

Sequoia Launch – Series 37A Diversified Basket of Global Investment Funds

Explanatory Statement

31 October 2018

About the Series 37A Units

The Sequoia Launch – Series 37A Diversified Basket of Global Investment Funds (“Series 37A Units”) Product Disclosure Statement (“PDS”) is 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). The offer of Series 37A Units is made only to current Investors in the Sequoia Launch – Series 37 Diversified Basket of Global Investment Funds and Multi-Asset Index Units (“Series 37 Units”) issued under a PDS dated 15 February 2018. Capitalised terms used in this notice have the same meaning as in the relevant PDS.

The purpose of the issue of the Series 37A Units is to provide existing Investors in Series 37 Units with a new investment opportunity in the form of Series 37A Units which includes the same:

- Investment Amount;
- Loan Amount;
- Investment Term;
- Strategy Value¹;
- Coupon Determination Dates,

but includes changes to the:

- Underlyings included within the Reference Basket, by replacing each of the 20% allocations to PIMCO Income Fund and Invesco US Senior Loan Fund with a 40% allocation to H2O Adagio Fund. The H2O Adagio Fund has the ability to enter into both long **and short** trading positions in Bonds and Currencies. Short Bond positions are not included within the respective mandates of the PIMCO Income Fund and the Invesco US Senior Loan Fund;
- Strategy Value calculation method which includes a 0.15% p.a. Adjustment Factor which accrues daily and is deducted from the Strategy Value. The Adjustment Factor is included to enable efficient pricing of the underlying hedge of Series 37A Units to be able to offer Net Settlement between the unwind of the Series 37 Units and investment into Series 37A Units.

Please refer to the Termsheet PDS for Series 37A Units more information on the new Underlyings and Net Settlement.

In respect of this, the Issuer is seeking to give existing Investors in the Series 37 Units the opportunity to either:

- (a) dispose of their Series 37 Units and acquire Series 37A Units (on a fee free basis); or
- (b) stay invested in their existing Series 37 Units on the original terms of the relevant PDS, by doing nothing.

Investors who elect to acquire Series 37A Units will not be required to pay any Application Fee or Adviser Fee (or any other fees). The Issuer will buy back the Investor’s Series 37 Units at a price of \$1 per Series 37 Unit and refund the balance of the Investor’s non-amortised Prepaid Interest. The balance of these proceeds will then be applied in full repayment of the Loan attributable to the Series 37 Units and full payment of the Prepaid Interest of the Series 37A Units, meaning that there is no additional payment required from Investor’s who elect to acquire the Series 37A Units. An Investor making this election will be required to have made the election in respect of all of their Series 37 Units.

Sequoia Asset Management Pty Ltd

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You should ensure you have understood and read in full the Series 37A Units' PDS before making a decision to acquire the Series 37A Units.

An Election Form is attached to the Series 37A Units PDS which sets out the full terms in connection with the above Series 37A Units investment option. If you decide to acquire Series 37A Units then the Election Form is both an Application Form for the Series 37A Units and an Issuer Buy-Back Form for the Series 37 Units.

**A copy of the Series 37A Units Termsheet PDS and Master PDS are available at:
<https://www.sequoiasi.com.au/investor-centre/launch-series/sequoia-launch-series-37A/>; or
by contacting the Issuer on (02) 8114 2222; or
sending an email to invest@sequoia.com.au**

Notes

¹ The Initial Strategy Value on the Commencement Date for the Units in Series 37A will equate the Strategy Value of Series 37 on the same day. e.g. if the Strategy Value of Series 37 is 98.5 on this day then this will also be the Initial Strategy Value for the Units in Series 37A.

Disclaimer

This Explanatory Statement has been prepared by the Issuer for general explanatory purposes only and is not an offer to sell or solicitation to buy any financial products. This Explanatory Statement 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 any financial product referred to in this Explanatory Statement suits your objectives, financial situation or needs before investing. The Issuer may, in its discretion, extend or shorten the Offer Period for the Units without prior notice. If this happens, the Commencement Date may vary but no other consequential dates for the Units in Series 37A will vary. The Issuer may also defer the Commencement Date for the Units, however again no other consequential dates for the Units in Series 37A will 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

You should seek independent advice in relation to the tax implications of your investment. Units in Sequoia Launch Units – Series 37A are issued by Sequoia Specialist Investments Pty Ltd (ACN 145 459 936) (the "Issuer") and arranged by Sequoia Asset Management Pty Ltd (ABN 70 135 907 550, AFSL 341506). A Term Sheet Product Disclosure Statements (PDS) is available for Sequoia Launch Units – Series 37A. You can access the PDS through Sequoia's website at www.sequoiasi.com.au or contacting Sequoia on 8114 2222. The Term Sheet PDS should be read in conjunction with the respective Master PDS, which can also be accessed at www.sequoiasi.com.au. If you are considering investing in the Series 37A product, please ensure you read and understand the PDS.

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