

Sequoia Agriculture Inflation – Series 1



14 June 2022 Offer Close Date¹

Sequoia has just launched a new investment enabling investors to gain exposure to S&P GSCI Agriculture ER Index with minimal upfront capital and limited downside risk

¹The 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 Agriculture Inflation–Series 1

Sequoia Agriculture Inflation Series 1 (“**Series 1**”) is a structured investment whereby investors obtain 100% leveraged exposure to any positive performance of S&P GSCI Agriculture ER Index (“**the Reference Asset or Index**”) over a 2 year period with the potential to receive an uncapped Performance Coupon at Maturity dependent on the Index Performance less the Hurdle, adjusted for changes in the AUD/USD exchange rate during the Investment Term.

Your investment is funded via a Limited Recourse Loan (“**the Loan**”) and you are required to pay upfront all Prepaid Interest under the Loan and the Application Fee before the investment commences on the Commencement Date. The Prepaid Interest plus the Application Fee is referred to as the Total Investment Cost for Series 1.

Summary of the key features are as follows

Sequoia Agriculture Inflation – Series 1	
Reference Asset/Index	S&P GSCI ER Agriculture ER Index (Bloomberg Ticker: SPGCAGP)
Potential Performance Coupon	Yes, there is potential for an uncapped Performance Coupon at Maturity based on the Series Performance at Maturity
Series Performance	Index Performance at Maturity less the Hurdle, adjusted for any changes in the AUD/USD exchange rate during the Investment Term.
Index Performance	Performance of the S&P GSCI ER Agriculture ER Index between the Commencement Date and Maturity Date
Hurdle	6%*
Currency Exposure	Yes, the potential Performance Coupon at Maturity is adjusted for changes in the AUD/USD exchange rate during the Investment Term.
Limited recourse Loan	Yes. Investors borrow 100% of the Investment Amount.
Investment Term	2 years
Annual Interest Rate on Loan	8.4%% p.a.
Application Fee	1.75% including GST
Total Investment Cost	18.55% (payable upfront)
Break-Even Point	The Performance Coupon at Maturity needs to be equal to or greater than 18.55% in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs). Refer to section 4 of the Term Sheet IM for more information.
Maximum Loss	Due to the limited recourse 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

**The existence of the Hurdle gives rise to a lower Annual Interest Rate on the Loan compared to the Annual Interest Rate that would be otherwise payable on a Loan obtained to acquire Units where no such Hurdle existed, however, the Hurdle also reduces the Performance Coupon that would be otherwise payable (if any) where no such Hurdle existed.*

The S&P GSCI ER Agriculture Index

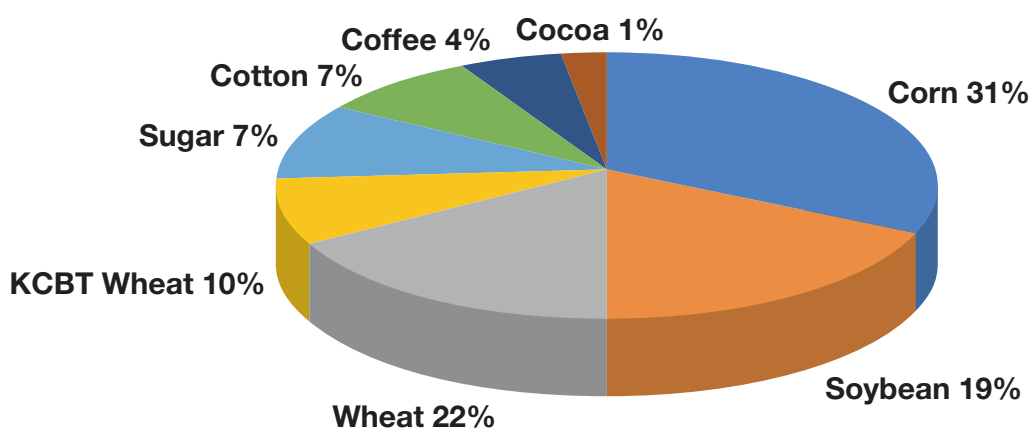
The S&P GSCI Agriculture ER Index (Bloomberg Ticker: SPGCAGP), a sub-set of the S&P GSCI commodities index, aims to provide investors with a reliable and publicly available benchmark for investment performance in the agricultural commodity markets.

Diversification

The Index is diversified across eight individual commodities futures contracts. The individual underlying commodity allocation of the Index as at 18 May 2022 was;

- (1) Corn (30.71%)
- (2) Soybean (18.57%)
- (3) Wheat (21.80%)
- (4) KCBT Wheat (9.54%)
- (5) Sugar (7.04%)
- (6) Cotton (7.13%)
- (7) Coffee (4.09%)
- (8) Cocoa (1.13%)

Weights: SPGCAGP



Scenario Outcomes:

Assuming you wish to get exposure to S&P GSCI Agriculture ER Index with minimal upfront capital and limited downside risk, you decide to take out a limited recourse loan of \$50,000 and invest the proceeds into Sequoia Agriculture Inflation – Series 1. The cashflow scenarios are below:

Agriculture Inflation – Series 1	
Investment Amount	\$50,000
Loan	(\$50,000)
Prepaid Interest for 2 year Investment Term (8.4% p.a.)	(\$8,400)
Application Fee including GST (1.75%)	(\$875)
Total Investment Cost*	(\$9,275)

*This excludes any Upfront Adviser Fee

Hypothetical Examples

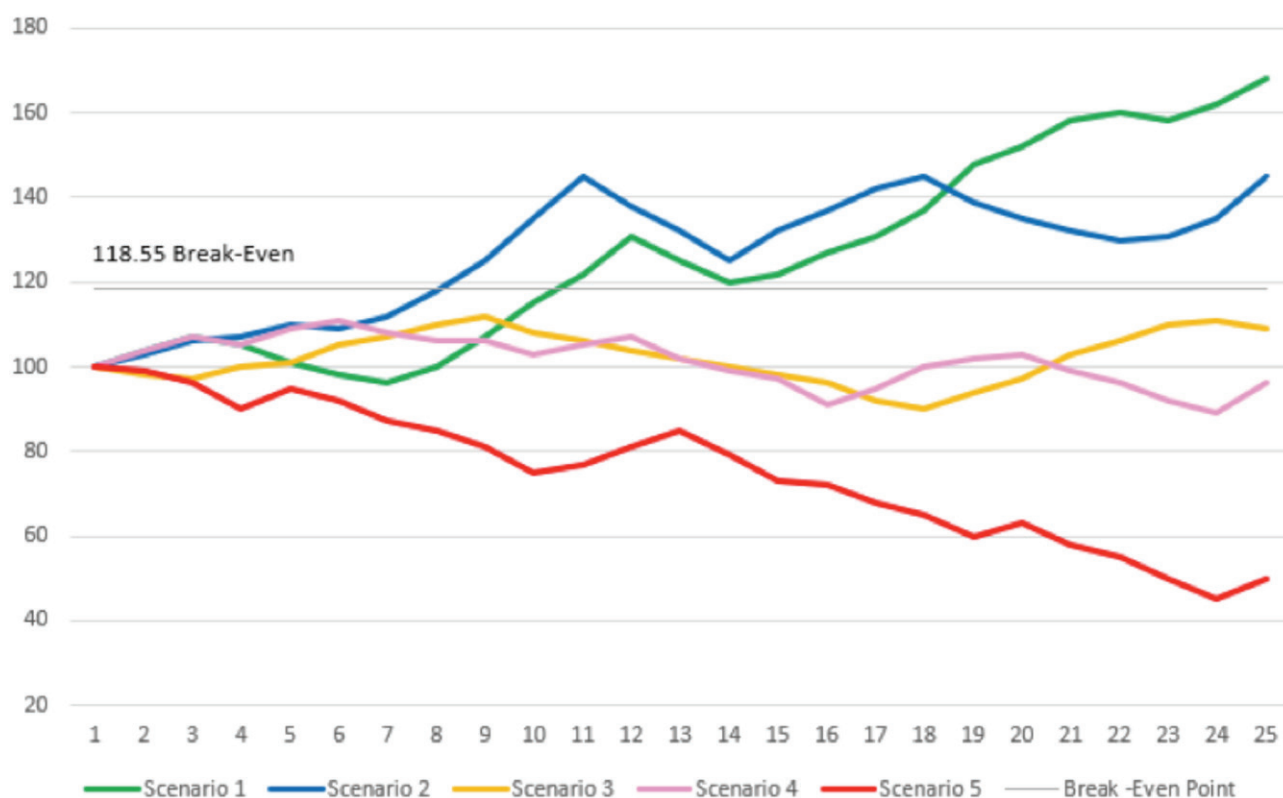
In the example below we look at 5 potential hypothetical scenarios. Please note that these are theoretical scenarios only and provided for illustrative purposes only and are not intended to be a forecast, do not indicate past performance, and are not a guarantee that similar returns will be achieved in the future. The actual final result for this investment at Maturity is likely to be different to any of the hypothetical scenarios below and will depend on the actual Series Performance realised at Maturity. Returns are not guaranteed.

If we assume, \$100,000 Loan Amount and Investment Amount, the cash flows will be as follows under these 5 hypothetical scenarios

	Total Investment Cost	Series Performance	Above Break-Even Point	Net Performance Coupon at Maturity	Net Profit/(Loss)*
Scenario 1	(\$18,550)	68%	YES	\$68,000	\$49,450
Scenario 2	(\$18,550)	45%	YES	\$45,000	\$26,450
Scenario 3	(\$18,550)	13%	NO	\$13,000	-\$5,550
Scenario 4	(\$18,550)	-10%	NO	\$0	-\$18,550
Scenario 5	(\$18,550)	-50%	NO	\$0	-\$18,550

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

Hypothetical Scenarios



Total Investment Cost – Examples

	Minimum		
Investment Amount	\$50,000	\$100,000	\$250,000
Loan	(\$50,000)	(\$100,000)	(\$250,000)
Prepaid Interest for 2 year Investment Term (8.40% p.a.)	(\$8,400)	(\$16,800)	(\$42,000)
Application Fee including GST (1.75%)	(\$875)	(\$1,750)	(\$4,375)
Total Investment Cost*	(\$9,275)	(\$18,550)	(\$46,375)

**This excludes any Upfront Adviser Fee

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 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 equal to or below +6% at Maturity. In such circumstances no Performance Coupon will be paid and Investors will incur a 100% loss in relation to the Total Investment Cost and Upfront Adviser Fee;
- 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 at Maturity is positive but less than the Break-Even Point;
- Timing risks. The timing risk associated with Series 1 is significant. This is because the Investment Term is fixed and the Series Performance is required to at least generate some positive performance over and above 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 then Investors will generate a loss;
- The potential Performance Coupon is determined by reference to the Series Performance. The Series Performance is determined by reference to the Index Performance less the Hurdle, adjusted for 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 Performance Coupon whilst a decrease in the AUD/USD rate between the relevant dates will lead to an increase in the 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, agricultural commodity prices, the remaining time to Maturity, and general market risks and movements. Depending on these various factors there is a risk the buy-back price is zero at the time an Issuer Buy-Back is requested. Should this be the case then investors will incur a 100% loss of their investment if they proceed with completing the Issuer Buy-Back at that time. Investors should be aware the Units are designed to be held to Maturity and are not designed to be 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 IM for more information.

**To find out more and to download a copy of the relevant
Term Sheet Information Memorandum, 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 Agriculture Inflation – Series 1 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 Agriculture Inflation Series 1 Units can only be made by completing an Application Form attached to the Term Sheet Information Memorandum (“Term Sheet IM”), after reading the Term Sheet IM dated 25 May 2022 and the Master IM dated 11 April 2019 (“Master IM”) and submitting it to Sequoia. A copy of the Term Sheet IM and Master IM can be obtained by contacting Sequoia Asset Management on 02 8114 2222 or contacting your financial adviser. You should consider the Term Sheet IM and Master IM before deciding whether to invest in Units in Sequoia Agriculture Inflation – Series 1. Capitalised terms on the webpage have the meaning given to them in Section 10 “Definitions” of the Master IM.

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