity undertaking a rights offer to raise the capital required. It is likely that any future capital raising undertaken to pay for enforcement expenses would be undertaken at an issue price less than the original issue price of \$1 per Unit and will therefore be dilutive. It is important for Investors to understand that if the Fund is required to raise further capital by undertaking a rights issue in the future and an Investor chooses not to participate in the rights issue, then their proportionate holding in the Fund may be diluted.
- Paid by a third party. In this case, any expenses paid plus any amount agreed with the lender (for example interest or success fees) would be recovered from the proceeds received from the Borrower in priority to any payment to Investors.

2.5. Related party transactions

The Responsible Entity maintains and complies with a written policy for managing conflicts in respect of the Fund, which is reviewed at least annually or as market circumstances dictate. This policy is outlined below, and may change from time to time.

At present, the Fund will not lend to related parties of the Responsible Entity or Investment Manager. However, the terms of the Constitution do not preclude such loans being made. Should the Investment Manager decide to change the Fund's investment strategy to include related party loans, Investors will be notified.

The Investment Manager, or a related entity of the Investment Manager, may lend to borrowers alongside the Fund. In such circumstances, the Investment Manager will not lend to any borrower on better terms than those negotiated for the Fund.

Where a loan sought by a borrower meets the Fund's Investment Guidelines and the Investment Manager's own personal lending guidelines, then the Investment Manager will take into account a range of factors and act in good faith to ensure the Fund isn't disadvantaged.

The Investment Manager will consider a range of factors, including but not limited to:

- Availability of capital
- Cash and liquidity available and any future liquidity requirements (including any Withdrawal Requests and quarterly distributions)
- Other lending opportunities that may be or become available

Investors should be aware that while the Responsible Entity reviews loans proposed by the Investment Manager to ensure they are made in accordance this PDS, the Responsible Entity does not review whether the Investment Manager has strictly followed the Lending Guidelines, the Investment Manager's own lending processes, whether the loan is made on arm's length terms or whether the loan is in the best interests of investors beyond receiving the above certification.

By investing in the Fund, Investors acknowledge that the Investment Manager is responsible for making investment decisions for the Fund, and that loans to borrowers may not be on arm's length terms.

Participation arrangements

Related parties of the Investment Manager may invest in some of the loans in the Fund's portfolio via participation arrangements with Perpetual Corporate Trust Limited as custodian for the Fund (the "Lender").

Under these arrangements, the Lender will have no obligation to make any payment to any participant unless and until it receives payment of principal or interest from or on behalf of the relevant borrower pursuant to the loan documentation.

The participation arrangements will give the participant a right to share in the financial effects of the relevant loan(s) but without granting any direct rights a borrower or any other obligor or their respective assets.

Any right, power, discretion or remedy of the Lender, a receiver or any attorney under any loan documentation or applicable law, is at the Lender's absolute discretion. For example, a participant will have no control over how the Lender chooses to handle a default by a borrower under the loan documentation.

Any participant will be liable to the Lender for the participation proportion of any costs and expenses which are not recovered by the Lender from the obligors and the Lender may set-off those liabilities against any other moneys payable to the relevant participant at any time under the participation arrangements.

Furthermore, the Fund may from time to time enter into Sub-participation Agreements where a related party of the Investment Manager participates in a loan facility made by the Fund.

Other commercial arrangement

The Fund may also, from time to time, enter into other commercial arrangements with related parties of the Investment Manager to facilitate the execution of, or to execute upon, the investment strategy of the Fund. Such arrangements will be on the absolute and sole discretion of the Responsible Entity to approve.

2.6. Investing surplus funds

From time to time the Fund may have excess capital which is not immediately required or able to be invested in suitable loans. The Fund may also have monies which are being held pending distribution to Investors. In these circumstances the Investment Manager may direct the Responsible Entity to invest those funds in cash and cash equivalents (i.e. term deposits offered by ADIs) or such other similar creditworthy and liquid investments as determined by the Responsible Entity from time to time.

2.7. Target Market Determination

The product offered under this PDS is likely to be appropriate for consumers seeking Income Distribution to be used as a satellite/small allocation within a portfolio where the consumer has a medium-term investment timeframe, High risk/return profile and does not need access to their capital within at least one year from the date of their investment.

A copy of the Fund's Target Market Determination can be found on the Responsible Entity's website, www.vascofm.com

3. ASIC Benchmarks and Disclosure Principles

ASIC has developed eight benchmarks and eight disclosure principles for unlisted mortgage funds, such as the Fund, in Regulatory Guide 45: 'Mortgage Schemes: Improving disclosure for retail investors' that are aimed at assisting investors to understand the risks of investing in mortgage funds and whether such investments are suitable for them.

A full copy of the Regulatory Guide 45 can be obtained from ASIC at www.asic.gov.au.

For the purposes of this PDS, the Responsible Entity has prepared information relating to each benchmark, including the extent to which the Fund meets the benchmark (and if not, why not).

ASIC states in Regulatory Guide 45 that failure to meet one or more of the benchmarks does not mean that a particular mortgage scheme is necessarily a poor investment. However, additional disclosure to investors is needed so that investors can assess its impact on their investment decision.

The eight benchmarks and eight disclosure principles are set out below with a summary of how the Fund, as an unlisted pooled mortgage scheme in which retail investors will invest, meets or does not meet the benchmarks.

Potential investors should discuss the ASIC benchmarks with their financial advisor.

The Responsible Entity will notify Investors of any material adverse information in relation to the Fund, including information as it relates to the benchmarks.

Information relating to the Fund that is not materially adverse is subject to change from time to time and will be updated by the Responsible Entity on its website at www.vascofm.com.

You may request a paper copy of any updated information by contacting the Responsible Entity's office directly and this information will be provided free of charge. The information will also be available from the Fund's Investment Manager at www.zank.com.au.

Benchmark and Disclosure Principle 1 – Liquidity

RG 45.34 – For a pooled mortgage scheme, the responsible entity has cash flow estimates for the scheme that:

- a) demonstrate the scheme's capacity to meet its expenses, liabilities and other cash flow needs for the next 12 months;*
- b) are updated at least every three months and reflect any material changes; and*
- c) are approved by the directors of the responsible entity at least every three months.*

RG 45.72 – For pooled mortgage schemes, the responsible entity should disclose information about:

- a) the current and future prospects of liquidity of the scheme;*
- b) any significant risk factors that may affect the liquidity of the scheme; and*
- c) the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities.*

Description

This benchmark and disclosure principle addresses: a pooled mortgage scheme's ability to satisfy its expenses, liabilities and other cash flow needs and estimates for the next 12 months; that such estimates are updated at least every three months, reflect any material changes and are approved by the directors of the responsible entity at least every three months.

Response

The Fund does not comply with this benchmark.

The Investment Manager is tasked with the responsibility of managing the Fund's cash-flow requirements and ensuring the maturity of the assets are balanced with the maturity of its liabilities. In managing the cash-flow requirements of the Fund, the Investment Manager maintains a comprehensive system to track various metrics including repayment dates, drawdown schedules and a 90-day cash flow forecasts prior to the entering to any construction or other loans, to identify that the Fund has sufficient liquidity to meet its, expense liabilities and cash-flow requirements on a rolling basis. The Responsible Entity does not undertake an approval process of cash-flow estimates at a board level. The Responsible Entity instead will review and approve these at a managerial level.

This disclosure principle asks the Fund to disclose in the PDS, the policy of the Fund on balancing the maturity of its assets and the maturity of its liabilities, the current and future liquidity prospects of the Fund and significant risk factors which may effect liquidity. Risk factors which may affect liquidity include default in loans made by the Fund, the in flow of capital into the Fund via applications and the outflow of capital into the Fund via redemptions and withdrawals and the expected, pending payments of outstanding withdrawal amounts for any unfulfilled redemption requests from previous Withdrawal Offers. Whilst the cashflow management systems and processes described above are generally expected to manage the cashflow requirements of the Fund such that it is intended to have sufficient future liquidity to meet withdrawals and expenses, these risk factors have, and may in the future, negatively affect the ability of the Fund to make regular or the expected amounts available for Withdrawal Offers. The Fund complies with this disclosure principle, by disclosing this in Sections 4.9 and 6.6 of this PDS and any updates to Fund's compliance with this benchmark and disclosure principle will be provided on the website of the Responsible Entity www.vascofm.com as part of its ongoing RG45 disclosure obligations.

Benchmark and Disclosure Principle 2 – Fund borrowings

RG 45.42 – The responsible entity does not have current borrowings and does not intend to borrow on behalf of the scheme.

RG 45.75 – If the scheme has borrowings, the responsible entity should disclose:

- a) for borrowings due in less than two years—the total debts due and their maturity profile, undrawn credit facility and whether refinancing or sale of assets is likely during this period;*
- b) for borrowings due in between two and five years—the total debts due and their maturity profile for each 12-month period and undrawn credit facility;*
- c) for borrowings due after five years—the total debts due;*
- d) why the responsible entity has borrowed the money, including whether the borrowed funds will be used to fund distributions or withdrawal requests;*
- e) any material loan covenant breaches;*
- f) the fact that amounts owing to lenders and other creditors of the scheme rank before an investor's interests in the scheme; and*
- g) the risks associated with the scheme's borrowing and credit facility maturity profile.*

RG 45.76 – A responsible entity should also disclose:

- a) the existence and details of any current interest rate and foreign exchange hedging policies of the responsible entity; and*
- b) whether the scheme's variable interest rate and/or foreign exchange exposure conforms with these policies.*

Description

This benchmark and disclosure principle addresses a fund's policy on borrowing; including a fund's actual and intended borrowings on behalf of a fund. Some funds may borrow against the assets of their fund to pay for distributions, redemption requests or scheme operations.

Response

The Fund does not comply with this benchmark and disclosure principle.

Under section 2.5 of this PDS, the Fund is able to enter into sub-participation arrangements whereby such arrangements may be construed as "borrowings" by the Fund. At the date of this PDS, the sub-participated loan amount of the Fund is \$8,100,000.00.

Under the Constitution the Responsible Entity may also borrow against the Fund's assets on terms and conditions acceptable to the Responsible Entity. However, at this time there are no credit facilities in place utilising the assets of the Fund, nor is there any intention to borrow on behalf of the Fund. The Responsible Entity reserves the right to establish a credit facility/ies in order to take advantage of commercial lending opportunities or to assist in managing liquidity. If this were to occur, borrowings would not be used to fund distributions or satisfy redemption request.

Benchmark and Disclosure Principle 3 – Loan portfolio and diversification

RG 45.44 – For a pooled mortgage scheme:

- a) the scheme holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region;
- b) the scheme has no single asset in the scheme portfolio that exceeds 5% of the total scheme assets;
- c) the scheme has no single borrower who exceeds 5% of the scheme assets; and
- d) all loans made by the scheme are secured by first mortgages over real property (including registered leasehold title).

RG 45.80 – For pooled mortgage schemes, the responsible entity should disclose the nature of the scheme's investment portfolio, including:

- (a) by number and value:
 - (i) loans by class of activity (e.g. development or construction projects, industrial, commercial, retail, residential, specialised property, reverse mortgages);
 - (ii) loans by geographic region;
 - (iii) the proportion of loans that are in default or arrears for more than 30 days;
 - (iv) the nature of the security for loans made by the scheme (e.g. first or second ranking);
 - (v) loans that have been approved but have funds that have yet to be advanced and the funding arrangements in place for any of these undrawn loan commitments;
 - (vi) the maturity profile of all loans in increments of not more than 12 months;
 - (vii) loan-to-valuation ratios for loans, in percentage ranges;
 - (viii) interest rates on loans, in percentage ranges; and
 - (ix) loans where interest has been capitalised;
- (b) the proportion of the total loan money that has been lent to the largest borrower and the 10 largest borrowers;
- (c) the percentage of loans (by value) that are secured by second ranking mortgages;
- (d) the use of derivatives (if any);
- (e) a clear description of the non-mortgage assets of the scheme, including the value of such assets; and
- (f) the scheme's diversification policy and how the assets correlate with that policy.

RG 45.81 – The responsible entity should disclose its policy on the above matters and on how the scheme will lend funds generally. For example, such disclosure should cover:

- (a) the maximum loan amount for any one borrower;*
- (b) the method of assessing borrowers' capacity to service loans;*
- (c) the responsible entity's policy on revaluing security properties when a loan is rolled over or renewed; and*
- (d) the responsible entity's approach to taking security on lending by the scheme (e.g. the types of security it takes and in what circumstances, and whether the security must be income producing).*

RG 45.82 – If an unlisted pooled mortgage scheme invests in, or may invest in, other unlisted mortgage schemes (whether registered or unregistered), the responsible entity must disclose its policy on investing in those schemes, including the extent to which the responsible entity requires those schemes to meet the benchmarks and apply the disclosure principles in Sections C and D.

Description

This benchmark and disclosure principle addresses a fund's lending practices and portfolio risk, including concentration risk. For a pooled mortgage fund this is defined as: if the fund holds a portfolio of assets diversified by size, borrower, class of borrower activity and geographic region; the fund has no single asset in its fund portfolio that exceeds 5.0% of the total fund's assets; the fund has no single borrower who exceeds 5.0% of the fund's assets; and all loans made by the fund are secured by first mortgages over real property (including registered leasehold title).

Response

The Fund does not comply with this benchmark.

The Fund does not comply with this benchmark as the Fund may lend to a single borrower who exceeds 5.0% of the Fund's assets. Furthermore, loans made by the Fund may not always be secured by a first mortgage over real property.

The Fund's Investment Criteria as summarised in Section 2 of this PDS provide further information in relation to loan amounts and loan to value ratios applied for any single borrower.

These Investment Criteria also apply to assessing the borrower's capacity to service loans, the Investment Manager's approach to obtaining security for the loan and the valuation policies on loan extensions.

The valuation policy is available on the Responsible Entity's website www.vascofm.com and information about specific portfolio valuation risk and diversification risks is disclosed at Sections 6.9 and 6.15 of this PDS respectively and any updates to Fund's compliance with this benchmark and disclosure principle will be provided on the website of the Responsible Entity www.vascofm.com as part of its ongoing RG45 disclosure obligations.

Benchmark and Disclosure Principle 4 – Related party transactions

RG 45.47 – The responsible entity does not lend to related parties of the responsible entity or to the scheme’s investment manager.

RG 45.88 – If the responsible entity enters into related party transactions, the responsible entity should disclose details of these transactions, including:

- (a) the value of the financial benefit;*
- (b) the nature of the relationship (i.e. the identity of the related party, and the nature of the arrangements between the parties, in addition to how the parties are related for the purposes of the Corporations Act for group structures, the nature of these relationships should be disclosed for all group entities);*
- (c) whether the arrangement is on arm’s length terms, is reasonable remuneration, some other Ch 2E exception applies or ASIC has granted relief;*
- (d) whether member approval for the transaction has been sought and, if so, when;*
- (e) the risks associated with the related party arrangements; and*
- (f) the policies and procedures that the responsible entity has in place for entering into related party transactions, including how compliance with these policies and procedures is monitored.*

Description

This benchmark and disclosure principle addresses the risks associated with related party lending, investments and transactions, including details of any related party transactions and whether the responsible entity lends to related parties of the responsible entity or to the fund’s investment manager.

Response

The Fund complies with this benchmark and disclosure principle.

At present, the Fund does not lend, and does not intend to lend, to related parties of the Investment Manager or Responsible Entity. However, the terms of the Constitution do not preclude such loans being made. Should the Investment Manager decide to change the Fund’s investment strategy to include related party loans, Investors will be notified.

The Investment Manager, or a related entity of the Investment Manager, may lend to borrowers alongside the Fund. In such circumstances, the Investment Manager has committed to not lending to any borrower on better terms than those negotiated for the Fund.

Where a loan sought by a borrower meets the Fund’s Investment Guidelines and the Investment Manager’s own personal lending guidelines, then the Investment Manager will take into account a range of factors and act in good faith to ensure the Fund isn’t disadvantaged.

The Investment Manager will consider a range of factors, including but not limited to:

- Availability of capital
- Cash and liquidity available and any future liquidity requirements (including any Withdrawal Requests and quarterly distributions)
- Other lending opportunities that may be or become available

Benchmark and Disclosure Principle 5 – Valuation policy

RG 45.50 – In relation to valuations for the scheme’s mortgage assets and their security property, the board of the responsible entity requires:

- (a) a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located;*
- (b) a valuer to be independent;*
- (c) procedures to be followed for dealing with any conflict of interest;*
- (d) the rotation and diversity of valuers;*
- (e) in relation to security property for a loan, an independent valuation to be obtained:*
 - before the issue of a loan and on renewal:*
 - for development property, on both an ‘as is’ and ‘as if complete’ basis; and*
 - for all other property, on an ‘as is’ basis; and*
 - within two months after the directors form a view that there is a likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.*

RG 45.91 – The responsible entity should disclose:

- (a) where investors may access the scheme’s valuation policy—for example, by disclosing that the policy is available on a relevant website;*
- (b) the processes that the directors employ to form a view on the value of the security property;*
- (c) the frequency of valuations of security property; and*
- (d) any material inconsistencies between any current valuation over security property and the scheme’s valuation policy.*

RG 45.92 – For a contributory mortgage scheme, the responsible entity only needs to provide an investor with information about the valuation of the property securing a loan in which the investor has, or is being offered, an interest.

Description

This benchmark and disclosure principle addresses a fund’s policy in relation to obtaining valuations on the properties over which mortgages or other relevant securities are registered or held; including when an independent valuation is required. This benchmark requires: a valuer to be a member of an appropriate professional body in the jurisdiction in which the relevant property is located; a valuer to be independent; procedures to be followed for dealing with any conflict of interest; the rotation and diversity of valuers; in relation to security property for a loan, an independent valuation to be obtained: before the issue of a loan and on renewal and for a development property: on both an ‘as is’ and ‘as if complete’ basis; and for all other property: on an ‘as is’ basis. Furthermore, within two months after the directors form a view that there is likelihood that a decrease in the value of security property may have caused a material breach of a loan covenant.

Response

The Fund complies with this benchmark and disclosure principle.

Secured properties will be valued on an ‘as is’ basis, and (where a loan incorporates a project or construction element) also on an ‘as if complete’ basis.

This benchmark also requires that the Responsible Entity has a policy on how often, how and from whom it obtains valuations, including how recent a valuation has to be when the Responsible Entity makes a new loan. The Responsible Entity and the Investment Manager comply with this component of this benchmark as valuations are obtained prior to the loans being made (the date of valuation must be within 3 months of loan approval) and the Responsible Entity has the right to request an updated valuation at any time during the loan term.

The Responsible Entity has established a panel of valuers to ensure rotation and diversity. The valuation policy may be updated from time to time and is available on the Responsible Entity's website at www.vascofm.com. The Fund also discloses specific valuation risk at Section 6.15 of the PDS

Benchmark and Disclosure Principle 6: Lending principles—Loan-to-valuation ratios

RG 45.56 – If the scheme directly holds mortgage assets:

- a) where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development;*
- b) where the loan relates to property development—the scheme does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and*
- c) in all other cases—the scheme does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.*

RG 45.94 – If the scheme directly holds mortgage assets, the responsible entity should disclose:

- a) the maximum and weighted average loan-to-valuation ratios for the scheme as at the date of reporting; and*
- b) where funds are lent for property development:*
 - the criteria against which the funds are drawn down;*
 - the percentage (by value) of the completion of any property that is under development as at the date of reporting; and*
 - the loan-to-cost ratio of each property development loan as at the date of reporting*

RG 45.95 – The responsible entity should also disclose the percentage of the scheme's assets that are property development loans. If property development loans exceed 20% of the scheme's assets, the responsible entity should identify the scheme as one that invests a significant component of funds in property development loans. If the loan-to-cost ratio of any property development loan exceeds 75%, this should also be highlighted.

Description

This benchmark and disclosure principle addresses a fund's lending practices, including the loan-to-valuation ratio if the fund holds mortgage assets: where the loan relates to property development—funds are provided to the borrower in stages based on independent evidence of the progress of the development; where the loan relates to property development—the fund does not lend more than 70% on the basis of the latest 'as if complete' valuation of property over which security is provided; and in all other cases—the fund does not lend more than 80% on the basis of the latest market valuation of property over which security is provided.

Response

The Fund complies with this benchmark and disclosure principle.

The Fund can lend up to 70% of the 'as if complete' valuation in respect of loans made for construction purposes (and paid to the borrower in stages) and up to 70% of the latest 'as is' market valuation for loans made for pre-construction purpose.

The ASIC benchmark also anticipates that construction loans are provided in stages based on external evidence as to the progress of the construction.

The Fund complies with this requirement to the extent that where funds are advanced for construction purposes, they will be advanced progressively in stages throughout the construction upon independent certification on a cost-to-complete basis by an external cost consultant or quantity surveyor engaged or the first mortgage provider.

Benchmark and Disclosure Principle 7: Distribution practices

RG 45.61 – The responsible entity will not pay current distributions from scheme borrowings.

RG 45.99 – If a responsible entity is making, or forecasting, distributions to members, it should disclose:

- a) the source of the current and forecast distributions (e.g. from income earned in the relevant distribution period, operating cash flow, financing facility, capital, application money);*
- b) if the distribution is not solely sourced from income received in the relevant distribution period, the reasons for making those distributions and the risks associated with such distributions;*
- c) if the distribution is sourced other than from income, whether this is sustainable over the next 12 months; and*
- d) when the responsible entity will pay distributions and the frequency of payment of distributions.*

RG 45.100 – If the scheme promotes a particular return on investments, the responsible entity must clearly disclose details of the circumstances in which a lower return may be payable, together with details of how that lower return will be determined. For a contributory mortgage scheme, the responsible entity should, for a particular investor, disclose the above information to the investor for distributions or returns made, or forecasts to be made, to that investor.

RG 45.101 – The responsible entity should include a table identifying up to five main factors that would have the most material impact on forecast distributions, the risks of changes to those factors on distributions and a sensitivity analysis based on changes to those factors. It must also explain how any excess returns actually earned by the scheme will be applied.

Description

This benchmark and disclosure principle addresses the transparency of a fund's distribution practices, including whether current distributions are paid from scheme borrowings and disclose the source of distributions.

Response

The Fund complies with this benchmark and disclosure principle.

In general, the source of the Fund's distributions will be from income earned in the relevant distribution period; the source of any forecast distribution is from interest earned from loans made to borrowers and cash held on deposit with the Fund's custodian; except in circumstances where interest is paid in advance (in which case interest will be distributed as it is earned). Any updates to Fund's compliance with this benchmark and disclosure principle will be provided on the website of the Responsible Entity www.vascofm.com as part of its ongoing RG45 disclosure obligation

The Target Return is a target only and is not a guaranteed distribution. Some of the key factors which could have a material impact on the Fund achieving the Target Return include:

- Interest rate movements
- Default loans
- Asset allocation
- Undeployed capital.



Benchmark and Disclosure Principle 8: Withdrawal arrangements

RG 45.65 – For non-liquid schemes, the responsible entity intends to make withdrawal offers to investors at least quarterly. RG 45.104 – The responsible entity should disclose:

- a) the scheme’s withdrawal policy and any rights that the responsible entity has to change the policy;*
- b) the ability of investors to withdraw from the scheme when it is liquid;*
- c) the ability of investors to withdraw from the scheme when it is non-liquid;*
- d) any significant risk factors or limitations that may affect the ability of investors to withdraw from the scheme;*
- e) how investors can exercise their withdrawal rights, including any conditions on exercising these rights;*
- f) the approach to rollovers and renewals, including whether the ‘default’ is that investments in the scheme are automatically rolled over or renewed;*
- g) if the withdrawals from the scheme are to be funded from an external liquidity facility, the material terms of this facility, including any rights the provider has to suspend or cancel the facility;*
- h) the maximum withdrawal period that applies to the payment of withdrawal requests when the scheme is liquid;*
- i) any rights the responsible entity has to refuse or suspend withdrawal requests; and*
- j) the policy of the scheme on balancing the maturity of its assets with the maturity of its liabilities and the ability of its members to withdraw (e.g. if a scheme has a policy of ensuring that sufficient assets are held in readily realisable investments to meet future withdrawal requests, the responsible entity should state this in its PDS, provide details of the source of the realisable investment and report against this in its ongoing disclosure).*

RG 45.105 – If the responsible entity makes representations to investors that they can withdraw from the scheme, there should be disclosure on:

- a) the grounds (which must be verifiable) for the statement;*
- b) the supporting assumptions (which must not be hypothetical only) for the statement;*
- c) the basis for the statement (which must not be based only on an opinion of the directors of the responsible entity if there are no objective grounds to support that opinion); and*
- d) any significant risk factors that mean that withdrawal requests might not be satisfied within the expected period.*

RG 45.106 – If the PDS contains a statement to the effect that, historically, withdrawal requests have been satisfied within a particular period, this may suggest a link between historical withdrawal periods and withdrawal periods that are likely to apply in the future. The responsible entity should ensure the statement clarifies that investors should not conclude that there is such a link between the historical availability of withdrawals and their future availability.

RG 45.107 – If the scheme promotes a fixed redemption unit price for investments (e.g. \$1 per unit), the responsible entity must clearly disclose details of the circumstances in which a lower amount may be payable, details of how that amount will be determined and the impact of a default under the scheme’s mortgage assets on investors (e.g. on investor distributions and the unit price).

RG 45.108 – A responsible entity of a contributory mortgage scheme should, for a particular investor, disclose the above information to the investor as it relates to the investor’s ability to withdraw.

Description

This benchmark and disclosure principle addresses the transparency of the responsible entity’s approach as to how and when investors can withdraw their investment from a fund, based upon whether the fund is liquid or non-liquid. For non-liquid funds, the benchmark is that redemption offers are made to investors at least quarterly.

Response

The Fund does not comply with this benchmark and disclosure principle. To the extent the benchmark relates to liquid schemes, the benchmark is not relevant to the Fund.

The Fund does not comply to the extent that withdrawal offers will be made quarterly but only to those Investors who will have held their Units for the Minimum Term or a subsequent term by the end of the quarter in which the withdrawal offer is made. Investors who have not held their Units for the Minimum Term or a subsequent term may apply to participate in the quarterly

withdrawal offers but may be required to pay an Early Withdrawal Fee (see the Fees and Expenses section of the PDS) if their withdrawal request is accepted by the Responsible Entity. Where there are insufficient funds available in the Fund to satisfy all withdrawal requests, then withdrawal requests will be satisfied on a pro-rata basis. Withdrawal offers may be made when the Fund is liquid and when the Fund is not liquid.

Withdrawals are not funded from an external liquid facility; however, the Investment Manager will seek to match the repayment schedules of loans to the expiry of Minimum Terms and Subsequent Terms to provide the Fund with liquidity to meet expected Investor demand in response to withdrawal offers. The Investment Manager does not guarantee that loan repayment schedules will always coincide with the expiry of Minimum Terms and Subsequent Terms. As noted in Section 4.9 of the PDS, in certain circumstances the Responsible Entity may delay or suspend withdrawals from the Fund for such period as it determines necessary to protect all investments. A delay in meeting an Investor's withdrawal request is possible where there are a significant number of withdrawal requests made at the same time, which absorb the cash assets of the Fund and if the assets of the Fund are not sufficiently liquid. The Fund discloses specific liquidity risk at Sections 6.6 of the PDS.

This ASIC benchmark requires that if the Fund promotes a fixed withdrawal Unit Price for investments (e.g. \$1.00 per Unit), the Responsible Entity should clearly disclose details of the circumstances in which a lower amount may be payable, together with details of how that amount will be determined. The Fund does not promote a fixed withdrawal Unit Price for investments. The Unit Price on withdrawal is calculated by dividing the net asset value of the Fund by the number of Units on issue. In circumstances where the Unit Price is less than \$1.00, the capital returned to Investors at the time of repayment of their investment could be less than the amount they initially invested.

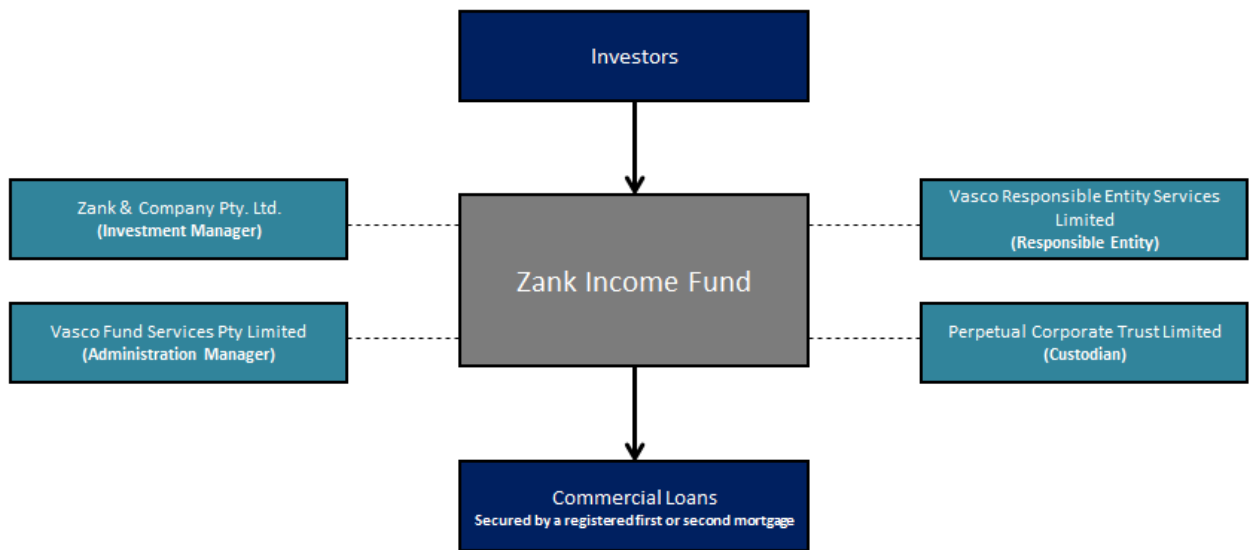
4. Details about the Offer

4.1. Investment structure

The Fund has been established to invest in business and investment loans secured by a registered first or second mortgage. The Fund will not lend to any related party borrowers of the Responsible Entity or the Investment Manager.

Further details about the types of loans the Fund will invest in and the credit assessment and approval process used by the Investment Manager are disclosed in Section 2.

The following diagram illustrates the structure of the Fund and relevant parties involved:



The Fund is an unlisted registered managed investment scheme structured as a unit trust and established by a Constitution dated 31 May 2016, as amended from time to time.

Vasco Responsible Entity Services Limited is the Responsible Entity of the Fund.

The Responsible Entity has appointed Zank & Company Pty. Ltd. as the Investment Manager of the Fund, with responsibility for, among other things, marketing the Fund and managing the Fund's investments.

The Responsible Entity has appointed Perpetual Corporate Trust Limited as the Fund's custodian, with responsibility for holding the Fund's assets.

The Responsible Entity has also appointed Vasco Fund Services Pty Limited as the Fund's administration manager, with responsibility for, among other things, processing applications and fund accounting.

4.2. Units

This PDS invites Applicants to apply to acquire Units in the Fund. Each Unit represents an interest in the assets of the Fund proportionate to the total number of Units on issue but does not entitle the Investor to any particular asset of the Fund.

A Unit entitles an Investor to receive a proportion of the returns generated by the Fund relevant to the number Units

each day they are invested in the Fund for any distribution period. Distributions are expected to be calculated on a calendar quarterly basis.

4.3. Issue of Units

It is intended that Units will be issued on a monthly basis, within ten Business Days following the end of the month in which a completed Application Form (accompanied by payment of application money in cleared funds) is received.

4.4. Unit Price

Units will be issued at the Unit Price, calculated in accordance with the Constitution. The Unit Price is calculated by dividing the net asset value of the Fund by the number of Units on issue.

The Unit Price is calculated monthly (or on or about the date of issue or at such other interval as the Responsible Entity determines), based on a valuation of the investments of the Fund at the close of business (or 5.00pm) on the last Business Day of the calendar month (or at such other interval as the Responsible Entity determines).

Unit prices are available at www.vascofm.com. The price that will apply to your application may be different from that on the website as the one that will apply will be the one calculated after you submit your Application.

4.5. Minimum investment

The minimum investment in the Fund is \$100,000, then in multiples of \$10,000 thereafter.

The Responsible Entity reserves the right to accept Applications for lesser amounts in its absolute discretion.

4.6. Target Return

The Investment Manager is targeting a return of 7.5% per annum (pre-tax, after fees and expenses but before withholding tax payable by foreign resident Investors).

The Investment Manager will review the Target Return annually and may recommend the Responsible Entity change the Target Return having regard to the Australian financial market. Investors will be provided with 90 days prior notice of any change to the Target Return.

This is a target return only and is not a forecast. Return of income and capital are not guaranteed. In particular, should the Fund not generate sufficient income, the actual return to Investors may be lower than the Target Return.

Over the last 3 financial years from 1 July 2021 to 30 June 2024, the Fund achieved an average return of 6.3% per annum.

Any updates to the Target Return will be made available in fund updates and will be accessible from the website of the Responsible Entity www.vascofm.com.

4.7. Distribution of Income

Distributions of income are expected to be calculated at the end of each calendar quarter and paid to Investors nominated account within 10 Business Days of this calculation date. The Responsible Entity envisions that distributions of income should be paid to Investors within 120 calendar days of the end of each Financial Year owing to additional time needed to finalise the Fund's annual accounts. However, the Responsible Entity retains its discretion to pay distributions within three months of the calculation date in accordance with the Constitution.

Distributions will only be made from the income earned by the Fund.

The Responsible Entity reserves the right the make distributions more or less frequently in its absolute discretion.

The Responsible Entity may decide not to distribute amounts which it reasonably considers necessary to meet any outgoings or liabilities (actual or contingent) in respect of the Fund including any amounts required for tax withholdings.

Taxes paid or withheld that are allocable to one or more Investors will be deemed to have been distributed to such Investors for the purposes of determining the above calculations.

Distributions to Investors will take into account the number of Units held each day within any distribution period.

Investors can elect to reinvest their distributions by electing to do so on their Application Form or providing a Change of Details form, available at www.vascofm.com.

4.8. Minimum Term

There is a Minimum Term of 12 months before Investors can request a withdrawal from the Fund.

The Responsible Entity retains the discretion to allow Investors to withdraw prior to the end of their Minimum Term and charge an Early Withdrawal Fee of 1% of the Investor's withdrawal amount. This Early Withdrawal Fee is paid directly to the Investment Manager.

The Responsible Entity may waive the Minimum Term in its sole and absolute discretion if –

- (a) An Investor experiences hardship; and
- (b) The Fund has sufficient liquidity to satisfy the withdrawal request.

4.9. Withdrawals

Given the nature of the Fund's investments, an investment in the Fund should be considered an illiquid investment.

Investors will have no rights to withdraw from the Fund prior to the end of their Minimum Term.

Once the Minimum Term is reached, it is intended that Investors will be offered the opportunity to withdraw from the Fund subject to available liquidity and submitting a valid Withdrawal Request pursuant to a Withdrawal Offer.

The Responsible Entity expects to make Withdrawal Offers on a calendar quarterly basis, subject to available liquidity.

Withdrawal Offers will be published on the Responsible Entity's website at www.vascofm.com.

Where there are insufficient funds to satisfy all Withdrawal Requests pursuant to any Withdrawal Offer, Withdrawal Requests will be satisfied on a pro-rata basis for each Withdrawal Offer thereafter until Investors are fully withdrawn from the Fund.

Withdrawal Request forms are available on the Responsible Entity's website, at www.vascofm.com.

Where a Withdrawal Request that has been granted results in an Investor's remaining Units having a value less than \$20,000, the Responsible Entity may treat the Withdrawal Request as also relating to the balance of the Investor's holding.

Units that are redeemed will be redeemed at the Withdrawal Price, which may be lower than what was originally paid. The Responsible Entity may, before applying the amount due to an Investor, deduct any tax payable by the Responsible Entity in respect of the redemption of Units.

The repayment of an Investor's investment will be deposited to the Investor's nominated account at a bank or other financial institution. The Responsible Entity will not make repayments to a third party account nominated by an Investor.

Investors should allow up to 2 Business Days for electronic funds transfers to a bank and up to 3 Business Days for an electronic funds transfer to a credit union account.

Investors should obtain professional taxation advice in relation to the taxation implications of any Unit redemption as the individual tax position of Investors can vary depending on their circumstances.

4.10. Transfer of Units

Investors can transfer the ownership of their Units at any time provided that the transferee meets the requirements of an Investor in the Fund and the transfer has been approved by the Responsible Entity.

Under the Constitution, the Responsible Entity has the discretion to refuse the transfer of Units if, in the Responsible Entity's opinion, the transfer is not in the interests of the Fund or if the Investor or transferee has not complied with any applicable laws. Investors should obtain professional taxation advice in relation to the taxation implications of any transfer of Units as the individual tax position of Investors can vary depending on their circumstances.

There will not be any established secondary market for the sale of Units.

4.11. Reports

The Responsible Entity will provide Investors with the following reports:

- Distribution statements on the provision of any distributions
- Annual Fund financial accounts, to be provided as soon as practical after submission of the Fund's audited accounts to ASIC (which are due by 30 September of each year)
- Annual tax statements, to be provided as soon as practical after submission of the Fund's audited accounts to ASIC (which are due by 30 September of each year)

The Investment Manager will provide Investors with a report in respect of the Fund's investments on at least an annual basis.

5. Roles and responsibilities

5.1. Investment Manager

The Investment Manager, Zank & Company Pty. Ltd. (**Zank**) is the investment manager of the Fund.

The main responsibility of the Investment Manager is to market the Fund and manage the Fund's investments.

Zank is an Australian based asset management firm with a mission to deliver high-quality investment opportunities for its clients. Since its establishment, Zank has focused on fixed and semi-fixed income investment products with a belief that only stable and predictable investment returns can bring the true wealth to investors.

Zank was founded in 2014 as a commercial brokerage firm specialising in the Australian property market. In early 2016, Zank launched the Fund to initially target investments from wholesale investors. Zank continues to grow its funds under management across a robust portfolio of loans aligned with the goal of providing high yield stable return from property-based investment.

Zank has been involved in managing multiple mortgage trusts, including pooled mortgage funds, contributory mortgage funds and commercial loan warehouse, amongst others.

5.2. Responsible Entity

Vasco Responsible Entity Services Limited ACN 160 969 120 AFSL 434533 is the responsible entity of Fund (**Responsible Entity**).

The main responsibilities of the Responsible Entity are to ensure the Fund is operated in accordance with the Constitution and this PDS and to ensure compliance with Australian law. Importantly, the Responsible Entity is required to have regard to the best interests of Investors in all decisions that it makes with respect to the Fund.

The Responsible Entity is part of an investment management group (**Vasco Group**) that provides responsible entity, trustee, fund administration and distribution services to Australian and international investment managers.

The Vasco Group have significant experience in the Asia Pacific region in the management of equity funds, fixed income funds, REITs, private equity real estate funds, real estate securities funds, and mortgage and real estate debt funds. Some of the funds Vasco's executives have developed include the \$3 billion Australian Unity Healthcare Property Trust ARSN 092 755 318 and the \$1.5 billion AIMS Industrial REIT listed on the Singapore Securities Exchange.

The managing director of the Responsible Entity was responsible for establishing the Australian Unity Funds Management Limited and Macarthur Cook Limited real estate funds management businesses.

Clients of the Vasco Group have included Golden Age Development Group, Infrastructure Partners Investment Fund, Vital Healthcare Property Fund, EMR Capital Pty Ltd, Phillip Asset Management Limited and Morgan Stanley Real Estate.

5.3. Custodian

The Responsible Entity has appointed an independent custodian to hold the assets of the Fund.

Perpetual Corporate Trust Limited ("Perpetual") is a respected and leading provider of corporate trustee solutions to the financial services industry and has been providing custody and trustee services for over 130 years. Perpetual is a member of the Perpetual Limited group, an ASX-listed, diversified financial services company which has been serving Australians

since 1886.

The Responsible Entity has appointed Perpetual under a Custody Agreement. The Custodian's role is to hold the assets in its name and act on the direction of the Responsible Entity to effect cash and investment transactions.

Perpetual has no supervisory role in relation to the operation of the Fund and has no liability or responsibility to a unit holder for any act done or omission made in accordance with the Custody Agreement.

Perpetual's role as Custodian is limited to holding the assets of the Fund.

Perpetual has not withdrawn its consent to be named in this PDS as custodian of the Fund in the form and context in which it is named. Perpetual does not make, or purport to make, any statement that is included in this PDS and there is no statement in this PDS which is based on any statement by Perpetual.

To the maximum extent permitted by law, Perpetual expressly disclaims and takes no responsibility for any part of this PDS other than the references to its name. Perpetual does not guarantee the repayment of capital or any particular rate of capital or income return.

5.4. Administration Manager

Vasco Fund Services Pty Ltd is the administration manager for the Fund appointed by the Responsible Entity. The Administration Manager is responsible for, among other things, processing application forms, conducting AML/CTF checks on behalf of the Responsible Entity, managing the Fund's accounts and sending out distribution statements.

The Administration Manager is a related entity of the Responsible Entity and is part of the Vasco Group described above in section 5.2.

5.5. Financial Auditor and Compliance Plan Auditor

Grant Thornton Audit Pty Ltd has been appointed by the Responsible Entity to audit the Fund's financial statements on an annual or bi-annual and audit the Compliance Plan for the Fund on an annual basis.

6. Risks

All investments involve varying degrees of risk.

While there are many factors that may impact on the performance of any investment, the section below summarises some of the major risks that prospective 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 circumstances.

Prospective investors should also consider and take into account the level of risk with which they are comfortable, the level of returns they require, as well as their frequency and nature and their investment time horizon. Prospective investors should seek professional advice in setting their investment objectives and strategies.

The risks described below are not exhaustive and whether a risk is specifically referred to in this section or not, that risk may have a material effect on the performance and value of the Fund.

Importantly, prospective investors should note that the value of an investment in the Fund, and income received by investors, may rise or fall and, consequently, Investors may suffer losses (including the loss of all of their capital investment in the Fund).

6.1. Investment risk

The value of an investment may rise or fall, distributions may or may not be paid and an Investor's capital may or may not be returned.

6.2. Fund risk

The Fund could terminate, or the fees and expenses paid from the assets of the Fund could change. There is also the risk that investing in the Fund may give different results than investing in the underlying assets of the Fund directly because of possible impairment charges in the Fund and the potential consequences of withdrawal by other Investors.

6.3. No guarantee of performance or representations made by Responsible Entity or Investment Manager

None of the Responsible Entity, the Investment Manager nor any other person or entity guarantees any income or capital return from the Fund.

6.4. Risks associated with the performance of the Investment Manager

The success of the Fund is dependent on the Investment Manager identifying suitable loans for the Fund to make and then managing those loans to ensure that the loans are repaid. If the Investment Manager is unable to achieve this, then this may adversely affect the Fund's returns.

6.5. Risks associated with the solvency and financial position of the Investment Manager and borrowers

The financial performance of the loans will be impacted by the financial performance of the Investment Manager and the borrowers, and the success of the projects undertaken by these borrowers.

If the Investment Manager either becomes insolvent or encounters financial difficulties, which mean that it is unable to perform its role under the Investment Management Agreement, then the Responsible Entity will most likely need to

terminate the Investment Management Agreement. If that were to occur, then the Responsible Entity would either need to find a replacement investment manager or wind up the Fund. This could result in you suffering a loss or a diminished return on your investment in the Fund.

If a borrower becomes insolvent or faces financial difficulties, then the Fund may suffer losses and Investors may lose some or all of their capital invested in the Fund.

6.6. Liquidity risk

Investors in the Fund will only have limited opportunities to withdraw their investment as outlined in section 4.9. In addition, there will not be any established secondary market for Units. This may represent a risk to you in the event that you require the return of your investment more urgently.

6.7. Return risk

The Fund seeks to deliver the Target Return to Investors. It is designed for Investors seeking a return greater than the interest paid on basic deposit and saving products offered by an ADI. The Fund is targeting returns which are significantly higher than interest paid on basic deposit products. However, as a general rule, higher potential returns have higher levels of uncertainty than investments with lower potential returns and low levels of uncertainty.

The Target Return is not a forecast. The Fund may not be successful in meeting this objective. Returns on investments in the Fund are not guaranteed. The risk to capital is primarily determined by the ability of borrowers to repay loans to the Fund. If a borrower is unable to repay a loan, then the Fund may need to enforce its security. If that were to occur, then the Fund may not be able to recover all amounts owing to it under the loan and would therefore suffer a loss.

Investors should note that an investment in the Fund is not an investment in an ADI (such as a bank) regulated by APRA and an investment in the Fund carries more risk than an investment in a bank.

6.8. Junior lender risk

If the Fund is a mezzanine lender then its real property mortgage will rank in priority behind a senior lender's mortgage. Therefore, in the event of a default by a borrower the ability to recover the amount owing under a loan will be affected by the actions of the senior lender.

Generally, the senior lender will have the right to take possession of, and deal with, the security property and assets of a borrower if various covenants of the senior lender's loan facility are not met. Because the Fund's security will rank behind the senior lender, if a borrower defaults under any of the loan facilities and the senior lender exercises its security, then the Responsible Entity will not have day-to-day control over the borrower's assets. This will generally mean the Responsible Entity cannot exercise the Fund's security until the senior lender has been paid in full. In addition, any monies available to the Fund in these circumstances would be limited to what is recovered after the senior lender has been paid in full.

Where security is taken over a borrower's personal assets under a general security agreement or guarantees are provided by directors or shareholders of a borrower, there is a risk that recovery from those persons could be difficult. Moreover, a borrower or their guarantor may not have sufficient assets to repay the liability in full.

6.9. Concentration risk

The Investment Manager will endeavour to diversify the underlying projects that the Fund will lend to in terms of type, location and loan tenor however, there may be instances where this is not possible.

There is possibility of an increased risk associated with loans that are highly concentrated in terms of particular types of loans, location, activities or borrowers.

6.10. Loan loss risk

The Fund will not maintain a reserve of funds to meet losses on loans, should they occur. This means any loan losses caused as a result of borrower default or otherwise will have to be met from the Fund's capital, which may impact upon the Fund's Unit Price and may result in a capital loss being incurred by Investors. Similarly, if the Fund makes provision for doubtful debts or asset impairment, then that will also reduce the Fund's net asset value.

6.11. Related party loans

At present, the Fund does not intend on lending to related parties of the Responsible Entity or Investment Manager. However, the terms of the Constitution do not preclude such loans being made. Should the Investment Manager decide to change the Fund's investment strategy to include related party loans, Investors will be notified.

Should this be the case, by investing in the Fund, Investors acknowledge that the Investment Manager is responsible for making investment decisions for the Fund, and that loans to the borrowers may not be on arm's length terms and that they have made their own independent investigations to satisfy themselves of the benefit of becoming an Investor in the Fund.

6.12. Construction and development risk

Investments in the Fund may be lent to borrowers for use in property construction projects. There are specific risks associated with this type of project, including:

- construction or development costs can exceed budgeted costs and the borrower may be unable to complete the project unless the borrower can obtain further funds;
- loan funds kept in reserve by the construction manager to complete the project being insufficient to meet the cost of completion; 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.

The Investment Manager may manage this risk and its elements by:

- ensuring a guaranteed maximum price building contract from reputable and established builders who have experience in the type of proposed construction to be executed between the builder and borrower;
- ensuring that the project is employing standard construction techniques and that adequate building insurance cover is in place;
- requiring minimum pre-sales or leasing commitments on the proposed development; and
- monitoring all construction loan draw-downs to ensure that there are always sufficient funds remaining to complete the project. An independent quantity surveyor or construction cost manager may be appointed prior to the commencement of the project to verify that there are sufficient funds available to complete the project and to verify the completion of each stage of construction prior to the draw-down of funds.

6.13. Enforcement risk

Where the Responsible Entity takes enforcement action in respect of a defaulting loan, the costs incurred in doing so could be substantial.

The Investment Manager may pay for those enforcement costs from its own resources (such as the costs of appointing a receiver, legal fees in enforcing against the borrower, agent's commissions for sale of the security property etc.). It is also possible that the Responsible Entity may procure a third party to underwrite the enforcement expenses on commercial arrangements. The Investment Manager or third party will have the right to recover these costs from the proceeds received from the enforcement action before any payments are made to Investors plus any fee or interest agreed with a third party. This will most likely lead to a reduction in distributions paid to the Investors. If the enforcement costs cannot ultimately be recovered out of the proceeds from the sale of the security property or recovered directly from the borrower, then it may result in Investors suffering a loss of capital.

It is also possible the Responsible Entity will undertake a further capital raising to raise the capital required to pay for the expenses associated with enforcing the loan. There is therefore a risk that Investors may be invited to contribute further capital to the Fund. It is highly likely that any such future capital raising will be undertaken at a price less than the original issue price for the Units and may therefore dilute the proportional holdings in the Fund of those Investors that decide not to contribute further capital.

6.14. Documentation risk

A deficiency in documentation could, in certain circumstances, adversely affect the return on a loan. This may make it difficult for the Fund to enforce its real property mortgage in respect of the loan and may also affect the ability to recover any penalties imposed against any borrower.

6.15. Valuation risk

The valuation of the security property for a loan may be inaccurate or not accurately reflect its true value at the time the valuation is undertaken. If the valuation of the security property for a loan is incorrect, then the amount realised on the sale of a security property may not cover the amount lent to a borrower. Security property is valued by a valuer under instructions from the Investment Manager and in accordance with the Responsible Entity's valuation policy

6.16. Market risk

This is the risk that negative market movements will affect the price of assets within a particular market. By their nature, markets experience periods of volatility involving price fluctuations of varying magnitudes. Property market risk is the risk that the property market as a whole declines in value in line with various trends in the Australian or overseas markets. This may be due to a number of factors, such as over-supply of real estate, economic conditions, interest rate movements or general market sentiment.

The Fund's assets will be made up of loans made primarily for the purpose of property development. Therefore, factors which affect the property market may impact upon the value of Fund assets.

A fall in property values may affect the ability to fully recover the amount owing under a loan where a borrower defaults. If a borrower defaults and the security property is sold for less than the outstanding loan amount (including the costs of the sale and interest), then this may result in the Fund suffering a loss if the borrower cannot repay the balance of the outstanding debt from other assets of the borrower.

6.17. Operational risk

Operational risk exists in all managed investments. This refers to the possibility the Investment Manager may fail to anticipate market movements, to manage the investment risks appropriately, or to properly execute the Fund's investment strategy.

There is also an inherent risk associated with the death or departure of the Responsible Entity's or the Investment Manager's key personnel.

6.18. Legal, regulatory and compliance risk

Changes in government legislation, regulation and policies generally could materially adversely affect the operating results of the Fund. Although unable to predict future policy changes, the Investment Manager intends to manage this risk by monitoring and reacting to any potential regulatory and policy changes.

The operation of a funds management business in Australia is subject to significant regulation by Australian government authorities including without limitation the Australian Securities and Investments Commission, the Australian Transactions Reporting and Analysis Centre, the Foreign Investment Review Board and the Australian Consumer and Competition Commission. There is a risk that the Fund may not comply at all times with its various obligations under government regulations and this may result in the loss of authorisations of the Australian Financial Services Licence held by the Responsible Entity thereby preventing the continued operation of the Fund.

Furthermore, legal risks arise where contracts used by the Fund to make the unsecured loan agreements are found to be defective or unenforceable against counterparties. To manage this risk, the Responsible Entity or Investment Manager will ensure that a reputable legal practitioner with professional indemnity insurance is engaged to prepare and finalise legal agreements.

6.19. Regulatory and economic risk

There is the risk that a downturn in domestic or international economic conditions may adversely affect investments.

These factors are outside the control of the Responsible Entity and the Investment Manager but they may have a negative impact upon the operation and performance of the Fund.

6.20. Tax risk

Tax regulations can change and changes can be adverse. Investors should consider their own circumstances before investing.

6.21. Fees and expenses

The Fund will incur fees and expenses regardless of whether it is successful. The Fund will pay Investment Management fees, Responsible Entity fees and Administration Fees whether or not it receives income from its loan investments or the Fund's capital is fully utilised or not. The Fund must therefore ensure that sufficient liquidity is maintained in order to meet these and other expenses. The Responsible Entity and the Investment Manager expect to incur significant costs and expenses in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment including, but not limited to, financial, legal, technical, regulatory, commercial advisers, engaged to assist the Responsible Entity and the Manager in seeking to source, evaluate, structure, negotiate, close, monitor and exit the investment. There can be no assurance that the Fund will be successful in being able to recover these fees and expenses from a successfully closed investment. These amounts may be significant and could have an adverse impact on the return that Investors might otherwise realise.

6.22. Cyber security risk

Investors should be aware that while the Responsible Entity has implemented technologies, processes, and practices designed to protect its networks, devices, programs, and data (or IT systems) such IT systems may still be subjected to malicious attack, damage, or unauthorised access.

Such IT systems may include the storage of information concerning an Investor's identity, financial interests or other personal details provided to the Responsible Entity in connection with their investment in the Fund.

In the event serious harm is a likely outcome of a breach of the Responsible Entity's IT systems, the Responsible Entity or Investment Manager (as may be required) will notify the affected individuals and recommend steps that ought to be

taken in response to the breach. The Responsible Entity may also be required to notify any regulatory authority as required by law.

6.23. Other risks

It is important to note that not all risks can be foreseen. It is therefore not possible for the Investment Manager to protect the value of the Fund's investment from all risks. Investors should ensure they obtain appropriate professional advice regarding the suitability of an investment in the Fund having regard to their individual circumstances, including investment objectives, their level of borrowings, their financial situation and individual needs.

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.

7. Fees and other costs

This section sets out the fees and other costs that may be incurred by the Fund. You should read all information about fees and costs carefully as it is important to understand their impact on your investment.

Consumer Advisory Warning

Government regulation requires the inclusion of the following standard consumer advisor warning as set out below. The information in the consumer advisory warning is standardised across all product disclosure statements and does not provide any specific information on the fees and charges in this Fund.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your investment balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the Fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

7.1. Fees and Other Costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns of your investment or from the assets of the Fund as a whole.

Taxes are set out in section 9.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

Fees and costs summary

Zank Income Fund		
Type of fee or cost ¹	Amount ²	How and when paid
Ongoing annual fees and costs		
<i>Management fees and costs^{1,4}</i> The fees and costs for managing your investment	2.55% per annum of the gross asset value of the Fund. ³	Calculated and payable monthly in arrears out of the Fund's assets.
<i>Performance fees¹</i> Amounts deducted from your investment in relation to the performance of the product	100% of the income earned by the Fund above the Target Return, being 7.5% per annum (net of fees) as at the date of this PDS.	Calculated and payable on a quarterly basis out of the Fund's assets, subject to an annual adjustment as at 30 June each Financial Year.

<i>Transaction costs¹</i> The costs incurred by the scheme when buying or selling assets	Nil	Not applicable
Member activity related fees and costs (fees for services or when your money moves in or out of the scheme)		
<i>Establishment fee</i> The fee to open your investment	Nil	Not applicable
<i>Contribution fee</i> The fee on each amount contributed to your investment	Nil	Not applicable
<i>Buy-sell spread</i> An amount deducted from your investment representing costs incurred in transactions by the scheme	Nil	Not applicable
<i>Withdrawal Fee¹</i> The fee on each amount you take out of your investment	Nil, or 1% of the amount withdrawn where an Early Withdrawal Fee applies	Not applicable where the fee is Nil or, where an Early Withdrawal Fee applies, calculated and paid out of the amount withdrawn
<i>Exit Fee</i> The fee to close your investment	Nil	Not applicable
<i>Switching Fee</i> The fee for changing investment options.	Nil	Not applicable

1. See the section under heading, 'Additional explanation of fees and costs' below for further details as to fees and costs you may be charged.
2. All fees are inclusive of GST, any applicable stamp duty less any applicable input tax credits.
3. This amount includes Responsible Entity Fees, Documentation Execution Fees and Default and Arrears Management Fees, which are payable to the Responsible Entity. A termination fee of \$9,927 is also payable out of the Fund's assets on the replacement of the Responsible Entity or the winding up of the Fund, payable to the Responsible Entity on the day immediately before the retirement or removal takes effect, or the day immediately prior to winding up the Fund out of the Fund's assets.
4. Fees may be negotiated with wholesale clients. See 'Differential fees' under the heading, 'Additional explanation of fees and costs'

7.2. Example of annual fees and costs of the Fund

This table provides an example of how the ongoing annual fees and costs in the Fund can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE Zank Income Fund	BALANCE OF \$100,000 WITH A CONTRIBUTION OF \$5,000 ¹ DURING YEAR	
Contribution fees	Nil	For every \$5,000 you put in, you will be charged \$0 .
PLUS Management fees and costs ¹	2.55% of the gross asset value of the Fund	And , for every \$100,000 you have in the Fund, you will be charged or have deducted from your investment \$2,550 each year. ¹
PLUS Performance fees	100% of the income earned by the Fund above the Target Return of 7.5% per annum (net of fees) for any Financial Year	And , assuming a return of 9% net of management fees in a Financial Year, you will be charged or have deducted from your investment \$1,500.00 in performance fees each year. See section 7.3 for further information on the calculation of the Performance Fee.
PLUS Transaction costs	Nil	And , you will be charged or have deducted from your investment \$0 in transaction costs each year

<p>EQUALS Cost of Fund</p>		<p>If you had an investment of \$100,000 at the beginning of the year and you put in an additional \$10,000 during that year, you will be charged fees and costs in the range of:</p> <p style="text-align: center;">\$2,550 to \$2,805</p> <p style="text-align: center;">What it costs you will depend on the investment option you choose and the fees you negotiate.</p>
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* Additional fees may apply:

Exit fee

And, if the Responsible Entity exercises its discretion to allow you exit the Fund prior to the Minimum Term, you may be charged **exit fees** of between 0 and 1% of total amount withdrawn (between \$0 and \$1,000 for every \$100,000 you withdraw).

1. Note that the Responsible Entity Fees are subject to a minimum fee of \$62,700 per annum. Fees are calculated based on a reasonable estimate of expenses for the current Financial Year based on the actual costs incurred in the previous Financial Year. The fees in this section are based on estimated values and assumptions only and is not guaranteed. A termination fee of \$9,927 is also payable out of the Fund’s assets on the replacement of the Responsible Entity or winding up of the Fund.

7.3. Additional Explanation of Fees and Costs

Management fees and costs

The management fees and costs disclosed in the section above headed ‘Fees and costs summary’ contains a number of components. The management fees and costs includes the Responsible Entity Fees, expenses and indirect costs, but do not include performance fees or transaction costs (if any).

(a) Responsible Entity fees

- a) An annual responsible entity fee of 0.31% per annum of the gross asset value of the Fund. This fee is calculated and payable to the Responsible Entity monthly in arrears out of the Fund’s assets. The ongoing responsible entity fee is subject to a minimum annual fee of \$62,700.
- b) A documentation execution fee of \$500 for each set of the loan documents that requires the review and execution of the Responsible Entity. This fee is calculated and payable monthly out of the Fund’s assets in respect of any loans settled in the previous month.
- c) A default and arrears management fee of \$250 per hour for the review and management of recovering proceedings against borrowers in default. This fee is calculated and payable monthly in arrears out of the Fund’s assets.
- d) A termination fee of \$9,927 on the replacement of the Responsible Entity or winding up of the Fund. This fee is payable out of the Fund’s assets.
- e) The Responsible Entity is also entitled to be reimbursed for costs incurred in relation to the proper performance of its duties

(b) Investment Manager fees

The Investment Manager is entitled to the following fees pursuant to the Investment Management Agreement for managing the Fund’s assets:

i. Investment Management Fee

1.40% per annum of the gross asset value of the Fund. This fee is calculated monthly and paid monthly in arrears from the Fund’s assets.

However, where the Investment Manager has provided a guarantee to the Fund to secure the repayment of an amount owing in respects of any underlying loans made by the Fund, the Investment Manager is required to pay 65% of its Investment Management Fee to the Fund.

ii. Performance Fee

The Investment Manager is entitled to a performance fee of all income over the Target Return (net of fees but before tax) over a 12-month period as at the 30 June of each year. The Performance Fee is calculated and payable to the Investment Manager on a quarterly basis, and is subject to an annual adjustment on 30 June each Financial Year.

Please note that the performance fee disclosed in the section above headed ‘Fees and costs summary’ is not a forecast as the actual performance fee for the current and future Financial Years may differ. The Responsible Entity cannot guarantee that performance fees will remain at their previous level or the performance of the Target Return.

For the purpose of determining whether the Investment Manager is entitled to a Performance Fee, the following will occur:

Steps	Calculation Example ¹
1. The percentage return of the Fund will be determined by calculating the investment returns after fees, other than Performance Fees, and before tax.	Assumes the Fund returns 9% per annum (after fees, other than Performance Fees, and before tax).
2. If a return above the Target Return (of 7.5% as at the date of this PDS) is achieved a Performance Fee is calculated as all excess return above the Target Return.	If you invested \$100,000 and the Fund returned 9%, the excess income would amount to \$1,500 (being 9% less 7.5%). This \$1,500 will be paid to the Investment Manager at the end of the relevant Financial Year.

1. The example in the table above is illustrative only and does not represent an actual Performance Fee payment by the Fund.

Should the Fund return the Target Return (net of fees but before tax) or less, the Investment Manager would not be entitled to a performance fee.

There is no ability to claw back payments of the Performance Fee made to the Investment Manager in future Financial Years if the Target Return is not met. Further, the performance fee is not subject to a high watermark, meaning the Investment Manager is not required to make up for underperformance in previous years where the Fund did not meet the Target Return before it is entitled to a performance fee.

However, where the Investment Manager has provided a guarantee to the Fund to secure the repayment of an amount owing in respects of any underlying loans made by the Fund, the Investment Manager is required to pay 100% of its Performance Fee to the Fund.

(c) Ordinary Expenses (excluding Responsible Entity Fees and Investment Manager Fees)

The ordinary expenses are costs incurred by the Responsible Entity in the administration of the Fund and include fees payable to the Custodian, Administration Manager, Auditor, Compliance Plan Auditor, incidental expenses of the Investment Manager and also other administrative expenses such as accounting and legal advice, audit fees, insurances, consulting fees, costs relating to Investor meetings and registry fees.

The Responsible Entity reasonably estimates the Fund’s expenses to be 0.84% per annum of the gross asset value of the Fund. This estimate does not include abnormal operating expenses which are due to abnormal events such as the cost of running investor meetings for example, though the Responsible Entity notes that it is entitled to be reimbursed from the Fund for such abnormal expenses.

It is important to note that this estimate is based on the gross asset value of the Fund as at the date of this PDS, being approximately \$30m. The actual expenses may be higher or lower depending on the actual amount of money raised by the Fund in its first year of operations.

The Constitution does not limit the amount that the Responsible Entity can recover from the Fund as expenses,

provided they are properly incurred in operating the Fund.

(d) Indirect costs

Indirect costs are amounts that the Responsible Entity knows, or estimates, will reduce the Fund's returns. The costs are paid from the Fund's assets, or the assets of interposed entities, such as the underlying investment funds, which the Fund invests in from time to time. Typically, an interposed vehicle will be a trust in which the Fund has invested. The costs may include the cost of making an investment, such as spreads or brokerage costs, and fees charged by an interposed entity, including management fees and performance fees.

Transaction costs

Transaction costs are costs incurred by the Responsible Entity for buying and selling the assets of the Fund. Most transaction costs of this Fund are, or will be, costs incurred by the Fund associated with the issuing of loans. These transaction costs are usually borne by the borrower, and as such there are no estimated transaction costs for the Fund. However, if incurred, transaction costs are additional costs to Investors where they have not been recovered by a buy/sell spread and will be disclosed in the section above headed 'Fees and costs summary', net of any amount recovered by a buy/sell spread.

Buy/sell spread

Investments and withdrawals may incur buy and sell spreads, which are designed to ensure, as far as practicable, that any transaction costs incurred as a result of an Investor entering or leaving the Fund are borne by that Investor. Buy and sell spreads are calculated based on the actual or estimated costs the Fund may incur when buying or selling assets.

When you enter or leave the Fund, any buy or sell spread applicable at that time will be factored into the Issue Price and Withdrawal Price of Units. The buy and sell spreads are retained within the Fund, and are not fees paid to the Responsible Entity or Investment Manager.

The buy and sell spreads applicable to the Fund will both be set at 0%.

The expectation at present is that the buy and sell spread will remain at these amounts for the foreseeable future with any additional transaction costs factored into the unit price as described above in relation to the description of 'Transaction costs'.

If the buy and sell spreads are updated a notification will be published online at www.vascofm.com.

Taxation

Unless otherwise stated, all fees set out in this section are inclusive of the net effect of GST. This includes GST, net of input tax credits or reduced input tax credits as applicable.

For further information on tax, please refer to Section 8.

Fees for other services

The Responsible Entity or its related party may also provide other services to the Fund or the Fund's Investors in the future. Should that occur, the Responsible Entity or its related party will charge fees for those services at commercial market rates for the provision of those services.

Differential Fees

The Responsible Entity may rebate some of its or the Investment Manager's fees to Investors on an individual basis, provided the provision of such rebate is not excluded by the Corporations Act or any applicable laws. For example, the Investment Manager's fees may rebate to wholesale investors as defined in the Corporations Act.

For example, the Investment Manager's fees may be rebated to wholesale clients as defined in the Corporations Act.

The Investment Manager may negotiate a fee rebate with investors. This fee rebate is subject to the Investment Manager earning enough fees to satisfy any rebate and is not guaranteed by the Trustee. The rebate will be paid within 3 business days after the Investment Manager receives the performance fee from the Trustee.

In the event rebates are offered by the Investment Manager, Investors will need to seek recovery of these amounts directly from the Investment Manager and not the Responsible Entity. For the avoidance of doubt, the Responsible Entity will not facilitate these payments, nor is under any obligation to monitor, and has no control or responsibility to control, the Investment Manager's use of fees once paid to the Investment Manager.

Changes to fees and expenses

The Responsible Entity may change the fees and expenses referred to in this PDS without Investors' consent. The Responsible Entity will provide at least 30 days' notice to Investors of any proposed increase in fees or expense recoveries or introduction of new fees.

Waiver and deferral of fees by the Responsible Entity

The Responsible Entity may, in its discretion, accept lower fees and expenses than it is entitled to receive, or may agree to defer payment of those fees and expenses for any time. If payment is deferred, then the fee or expense will accrue until paid.

All deferred fees and expenses will also be paid upon any retirement or removal of the Responsible Entity.

Advice fees

The Responsible Entity does not pay advice fees.

You may agree with your financial adviser that an initial advice fee will be paid for ongoing financial planning services your financial adviser provides for you in relation to your investment. This advice fee is additional to the fees shown in Section 7.1, and is paid to the Australian financial services licensee responsible for your financial adviser (or your financial adviser directly if they are the licensee). It is not paid to the Responsible Entity.

Other payments and benefits

Your financial adviser may receive payments and/or other benefits from the organisation under which they operate. These payments and benefits are not paid by the Fund.

8. Taxation Information

Investing in the Fund is likely to have tax consequences. Each Investor must take full and sole responsibility for the associated taxation implications arising from an investment in the Fund and any changes in those taxation implications during the term of their investment.

Neither the Responsible Entity nor the Investment Manager have sought any specialist taxation advice in respect of the proposed fund structure.

It is recommended that prospective investors obtain their own independent taxation advice before investing in the Fund.

8.1. Fund structure

The Fund is an unlisted, registered Australian unit trust scheme that will primarily invest in Australian real estate and real estate projects. The Fund structure is described in Section 4 (Structure of the Fund).

As the Fund is a unit trust, the Fund will effectively be treated as a flow-through vehicle for income tax purposes provided that the Fund distributes all of its income to the Investors on an annual basis. To the extent that the Responsible Entity does not distribute income, the Responsible Entity will be taxed at the max tax rate on the income retained.

8.2. Tax File Number and Australian Business Number (Australian Investors only)

It is not compulsory for an Investor to quote a Tax File Number (TFN), claim a valid exemption for providing a TFN, or (in certain circumstances) provide an Australian Business Number (ABN). However, if an Investor does not provide a TFN, exemption or ABN, tax will be required to be deducted from the Investor's distributions at the highest marginal tax rate plus Medicare levy and any other applicable Government charges (currently 49%).

8.3. Australian Goods and Services Tax (GST)

GST should not be payable on the issue or redemption of units nor on any of the distributions to Unit holders. GST may apply to the fees charged to the Fund by the Investment Manager and in relation to other expenses of the Fund. The Fund may be entitled to claim input tax credits and / or reduced input tax credits for any GST paid

8.4. Foreign Account Tax Compliance Act

In compliance with the United States (US) income tax laws commonly referred to as the Foreign Account Tax Compliance Act (FATCA) and the Intergovernmental Agreement signed between the US and Australian Governments in April 2014 in relation to FATCA, the Fund will be required to provide information to the ATO in relation to Investors that are: (a) US citizens or residents; (b) entities controlled by US persons; and (c) financial institutions that do not comply with FATCA.

Where Investors do not provide appropriate information to the Fund, the Fund will also be required to report those accounts to the ATO.

9. Additional Information

9.1. Summary of material documents

The following is a summary of material documents relevant to the Fund. The material documents are:

- (1) Constitution
- (2) Compliance Plan
- (3) Custodian Agreement
- (4) Investment Management Agreement
- (5) Administration Agreement

You should consider whether it is necessary to obtain independent advice on any of the documents.

(1) Constitution

The Constitution is the primary document that governs the way the Fund operates and sets out the rights, liabilities and responsibilities of both the Responsible Entity and Investors.

Each Unit gives you an equal and undivided interest in the Fund. However, a Unit does not give you an interest in any particular part of the Fund. Subject to the Constitution, as an Investor you have the following rights:

- o The right to share in any distributions
- o The right to attend and vote at meetings of Investors
- o The right to participate in the proceeds of winding up of the Fund

The Constitution also contains provisions about convening and conducting meetings of Investors.

The Responsible Entity can amend the Constitution without Investors' approval provided it reasonably considers the change will not adversely affect Investors' rights.

The Constitution can also be amended by a special resolution passed by Investors.

A copy of the Constitution is available to Investors from the Responsible Entity free of charge.

(2) Compliance Plan

The Responsible Entity, as required by the Corporations Act, has lodged a Compliance Plan for the Fund with ASIC. The Compliance Plan sets out how the Responsible Entity ensures that the Fund complies with the Corporations Act and how it intends to operate the Fund under the Constitution.

A copy of the Compliance Plan is available free of charge from the office of the Responsible Entity.

If the Compliance Plan is breached in a significant way such that the breach has an adverse effect on Investors, the Responsible Entity is obliged to report such a breach to ASIC.

(3) Custodian Agreement

The Responsible Entity has entered into a Custodian Agreement with Perpetual Corporate Trust Limited (Perpetual), whereby the Responsible Entity has appointed Perpetual as a service provider to provide custodial services in relation to various schemes, including the Fund.

(4) Investment Management Agreement

The Investment Management Agreement is between the Responsible Entity and the Investment Manager under which the Investment Manager provides investment management services to the Fund.

The Investment Management Agreement sets out the Investment Manager's obligations to the Responsible Entity and to the Fund. The agreement also contains the arrangements in relation to the Fees and Costs that are summarised in Section 9.

The Investment Management Agreement will remain in force until the Fund is wound up, unless the agreement is terminated earlier in accordance with its provisions. The agreement can be terminated by the Responsible Entity if the Investment Manager is in material breach of the agreement, and that breach has not been remedied after a certain time. There are also provisions allowing the Responsible Entity to terminate if, for example, the Investment Manager becomes insolvent.

If the Responsible Entity is replaced then the Investment Management Agreement will continue to operate on the same terms as between the Investment Manager and the new responsible entity of the Fund.

(5) Administration Agreement

The Administration Agreement is between the Responsible Entity and the Administration Manager under which the Administration Manager provides administration services to the Fund.

The Administration Agreement sets out the Administration Manager's obligations to the Responsible Entity and to the Fund, including administrative, accounting, registry, unit pricing, financial and compliance reporting, and back office services in exchange for a fee, subject to the overall supervision of the Responsible Entity.

9.2. Cooling Off Rights

As at the date of this PDS, there is no cooling off period for Applications in the Fund as the Fund is not liquid.

However, if the Fund was to become liquid at some point in the future, a 14-day cooling off period would be available to investors to decide whether to proceed with an application under this PDS. The cooling off period starts on the earlier of:

- o the date you receive your initial investment transaction statement; or
- o five business days after your Units are issued.

Therefore, if you wish to cancel your investment, it is important that you write to us before the expiration of this period.

The amount repaid to you is adjusted to reflect any increase/ decrease in the value of the investment due to a change in the net asset value of the Fund. We will also deduct any taxes or duties payable and transaction costs. As a result, the amount returned to you may be less than your original investment.

If you are a 'sophisticated' or 'professional' investor or otherwise a 'wholesale client' (as defined in the Corporations Act) the cooling off period is not available to you.

9.3. Privacy

The Application process requires you to provide personal information to the Responsible Entity or any person engaged by the Responsible Entity to process your Application.

The Responsible Entity collects personal information so that it can process and administer any Application you make. Additionally, the Responsible Entity collects this information in order to administer, manage and generally service your investment in the Fund. The Responsible Entity also may collect personal information about you from third parties, such as the Investment Manager, Administrator Manager or other third party service providers of the Responsible Entity.

If you do not provide the personal information requested by the Responsible Entity or provide incomplete or inaccurate information, the Responsible Entity may not be able to accept or process your application for an investment in the Fund or may be limited in the services or assistance the Responsible Entity can provide with respect to the administration of any investment you subsequently make in the Fund.

The Responsible Entity may disclose your personal information to organisations such as the Administrator Manager, Investment Manager, any third party service provider it may engage to provide custody, administration, technology, auditing, mailing, printing or other services and our professional advisers (including legal and accounting firms, auditors, consultants and other advisers).

Such third parties may use and disclose your personal information for a purpose described in this Privacy Statement which may involve the transfer of your personal information outside of Australia (including to countries where there may be less stringent data protection laws) to process personal information on our behalf. Where this is the case, it may not be possible to ensure that the overseas recipient does not breach the Australian Privacy Principles ('APP') in relation to your personal information.

In providing us with your personal information, you consent to the possibility that your personal information may be transferred outside of Australia for processing and agree that APP 8.1 shall not apply to the disclosure, nor will the Responsible Entity be liable under the Privacy Act 1988 (Cth) ('Privacy Act') in the event that the recipient does not act consistently with the APPs.

The Responsible Entity may also collect certain personal information from you and/or disclose your personal information to government or regulatory bodies where permitted or required to do so by law. For example, the Responsible Entity may be required to collect and disclose certain information in order to comply with the identification and verification requirements imposed under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. For certain investors, the Responsible Entity may also be required to collect and disclose certain personal information to the ATO in order to comply with the Foreign Account Tax Compliance Act

If you notify the Responsible Entity that you have a financial adviser, either on your Application Form or in writing (at a later date), you consent to the Responsible Entity disclosing to that financial adviser details of your investment in the Fund and/or other related personal information.

The Responsible Entity will take reasonable steps to ensure that the personal information about an investor or other relevant person that it collects, uses or discloses is accurate, complete and up to date. You or another relevant person can request access to your personal information or a copy of the Responsible Entity's Privacy Policy by telephone or writing to the Privacy Officer at:

Privacy Officer
Level 4, 99 William Street
Melbourne, Victoria 3000
info@vascofm.com
+61 3 8352 7120

The Responsible Entity's Privacy Policy is also available on its website at www.vascofm.com.

Custodian Privacy Disclaimer

Perpetual Corporate Trust Limited (Perpetual) may collect your personal information for primarily purpose of providing custodial services to the Responsible Entity and for ancillary purposes detailed in their Privacy Policy. Perpetual may disclose your personal information, such as, your name and contact details, along with your account information to its related bodies corporate, the trustee, manager, professional advisers, the land titles office and/or as otherwise instructed by the manager. We are also permitted to collect and disclose your personal information when required or authorised to do so by law. Perpetual is not likely to disclose your personal information to overseas recipients. Your personal information will be used in accordance with Perpetual's Privacy Policy. The Privacy Policy contains information about how you may access or correct your personal information held by Sargon and how you may complain about a breach of the Australian Privacy Principles. You may obtain a copy of Perpetual's Privacy Policy at <https://www.perpetual.com.au/privacy-policy/>.

9.4. Complaints Handling

Applicants and Investors who wish to make a complaint about the Fund should contact the Responsible Entity by telephone on (03) 8352 7120 by email to info@vascofm.com or in writing addressed to:

The Complaints Officer
Vasco Responsible Entity
Services Limited
Level 4, 99 William Street
Melbourne VIC 3000

The Responsible Entity will acknowledge a complaint as soon as practicable after receiving it and will notify the complainant of its decision, remedies and other information within 45 days of the complaint being made.

Complaints that cannot be resolved internally by the Responsible Entity, to the Investor's satisfaction, can be taken to the Australian Financial Complaints Authority Limited (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers. You can contact the AFCA as follows:

Website: www.afca.org.au
Telephone: 1800 931 678 (free call within Australia)
Facsimile: (03) 9613 6399
Email: info@afca.org.au
Post: GPO Box 3, Melbourne, Victoria, 3001

9.5. Statement regarding Labour Standards and Environmental, Social and Ethical Considerations

The Responsible Entity does not, in the context of making decisions relating to the Fund, take into account labour standards or environmental, social or ethical considerations, except to the extent that the Responsible Entity considers these issues have the potential to materially impact on the merits of its decisions in relation to the Fund. This means that if the sustainability or value of the Fund is adversely affected due to unacceptable labour standards or environmental, social or ethical factors, the Responsible Entity may choose not to invest further or to dispose of the investment.

9.6. Anti-Money Laundering and Counter Terrorism Financing

In 2006, the Federal Government enacted the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF Act). The Responsible Entity is a 'reporting entity' pursuant to this Act and, as such, must be 'reasonably satisfied' that an investor exists and is who they claim to be prior to issuing Units to them. This means that all new Investors in the Fund must provide the identification information as set out in the Application Form. The Responsible Entity will not issue Units to a new investor unless satisfactory identification documents are attached to the Application

Form or provided to your financial advisor.

The Responsible Entity will maintain all information collected from Investors in a secure manner in accordance with AML/CTF Act and relevant privacy principles. Information about a prospective investor or Investor will only be disclosed where required by the laws of Australia.

This means that identification information may be disclosed to the Australian Transaction Reports and Analysis Centre or other government or law enforcement agencies. The Responsible Entity may also disclose this information to other entities involved with the Fund to the extent that this information is required to fulfil that entity's AML/CTF obligations. The Responsible Entity is not liable for any loss you may suffer as a result of its compliance with the AML/CTF Act.

9.7. Common Reporting Standards (CRS)

CRS is the single global standard set by the Organisation for Economic Co-operation and Development (OECD) for the automatic exchange of information with revenue authorities for tax non-residents that invest in certain financial accounts. The standard covers both the identification of tax non-residents and reporting on the applicable financial accounts. The Responsible Entity will be a 'Reporting Financial Institution' under CRS and intends to comply with its CRS obligations under any relevant Australian laws and regulations, including obtaining and disclosing information about certain investors to the ATO or other foreign tax authorities as required. To facilitate these disclosures, Investors will be required to provide certain information such as that relating to their country of tax residence and their relevant taxpayer identification number (if applicable).

9.8. 'Disclosing entity' obligations

If the Fund has 100 Investors or more, it will be considered a 'disclosing entity' under the Corporations Act. As a disclosing entity, the Fund will be subject to regular reporting and disclosure obligations.

Copies of any documents lodged with ASIC in relation to the Fund may be obtained from, or inspected at, an ASIC office. Investors will have the right to obtain a copy of the following documents from us free of charge:

- the most recent annual financial report for the Fund lodged with ASIC;
- any half year financial report for the Fund lodged with ASIC after the lodgement of the annual financial report; and
- any continuous disclosure notices for the Fund lodged with ASIC.

Copies of these documents will also be available on our website for download.

9.9. Consent of experts and other parties

Each of the following parties has given their written consent to act in the position and role set out in the directory:

- Perpetual Corporate Trust Limited
- Vasco Responsible Entity Services Limited
- Vasco Fund Services Pty Limited
- Zank & Company Pty Ltd
- Zank Capital Ltd
- Grant Thornton Pty Ltd

Where applicable, they have consented to the information attributed to them in this PDS in the form and context in which they have been included. Further, none of these parties have withdrawn their consent prior to the date of this PDS.

10. Glossary of Terms

Administration Manager	Means Vasco Fund Services Pty Limited (ACN 610 512 331).
AFSL	Means an Australian financial services licence.
AML/CTF Act	Means <i>Anti-Money Laundering and Counter Terrorism Financing Act 2006</i> .
Applicant	Means an applicant for Units under this PDS.
Application	Means an application for Units in accordance with this PDS.
Application Form	Means the application form attached to or accompanying this PDS.
ASIC	Means the Australian Securities and Investments Commission.
Business Day	Means a day other than Saturday or a Sunday on which banks are open for general business in Melbourne, Victoria.
Compliance Plan	Means the compliance plan for the Fund as amended from time to time.
Constitution	Means the constitution for the Fund including any supplementary or replacement constitution, which are available free of charge upon request.
Corporations Act	Means the <i>Corporations Act 2001</i> (Cth).
Custodian	Means the custodian of the Fund which, at the date of this PDS, is Perpetual Corporate Trust Limited (ACN 000 341 533).
Custodian Agreement	Means the agreement entered into between the Custodian and the Responsible Entity dated 18 May 2021 and inclusion letter in respect of the Fund dated 25 March 2020 with respect to the previous responsible entity of the Fund.
Expenses	Means costs incurred by the Responsible Entity in administration of the Fund as detailed in Section 7.
Financial Year	Means each year commencing on 1 July and ending on 30 June.
Fund	Means Zank Income Fund (ARSN 637 888 307).
Income Entitlement	Means the entitlement of Investors to the income of the Fund.
Investment Manager	Means Zank & Company Pty. Ltd. (ACN 167 559 364). The Investment Manager is a corporate authorised representative (no. 001276430) of Zank Capital Ltd (ACN 106 064 644 AFSL 246943)
Investor	Means the holder of a Unit.
Management Fee	Means the amount paid to the Manager as referred to in Section 7.1.

Minimum Term	There is a Minimum Term of 12 months before Investors can request a withdrawal from the Fund, commencing on the date an Investor's Units are issued. The Responsible Entity retains the discretion to allow Investors to withdraw prior to the end of their Minimum Term and charge an Early Exit Fee of 1% of the Investor's redemption amount.
Offer	Means the invitation to apply to invest in the Fund, set out in this PDS.
Performance Fee	Means the fee paid to the Manager for exceeding the Target Return as referred to in Section 7.
PDS	Means this Product Disclosure Statement dated 20 December 2024 and any supplementary or replacement PDS.
Responsible Entity	Means Vasco Responsible Entity Services Limited (ACN 160 969 120, AFSL No. 434533).
Responsible Entity Fee	Means the amount paid to the Responsible Entity as referred to in Section 7.1.
Target Return	Means, as at the date of this PDS, a current target return to Investors of 7.5% per annum (after all fees and charges but before tax).
Unit	Means a unit in the Fund.
Unit Price	Means, at any point in time, the net asset value of the Fund divided by the number of Units on issue from time to time.
Withdrawal Price	The Withdrawal Price is defined and calculated according to the Constitution.
Withdrawal Request Form	A withdrawal request form is available on the Responsible Entity's website, at www.vascofm.com .

11. How to invest

An application for Units can only be made by completing and lodging the “Application Form” form that is attached to this PDS (Application). Instructions relevant to completion of the Application are set out in the form.

A completed and lodged Application, together with payment of the relevant application monies should be returned to the Administration Manager at the address shown on the Application. This will constitute a binding and irrevocable application for the number of units noted on the Application.

If the Application for Units is not completed correctly or if the payment of the application monies is for the wrong amount, it may still be treated as a valid Application at the sole discretion of the Responsible Entity. However, where the payment is for less than the number of units applied for, the Application will be deemed to be for the lower number of units.

The Responsible Entity (through the Custodian) has the discretion to retain the application monies in the application account for a period of up to 30 days before deciding to accept (for the next application time) or reject the Application in whole or in part.

The Applicant agrees to accept any number less than the number of Units applied for that may be issued to the Applicant and a refund of the excess application monies for Units not allotted. Applicants whose Applications are not accepted, or are accepted for a lower number of Units than the number applied for, will receive a refund of all or part of their application money (as applicable) without interest within 10 Business Days of the Responsible Entity’s determination not to accept the Application (in whole or in part).

If an Applicant’s Application Form is incomplete, the Administration Manager will endeavour to contact the Applicant or their financial advisor to make arrangements to correct the Application Form. If the Administration Manager is unable to contact the Applicant or their financial advisor, the Administration Manager will return the application monies within 30 days.

The Responsible Entity reserves the right to reject an Application (in whole or in part) without reason.

Applications along with application monies should be posted or delivered to:

Zank Income Fund
Vasco Fund Services Pty Limited
Level 4, 99 William Street
Melbourne, Victoria, 3000, Australia
T +61 3 8352 7120
F +61 3 8352 7199
E info@vascofm.com

All application monies received in relation to the Offer will be held in the account of the Responsible Entity until allotment. Any interest earned on Application Monies will be retained by the Responsible Entity and will not form part of the Fund’s assets.

14. Corporate Directory

Investment Manager

Zank & Company Pty. Ltd.
ACN 167 559 364
Level 2, 115 Collins Street
Melbourne, Victoria, 3000
Phone +61 1300 501 817
Web www.zank.com.au

Responsible Entity

Vasco Responsible Entity Services Limited
ACN 160 969 120 AFSL No. 434533
Level 4, 99 William Street
Melbourne, Victoria, 3000
Phone +613 8352 7120
Fax +613 8352 7199
Web www.vascofm.com

Administration Manager

Vasco Fund Services Pty Limited
ACN 610 512 331
Level 4, 99 William Street
Melbourne, Victoria, 3000
Phone +613 8352 7120
Fax +613 8352 7199
Web www.vascofm.com

Custodian

Perpetual Corporate Trust Limited
ACN 000 341 533
Level 18, 123 Pitt Street
Sydney, New South Wales, 2000

Application Form

Zank Income Fund

Use this application form if you wish to invest in:

Zank Income Fund

The Product Disclosure Statement (PDS) for the Zank Income Fund dated 20 December 2024 includes information about the purchasing of Units in the Fund. Any person who gives another person access to the Application Form must also give the person access to the PDS and any incorporated information. You should read the PDS and any incorporated information before completing this Application Form.

The Responsible Entity of the Fund is Vasco Responsible Entity Services Limited (Vasco) ACN 160 969 120, AFSL 434 533. Vasco, or a financial adviser who has provided an electronic copy of the PDS and any incorporated information, will send you a paper copy of the PDS and any incorporated information and Application Form free of charge if you so request.

Customer identification

If you are a new Investor, you are also required to complete the relevant Customer Identification Form depending on what type of Investor you are (e.g. individual or super fund). The Customer Identification Forms are available on our website www.vascofm.com or by calling the Administration Manager on +61 3 8532 7120.

Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) legislation obliges us to collect identification information and documentation from prospective Investors.

Investors are required to complete this Application Form together with the relevant Customer Identification Form and send these to us with the required identification documentation. We will not be able to process your application without a correctly completed Customer Identification Form and the required identification documentation.

Important Information for Financial Advisers

When using the relevant Customer Identification Form, please complete Sections 1 or 2 and 3.

If you are a financial adviser who has identified and verified the Investor, by completing this Customer Identification Form together with Section 11 and the verification procedure and in the consideration of Vasco accepting the Investor's application:

- you agree to identify and verify all new Investors, using this Customer Identification Form for identifying new Investors;
- you agree to retain a copy of the completed forms and all identification documents received from the Investor in the Investor's file for seven (7) years after the end of your relationship with the Investor;
- you agree to advise Vasco in writing when your relationship with the Investor is terminated and agree to promptly provide Vasco all identification documents and/or the record of identification received from the Investor at this time, or as otherwise requested from Vasco, from time to time.

Contact details and submission

Mail your completed Application Form and identity verification documents to:

Vasco Fund Services Pty Limited
Level 4, 99 William Street
Melbourne VIC 3000

If you have any questions regarding this form or the required Customer Identification requirements, please contact the Administration Manager on +61 3 8352 7120.

Checklist

Before sending us your application please ensure you have:

- reviewed the Target Market Determination/s;
- completed this form in full;
- for new investments, completed the relevant 'Customer Identification Form' available on our website www.vascofm.com;
- if paying via direct debit, completed section 10 ensuring ALL bank account signatories have signed;
- if paying via cheque, ensure cheque is made payable to 'Perpetual Corporate Trust Limited ACF Zank Income Fund' and attach it to this Application Form; and
- read the declaration and provide all relevant signatures and identification documents required for all signatories.

4. Contact details

This is the Investor's address where all correspondence will be sent.

Contact person

Unit number Street number

Street name

Suburb

State Postcode

Country

Phone (after hours) Phone (business hours)

Mobile Facsimile

Email

5. Personal attributes

In relation to our Design and Distribution Obligations (DDO) under the Corporations Act, a Target Market Determination (TMD) for each Unit Class has been made available at <https://vascofm.com>. You should read and carefully consider the TMD before investing.

We will review the responses to the questions set out below and consider those answers against the Fund's key attributes set out in the TMD, and assess whether we consider it is likely you are within the target market and whether the Fund would likely be consistent with your likely objectives, financial situation and needs.

We may seek further information from you and reserve the right to reject an application if we consider you are not within the target market.

Personal Advice Have you received personal financial product advice in relation to this investment? Yes No

Explanation: You have received advice from a licensed financial adviser who has considered either your objectives, financial situation or needs in providing the advice.

Note: If you answer 'Yes', please provide further details below. If you answer 'No', please skip to the 'Investment Objective' sub-heading below and continue completing the questionnaire.

Adviser name

Adviser company

Adviser email or phone contact

AFS Licence name (if known)

AFS Licence number

Investment Objective Do you seek Income Distribution from your Investment? Yes No

Do you accept your capital is not guaranteed? Yes No

Note: An investment in the Fund is not capital guaranteed.

The Fund will not provide Capital Growth. Do you accept this? Yes No

Asset Allocation Will this investment represent 10% or less of your total investable assets? Yes No

Note: An investment in the Fund is only suitable for use as a satellite/small allocation (i.e., up to 10% of your assets available for investment excluding your residential home).

Minimum Investment Time Frame The suggested minimum investment timeframe for this Fund is 2 years. Do you accept this? Yes No

Note: For the purposes of the 'Risk Profile' sub-heading below, the Fund is considered High to Extremely High Risk which means returns (positive or negative) may fluctuate from year-to-year. Therefore, the suggested minimum investment timeframe for this Fund is 2 years.

5. Personal attributes (continued)

Risk Profile Explanation: The following question will assist us in determining your risk profile. In this context “growth assets” include assets such as shares, property, and alternative investments. Defensive assets may include cash or fixed income investments.

What is your risk appetite?

Please select the option which most fits your intentions with respect to your investment in the Fund.

Extremely High – I am an aggressive investor seeking extremely high risk, speculative or complex products. I am seeking to achieve returns significantly higher than the market average and as a result accept that this means returns may be volatile with a higher potential that I may experience the loss of some or all my capital. I have a tolerance for sustained losses. My preference is for high growth assets only. Yes

Very High – I am an aggressive investor seeking to achieve returns significantly higher than the market average and as a result accept this means returns may be volatile with a higher potential I may experience the loss of some or all my capital. I have a tolerance for sustained losses. My typical preference is for growth assets only. Yes

High - I am a moderately aggressive investor seeking above market average returns and as a result I accept this means returns may be volatile and there is some potential I may experience loss of some or all of my capital. I have a stronger preference for growth assets with smaller or moderate holding in defensive assets. Yes

Medium - I am seeking to achieve market average returns and seeking to minimise potential losses of capital. I have a preference for balance between growth assets and defensive assets. Yes

Low - I am risk averse and willing to accept below market average returns in return for preservation of capital. I do not have a tolerance for loss. I have a preference for defensive assets only. Yes

Note: For the purposes of this sub-heading, the Fund has a High to Extremely High Risk profile.

Withdrawals Subject to the Minimum Investment Term, the Fund expects to only offer withdrawals on an quarterly basis. Yes No
Do you accept this?

Note: Given the Fund has a Minimum Investment Term, investors with a need to withdraw and have access to their funds on a daily, weekly or monthly basis and prior to the expiry of the Minimum Investment Term are not considered to be within the target market.

6. Tax information

You may choose not to provide your TFN, ABN, or claim an exemption in relation to completing this section (collection of your TFN is authorised, and its use and disclosure are strictly regulated by tax laws and the Privacy Act). If you choose not to provide said information, we must deduct tax from your income distributions at the prescribed rate (which at the date of this Application Form is the highest marginal tax rate plus Medicare levy).

5a. Individual investor or entity

TFN

Tax exemption

ABN

5b. Investor 2 (joint investors)

TFN

Tax exemption

5c. Non-residents

If you are an overseas investor, please indicate your country of residence for tax purposes.

7. Investment allocation and payment options

Please indicate how you will be making your new or additional investment and the amount you wish to invest.

I/we are making my/our investment via:

Direct Credit/EFT → see below.

Bank Cheque → make cheque payable to 'Perpetual Corporate Trust Limited ACF Zank Income Fund'.

Fund name

Initial investment

Zank Income Fund

\$, , .

Cheque Instructions: Bank Cheques or drafts must be made payable to Perpetual Corporate Trust Limited ACF Zank Income Fund. Only cheques or drafts in Australian currency and drawn on an Australian bank will be accepted. Your cheque(s) should be crossed NOT NEGOTIABLE. Mail or deliver your completed Application Form with your cheque(s) to:

Vasco Fund Services Pty Limited
Level 4, 99 William Street
Melbourne VIC 3000
T +61 3 8352 7120
F +61 3 8352 7199
E info@vascofm.com

Direct Credit / EFT Instructions

Alternatively you can direct credit your Application Monies to:
Perpetual Corporate Trust Limited ACF Zank Income Fund Apps A/C
Commonwealth Bank
BSB: 062 000
Account number: 1942 3835
Please note the applicant's name when transferring the funds.
Please ensure all funds transferred are net of all bank charges.

8. Annual report

A copy of the annual report for the Fund will be provided on the Vasco website www.vascofm.com. Please cross (X) this box if you wish to receive a paper copy of the annual report(s) for the Fund. If you choose to have an annual report mailed to you, it will be mailed to the address provided in section 4 or your current address on file for existing investors. For additional investments, a nomination in this section overrides any previous nominations.

9. Income distributions

Please indicate how you would like your income distributions to be paid by crossing (X) one box only. If this is a new investment and no nomination is made, distributions will be reinvested. A nomination in this section overrides any previous nominations. There may be periods in which no distribution is payable, or we may make interim distributions. We do not guarantee any particular level of distribution.

Please reinvest my/our income distributions.

Please credit my/our nominated bank account provided in section 10 with my/our income distributions.

10. Nominated bank account (must be an Australian financial institution)

Unless requested otherwise, this will also be the bank account we credit any withdrawal proceeds and/or distributions if you requested these to be paid to you and not reinvested. By providing your nominated account details in this section you authorise Vasco to use these details for all future transaction requests that you make until notice is provided otherwise. For additional investments, a nomination in this section overrides any previous nominations.

Financial institution

Branch

Account name

Branch number (BSB) -

Account number

11. Declaration and applicant(s) signature(s)

Please read the declarations below before signing this form. The signatures required are detailed at the bottom of this Application Form.

I/We declare that:

- I/we acknowledge all information provided to Vasco, including in this Application Form is true, correct and complete as of the date of this application for Units, and agree to notify Vasco promptly and provide any updated information in the form requested by Vasco (which could include an updated Application Form) within 30 days if any of the information provided to Vasco pursuant to this application ceases at any time to be true, accurate and not misleading (including by omission);
- I/we have received and read the PDS for the Fund to which this application applies together with the other important information taken to form part of the PDS and agree to be bound by the Constitution of the Zank Income Fund to which this application applies (and as amended from time to time);
- I/we have carefully considered the features of the Fund as described in the current PDS and TMD/s (including its investment objectives, minimum suggested investment timeframe, risk level, withdrawal arrangements and investor suitability) and, after obtaining any financial and/or tax advice that I/we deemed appropriate, am/are satisfied that my/our proposed investment in the Fund is consistent with my/our investment objectives, financial circumstances and needs;
- I/we have legal power and capacity to invest in accordance with this application and have complied with all applicable laws in making this application;
- I/we have received and accepted this offer to subscribe for units in the Fund in Australia and represent and warrant to Vasco that I/we are permitted to invest in the Fund without Vasco obtaining any further authorisation, registration or certification in any country other than Australia;
- the details of my/our investment can be provided to the adviser group or adviser named at the end of this form or nominated by them by the means and in the format that they direct;
- if this application is signed under Power of Attorney, the Attorney declares that he/she has not received notice of revocation of that power (a certified copy of the Power of Attorney should be submitted with this application unless we have already sighted it);
- sole signatories signing on behalf of a company confirm that they are signing as sole director and sole secretary of the company;
- I/we acknowledge that if Vasco reasonably believes an email or facsimile communication it receives is from me/us Vasco is entitled to rely on that email or facsimile communication and will not be liable for any loss it may suffer if it is later found the email or facsimile communication was fraudulent;
- unless alternative authority for signature is notified to and accepted by Vasco, the person/persons that signs/sign this form is/are able to operate the account on behalf of the company and bind the company for future transactions, including in respect of additional deposits and withdrawals, including withdrawals by telephone and fax;
- I/we acknowledge that I/we have read and understood the information under the headings 'Privacy' in the relevant PDS. I am/we are aware that until I/we inform Vasco otherwise, I/we will be taken to have consented to all the uses of my/our personal information (including marketing) contained under that heading and I/we have consented to my/our financial adviser providing such further personal information to Vasco as is required or reasonably deemed necessary by Vasco under applicable law. The personal data of the Applicant shall be processed in accordance with Vasco's Privacy Policy (available on request);
- I/we understand that if I/we fail to provide any information requested in this application form or do not agree to any of the possible use or disclosure of my/our information as detailed on the PDS, my/our application may not be accepted by Vasco;
- I/we acknowledge that none of Vasco, or any other member of Vasco or any custodian or investment manager, guarantees the performance of the Fund or the repayment of capital or any particular rate of return or any distribution;
- I/we acknowledge an application for Units is binding and irrevocable, and may be rejected at the sole direction of Vasco without reason (if so, application monies will be returned to the Applicant within 30 days without interest earned);
- I/we acknowledge in making a decision to invest in the Fund, the only information and representations provided by Vasco are those contained in the PDS to which this application applies together with the other information taken to form part of the PDS;
- I/we agree and acknowledge no cooling off period applies and I/we have had the opportunity to seek independent professional advice on subscribing for Units;
- I/we agree and acknowledge Vasco is required to comply with the anti-money laundering laws in force in a number of jurisdictions (including the Anti-Money Laundering and Counter-Terrorism Financing Act 2006, the Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)) and I/we must provide Vasco with such additional information or documentation as Vasco may request of me/us for the purpose of Vasco satisfying its legal obligations otherwise my/our Application for Units may be refused, Units I/we hold may be compulsorily redeemed, and any disposal request by me/us may be delayed or refused and Vasco will not be liable for any loss arising as a result thereof;
- I/we have provided a tax file number, and if not, I/we consent to Vasco withholding tax at the highest marginal tax rate; and
- I/we acknowledge and agree to having read and understood the risks of investing in the fund as described in the PDS and understand that the risks associated with the Fund's investments may result in lower than expected returns or the loss of my/our investment.

I/We also warrant and acknowledge that:

- All information contained in my/our Application is true and correct;
- I/we are not a Politically Exposed Person (PEP) as defined by the AML/CTF legislation;
- I/we are not a US Person as defined under Regulation S of the US federal securities laws and will not hold Units for or on behalf of US Persons, nor am/are I/we subject to the reporting requirements of FATCA;
- if the Applicant is a SMSF, it is compliant and investing in this Fund complies with the Superannuation Industry (Supervision) Act 1993 (Cth); and
- I/we hold the appropriate authorisations to become an Investor in the Fund.

11. Declaration and applicant(s) signature(s) (continued)

Investor 1

Signature Date / /

Surname

Given name(s)

Capacity Sole Director Director Trustee Other

Investor 2 (joint investors)

Signature Date / /

Surname

Given name(s)

Capacity Director Company Secretary Trustee Other

Signing Authority

Please tick to indicate signing requirements for future instructions (e.g. withdrawals, change of account details, etc.)

- Only one required to sign.
 All signatories must sign.

PLEASE NOTE: All signatories must provide certified copies of their drivers license or passport in addition to any identification documents required by the Customer Identification Form required for the Investor.

12. Adviser use only

By submitting this form with this section completed by your advisor you consent to your advisor receiving information about your investment in the Fund.

Office name

Surname

Given name(s)

Title (Mr/Mrs/Miss/Ms)

Phone (business hours)

Adviser group email

Adviser group name

Adviser group AFSL

Important notes

This application must not be handed to any person unless the relevant PDS and access to the information incorporated into the PDS is also being provided. Vasco may in its absolute discretion refuse any application for Units. Persons external to Vasco or other entities who market Vasco products are not agents of Vasco but are independent investment advisers. Vasco will not be bound by representations or statements which are not contained in information disseminated by Vasco. Application monies paid by cheques from investment advisers will only be accepted if drawn from a trust account maintained in accordance with the Corporations Act.

Signatories

The table below provides guidance on completing the Declaration and applicant(s) signature's section of the application form.

Before signing the application form please ensure you have read the declaration.

Please note all signatories are required to provide a certified copy of their passport, drivers licence or other identification document(s) considered suitable to Vasco.

Type of investor	Names required	Signature required	TFN/ABN to be provided
Individual and/or joint investors	i. Full name of each investor (please do not use initials)	i. Individual investor's; or ii. each joint investor's	i. Individual investor's; or ii. each joint investor's
Sole trader	i. Full name of sole trader; and ii. Full business name (if any)	Sole trader's	Sole trader's
Australian or foreign company	i. Full company name as registered with the relevant regulator; and ii. Name of each director of the company; and iii. Full name of each beneficial owner*	i. Sole director's; or ii. Two directors'; or iii. One director's and company secretary's	Company's
Trust/Superannuation fund If you are investing on behalf of a superannuation fund, we will assume the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act 1993 (Cth).	i. Full trust/superannuation fund name (e.g. Michael Smith Pty Ltd ATF Michael Smith Pty Ltd Super Fund); and ii. Full name of the trustee(s) in respect of the trust/super fund. Where the trustee is an individual, all information in the 'Individual and Sole Traders' section must be completed. If any of the trustees are an Australian company, all information in the 'Australian company' section must also be completed; and iii. Names of beneficiaries (if identified in Constitution). iv. Full name of the settlor**; and v. Full name of each beneficial owner	Individual trustee(s) 'as trustee for' If any of the trustees are an Australian company, the signatures set out in the 'Australian company' section are also required	Superannuation fund's or trust's
Account designation	Name of the responsible adult, as the investor	Adult(s) investing on behalf of the person/minor	Adult(s)
If the investment is being made under Power of Attorney (POA) Please ensure an original certified copy of the POA is attached to the application form. Each page of the POA must be certified.	i. Full name of each investor(s) (as listed in section 3); and ii. Full name of person holding POA (underneath signature)	Person holding Power of Attorney In the case that the POA document does not contain a sample of the POA's (i.e. Attorney's) signature, please provide a certified copy of either the POA's driver's licence or passport containing a sample of their signature	Individual investor's; or each joint investor's

* Beneficial owner means an individual who ultimately owns or controls (directly or indirectly) the investors. Owns mean ownership (either directly or indirectly) of 25% or more of the investor.

**This is not required in some circumstances.