

## Sequoia Commodities – Series 19



### **Diversified Agricultural Commodities 28 August 2023 Offer Close Date<sup>1</sup>**

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

<sup>1</sup>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 Commodities Series 19

Sequoia Commodities Series 19 (“**Series 19**”) is a structured investment whereby investors obtain 100% leverage and exposure to any positive performance of S&P GSCI Agriculture ER Index (“the **Reference Asset** or **Index**”) over an 18 month period with the potential to receive an uncapped Performance Coupon at Maturity dependent on the Index Performance, adjusted for changes in the AUD/USD exchange rate during the Investment Term.

### An Investment in Sequoia Commodities Series 19 Units may suit you if:

- You have a positive view of the Reference Asset over the 1.5 year Investment Term;
- You wish to obtain 100% leverage with no risk of margin calls; and
- You wish to obtain leverage via a limited recourse loan within your investment portfolio or SMSF.

## Summary of the key features are as follows

| Commodities Series 19               |  |
|-------------------------------------|--|
| <b>Reference Asset/Index</b>        | S&P GSCI ER Agriculture ER Index<br>(Bloomberg Ticker: SPGCAGP)  |
| <b>Potential Performance Coupon</b> | Yes, there is potential for an uncapped Performance Coupon at Maturity based on the Series Performance at Maturity.  |
| <b>Series Performance</b>           | Index Performance at Maturity, adjusted for any changes in the AUD/USD exchange rate during the Investment Term.   |
| <b>Index Performance</b>            | Performance of the S&P GSCI ER Agriculture ER Index between the Commencement Date and Maturity Date.   |
| <b>Currency Exposure</b>            | Yes, the potential Performance Coupon at Maturity is adjusted for changes in the AUD/USD exchange rate during the Investment Term.   |
| <b>Limited recourse Loan</b>        | Yes. Investors borrow 100% of the Investment Amount.   |
| <b>Investment Term</b>              | 1.5 years  |
| <b>Annual Interest Rate on Loan</b> | 10.7% p.a.   |
| <b>Application Fee</b>              | 1.7% including GST   |
| <b>Total Investment Cost</b>        | 17.75%<br>(payable upfront)  |
| <b>Minimum Amount Payable</b>       | \$8,875 for a \$50,000 Loan and 50,000 Units<br>The Minimum Amount Payable is the minimum amount an Investor must pay upfront in order to invest in the Units.   |
| <b>Break-Even Point</b>             | The Performance Coupon at Maturity needs to be equal to or greater than 17.75% in order for investors to at least break-even (excluding any Upfront Adviser fee and any external costs).                   |
| <b>Maximum Loss</b>                 | 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. |
| <b>Margin Calls</b>                 | No   |
| <b>SMSF Eligibility</b>             | Yes  |

## 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.

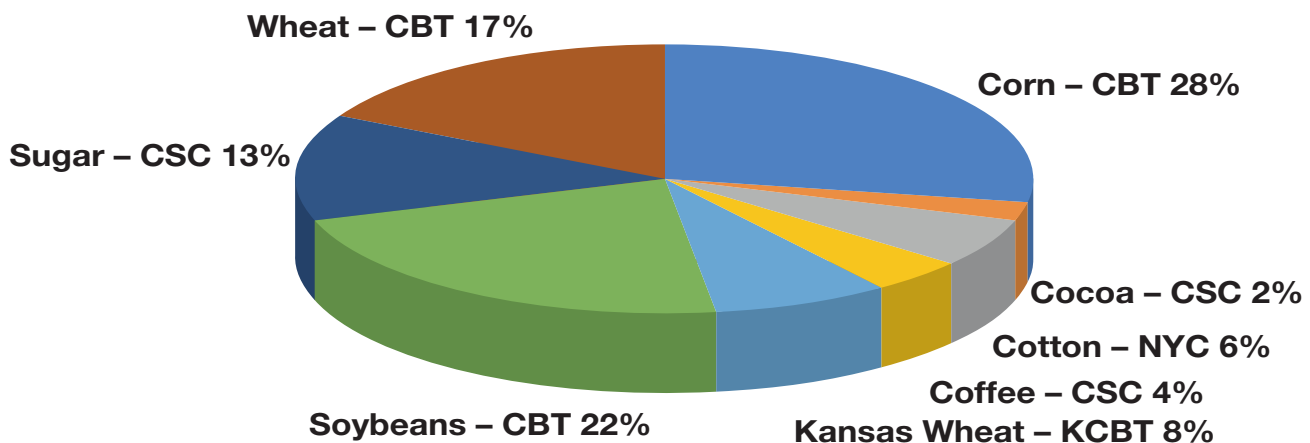
### Diversification

The Index is diversified across eight individual commodities. The individual commodity allocation of the Index is as follows:

#### SPGCAGP – composition as of 11 Aug 2023

| Commodity           | Totals |
|---------------------|--------|
| Corn – CBT          | 28.14% |
| Cocoa – CSC         | 2.28%  |
| Cotton – NYC        | 6.27%  |
| Coffee – CSC        | 4.38%  |
| Kansas Wheat – KCBT | 8.42%  |
| Soybeans – CBT      | 21.45% |
| Sugar – CSC         | 12.51% |
| Wheat – CBT         | 16.54% |

### Index Weighting



## 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 negative at Maturity and in such circumstances no Performance Coupon is paid;
- 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 19 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 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 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, the remaining time to Maturity, and general market risks and movements. 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 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](http://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](http://www.sequoia.com.au)

Units in Sequoia Commodities Series 19 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 19 Units can only be made by completing an Application Form attached to the Term Sheet Product Disclosure Statement (“TSPDS”), after reading the Term Sheet PDS dated 14 August 2023 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 Commodities Series 19. Capitalised terms on the webpage have the meaning given to them in Section 10 “Definitions” of the Master PDS.

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