

1300 522 644

## Sequoia Launch Units Series 9 & 10

Sequoia Launch Units give Investors the ability to make a leveraged investment with exposure to a choice of either:

- **Series 9:** the Australian share market as measured by the S&P/ASX200 Price Return Index (“Reference Asset” or “S&P/ASX200”); or
- **Series 10:** The “Best Of”: The strongest performing share market as measured by the S&P/ASX200, the S&P500 or Euro Stoxx 50 Price Return Indices, whichever has performed the best at the end of the 3 year Investment term (“Reference Asset”).

### Benefits:

Investors in Sequoia Launch Units (Series 9 & 10) benefit from:

- **Series 9 provides exposure to the positive growth** of the relevant S&P/ASX200 Price Return Index up to the Performance Cap of 40% over a 3 year Investment Term;
- **Series 10 provides exposure to the positive growth** the strongest performing share market as measured by the S&P/ASX200, the S&P500 or Euro Stoxx 50 Price Return Indices, whichever has performed the best, up to the Performance Cap of 40% over a 3 year Investment Term;
- **Leverage** via a Limited Recourse Loan for 100% of the Investment Amount;
- **Interest rate of only 5.4% p.a.** (Prepaid Interest for the Investment Term is \$0.162 per Unit);
- **No Margin Calls Ever**
- **For Series 9, a minimum Return of 18.4%** so long as the S&P/ASX200 performance is positive (i.e. the S&P/ASX 200 is higher) at Maturity;
- **For Series 10, a minimum Return of 18.4%** so long as the performance of strongest performing share market is greater than the Hurdle\* at Maturity
- **Exposure to the AUD/USD exchange rate** for Series 10 even if the Reference Asset with the strongest performance is the S&P/ASX200 or the Euro Stoxx 50; and
- **SMSF eligibility**
- Minimum investment amount of \$50,000

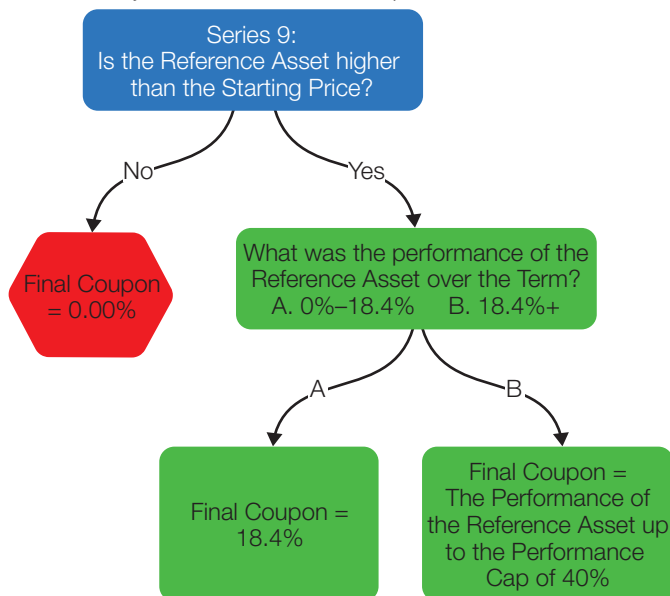
\*As at the date of the PDS date the Hurdle would have been 10% above the Reference Asset Starting Price. The Hurdle will not be greater than 12% above the Reference Asset Starting Price.

## Series 9: The S&P/ASX200 Price Return Index

### How is the Final Coupon Calculated?

For Series 9, if the Reference Asset Ending Level is above the Reference Asset Starting Level, the Final Coupon per Unit will be \$1.00 multiplied by the **greater** of:

- 18.4%; and
- the performance of the Reference Asset during the Investment Term subject to a Performance Cap of 40%.



If the Reference Asset Ending Level is at or below the Reference Asset Starting Level, no Final Coupon will be paid.

### Investment Example – Series 9

John and Mary are interested in gaining exposure to the Australian share market. They are interested in Sequoia Launch – Series 9 as it provides exposure to the S&P/ASX200 Price Return Index. Due to the structure of the investment, by holding their Units for the entire 3 year Investment Term, John and Mary may benefit from:

- A compulsory limited recourse Loan for 100% of the Investment Amount with a fixed interest rate of 5.40% p.a. payable for the full 3 year Investment Term in advance.
- If the Reference Asset Ending Level is above the Reference Asset Starting Level, the Final Coupon per Unit will be \$1.00 multiplied by the **GREATER** of:
  - 18.4%; and
  - the performance of the Reference Asset during the Investment Term subject to a **Performance Cap of 40%**.
- At Maturity and provided that John and Mary have repaid their Loan, a Delivery Parcel equal in value to the Final Value per Unit of \$1.00 containing ordinary shares in Telstra Corporation or Sale Monies (if John and Mary elect to use the Agency Sale Option).

John and Mary decide to invest \$200,000 in Sequoia Launch – Series 9 Units. When submitting an Application Form, they automatically apply for a \$200,000 limited recourse Loan. They are required to pre-pay the interest for the 3 years term at 5.4% p.a and Application Fee, calculated by reference to their total Investment Amount at the time of their Application.

Investment Amount	\$200,000
Loan	(\$200,000)
Interest for 3 year Investment Term at 5.4% p.a.	(\$32,400)
Application Fee 2.2%	\$4,400
<b>Total maximum outlay over the Investment Term</b>	<b>(\$36,800)</b>

### Potential Returns

The performance of the Reference Asset during the Investment Term will be calculated as:

$$\frac{\text{Reference Asset Ending Level} - \text{Reference Asset Starting Level}}{\text{Reference Asset Starting Level}}$$

If the Reference Asset Ending Level is at or below the Reference Asset Starting Level at Maturity, no Final Coupon will be paid.

Scenario Outcomes:

Scenario	Initial Cash Outlay	S&P/ASX200 Starting Level	S&P/ASX200 Ending Level (3yrs)	Performance (%)	Final Coupon (\$)
1	\$36,800	5,650	4,860	-10%	\$0
2	\$36,800	5,650	5,651	.02%	\$36,800
3	\$36,800	5,650	6,215	10%	\$36,800
4	\$36,800	5,650	6,780	20%	\$40,000
5	\$36,800	5,650	7,345	30%	\$60,000
6	\$36,800	5,650	7,910	40%	\$80,000
7	\$36,800	5,650	8,192	45%	\$80,000

## Series 10: The “Best Of”

### How is the Final Coupon Calculated?

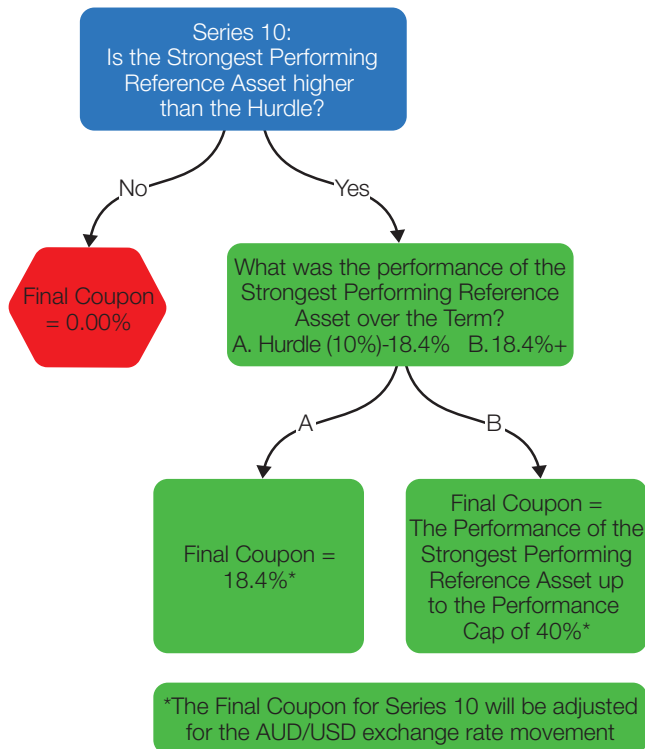
**For Series 10**, if the Strongest Performing Reference Asset Ending Level is above the Hurdle, the Final Coupon per Unit will be \$1.00 multiplied by the **greater** of:

- 18.4%; and
- the performance of the Strongest Performing Reference Asset during the Investment Term subject to a Performance Cap of 40%\*.

\*For Series 10, these amounts will be adjusted for the AUD/USD exchange rate movement.

As at the date of the PDS date the Hurdle would have been 10% above the Reference Asset Starting Price. The Hurdle will not be greater than 12% above the Reference Asset Starting Price.

The payment of the Final Value and the Final Coupon at Maturity is summarised in the diagram below:



**If the Reference Asset Ending Level is at or below the Hurdle, no Final Coupon will be paid.**

## Investment Example- Series 10

John and Mary Smith are interested in gaining exposure to global share markets but only if they are going to perform better than the local Australian share market. As such, they are interested in Sequoia Launch – Series 10 as it provides exposure to the best performing share market as judged by the performance of the S&P/ASX200, the S&P500 or Euro Stoxx 50 Price Return Indices, whichever has performed the best at the end of the 3 year Investment Term. Due to the structure of the investment, by holding their Units for the entire 3 year Investment Term, John and Mary may benefit from:

- A compulsory limited recourse Loan for 100% of the Investment Amount with a fixed interest rate of 5.40% p.a. payable for the full 3 year Investment Term in advance.
- If the Reference Asset Ending Level is above the Hurdle, the Final Coupon per Unit will be \$1.00 multiplied by the **GREATER** of:
  - **18.4%**; and
  - the performance of the Reference Asset during the Investment Term subject to a **Performance Cap of 40%**.
- At Maturity and provided that John and Mary have repaid their Loan, a Delivery Parcel equal in value to the Final Value per Unit of \$1.00 containing ordinary shares in Telstra Corporation or Sale Monies (if John and Mary elect to use the Agency Sale Option).

John and Mary decide to invest \$200,000 in Sequoia Launch – Series 10 Units. When submitting an Application Form, they automatically apply for a \$200,000 Limited Recourse Loan. They are required to pre-pay the interest for the 3 years term at 5.4% p.a, Currency Management Fee at 0.5%p.a and Application Fee, calculated by reference to their total Investment Amount at the time of their Application.

Investment Amount	\$200,000
Loan	(\$200,000)
Interest for 3 year Investment Term at 5.4% p.a.	(\$32,400)
Currency Fee at 0.50% p.a.	(\$3,000)
Application Fee 2.2%	(\$4,400)
<b>Total maximum outlay over the Investment Term</b>	<b>(\$39,800)</b>

### Potential Returns

The performance of the Reference Asset during the Investment Term will be calculated as:

$$\frac{(\text{Reference Asset Ending Level} - \text{Reference Asset Starting Level})}{\text{Reference Asset Starting Level}}$$

If the Reference Asset Ending Level is at or below the Hurdle at Maturity, no Final Coupon will be paid.

Scenario	Initial Cash Outlay*	Performance of the Strongest Reference Asset	Final Coupon (\$)
1	\$39,800	-10%	\$0
2	\$39,800	0%	\$0
3	\$39,800	5%	\$0
4	\$39,800	10.03%	\$36,800
5	\$39,800	20%	\$40,000
6	\$39,800	30%	\$60,000
7	\$39,800	40%	\$80,000
8	\$39,800	45%	\$80,000

### Key Risks:

- Your return is affected by the performance of the Reference Asset. There is no guarantee that the Reference Asset will perform well.
- There is no guarantee that the Units will generate returns in excess of the Prepaid Interest, Currency Management Fee (Series 10 only), Application Fee and Adviser Fee (if any) during the Investment Term. Additionally, in the event of an Investor requested Issuer Buy-Back, Early Maturity Event or if you elect to repay your Loan before the Maturity Date, you will not receive a refund of your Prepaid Interest, Currency Management Fee (Series 10 only), Application Fee and Adviser Fee (if any).
- There will be no Final Coupon payable if the performance of the Reference Asset Ending Level is the same or less than Reference Asset Starting Level (Series 9) or is the same or less than the Hurdle (Series 10)
- Payment of the Final Coupon and the Final Value depends on the Issuer meeting its obligations and the Hedge Counterparty's ability to meet their obligations under the Hedge. Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty.
- Gains (and losses) may be magnified by the use of a 100% Loan. However, note that the Loan is a limited recourse Loan, so you will never be required to pay more than the Prepaid Interest, Currency Management Fee (Series 10 only), Application Fee and Adviser Fee (if any).
- The Units may mature early following an Early Maturity Event, including as a result of an Adjustment Event or Market Disruption Event or, if your request for an Issuer Buy-Back is accepted. If the Units are subject to Early Maturity for any reason, you will not be entitled to a refund of any Prepaid Interest, Application Fee, Currency Management Fee (Series 10 only), Application Fee or Adviser Fee (if any) paid in relation to the Units.

### An Investment in Sequoia Launch Units may suit you if you are seeking:

- You have a positive view of the Australian share market as measured by the S&P/ASX200 Price Return Index (Series 9) over the 3 year Investment Term and are comfortable the returns are subject to a Performance Cap of 40%.
- You have a view that at least one of the following share markets will increase by more than Hurdle over the 3 year Investment Term and are comfortable the returns are subject to a Performance Cap of 40%:
  - the Australian share market as measured by the S&P/ASX200 Price Return Index (Series 9 & 10);
  - the European share market as measured by the Eurostoxx 50 Price Return Index (Series 10); and
  - the US share market as measured by the S&P 500 (Series 10).
- You are seeking exposure to the AUD/USD exchange rate (Series 10 only).
- To obtain 100% leverage without the risk of margin calls.
- Leverage via a limited recourse loan within your investment portfolio or SMSF.

**To find out more, contact your adviser**

**Closes 27 March 2015**

\*The Issuer may, in its discretion, extend or shorten the Offer Period for the Units without prior notice. If this happens, the Commencement Date and one or more consequential dates for the Units may vary. The Issuer may also defer the Commencement Date for the Units, in which case the Maturity Dates and other consequential dates for the Units may vary. If the Issuer varies the Offer Period or the Commencement Date for the Units it will post a notice on the website informing applicants of the change at [www.sequoiasi.com.au](http://www.sequoiasi.com.au)

Units in Sequoia Launch Units – Series 9 & 10 are issued by Sequoia Specialist Investments Pty Ltd (ACN 145 459 936) (the "Issuer") and arranged by Sequoia Asset Management Pty Ltd (ACN 135 907 550, AFSL 341506). Investments in the Sequoia Launch Units – Series 9 & 10 can only be made by completing an Application Form attached to the Product Disclosure Statement dated 5 February 2015 ("PDS") and submitting it to Sequoia Specialist Investments Pty Ltd (ABN 67 145 459 936). A copy of the PDS can be obtained by contacting Sequoia Asset Management on 02 8114 2222 or contacting your financial adviser. You should consider the PDS before deciding whether to invest in Units in Sequoia Launch Units – Series 9 & 10.

Capitalised terms in this flyer have the meaning given to them in Section 15 "Definitions" of the PDS.

This flyer has been prepared by the Issuer for general promotional purposes only and is not an offer to sell or solicitation to buy any financial products. This flyer does not constitute personal advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider obtaining professional advice as to whether this financial product suits your objectives, financial situation or needs before investing.

You should seek independent advice in relation to the tax implications of your investment. You should note that the ATO is currently considering the tax treatment of products such as the Launch Units, including the availability of deductions for any interest incurred on the Loan, and may take the view that interest deductions are limited or not available. As a result, you should ensure that you are comfortable making an investment in the Units on the basis that a deduction (or capital loss) may not be available in respect of interest incurred on the Loan if the ATO seeks to deny such deduction.