

Sequoia Commodities Series 13



The Bloomberg Commodity Index 25 November 2022 Offer Close Date¹

Sequoia has just launched a new investment providing investors with 100% leveraged exposure to the Bloomberg Commodity Index over a 2 year period

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 Commodities Series 13

Sequoia Commodities Series 13 (“**Series 13**”) is a structured investment whereby investors obtain 100% leveraged exposure to any positive performance of the Bloomberg Commodity 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 13.

Any potential return on this investment is received in the form of a Performance Coupon payable at Maturity. This is based on Index Performance at Maturity applied to the full leveraged Investment Amount, adjusted for changes in the AUD/USD exchange rate during the Investment Term.

As such, in order for any investors to generate a profit on this investment (excluding any Upfront Adviser Fee and any external costs, such as tax), the Performance Coupon needs to exceed the Total Investment Cost. Therefore, the Total Investment Cost equals the Break-Even Point (as defined in section 2 and 4 below). If the Performance Coupon at Maturity does not exceed the Break-Even Point at Maturity then investors will generate a loss.

Minimum Amounts Payable

Minimum Prepaid Interest	\$19,100
Minimum Application Fee	\$1,950
Minimum Total Investment Amount (excluding any Upfront Adviser Fee)	\$21,050

The Minimum Amounts Payable above is the minimum cost Investors will be required to pay to invest in Units and relate to amounts payable for a Minimum Loan Amount of \$100,000 which is used to fund the purchase of the Minimum Number of Units of 100,000 Units at \$1.00 per Unit.

Summary of the key features are as follows:

Sequoia Commodities Series 13	
Reference Asset / Index	Bloomberg Commodity Index (Bloomberg Ticker: BCOM) https://www.bloomberg.com/quote/BCOM:IND
Potential Performance Coupon	Yes, there is potential for an uncapped Performance Coupon at Maturity based on the Index Performance at Maturity adjusted for any changes in the AUD/USD exchange rate during the Investment Term.
Index Performance	Performance of the Bloomberg Commodity Index between the Commencement Date and Maturity Date
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	9.55% p.a.
Application Fee	1.95% including GST
Total Investment Cost	21.05% (payable upfront)
Break-Even Point	The Performance Coupon at Maturity needs to be equal to or greater than 21.05% in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs). Refer to section 4 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 Bloomberg Commodity Index

The Bloomberg Commodity Index (“**BCOM**” or the “**Index**”) is designed to be a highly liquid and diversified benchmark for commodity investments. BCOM provides broad-based exposure to commodities and no single commodity or sector dominates the Index.

As at the date of this Term Sheet IM, the Index is made up of 23 exchange-traded futures on physical commodities, representing 5 commodity sectors and 21 commodities which are weighted to account for economic significance and market liquidity. The weighting restrictions on individual commodities and commodity groups aim to promote diversification.

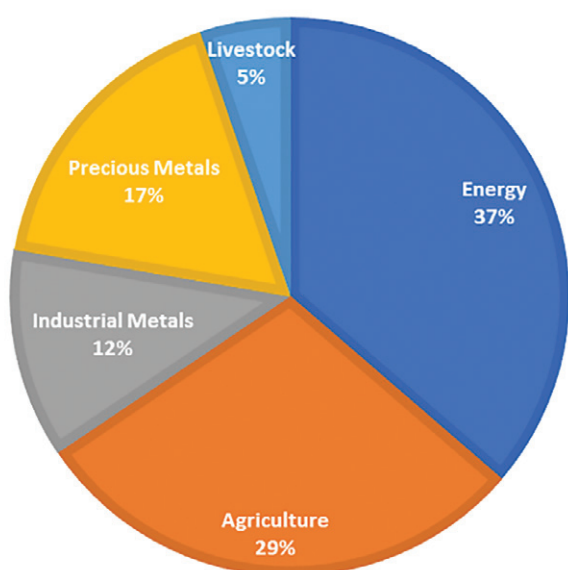
The Index is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

Individual Sector Weights as at 30 September 2022

Sector	Weights
Energy	36.33%
Agriculture	29.24%
Industrial Metals	12.12%
Precious Metals	17.15%
Livestock	5.16%

Sector Allocation

■ Energy ■ Agriculture ■ Industrial Metals ■ Precious Metals ■ Livestock



Individual Constituent Weights as at 30 September 2022

Commodity	Weights
Aluminium (LA)	2.97%
Brent Crude Oil (CO)	6.72%
Chicago Wheat (W)	3.33%
Coffee (KC)	2.48%
COMEX Copper (HG)	4.01%
Corn (C)	5.95%
Cotton (CT)	1.06%
Gold (GC)	13.29%
ULS Diesel (HO)	2.56%
Kansas City Wheat (KW)	2.03%
Lean Hogs (LH)	1.53%
Live Cattle (LC)	3.63%
Low Sulphur Gas Oil (QS)	3.36%
Natural Gas (NG)	13.90%
Nickel (LN)	2.65%
RBOB Gasoline (XB)	2.11%
Silver (SI)	3.86%
Soybean Meal (SM)	3.27%
Soybean Oil (BO)	3.14%
Soybeans (S)	5.40%
Sugar (SB)	2.57%
WTI Crude Oil (CL)	7.68%
Zinc (LX)	2.49%

Examples of Total Investment Cost

Assuming you wish to get exposure to the Bloomberg Commodity Index with minimal upfront capital and limited downside risk, you decide to take out a limited recourse loan and invest the proceeds into Sequoia Commodities Series 13. A few examples of the Total Investment Cost payable depending on the size of the Loan and Investment Amounts are outlined below.

	Example 1	Example 2	Example 3
Investment Amount	\$100,000	\$500,000	\$1,000,000
Loan	(\$100,000)	(\$500,000)	(\$1,000,000)
Prepaid Interest for 2 year Investment Term (9.55% p.a.)	(\$19,100)	(\$95,500)	(\$191,000)
Application Fee including GST (1.95%)	(\$1,950)	(\$9,750)	(\$19,500)
Total Investment Cost*	(\$21,050)	(\$105,250)	(\$210,500)

*This excludes any Upfront Adviser Fee

When will investors generate a profit from Commodities 13

It is important for investors to understand that in order to recoup the Total Investment Cost and generate a profit on this investment then the Performance Coupon at Maturity needs to be equal to or greater than the Total Investment Cost in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs). Expressed as a percentage of the Investment Amount the Performance Coupon at Maturity needs to be equal to or greater than 21.05%. As such, the Series Performance will need to be strong over the next 2 years in order for you to at least break-even and generate a profit.

Hypothetical Examples

In the example below we look at 9 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 is likely to be different to any of the hypothetical scenarios below and will depend on the actual Series Performance realised at Maturity.

If we assume a \$100,000 Loan Amount and Investment Amount, the cash flows would be as follows under these 9 hypothetical scenarios.

Scenario	Investment Amount	Total Investment Cost	Series Performance at Maturity*	Performance Coupon at Maturity	Profit or (Loss)**	ROI***
1	\$100,000	\$21,050	-50%	\$0	-\$21,050	-100%
2	\$100,000	\$21,050	-25%	\$0	-\$21,050	-100%
3	\$100,000	\$21,050	10%	\$10,000	-\$11,050	-52%
Breakeven	\$100,000	\$21,050	21.05%	\$21,050	\$0	0%
5	\$100,000	\$21,050	30%	\$30,000	\$8,950	43%
6	\$100,000	\$21,050	40%	\$40,000	\$18,950	90%
7	\$100,000	\$21,050	50%	\$50,000	\$28,950	138%
8	\$100,000	\$21,050	60%	\$60,000	\$38,950	185%
9	\$100,000	\$21,050	70%	\$70,000	\$48,950	233%

*Series Performance = Index Performance at Maturity adjusted for changes in the AUD/USD exchange rate during the Investment Term

**Excludes any Upfront Adviser Fee

***Calculated as Profit or (Loss) / Total Investment Cost

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 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 13 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 IM for more information.

To find out more and to download a copy of the relevant 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 Commodities–Series 13 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 Commodities–Series 13 Units can only be made by completing an Application Form attached to the Term Sheet Information Memorandum (“IM”) dated 9 November 2022 (“Term Sheet IM”), after reading the Term Sheet IM 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 & Master IM before deciding whether to invest in Units in Sequoia Commodities–Series 13. Capitalised terms in this flyer have the meaning given to them in Section 10 “Definitions” of the Master IM or in the Term Sheet IM.

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