

Berkshire Hathaway Inc – Class B Shares



Berkshire Launch Series 44 Commencement Date – 31 August 2018¹

Sequoia has just launched a new investment enabling investors to gain exposure to Berkshire Hathaway Inc – Class B Shares with minimal upfront capital and limited downside risk

¹Potential Investors should note that the Issuer retains discretion to move the Commencement Date (and all other consequential dates) for a Series, or not to continue with the issue of a Series of Units on the Commencement Date and terminate any Units in that Series already issued, including where there is a significant change in the Issuer's cost of hedging between the date of this Term Sheet PDS and the Commencement Date.

Berkshire Launch Series 44 – Berkshire Hathaway Inc – Class B Shares

The Units in Berkshire Launch Series 44 offer investors the ability to gain exposure to Berkshire Hathaway Inc Class B Shares with a 13% Volatility Target Mechanism, potential Performance Coupons of up to 10.8%* at the end of Year 1 & Year 2, and an uncapped potential Final Coupon dependent on the Performance of the Strategy Value.

An Investment in Berkshire Launch Series 44 Units may suit you if:

- You have a positive view of the Reference Asset (Series 44) over the 3 year Investment Term;
- You wish to obtain 100% leverage with no risk of margin calls
- You wish to obtain leverage via a limited recourse loan within your investment portfolio or SMSF.

Summary of the key features are as follows

Series 44	
Reference Asset/Basket	Berkshire Hathaway Inc – Class B Shares
Strategy	Reference Asset with 13% Volatility Target
Currency Exposure	USD
Minimum Investment Amount	AUD \$50,000
Minimum Total Upfront Cash Cost	AUD \$11,075
The Potential for 3 Performance Coupons	Two potential Performance Coupons of up to 10.8%* each, at the end of Year 1 & Year 2 plus the potential for an uncapped Final Coupon subject to changes in the AUD/USD exchange rate*
Limited recourse Loan	Yes
Annual Interest Rate on Loan	5.95% p.a.
Application Fee	2.2%
Risk Management Fee	0.7% p.a.
Volatility Mechanism	Yes
Volatility Target	13%
Maximum Participation Rate	100%
Averaging	Yes
Margin Calls	No
SMSF Eligibility	Yes

* as reduced by a 10% Performance Fee

Scenario Outcomes:

Assuming you wish to get exposure to Berkshire Hathaway 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 Berkshire Launch Series 44. The cashflow scenarios are below:

Cash Outlay for Launch Series 44	
Investment Amount	\$50,000
Loan	(\$50,000)
Interest for 3 year Investment Term (5.95% p.a.)	(\$8,925)
Risk Management Fees (0.7% p.a.)	(\$1,050)
Application Fee (2.2%)	(\$1,100)
Total maximum outlay over the Investment Term	(\$11,075)

Investment cash flow Scenarios during the Investment Term for Series 44

Scenario	Investment Amount	Gross Series Performance over 3 years*	Net Cumulative Performance Coupons over 3 years*
1	\$50,000	-15%	\$0
2	\$50,000	0.00%	\$0
3	\$50,000	15%	\$7,500
4	\$50,000	30%	\$15,000
5	\$50,000	45%	\$22,500
6	\$50,000	60%	\$30,000

*Includes Performance Coupons paid after Year 1 and Year 2 (if any) and the Final Coupon net of 10% Performance Fee and after the impact of any changes in the AUD/USD exchange rate.

The above scenario outcomes are in no way indicative of future performance of the Berkshire Launch Series 44 product.

Total Upfront Cash Cost – Examples

Cash Outlay for Launch Series 44	Minimum		
Investment Amount	\$50,000	\$100,000	\$250,000
Loan	(\$50,000)	(\$100,000)	(\$250,000)
Interest for 3 year Investment Term (5.95% p.a.)	(\$8,925)	(\$17,850)	(\$44,625)
Risk Management Fees (0.7% p.a.)	(\$1,050)	(\$2,100)	(\$5,250)
Application Fee (2.2%)	(\$1,100)	(\$2,200)	(\$5,500)
Total Upfront Cash Cost	(\$11,075)	(\$22,150)	(\$55,375)

Key Risks:

Key risks include:

- Your return is affected by the performance of the Reference Asset. There is no guarantee that the Reference Asset will perform well. If the Reference Asset performs negatively during the Investment Term you could lose some or all of your invested capital.
- The Units for Series 44 have varying levels of exposure to the Reference Asset depending on volatility due to the variable Participation Rate. It operates by varying the exposure that the Units will have to the Reference Asset depending on the Realised Volatility of the Berkshire Hathaway Inc Class B Shares and the Target Volatility. There is the risk that the Participation Rate could drop to significantly below 100% during the Investment Term in which case Investors will not gain the full benefits of an increase of the value of the Reference Asset.
- Investors in Series 44 should note that there is a lag in measuring the Realised Volatility of the Reference Asset. This means that where there has been a period of high Realised Volatility, the Investor's exposure to the Reference Asset will be low, regardless of whether the Reference Asset is performing positively or negatively.
- The two potential Performance Coupons and the Final Coupon are determined by reference to the Initial Strategy Value, the Strategy Value on the relevant Coupon Determination Dates and the Final Strategy Value as well as changes in the AUD exchange rate. An increase in the AUD/USD exchange rate between the relevant dates will reduce the Performance Coupons and Final Coupon whilst a decrease in the AUD/USD rate between the relevant dates will lead to an increase in the Performance Coupons and Final Coupon;
- The Initial Strategy Value and Final Strategy Value are subject to averaging. Averaging may decrease the impact of an increase in the Reference Asset during the Investment Term;
- There is no guarantee that the Units will generate returns in excess of any 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 any Fees.
- Investors are subject to counterparty credit risk with respect to the Issuer and the Hedge Counterparty;
- 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 Sequoia Launch Series Master PDS for more information.

**To find out more and to download a copy of the relevant
Product Disclosure Statements, 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 Units – Series 44 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 Units – Series 44 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 8 August 2018 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 Launch Units – Series 44. Capitalised terms on the webpage have the meaning given to them in Section 10 "Definitions" of the Master PDS.

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