Sequoia – US Equity Hedge – Series 1, 2 and 3

Providing leveraged exposure to negative performance of the S&P 500

15 February 2024 Offer Close Date[1]

[1]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 – US Equity Hedge – Series 1, 2 and 3

The Units in Sequoia – US Equity Hedge – Series 1, 2 and 3 ("Series 1 Units", "Series 2 Units" and "Series 3 Units", respectively) offer investors the ability to gain leveraged exposure to the negative performance of the S&P 500 below the Strike Level over a period of 1 year and 1 week. This investment is fully hedged into AUD such that investors do not take any currency risk in relation to movement in the AUD/USD rate between the Commencement Date and Maturity Date.

A summary of the key features are as follows:

	Sequoia – US Equity Hedge – Series 1, 2 and 3		
	Series 1	**Series 2**	**Series 3**
Reference Asset	S&P 500	S&P 500	S&P 500
Term	1 year and 1 week	1 year and 1 week	1 year and 1 week
Commencement Date	16 February 2024	16 February 2024	16 February 2024
Maturity Date	24 February 2025	24 February 2025	24 February 2025
Currency Exposure	AUD Hedged	AUD Hedged	AUD Hedged
Strike Level	100% of Initial Index Level	95% of Initial Index Level	90% of Initial Index Level
Issue Price per Unit	$5.70	$4.85	$3.55
Notional Exposure to Reference Asset per Unit (AUD Hedged)	$100	$100	$100
Issue Price as a % of Notional Exposure per Unit	5.70%	4.85%	3.55%
Application Fee as a % of Notional Exposure per Unit (including GST)	0.570%	0.485%	0.355%
Total Investment Cost per Unit (as a % of Notional Exposure per Unit)	6.270%	5.335%	3.905%
Minimum Amount Payable for $100,000 of Notional Exposure to Reference Asset (AUD Hedged)	$6,270	$5,335	$3,905
Final Price per Unit	$100 x Max [0%, (Initial Index Level – Final Index Level) / Initial Index Level]	$100 x Max [0%, (95% x Initial Index Level – Final Index Level) / Initial Index Level]	$100 x Max [0%, (90% x Initial Index Level – Final Index Level) / Initial Index Level]
Break-Even Point for the Final Index Level	93.73% of Initial Index Level	89.665% of Initial Index Level	86.095% of Initial Index Level
SMSF Eligible	Yes	Yes	Yes
Maximum Loss	6.27% or $6,270 for $100,000 of Notional Exposure	5.335% or $5,335 for $100,000 of Notional Exposure	3.905% or $3,905 for $100,000 of Notional Exposure
Buy-Back Dates	Any Business Day	Any Business Day	Any Business Day

Reference Asset / Index: S&P 500

The S&P 500 is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available US market capitalisation.

For further information, please see below:

https://www.spglobal.com/spdji/en/indices/equity/sp-500/#overview

When will investors generate a profit?

It is important for investors to understand that in order to generate a profit on their investment into Sequoia – US Equity Hedge – Series 1, 2 and 3 then the Final Price per Unit at Maturity needs to be greater than the Total Investment Cost per Unit (as a % of Notional Exposure per Unit). This is what is required in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs) and will depend on the performance of the Reference Asset and the Final Index Level at Maturity. Investors should be aware that Series 1, 2 and 3 are designed to provide a profit where there has been a decrease in the Reference Asset below the Strike Level and are not designed to profit from increases in the Reference Asset.

- A 100% loss will occur if the Final Index Level is equal to or above the Strike Level at Maturity. In this case the Final Price per Unit will be $0.
- A partial loss will occur if the Final Index Level is below the Strike Level but higher than the Break-Even Point for the Final Index Level at Maturity. In this case, the Final Price per Unit at Maturity will be positive but below the Issue Price per Unit.
- A gain will be realised if the Final Index Level is below Break-Even Point for the Final Index Level at Maturity. In this case, the Final Price per Unit will be greater than the Issue Price per Unit.

As such, in order to break-even the S&P 500 will need to fall below the Break-Even Point for the Final Index Level at Maturity. These specific points are as follows:

	Series 1	Series 2	Series 3
Break-Even Point for the Final Index Level	**93.73%** of Initial Index Level	**89.665%** of Initial Index Level	**86.095%** of Initial Index Level

Hypothetical Examples

In the examples below we look at various potential hypothetical scenarios for Series 1, 2 and 3. Please note that these are theoretical scenarios only and provided for illustrative purposes only and are not intended to be a forecast, do not indicate past performance, and are not a guarantee that similar returns will be achieved in the future in relation Sequoia – US Equity Hedge – Series 1, 2 and 3. The actual final result for either investment is likely to be different to any of the hypothetical scenarios below and will depend on the actual Final Index Level realised by Maturity for each Series.

If we assume an investor invested in 1,000 Units for each Series 1, 2 and 3, the cash flows would be as follows under these 11 hypothetical scenarios for each Series.

Series 1

Scenario	Total Investment Cost (as a %)	Number of Units	Total Investment Amount	Notional Exposure to S&P 500	Strike Level	Break-Even Point of Final Index Level	Final Index Level as a % of Initial Index Level	Final Price per Unit (as a % of Notional)	Final Value at Maturity	Profit or (Loss)
1	6.270%	1,000	$6,270	$100,000	100%	93.730%	110.0%	0.0%	$0	($6,270)
2	6.270%	1,000	$6,270	$100,000	100%	93.730%	105.0%	0.0%	$0	($6,270)
3	6.270%	1,000	$6,270	$100,000	100%	93.730%	100.0%	0.0%	$0	($6,270)
4	6.270%	1,000	$6,270	$100,000	100%	93.730%	95.0%	5.0%	$5,000	($1,270)
5	6.270%	1,000	$6,270	$100,000	100%	93.730%	93.73%	6.27%	$6,270	$0
6	6.270%	1,000	$6,270	$100,000	100%	93.730%	90.0%	10.0%	$10,000	$3,730
7	6.270%	1,000	$6,270	$100,000	100%	93.730%	85.0%	15.0%	$15,000	$8,730
8	6.270%	1,000	$6,270	$100,000	100%	93.730%	80.0%	20.0%	$20,000	$13,730
9	6.270%	1,000	$6,270	$100,000	100%	93.730%	75.0%	25.0%	$25,000	$18,730
10	6.270%	1,000	$6,270	$100,000	100%	93.730%	70.0%	30.0%	$30,000	$23,730
11	6.270%	1,000	$6,270	$100,001	100%	93.730%	65.0%	35.0%	$35,000	$28,730

Series 2

Scenario	Total Investment Cost (as a %)	Number of Units	Total Investment Amount	Notional Exposure to S&P 500	Strike Level	Break-Even Point of Final Index Level	Final Index Level as a % of Initial Index Level	Final Price per Unit (as a % of Notional)	Final Value at Maturity	Profit or (Loss)
1	5.335%	1,000	$5,335	$100,000	95%	89.665%	110.0%	0.0%	$0	($5,335)
2	5.335%	1,000	$5,335	$100,000	95%	89.665%	105.0%	0.0%	$0	($5,335)
3	5.335%	1,000	$5,335	$100,000	95%	89.665%	100.0%	0.0%	$0	($5,335)
4	5.335%	1,000	$5,335	$100,000	95%	89.665%	95.0%	0.0%	$0	($5,335)
5	5.335%	1,000	$5,335	$100,000	95%	89.665%	93.7%	1.30%	$1,300	($4,035)
6	5.335%	1,000	$5,335	$100,000	95%	89.665%	89.665%	5.335%	$5,335	$0
7	5.335%	1,000	$5,335	$100,000	95%	89.665%	85.0%	10.00%	$10,000	$4,665
8	5.335%	1,000	$5,335	$100,000	95%	89.665%	80.0%	15.00%	$15,000	$9,665
9	5.335%	1,000	$5,335	$100,000	95%	89.665%	75.0%	20.00%	$20,000	$14,665
10	5.335%	1,000	$5,335	$100,000	95%	89.665%	70.0%	25.00%	$25,000	$19,665
11	5.335%	1,000	$5,335	$100,001	95%	89.665%	65.0%	30.00%	$30,000	$24,665

Series 3

Scenario	Total Investment Cost (as a %)	Number of Units	Total Investment Amount	Notional Exposure to S&P 500	Strike Level	Break-Even Point of Final Index Level	Final Index Level as a % of Initial Index Level	Final Price per Unit (as a % of Notional)	Final Value at Maturity	Profit or (Loss)
1	3.905%	1,000	$3,905	$100,000	90%	86.095%	110.0%	0.0%	$0	($3,905)
2	3.905%	1,000	$3,905	$100,000	90%	86.095%	105.0%	0.0%	$0	($3,905)
3	3.905%	1,000	$3,905	$100,000	90%	86.095%	100.0%	0.0%	$0	($3,905)
4	3.905%	1,000	$3,905	$100,000	90%	86.095%	95.0%	0.0%	$0	($3,905)
5	3.905%	1,000	$3,905	$100,000	90%	86.095%	90.0%	0.00%	$0	($3,905)
6	3.905%	1,000	$3,905	$100,000	90%	86.095%	86.095%	3.905%	$3,905	$0
7	3.905%	1,000	$3,905	$100,000	90%	86.095%	85.0%	5.00%	$5,000	$1,095
8	3.905%	1,000	$3,905	$100,000	90%	86.095%	80.0%	10.00%	$10,000	$6,095
9	3.905%	1,000	$3,905	$100,000	90%	86.095%	75.0%	15.00%	$15,000	$11,095
10	3.905%	1,000	$3,905	$100,000	90%	86.095%	70.0%	20.00%	$20,000	$16,095
11	3.905%	1,000	$3,905	$100,001	90%	86.095%	65.0%	25.00%	$25,000	$21,095

Key Risks

Key risks include:

- Risk of 100% loss in relation to the Total Investment Cost and Upfront Adviser Fee. The Total Investment Cost equals the (Issue Price + Application Fee) x Number of Units. Investors may also incur an Upfront Adviser Fee in addition. A 100% loss will occur if the Final Price is $0 per Unit at Maturity. This will be the case if the Final Index Level is equal to or above the Strike Level at Maturity. Investors should be aware that Series 1, 2 and 3 are designed to provide a profit where there has been a decrease in the Reference Asset below the Strike Level and are not designed to profit from increases in the Reference Asset.
- 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 (Issue Price + Application Fee) x Number of Units. Investors may also incur an Upfront Adviser Fee in addition. Investors may incur a partial loss if the Final Price is positive but less than the Issue Price at Maturity. This will occur if the Final Index Level is below the Strike Level but higher than the Break-Even Point for the Final Index Level at Maturity;
- Timing risks. The timing risk is significant. This is because the Investment Term is fixed and the Final Price received at the end of the Investment Term needs to exceed the Issue Price 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;
- Your return is affected by the performance of the Reference Asset. There is no guarantee that the Reference Asset will fall below the Strike Level by the Maturity Date in order for the Final Price to be positive.
- There will be no amount payable at Maturity if the Reference Asset is not below the Strike Level at Maturity.
- Additionally, in the event of an Investor requests an Issuer Buy-Back or there is an Early Maturity Event, you will not receive a refund of the Issue Price or any Fees. The amount received will depend on the market value of the Units which will be determined by many factors including but not limited to the prevailing level and volatility of the Reference Asset, the distance above or below the Strike Level, prevailing Australian and US interest rates and the time to Maturity.
- 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. 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 and Target Market Determination, 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 – US Equity Hedge – Series 1, 2 and 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 Sequoia – US Equity Hedge – Series 1, 2 and 3 Units can only be made by completing an Application Form attached to the Term Sheet Product Disclosure Statement (“Term Sheet PDS”), after reading the Term Sheet PDS dated 6 February 2024 and the Master PDS dated 14 August 2017 and submitting it to Sequoia. A copy of the Term Sheet PDS and Master PDS can be obtained by contacting Sequoia Asset Management on 02 8114 2222 or contacting your financial adviser. You should consider the Term Sheet PDS and Master PDS before deciding whether to invest in Units in Sequoia – US Equity Hedge – Series 1, 2 and 3. Capitalised terms on the webpage have the meaning given to them in Section 10 “Definitions” of the Master PDS or in the Term Sheet PDS.