

Global Robotics, Automation & Artificial Intelligence



Commencement Date – 29 June 2018¹

¹ Potential Investors should note that the Issuer retains discretion to move the Commencement Date (and all other consequential dates) for a Series, or not to continue with the issue of a Series of Units on the Commencement Date and terminate any Units in that Series already issued, including where there is a significant change in the Issuer's cost of hedging between the date of this Term Sheet PDS and the Commencement Date.

Sequoia Launch Series 38 – US listed ETF's operating in the Robotics, Automation & Artificial Intelligence sectors

The Units in Sequoia Launch Series 38 ("the Units") offer investors the ability to gain leveraged exposure to a basket of two US listed exchange traded funds ("Reference Basket") with a 15% Target Volatility mechanism, with each fund providing access to a diversified portfolio of underlying companies operating in the rapidly evolving robotics, automation and artificial intelligence sectors. The Units offer the potential to receive an uncapped Performance Coupon at Maturity at the end of year 3 dependent on the performance of the Strategy Value.

An Investment in Sequoia Launch Series 38 Units may suit you if:

- You have a positive view of the Reference Basket (Series 38) over the 3 year Investment Term;
- You wish to obtain 100% leverage with no risk of margin calls
- You wish to obtain leverage via a limited recourse loan within your investment portfolio or SMSF.

Summary of the key features are as follows

Launch Series 38		
Reference Basket: Equally weighted exposure to the following 2 US listed ETFs:	Weighting	Fund
	50%	ROBO Global® Robotics and Automation Index ETF (Nasdaq Ticker: ROBO)
	50%	The Global X Robotics & Artificial Intelligence ETF (Nasdaq Ticker: BOTZ)
Strategy	Reference Basket with reinvestment of net distributions with 15% Target Volatility	
Averaging	Yes, over 10 Business Days following the Commencement Date and 20 Business Days before Maturity	
Currency Exposure of Strategy Value	USD	
The Potential for an uncapped Performance Coupon at Maturity	Potential uncapped Performance Coupon at Maturity calculated by reference to the performance of the Strategy Value subject to changes in the AUD/USD exchange rate less a 10% Performance Fee	
Limited recourse Loan	Yes. Investors borrow 100% of the Investment Amount.	
Annual Interest Rate on Loan	5.95% p.a.	
Risk Management Fee	0.70% p.a.	
Application Fee	2.2%	
Volatility Mechanism	Yes	
Target Volatility	15%	
Maximum Participation Rate	100%	
Margin Calls	No	
SMSF Eligibility	Yes	

Scenario Outcomes:

You decide to take out a limited recourse loan of \$50,000 and invest the proceeds into Sequoia Launch Series 38. The Issuer agrees with your Adviser to waive the Application Fee whilst you agree an Adviser Fee of \$1,100 with your financial adviser. The cashflow scenarios are below:

Cash Outlay for Launch Series 38	
Investment Amount	\$50,000
Loan	(\$50,000)
Interest for 3 year Investment Term (5.95%p.a.)	(\$8,925)
Risk Management Fees (0.7% p.a.)	(\$1,050)
Application Fee (2.2%)	(\$0)
Adviser Fee	(\$1,100)
Total maximum outlay over the Investment Term	(\$11,075)

Investment cash flow Scenarios during the Investment Term for Series 38

Scenario	Investment Amount	Gross Series Performance over 3 years	Performance Coupon at Maturity*
1	\$50,000	-15%	\$0
2	\$50,000	0.00%	\$0
3	\$50,000	15%	\$7,500
4	\$50,000	30%	\$15,000
5	\$50,000	45%	\$22,500
6	\$50,000	60%	\$30,000

*Net of 10% Performance Fee and after adjusting for changes in the AUD/USD exchange rate during the Investment Term.

The above scenario outcomes are in no way indicative of future performance of the Sequoia Launch Series 38 product.

Total Upfront Cash Cost – Examples

Cash Outlay for Launch Series 36	Minimum		
Investment Amount	\$50,000	\$100,000	\$250,000
Loan	(\$50,000)	(\$100,000)	(\$250,000)
Interest for 3 year Investment Term (5.95%p.a.)	(\$8,925)	(\$17,850)	(\$44,625)
Risk Management Fees (0.7% p.a.)	(\$1,050)	(\$2,100)	(\$5,250)
Application Fee (2.2%)	(\$1,100)	(\$2,200)	(\$5,500)
Total Upfront Cash Cost	(\$11,075)	(\$22,150)	(\$55,375)

Key risks include:

- Your return (including any Coupon) is affected by the performance of the Underlyings comprising the Reference Basket. There is no guarantee that the Reference Basket will perform well.
- In the Event that an appropriate hedge cannot be achieved in relation to all or some of the Underlying's comprising the Reference Basket, the Issuer may choose to remove the Underlying or replace the Underlying with a similar fund in its absolute discretion. Any changes will be notified on the Issuers website and in correspondence to Investors.
- The Units have varying levels of exposure to the Reference Basket depending on volatility due to the variable Participation Rate. It operates by varying the exposure that the Units will have to the Reference Basket depending on the Realised Volatility of the Reference Basket and the Target Volatility. There is the risk that the Participation Rate could drop below 100% during the Investment Term in which case Investors will not gain the full benefits of an increase of the value of the Reference Basket.
- Investors should note that there is a lag in measuring the Realised Volatility of the Reference Basket. This means that where there has been a period of high Realised Volatility, the Investor's exposure to the Reference Basket will be low, regardless of whether the Reference Basket is performing positively or negatively.
- There will be no Performance Coupon payable if the performance of the Strategy Value is negative at a Coupon Determination Date.
- There is no guarantee that the Units will generate returns in excess of the Prepaid Interest, Risk Management Fee and other Fees, during the Investment Term. Additionally, in the event of an Investor requested Issuer Buy-Back, Early Maturity Event, you will not receive a refund of your Prepaid Interest or Fees.
- 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 can never lose more than your Prepaid Interest Amount and Fees paid at Commencement.
- Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty; and
- the Units may mature early following an Early Maturity Event, including an Adjustment Event, Market Disruption Event or if the Issuer accepts your request for an Issuer Buy-Back.

Please refer to Section 2 "Risks" of the Master PDS for more information.

**To find out more and to download a copy of the relevant
Product Disclosure Statements, please visit
Sequoia Specialist Investments at www.sequoiasi.com.au**

* 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.sequoia.com.au

Units in Sequoia Launch Units – Series 38 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)(the "Arranger"). Investments in the Sequoia Launch Units – Series 38 can only be made by completing an Application Form attached to the Term Sheet Product Disclosure Statement ("TSPDS"), after reading the Term Sheet PDS dated 10 April 2018 and the Master PDS dated 14 August 20157 and submitting it to Sequoia. 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 Term Sheet & Master PDS' before deciding whether to invest in Units in Sequoia Launch Units – Series 38. Capitalised terms on the webpage have the meaning given to them in Section 10 "Definitions" of the Master PDS.

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You should seek independent advice in relation to the tax implications of your investment.