sequoia
Specialist Investments

Sequoia Launch – Series 63

Dynamic Multi-Asset Momentum Index
15 March 2022 Offer Close Date

Sequoia has just launched a new investment enabling investors to gain 100% leveraged exposure to a diversified multi-asset strategy with minimal upfront capital and limited downside risk

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.

Sequoia Launch Series 63

Sequoia Launch Series 63 (“**Series 63**”) is a structured investment whereby investors obtain 100% leverage and exposure to any positive performance to a Dynamic Multi-Asset Momentum Index (“the **Reference Asset** or **Index**”) over a 3 year period with the potential to receive an uncapped Performance Coupon at Maturity dependent on the Index Performance applied to the full leveraged Investment Amount, adjusted for changes in the AUD/USD exchange rate during the Investment Term.

Summary of the key features are as follows

	Launch Series 63
Reference Asset/Index	The name of the Index is NXS Momentum Cross-Asset VT (“MOXA”) Index (Bloomberg Ticker: NXSHMOXV Index) Please refer to the following link: https://equityderivatives.natixis.com/en/indice/https-nxsindices-natixis-com-en-nxsindex-view-98/
Potential Performance Coupon	Yes, there is potential for an uncapped Performance Coupon payable at Maturity based on the Index Performance applied to the full leveraged Investment Amount, adjusted for any changes in the AUD/USD exchange rate during the Investment Term
Performance Cap	No, there is no limit on the maximum potential Performance Coupon that can be paid at Maturity
Currency Exposure	Yes, the investor is exposed to changes in the AUD/USD exchange rate during the Investment Term when calculating any Performance Coupon payable at Maturity
Limited recourse Loan	Yes. Investors borrow 100% of the Investment Amount on a limited recourse basis.
Investment Term	3 years
Annual Interest Rate on Loan	2.1% p.a.
Application Fee	1.1% including GST
Total Investment Cost	7.4% (payable upfront)
Break-Even Point	The Performance Coupon received at Maturity needs to be equal to or greater than the Break-Even Point of 7.4% in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs). Refer to section 5 of the Term Sheet PDS for more information.
Maximum Loss	Due to the limited recourse nature of the Loan the maximum loss that can be ever incurred is the Total Investment Cost plus any Upfront Adviser Fee. There is no additional risk of loss in relation to the Loan Amount.
Margin Calls	No
SMSF Eligibility	Yes

Hypothetical Scenario Outcomes:

Assuming you wish to get exposure to the MOXA Index with minimal upfront capital and limited downside risk for a 3 year period, you decide to take out a limited recourse loan of $100,000 and invest the proceeds into Sequoia Launch Series 63. The cashflow scenarios are below:

Launch Series 63	
Investment Amount	$100,000
Loan	($100,000)
Prepaid Interest for 3 year Investment Term (2.1% p.a.) payable upfront	($6,300)
Application Fee including GST (1.1%)	($1,100)
Total Investment Cost* (payable upfront)	**($7,400)**

*This excludes any Upfront Adviser Fee

Dynamic multi-asset momentum index

The name of the Index is NXS Momentum Cross-Asset VT ("**MOXA**") Index. This is a quantitative, rules based, long-only investment strategy that targets consistent returns throughout market cycles by dynamically rebalancing a diversified multi-asset portfolio based on recent performance trends. There is no short selling involved within the index.

Index features

The various features of the Index include:

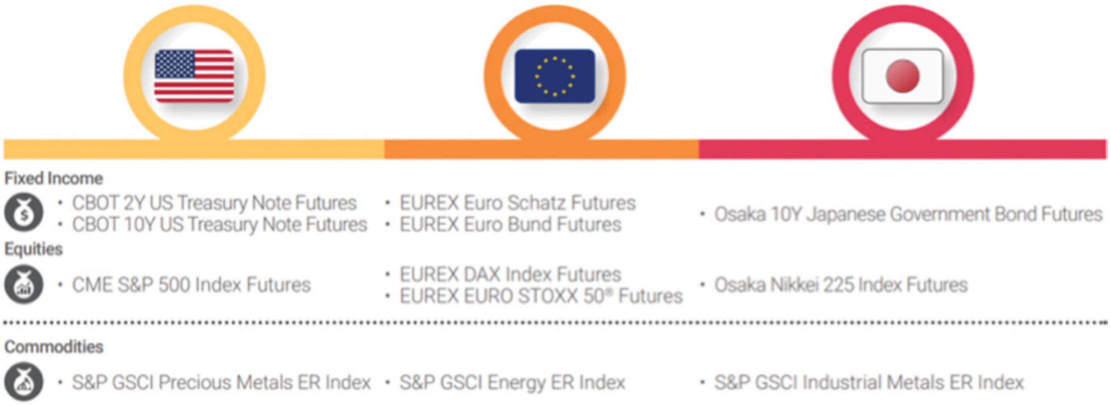
Diversification

The MOXA Index allows investors to get a diversified exposure across 3 asset classes and 3 different geographical regions. This reduces the risk that the Index is overly exposed to a specific market.

The index allocates into futures contracts across:

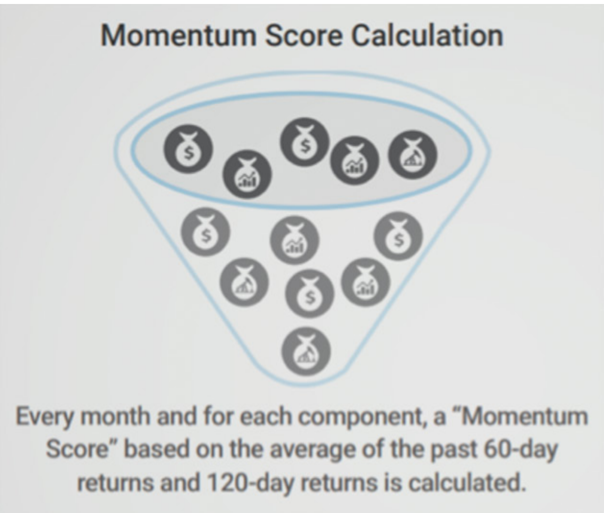
- 3 Asset Classes: Fixed Income, Equities and Commodities; and
- 3 Regions: US, Europe, and Japan;

There are 12 component indices in total that the Index can potentially invest into:



Momentum and Monthly rebalancing

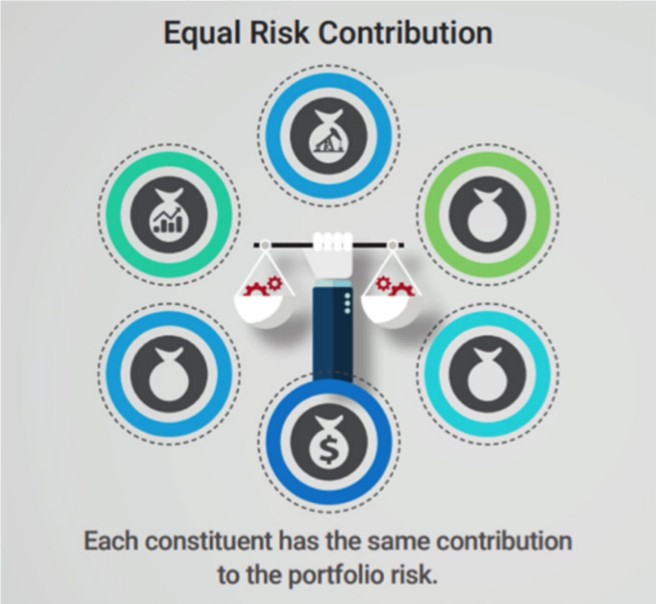
The MOXA Index seeks to derive returns from assets with a positive price trend. The performance of the MOXA Index is driven by the 6 components that have the best recent performance within the universe rebalanced on a monthly basis. Recent performance is measured by the average of the previous 60-Business Days performance and the previous 120-Business Days performance, provided that at least 1 component index per asset class is selected.



Risk Management

The MOXA Index uses a 2-step risk management mechanism:

- Firstly, on a monthly basis, the portfolio risk is divided equally across the 6 best performers. It uses a technique called Equal Risk Contribution (ERC), which targets a portfolio with a maximum volatility of 5% and a maximum leverage of 200%. The ERC principle is that each component has the same contribution to the portfolio risk;



- Secondly, on a daily basis, as an additional protection and in order to limit negative performance in extreme market conditions, a risk control mechanism is used. It ensures that the volatility will remain close to the 5% target by temporarily reducing the exposure in situations where the volatility of the ERC portfolio exceeds 6%.

If you would like further details, please refer to the MOXA Index Rules at the following web address https://www.sequoiasi.com.au/investor-centre/launch-series/launch-series-63/

Hypothetical Examples in relation to Potential Performance Coupons at Maturity

In the example below we look at various potential hypothetical scenarios in relation to the Series Performance, performance Coupon and Return on Investment ("ROI") at Maturity. Please note that these are theoretical scenarios only and are provided for illustrative purposes only and are not intended to be a forecast. They do not indicate past performance and are not an indication or guarantee that similar returns will be achieved in the future.

If we assume a $100,000 Loan Amount and Investment Amount, the hypothetical cash flows will be as follows:

Scenario	Investment Amount	Total Investment Cost*	Series Performance at Maturity**	Performance Coupon at Maturity	Profit & Loss
1	$100,000	$7,400	-10%	$0	-$7,400
2	$100,000	$7,400	-5%	$0	-$7,400
3	$100,000	$7,400	0%	$0	-$7,400
4	$100,000	$7,400	5%	$5,000	-$2,400
Breakeven	$100,000	$7,400	7.4%	$7,400	$0
5	$100,000	$7,400	10%	$10,000	$2,600
6	$100,000	$7,400	15%	$15,000	$7,600
7	$100,000	$7,400	20%	$20,000	$12,600
8	$100,000	$7,400	25%	$25,000	$17,600

*Excludes any Upfront Adviser Fee, tax, and any other external costs paid by the Investor in connection with investing in Units.

**This represents the Index Performance at Maturity adjusted for changes in the AUD/USD exchange rate during the Investment Term.

Total Investment Cost – Examples

	Minimum		
Investment Amount	$100,000	$250,000	$500,000
Loan	($100,000)	($250,000)	($500,000)
Prepaid Interest for 3 year Investment Term (2.1% p.a.) payable upfront	($6,300)	($15,750)	($31,500)
Application Fee including GST (1.1%)	($1,100)	($2,750)	($5,500)
Total Investment Cost*	**($7,400)**	($18,500)	($37,000)

*This excludes any Upfront Adviser Fee

Key risks include:

- Risk of 100% loss in relation to the Total Investment Cost and Upfront Adviser Fee. The Total Investment Cost equals the Prepaid Interest in relation to the Loan and the Application Fee. Investors may also incur an Upfront Adviser Fee in addition. A 100% loss will occur if there is no Performance Coupon paid at Maturity. This will be the case if the Index Performance is zero or negative at Maturity;
- Risk of partial loss (i.e. less than 100% loss) in relation to the Total Investment Cost and Upfront Adviser Fee. The Total Investment Cost equals the Prepaid Interest in relation to the Loan and the Application Fee. Investors may also incur an Upfront Adviser Fee in addition. Investors may incur a partial loss if the Performance Coupon received at Maturity is less than the Break-Even Point;
- Timing risks. The timing risk associated with Series 63 is significant. This is because the Investment Term is fixed and the Index Performance adjusted for changes in the AUD/USD exchange rate (i.e. Series Performance) needs to exceed the Break-Even Point by the time the Maturity Date arrives in order for the investor to generate a profit from their investment (ignoring any Upfront Adviser Fee and any external costs). If this does not occur by the Maturity Date then Investors will generate a loss;
- The potential Performance Coupon is determined by reference to the Index Performance as well as changes in the AUD/USD exchange rate. An increase in the AUD/USD exchange rate between the Commencement Date and the Maturity Date will reduce the potential Performance Coupon whilst a decrease in the AUD/USD rate between the relevant dates will lead to an increase in the potential Performance Coupon . As such, whether or not you break-even depends on both the Index Performance and the AUD/USD exchange rate performance during the Investment Term;
- 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 Early Maturity Event, you will not receive a refund of your Prepaid Interest or Fees. The amount received will depend on the market value of the Units which will be determined by many factors before the Maturity Date including prevailing interest rates in Australia and internationally, foreign exchange rates, the remaining time to Maturity, and general market risks and movements including the volatility of the Index. Investors should be aware the Units are designed to be held to Maturity and are not designed to be held as a trading instrument;
- 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 Termsheet PDS and Master PDS, please visit Sequoia Specialist Investments at www.sequoiasi.com.au

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Units in Sequoia Launch Series 63 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 Series 63 Units can only be made by completing an Application Form attached to the Term Sheet PDS, after reading the Term Sheet PDS dated 18 February 2022 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 Sequoia Launch Series 63. Capitalised terms on the webpage have the meaning given to them in Section 10 “Definitions” of the Master PDS.