

Gold Optimiser

Providing exposure to the Gold Spot Price
with an Optimised Profit Lock-in Feature



Series 3

Offer Close Date – 23 September 2020

Sequoia has just launched a new investment enabling investors to gain exposure to the Gold Spot Price for a 3 year period with minimal upfront capital and limited downside risk whilst benefiting from an Optimised Profit Lock-in Feature on the upside.

Investment Objective Overview

The Units in Gold Optimiser Series 3 are designed to offer investors the ability to gain exposure to the performance of the London Bullion Market Association Gold Price PM ("**Gold Spot Price**") with a 14% Volatility Target Mechanism ("**The Strategy**") over a 3 year Investment Term and the potential to receive an uncapped Performance Coupon at Maturity dependent on the Strategy Value Performance after application of the Optimised Profit Lock-in Feature.

A summary of the key features are as follows

Series 3	
Reference Asset	London Bullion Market Association Gold Price PM
Strategy	Reference Asset with 14% Volatility Target
Optimised Profit Lock-in Feature	Yes, Profit Lock-in Feature applies based on the Strategy Value closing above the Ladder Level on a monthly closing basis
Ladder Levels	110/120/130/140/150 10%/20%/30%/40%/50%
Corresponding Locked Levels	This sets the Minimum Performance Coupon payable at Maturity before adjusting for currency movements and the Performance Fee
Observation frequency	The Strategy Value is observed on a monthly closing basis to determine whether or not it has breached a Ladder Level
Potential Performance Coupon	Yes, potential uncapped Performance Coupon at Maturity dependent on the Strategy Value and Performance Fee after application of the Optimised Profit Lock-in Feature
Currency Exposure	AUD hedged
Limited recourse Loan	Yes
Investment Term	3 Years
Annual Interest Rate on Loan (payable for the full 3 years in advance)	5.95% p.a.
Risk Management Fee (payable for the full 3 years in advance)	0.7% p.a.
Application Fee	2.2%
Total Investment Cost (payable upfront)	22.15%
Volatility Mechanism	Yes
Volatility Target	14%
Maximum Participation Rate	100%
Performance Fee	Yes, a 10% Performance Fee applies at Maturity
Margin Calls	No
SMSF Eligibility	Yes

Optimised Profit Lock-in Feature

Series 3 includes an Optimised Profit Lock-in Feature which is intended to lock-in future positive performance in the Strategy Value, assuming the Strategy Value is able to close above any of the Ladder Levels on a monthly closing basis. If this occurs, the Corresponding Locked Level will create a floor to the Performance Coupon payable at Maturity before deduction of a 10% Performance Fee. This applies to the full leveraged investment amount.

For example:

- if the Strategy Value increases from 100 on the Commencement Date to 112 at the end of any month (on an Observation Date) during the Investment Term, performance of at least 10% is locked-in;
- if it closes the month at 137, then 30% is locked-in;
- if it closes the month at 167, then 50% is locked-in;

for the purpose of calculating the Performance Coupon at Maturity. The highest Ladder Level/Corresponding Locked Level is 150/50%.

At Maturity, the investor receives a Performance Coupon calculated based on the higher of the Maximum Corresponding Locked Level and the Strategy Value Performance before deducting the 10% Performance Fee.

Potential uncapped Performance Coupon at Maturity

You may receive an uncapped Performance Coupon at Maturity calculated by reference to the maximum of either:

- the performance of the Strategy Value between the Commencement Date and Maturity; and
- the Maximum Corresponding Locked Level,

after the deduction of the 10% Performance Fee.

Hypothetical Example for Illustrative Purposes

Here are some examples demonstrating how the Optimised Profit Lock-in Feature operates and how it impacts the calculation of the Performance Coupon at Maturity. The examples are hypothetical only and are not forecasts or simulations of Unit returns nor are they a reference to past performance. The actual returns on the Units may be materially different from what is shown in these examples.

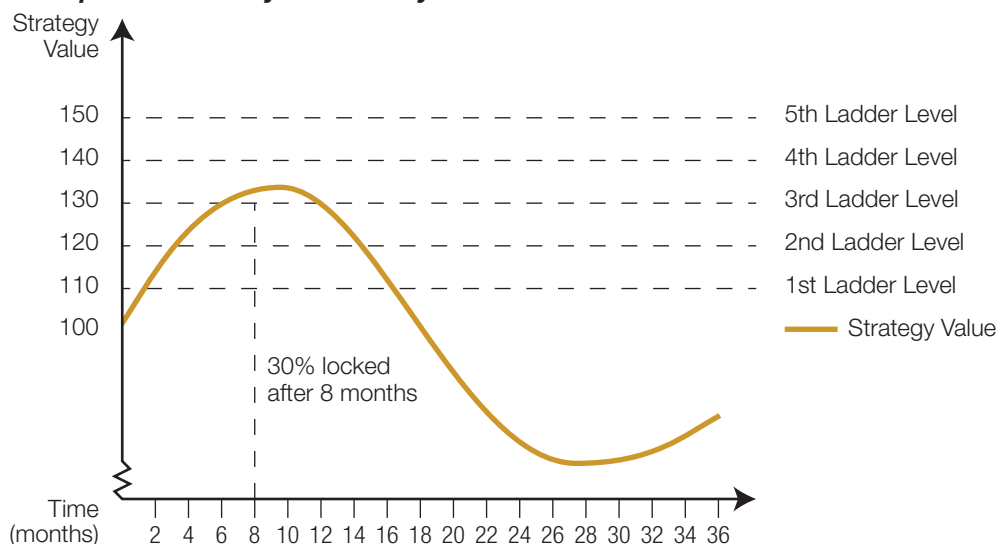
These examples may help Investors decide if the Units are a suitable investment. No content in this section or elsewhere in the Term Sheet PDS or Master PDS is investment advice and Investors should speak to their financial adviser before investing.

	Example 1 – Strategy Value rallies during first 12 months and then crashes 'til Maturity	Example 2 – Strategy Value rallies on a continual basis throughout the 3 year Investment Term	Example 3 – Strategy Value decreases during the 3 year Investment Term
Initial Strategy Value	100	100	100
Final Strategy Value	80	165	80
Strategy Value Performance	-20%	65%	-20%
Maximum Ladder Level breached [†]	130	150	N/A
Maximum Corresponding Locked Level	30%	50%	N/A
Performance Coupon payable at Maturity [‡]	30%	65%	0%

[†]Observed on a monthly closing basis during the Investment Term.

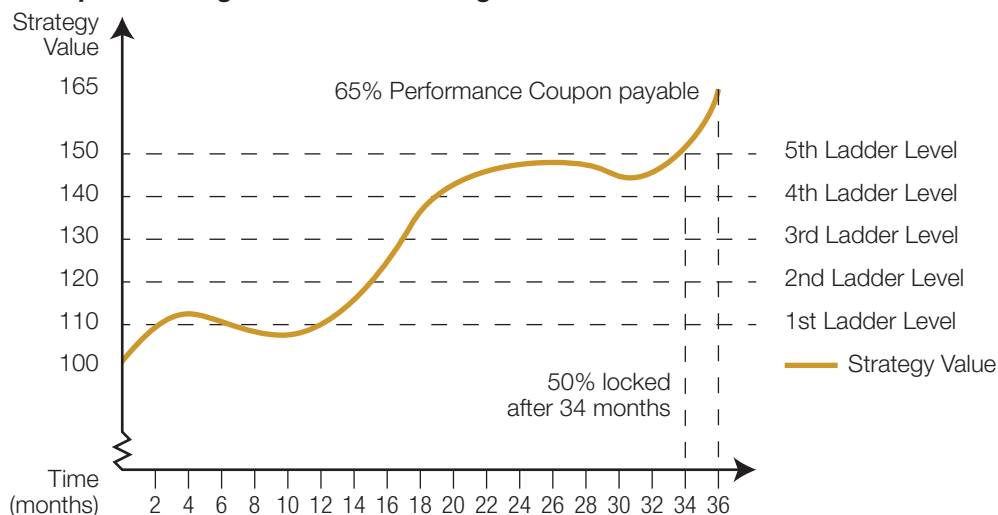
[‡]Before deducting the 10% Performance Fee.

Example 1 Initial rally followed by a crash



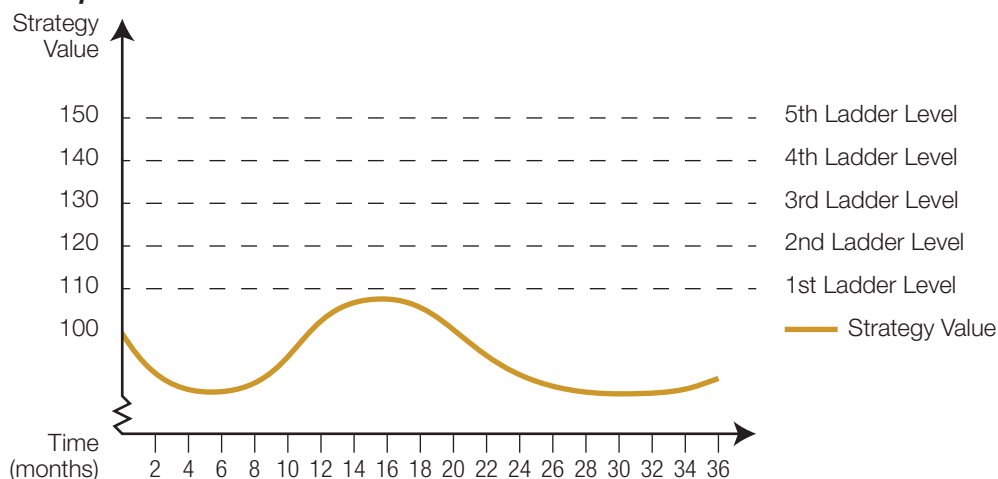
Under example 1, even though the Strategy Value Performance at Maturity was negative, the investor still received a Performance Coupon due to the application of the Optimised Profit Lock-in Feature. In this case the maximum Ladder Level breached on a monthly closing basis during the Investment Term was 130. As such, the Maximum Corresponding Locked Level was 30% and this set the minimum floor for the purpose of calculating the Performance Coupon at Maturity.

Example 2 Strong bullish trend throughout the Investment Term



Under example 2, the Optimised Profit Lock-in Feature makes no difference because the Strategy Value at Maturity closes above the highest Ladder Level. In this case the investor still receives the benefit of the strong Strategy Value Performance at Maturity in the form of a Performance Coupon payable at 65% before deducting the 10% Performance Fee.

Example 3 Bearish market



Under example 3, the Optimised Profit Lock-in Feature makes no difference since the Strategy Value Performance is negative at Maturity and no Ladder Level was breached on a monthly closing basis during the Investment Term. As such, no Performance Coupon is payable.

Cash Flow Scenarios

Assuming you wish to get exposure to the Gold Spot Price with minimal upfront capital and limited downside risk, you decide to take out a limited recourse loan of \$100,000 and invest the proceeds into Gold Optimiser – Series 3. The cashflow scenarios are below:

Cash Outlay for Gold Optimiser – Series 3	
Investment Amount	\$100,000
Loan	(\$100,000)
Prepaid interest @ 5.95%p.a. (payable for the full 3 years in advance)	(\$17,850)
Risk Management Fee @ 0.7% p.a. (payable for the full 3 years in advance)	(\$2,100)
Application Fee @ 2.2%	(\$2,200)
Total Investment Cost (payable up front)	(\$22,150)

Investment cash flow Scenarios during the Investment Term for Gold Optimiser – Series 3

Scenario	Investment Amount	Gross Series Performance over 3 years*	Net Performance Coupon**	Total Investment Cost	Net Profit/ (Loss)	% Return on Total Investment Cost
1	\$100,000	0%	\$0	\$22,150	-\$22,150	-100%
2	\$100,000	10%	\$9,000	\$22,150	-\$13,150	-59%
3	\$100,000	20%	\$18,000	\$22,150	-\$4,150	-19%
4	\$100,000	30%	\$27,000	\$22,150	\$4,850	22%
5	\$100,000	40%	\$36,000	\$22,150	\$13,850	62%
6	\$100,000	50%	\$45,000	\$22,150	\$22,850	103%
7	\$100,000	60%	\$54,000	\$22,150	\$31,850	143%
8	\$100,000	70%	\$63,000	\$22,150	\$40,850	184%

*Calculated as the higher of the Strategy Value Performance and the Maximum Corresponding Locked Level. Refer to the Term Sheet PDS for further details.

**Calculated by reference to the Gross Series Performance less the 10% Performance Fee.

The above scenario outcomes are in no way indicative of future performance of Gold Optimiser – Series 3.

Total Investment Cost Examples

Cash Outlay for Gold Optimiser – Series 3	Minimum			
Investment Amount	\$50,000	\$100,000	\$250,000	\$500,000
Loan	(\$50,000)	(\$100,000)	(\$250,000)	(\$500,000)
Prepaid interest @ 5.95%p.a. (payable for the full 3 years in advance)	(\$8,925)	(\$17,850)	(\$44,625)	(\$89,250)
Risk Management Fee @ 0.7% p.a. (payable for the full 3 years in advance)	(\$1,050)	(\$2,100)	(\$5,250)	(\$10,500)
Application Fee @ 2.2%	(\$1,100)	(\$2,200)	(\$5,500)	(\$11,000)
Total Investment Cost (payable up front)	(\$11,075)	(\$22,150)	(\$55,375)	(\$110,750)

Key risks include:

- Your return (including any Coupons) is affected by the performance of the Reference Asset. There is no guarantee that the Reference Asset will perform well.
- The Units have varying levels of exposure to the Reference Asset depending on volatility due to the variable Participation Rate. It operates by varying the exposure that the Units will have to the Reference Asset depending on the Realised Volatility of the Reference Asset and the Target Volatility. There is the risk that the Participation Rate could drop to significantly 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 Asset.
- Investors should note that there is a lag in measuring the Realised Volatility of the Reference Asset. This means that where there has been a period of high Realised Volatility, the Investor's exposure to the Reference Asset will be low, regardless of whether the Reference Asset is performing positively or negatively.
- There will be no Performance Coupon payable if no Corresponding Locked Level applies and the Strategy Value Performance is zero or negative on the Maturity Date.
- There is no guarantee that the Units will generate returns in excess of the Prepaid Interest and Fees, during the Investment Term. Additionally, in the event of an Investor requested Issuer Buy-Back or an 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 will never be required to pay more than the Prepaid Interest Amount and Fees 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.

This flyer has been prepared for financial advisers only and is not available for distribution to end investors.

**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 Gold Optimiser – Series 3 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 Gold Optimiser – Series 3 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 12 August 2020 and the Master PDS dated 14 August 2017 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 Gold Optimiser – Series 3. Capitalised terms on the webpage have the meaning given to them in Section 10 "Definitions" of the Master PDS.

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