



# **Sequoia Launch – Series 31B Diversified Basket of Global Investment Fund and Multi- Asset Index Explanatory Statement**

Dated 13 January 2020

## **About the Series 31B Units**

Sequoia Launch Series 31B - Diversified Basket of Global Investment Fund and Multi-Asset Index Units ("Series 31B Units") 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) under the Termsheet PDS dated 15 January 2020 and Master PDS dated 14 August 2017.

The offer of Series 31B Units is made only to current Investors in the Sequoia Launch – Series 31A Diversified Basket of Global Investment Funds and Multi-Asset Index Units ("Series 31A Units") issued under the Termsheet PDS dated 25 May 2018. Capitalised terms used in this notice have the same meaning as in the relevant PDS.

The purpose of the issue of the Series 31B Units is to provide existing Investors in Series 31A Units with a new investment opportunity in the form of Series 31B Units which includes the same:

- Investment Amount;
- Loan Amount;
- Strategy Value<sup>1</sup>;
- Coupon Determination Dates and Maturity Date,

but includes changes to the:

- Reference Basket by firstly withdrawing each of the 20% allocations to the:
  - i. Janus Henderson – United Kingdom Absolute Return Fund ("Janus Henderson Fund"); and
  - ii. Merian Global Equity Absolute Return Fund (previously known as the Old Mutual Global Equity Absolute Return Fund) ("Merian Fund"),

and reallocating the proceeds to the remaining Underlyings such that the new Reference Basket has a 50/50 allocation to the:

- iii. H20 Adagio Fund (Global Currencies and Bonds); and
- iv. BNP Paribas Multi-Asset Diversified vol 4 EUR Index ("BNP Paribas Index")

The reason for offering this change is because the Issuer has not been satisfied with performance of both the Merian Fund and Janus Henderson Fund. In particular, the Merian Fund has been the main cause of negative performance of Series 31A during the last 18 months whereas the Janus Henderson Fund has struggled to produce any positive performance since 25 May 2018.



The H2O Adagio Fund has the ability to enter into both long and short trading positions in bonds and currencies. The BNP Paribas Index is a multi-asset index that can enter into both long and short position across multiple asset classes including global bonds, global equity indices, and commodities.

The only other difference between Series 31A and Series 31B Units is:

- the Strategy Value calculation method which includes a 0.85% p.a. Adjustment Factor for Series 31B (instead of a 0.60% p.a. Adjustment Factor for Series 31A) which accrues daily and is deducted from the Strategy Value for Series 31B. The Adjustment Factor is included to enable efficient pricing of the underlying hedge of Series 31B Units to be able to offer Net Settlement between the unwind of the Series 31A Units and investment into Series 31B Units.

Please refer to the Series 31B Units PDS for more information on the new Underlyings and Net Settlement.

In respect of this, the Issuer is seeking to give existing Investors in the Series 31A Units the opportunity to either:

- (a) dispose of their Series 31A Units and acquire Series 31B Units (on a fee free basis);
- or
- (b) stay invested in their existing Series 31A Units on the original terms of the relevant PDS, by doing nothing.

Disposal of an Investor's Series 31A Units may constitute a tax event for the Investor and the taxation information set out in the Master PDS may not apply to a disposal of Units prior to Maturity. Investors should seek their own independent taxation advice prior to acquiring any Series 31B Units.

Investors who elect to acquire Series 31B 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 31A Units at a price of \$1 per Series 31A 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 31A Units and full payment of the Prepaid Interest of the Series 31B Units, meaning that there is no additional payment required from Investor's who elect to acquire the Series 31B Units. An Investor making this election will be required to have made the election in respect of all of their Series 31A Units.

You should ensure you have understood and read in full the Series 31B Units' PDS before making a decision to acquire the Series 31B Units.

An Election Form is attached to the Series 31B Units PDS which sets out the full terms in connection with the above Series 31B Units investment option. If you decide to acquire Series 31B Units then the Election Form is both an Application Form for the Series 31B Units and an Issuer Buy-Back Form for the Series 31A Units.

A copy of the Series 31B Units Termsheet PDS and Master PDS are available at:

<https://www.sequoiasi.com.au/investor-centre/launch-series/sequoia-launch-series-31B/>

or by contacting the Issuer on **(02) 8114 2222**; or



sending an email to [invest@sequoia.com.au](mailto:invest@sequoia.com.au)

## Notes

<sup>1</sup> The Initial Strategy Value on the Commencement Date for the Units in Series 31B will equate the Strategy Value of Series 31A on the same day. e.g. if the Strategy Value of Series 31A is 97.44 on this day then this will also be the Initial Strategy Value for the Units in Series 31B.

### **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 31B will vary. The Issuer may also defer the Commencement Date for the Units, however again no other consequential dates for the Units in Series 31B 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](http://www.sequoiasi.com.au)

You should seek independent advice in relation to the tax implications of your investment. Units in Sequoia Launch Units – Series 31B 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 Statement (PDS) is available for Sequoia Launch Units – Series 31B. You can access the PDS through Sequoia’s website at [www.sequoiasi.com.au](http://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](http://www.sequoiasi.com.au). If you are considering investing in the Series 31B product, please ensure you read and understand the PDS.