Specialist Investments

Sequoia Launch Series 68

Barclays Multi-Asset Alternative Risk Premia (ARP) Index 9 May 2023 Offer Close Date[1]

Sequoia has just launched a new investment providing investors with 100% everaged exposure to the Barclay's Multi-Asset ARP Index which tracks a diversified portfolio of Alternative Risk Premia ("ARP") strategies

[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 Launch Series 68

The Units in Launch Series 68 ("**Series 68**") offer investors the ability to gain 100% leveraged exposure to the performance the Barclays Alternative Risk Premia Select RC 4% ER USD Index ("**the Barclay's Multi-Asset ARP Index**") for 2 years. This index is a cross-asset, multi-strategy index referencing a portfolio of Alternative Risk Premia (ARP) strategies. This index aims to perform positively under different market environments delivering returns uncorrelated to traditional asset classes (e.g. equities and bonds).

Additionally, Launch Series 68 Units offer:

- The ability to borrow 100% of the Investment Amount via a Limited Recourse Investment Loan for 2 years at a competitive Interest Rate of 2.65% p.a.;
- Potential to receive an uncapped Performance Coupon at Maturity based on the Index Performance at Maturity applied to the 100% leveraged Investment Amount adjusted for changes in the AUD/USD exchange rate;
- Flexibility by offering a "Roll" feature at Maturity giving investors the ability to either:
  - Continue the exposure to the index for an additional 2 year investment term by electing to roll the existing investment into a new Launch Series 68A under substantially the same terms but reset for the new levels of the index. The Issuer anticipates that any Performance Coupon payable to investors will be set off against the Prepaid Interest and Fees due on the new series as selected by the investor; or
  - Investors are not compelled to roll and may walk away at Maturity after receiving the Performance Coupon (if any) (i.e. not electing to "Roll").

Minimum Amounts Payable

Minimum Prepaid Interest	$5,300
Minimum Application Fee	$650
Minimum Total Investment Amount (excluding any Upfront Adviser Fee)	**$5,950**

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:

	Launch Series 68
Reference Asset / Index	Barclays ARP Select RC 4% ER USD Index (BXIIAS4U) (the "Barclays Multi-Asset ARP Index")
Investment Term	2 years
Limited recourse Loan	Yes. Investors borrow 100% of the Investment Amount on a limited recourse basis.
Interest Rate on Loan	2.65% p.a.
Application Fee	0.65% including GST
Total Investment Cost	5.95% (payable upfront)
Minimum Amount Payable (excluding any Upfront Adviser Fee)	$5,950 for a $100,000 Loan Amount and 100,000 Units
Potential Performance at Maturity	Yes, there is potential for an uncapped Performance Coupon to be paid at Maturity dependent on the Index Performance applied to the full leveraged Investment Amount, adjusted for changes in the AUD/USD exchange rate.
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 Coupons payable at Maturity.
Break-Even Point	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 received at Maturity needs to be equal to or greater than 5.95%. Refer to section 10 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.
Annual Roll Feature	Yes, investors will have the option of continuing to remain exposed to the Index for an additional 2 year investment term by electing to "Roll" and rolling their existing investment into a new Launch Series 68A as selected by the investor
Margin Calls	No
SMSF Eligibility	Yes

Barclay's Multi-Asset ARP Index: Launch Series 68

The Barclay's Multi-Asset ARP Index aims to deliver positive performance under different market environments and seeks to generate returns uncorrelated to traditional asset classes. It consists of a portfolio of Barclay's flagship Alternative Risk Premia (ARP) indices that have the objective of extracting risk premia from a variety of asset classes. It is constructed with robust risk management whereby the allocation between each strategy is based on equal risk contribution, along with 4% volatility control mechanism and 120% maximum exposure.

What is an Alternative Risk Premia (ARP) strategy?

Alternative Risk Premia strategies typically involve systematic exposure to alternative sources of returns with long/short strategies. They look to isolate and exploit potential excess returns from exposure to specific quantitative risks such as value vs growth, momentum vs mean reversion or carry. Such strategies are used by hedge funds and asset managers to create diversified portfolios.

Why consider getting exposure to ARP Strategies

Why invest in ARP

1. **Potential to generate returns under different market environments (as "all-weather" strategy)**
2. **Access to differentiated investment exposure that has low correlations to traditional assets**
3. **Potential to offer diversification, enhance risk-adjusted return, and provide drawdown protection to portfolio, especially when both stocks and bonds are not performing**

For illustrative purpose only.

Alternative source of returns through taking advantage of specific market dynamics

Can be found across all asset classes, often involving long-short strategies

Examples of ARP:

Trend-Following/Momentum
Value
Carry
Volatility

Different from Smart Beta or Factor Investing

Smart Beta and Factor Investing are generally long-only strategies, by tilting or adjusting the market/beta exposure

Commonly considered as Alternative Investment in a multi-asset portfolio

Increasing number of investors consider ARP as a more liquid and lower cost alternative to hedge funds and CTAs

Invested by different institutional investors such as pensions, insurance companies and hedge fund allocators since early 2010s

Alternative Risk Premia Strategies

The Barclays Multi-Asset ARP Index tracks the following underlying Alternative Risk Premia strategies.

Strategies Selection

1	Equities	Multi-factor
2	Equities	Value
3	Rates	Volatility
4	FX	Value
5	FX	Liquidity
6	Commodities	Carry (Backwardation)
7	Commodities	Carry
8	Multi-Asset	Momentum

Asset class	Risk premia source	Description
Equities	**Global Opportunities**	Market neutral investment in strategies providing exposure to various equity factors in US, Eurozone, UK and Japan. The strategy combines 16 Barclays equity indices, with quarterly rebalancing and daily FX hedging.
Equities	**Value**	Aims to capture potential alpha in US equity market through a "value" bias. The strategy invests in 4 favoured sectors with a "value" bias based on certain quantitative indicators and then takes a short position in the S&P 500.
Rates	**Volatility (Defensive)**	Aims to provide a defensive overlay by extracting a volatility risk premium present in certain interest rate derivative contracts.
FX	**Value**	Aims to generate returns from G10 currencies whose spot exchange rates have diverged from their fair value. • Seeks to capture moves when currencies mean-revert to their fair value by examining all 45 currency crosses within the G10 currency space; • Takes 1-month forward positions on currency pairs every month that are dislocated from their fair value.
FX	**Liquidity**	Aims to take advantage of potential dislocations caused by the systematic currency hedging of investors in US and foreign equities that have historically had a predictable impact on currency markets. The strategy is long or short a 100% gross position to foreign currencies vs. USD, split evenly across British Pound, Australian Dollar, Swiss Franc, Canadian Dollar, Euro, Japanese Yen and New Zealand Dollar.
Commodities	**Carry (Curve)**	Aims to extract the usual outperformance of commodities that are the most in backwardation* (potentially the least in contango) against a benchmark commodities index ("**the Bloomberg Commodity Index**").* *Backwardation in a commodity occurs when the spot is higher than the forward prices and this may be seen as a signal of current commodity scarcity which is generally a positive price driver.*
Commodities	**Carry (Curve)**	Seeks to extract alpha from the commodities market by using a combination of different investment strategies to take advantage of how the Bloomberg Commodity Index invests along the forward curve of various commodities.
Multi-Asset	**Momentum (Trend-following)**	Aims to provide a systematic and transparent adaptive trend-following strategy using a defensively framed multi-frequency and multi-horizon trend signal, combined with a risk based portfolio construction methodology across 4 different asset classes (excluding equities). The strategy uses advanced trend detection and portfolio construction derived from theoretical and empirical research.

Allocation between each ARP Strategy

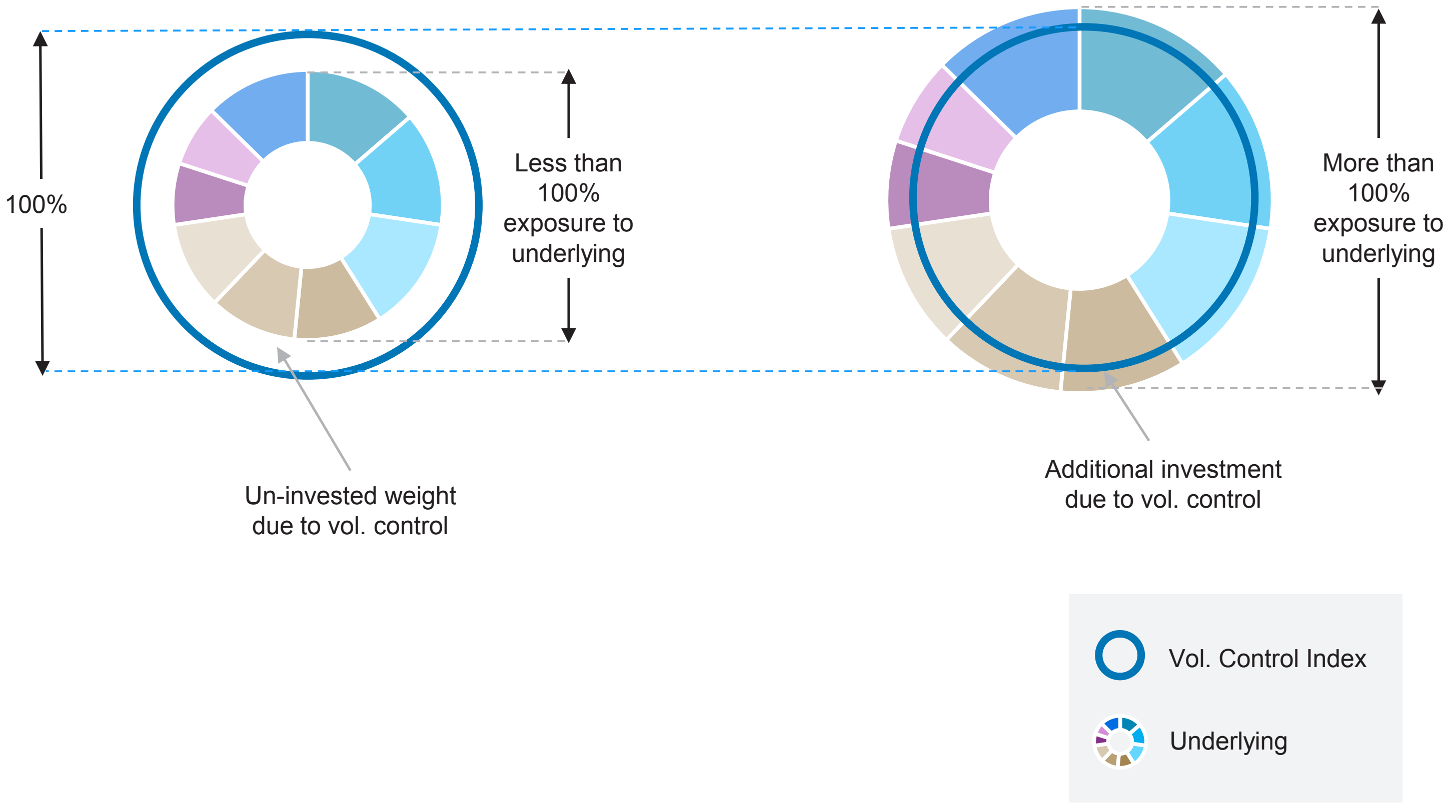
The objective of the Barclays Multi-Asset ARP Index is to create an index with an evenly diversified exposure to each of the underlying ARP strategies, It achieves this by allocating to each underlying ARP strategy by reference to an equal risk contribution concept. It uses a function of realised volatility as the measure of risk to determine the weighting allocated to each strategy before application for the 4% volatility control mechanism (see below) subject to the following exposure caps and a quarterly rebalancing:

The maximum exposure allocated to any strategy within the Equities asset class is 100%. The maximum allocation to any strategy within the Commodities and FX asset classes is 60% and the maximum allocation to the Rates and Multi-Asset asset classes is 50%.

Volatility Control mechanism for the Barclay Multi-Asset ARP Index – Illustrative example

The 4% volatility control mechanism is a technique which dynamically adjusts exposure to underlying asset(s) based on the prevailing level of volatility. This potentially provides investors with more stable performance and reduced drawdowns whilst enabling a lower cost of hedging for the Issuer thereby enabling a lower interest rate.

If the recent volatility of the underlying portfolio of ARP strategies exceeds 4%, the target exposure will be less than 100%, and the residual weight will be uninvested. If the recent volatility of the underlying portfolio of ARP strategies is below 4%, the target exposure to underlying portfolio will be more than 100%, subject to max. leverage level of 120%.



Examples of Total Investment Cost

Assuming you wish to get exposure to the Barclays Multi-Asset ARP Index with minimal upfront capital and limited downside risk, you decide to take out a limited recourse loan and invest the proceeds into Sequoia Launch – Series 68. 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)	($500,00)	($1,000,000)
Prepaid Interest for 2 year Investment Term (2 x 2.65% p.a. x Investment Amount)	($5,300)	($26,500)	($53,000)
Application Fee including GST (0.65%)	($650)	($3,250)	($6,500)
Total Investment Cost*	**($5,950)**	**($29,750)**	**($59,500)**

**This excludes any Upfront Adviser Fee*

When will investors generate a profit from Launch Series 68

It is important for investors to understand that in order to recoup the Total Investment Cost and generate a profit on their investment into Launch Series 68 then the Performance Coupon received 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 received at Maturity ("**Series Performance**") needs to be equal to or greater than 5.95%. The Series Performance is calculated by reference to the Index Performance at Maturity adjusted for changes during AUD/USD exchange rate during the Investment Term. As such, the Series Performance will need to be strong (at least 5.95%) over the next 2 years in order for you to at least break-even and generate a profit in respect of Launch Series 68.

Hypothetical Examples

In the example below we look at 4 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 in relation to Launch Series 68 (or any subsequent series). The actual final result is likely to be different to any of the hypothetical scenarios below and will depend on the actual Series Performance realised by Maturity.

If we assume a $100,000 Loan Amount and Investment Amount, the cash flows would be as follows under these 4 hypothetical scenarios.

		Total Investment Cost*	Series Performance at Maturity*	Performance Coupon at Maturity	Net Profit or (Loss)**
Scenario 1	**Very Strong**	**($5,950)**	**+15.0%**	**$15,000**	**$9,050**
Scenario 2	**Moderately Strong**	**($5,950)**	**+8.0%**	**$8,000**	**$2,050**
Scenario 3	**Weak**	**($5,950)**	**+3.0%**	**$3,000**	**($2,950)**
Scenario 4	**Negative**	**($5,950)**	**0.0%**	**$0**	**($5,950)**

** Series Performance at Maturity is calculated as the Index Performance at Maturity adjusted for changes in the AUD/USD exchange rate expressed as a percentage of the Investment Amount, floored at zero. The actual Series Performance at Maturity will depend on the Index Performance and AUD/USD exchange rate as at the Maturity Date*

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

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 are no Performance Coupon is paid at Maturity. This will be the case if the Index Performance is less than or equal to zero on the Performance Coupon Date;
- 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 during the Investment Term is less than the Break-Even Point;
- Timing risks. The timing risk is significant. This is because the Investment Term is fixed and the Performance Coupon received at the end of the Investment Term needs to exceed the Total Investment Cost 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 Performance Coupon at Maturity is determined by reference to the Index Performance as well as the change in the AUD/USD exchange rate during the Investment Term. An increase in the AUD/USD exchange rate between the Commencement Date and the Performance Coupon Date will reduce any potential Performance Coupon payable (if any) whilst a decrease in the AUD/USD rate between the relevant dates will lead to an increase in the potential Performance Coupon payable (if any). 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;

- Volatility and exposure risk – the volatility control mechanism used by the Index means that if there is high volatility in the relevant underlying portfolio during the Investment Term there is a risk the Index will have little to no exposure to this portfolio during some or all of the Investment Term, which may provide some protection against decreases in the prices of the portfolio comprising the Index however it may also limit the Index's (and the Units') exposure to increases in the prices of the relevant portfolio comprising the Index. To the extent the Index has an exposure primarily to cash as a result of the volatility control mechanism, the Index will be unlikely to generate the Index Performance required for investors to generate a profit;
- 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 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 Launch–Series 68 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 68 Units can only be made by completing an Application Form attached to the Term Sheet Product Disclosure Statement dated 11 April 2023 ("Term Sheet PDS"), after reading the Term Sheet PDS and the Master PDS dated 14 August 2017 ("Master PDS") 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 & Master PDS before deciding whether to invest in Units in Sequoia Launch–Series 68. Capitalised terms in this flyer have the meaning given to them in Section 10 "Definitions" of the Master PDS or in the Term Sheet PDS.