

Issued by Sequoia Specialist Investments Pty Ltd
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**JJC CONSULTANTS PTY LTD <NEW LINE
 MANAGEMENT SUPERANNUATION FUND>
 VILLA 253 301 GALSTON ROAD
 GALSTON NSW 2159
 AUSTRALIA**

**Final Coupon Determination
 Date: 4 April 2022
 Maturity Date: 4 April 2022
 Portfolio Number:
 I90064028377**

Sequoia Launch Series 37B Diversified basket of Global Investment funds

Final Coupon and Maturity Notice

Dear Investor

We refer to your investment in Sequoia Launch - Series 37B, pursuant to the Product Disclosure Statement dated 3 February 2020 (*PDS*).

Please note that your investment matured on 4 April 2022.

This Notice confirms the maturity of your investment and the fact that there is unfortunately no Performance Coupon payable. **Balance of interest paid in advance w/off \$6,041.00**

Series 37B Performance

Date	Strategy Value	Indicative Unit Value*	Gross Performance
28-Feb-2020	96.923	\$1.00	-3.08%
30-Mar-2020	94.892	\$1.00	-5.11%
30-Apr-2020	94.926	\$1.00	-5.07
29-May-2020	95.170	\$1.00	-4.83%
30-Jun-2020	95.254	\$1.00	-4.75%
31-Jul-2020	95.518	\$1.00	-4.48%
31-Aug-2020	96.057	\$1.00	-3.94%
30-Sep-2020	95.715	\$1.00	-4.29%
30-Oct-2020	95.757	\$1.00	-4.24%
30-Nov-2020	96.830	\$1.00	-3.17%
30-Dec-2020	97.608	\$1.00	-2.392%

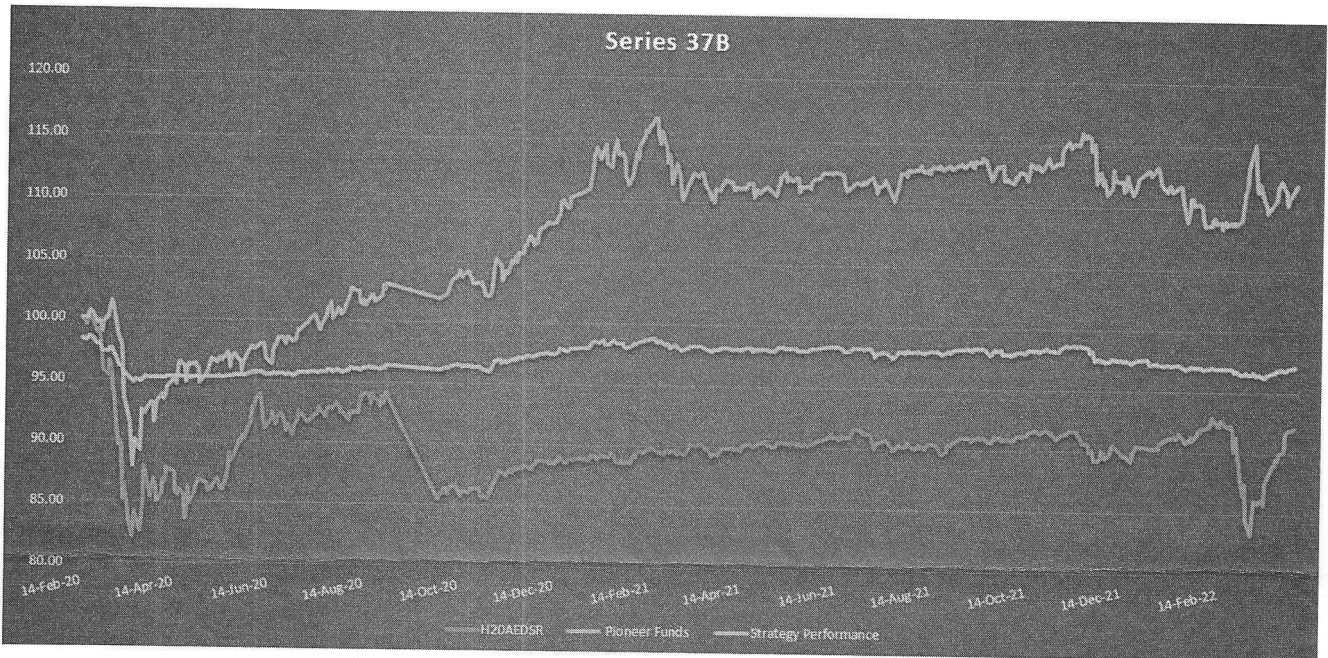
27-Jan-2021	97.793	\$1.00	-2.207%
25-Feb-2021	97.73	\$1.00	-2.39%
31-Mar-2021	97.70	\$1.00	-2.30%
30-Apr-2021	97.664	\$1.00	-2.34%
28-May-2021	97.773	\$1.00	-2.23%
29-Jun-2021	98.21	\$1.00	-1.79%
30-Jul-2021	97.95	\$1.00	-2.05%
31-Aug-2021	98.23	\$1.001	-1.77%
30-Sep-2021	97.88	\$1.000	-2.12%
29-Oct-2021	98.17	\$1.000	-1.83%
30-Nov-2021	97.43	\$1.000	-2.57%
31-Dec-2021	97.19	\$1.000	-2.81%
31-Jan-2022	97.02	\$1.000	-2.98%
28-Feb-2022	96.44	\$1.000	-3.56%
4 April 2022	97.07	\$1.000	-2.93%

As at 4 April 2022, the Strategy Value had generated a negative performance of -2.93%

When attempting to understand the cause of this negative performance, we need to look at how the individual funds included within the Reference Basket have performed. As a reminder, Series 37B included a 50/50 allocation across two Reference Assets ("funds"):

1. Amundi Funds - Multi-Strategy Growth - Class E2 EUR 2 ("Amundi"); and
2. H2O Adagio (Global Currencies and Bonds) ("H2O Adagio").

Individual Fund Performance



Please refer to Appendix A for a further explanation.

Calculation of Coupons for Series 37B

Since the Strategy Value performance was negative at Maturity, no performance Coupon is payable.

In order for any Performance Coupons to be payable on Maturity 4 April 2022, the Strategy Value needed to generate positive performance above 100 by this date. Unfortunately, this did not occur.

	Strategy Value	Performance Coupon payable
Strategy Value as at Commencement Date*	98.305	
Coupon Determination Date of 4 April 2022	97.07	0.0%

*The commencement date in the PDS. This was the Strategy Value of Series 37A at the date of your unwind in Series 37A and reinvestment into Series 37B.

As such, the Series 37B did not declare a Performance Coupon and a Final Performance Coupon is not payable as at 4 April 2022, being the Maturity Date for this investment.

As you did not repay the Loan by the Maturity Date with your own funds, you were deemed to elect the Agency Sale Option in accordance with the terms of the PDS. The Delivery Parcel was deemed to have been sold on your behalf by the Custodian with the resulting Sale Monies used to repay the amount outstanding under your Loan. The surplus will be paid to you and this statement confirms the payments made to you following Maturity.

Final Value:

The Final Value of the Units is \$1.00 per Unit.

The calculation of the value of the **Delivery Parcel** per Unit is as follows:

$$\begin{aligned}\text{Value of Delivery Parcel} &= \text{Final Value per Unit } (\$1.00) \times \text{Number of Units held as at the} \\ &\text{Maturity Date} \\ &= \$1.00 \times 400000 \\ &= \$400000\end{aligned}$$

The Delivery Parcel was deemed to have been sold by the Custodian [or its nominee] on your behalf and, as there were no Delivery Costs applicable, the total Sale Monies equals the value of the Delivery Parcel set out above.

Outstanding Loan:

The outstanding Loan Amount for each Unit held as at the Maturity Date was \$1.00 per Unit which is a total of \$100,000

$$\begin{aligned}\text{After the Sale of the Delivery Parcel, the Loan Amount outstanding is:} \\ \text{Loan Amount Outstanding} &= \$400000 - \$400000 \\ &= \mathbf{\$0.00}\end{aligned}$$

No further statements are expected to be sent in regard to this investment. If you require any further information regarding this letter or your investment, please talk to your financial adviser or Sequoia Specialist Investments. This statement contains information that you may use to lodge your income tax return. This statement does not constitute tax advice. Investors should seek their own independent professional tax advice in relation to this investment and when using this statement to lodge their tax return.

Appendix A Performance Explanation Sequoia Launch Series 37B

The purpose of this Appendix A is to provide investors with a further explanation of the performance of their investment in Sequoia Launch Series 37B which matured on 4 April 2022.

Clearly, the -2.93% performance at Maturity is a very disappointing result, particularly given that no performance coupons have been paid since the commencement of the first related Sequoia Series 37 on 4 April 2022.

When attempting to understand the cause of this lack of performance, we need to look at how the individual funds included within the Reference Basket have performed. As a reminder, Series 37B included a 50/50 allocation across two Reference Assets ("funds"):

1. Amundi Funds - Multi-Strategy Growth - Class E2 EUR 2;
2. H2O Adagio (Global Currencies and Bonds) ("H2O Adagio").

Individual Fund Performance

	Amundi Funds	H2O Adagio	Reference Basket Performance
Performance at 4 April 2020*	-6.3%	-14.3%	-10.4%
Performance at 4 April 2021**	+11.6%	-11.2%	+0.2% ¹
Performance at 4 April 2022***	+11.94%	-7.82%	+2.06% ¹

*1st Coupon Determination Date for Series 37B

**2nd Coupon Determination for Series 37B

***3rd Coupon Determination for Series 37B

¹No Performance Coupon was payable on either 4 April 2021 or the 4 April 2022 as the Strategy Value on both these dates was still below 100 notwithstanding the positive Reference Asset Performance since the Commencement Date of Series 37B. This is due to the fact that:

- the starting point for Series 37B was -1.695% as the Strategy Value on the Commencement Date was 98.305; and
- the average Participation Rate applicable to the performance of the Reference Basket was significantly below 50% during the Investment Term due to the impact of the Target Volatility mechanism. As such, the increase in the Strategy Value was much less than the increase in the Reference Basket leading into the Maturity Date.

Amundi Funds - Multi-Strategy Growth

We can see from the performance graph on page 2 that the March 2020 Covid crash had quite a devastating effect on the ability of the Amundi Fund to deliver a strong performance by the First Coupon Determination Date on 4 April 2020. It dropped to approx -6.3% by the end of March 2020. It did however have a strong recovery during the second half of 2020 and early 2021 in line with the rebound in global equity markets generally. However, since early 2021 the Amund Fund has remain relatively flat and was unable to further contribute to the overall performance of Series 37B during the remainder of the Investment Term.

H2O Adagio

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Whilst Amundi was able to generate some decent overall performance by the Maturity Date, H2O Adagio was a vastly different story. Not only was it hit by a massive drop during the March 2020 Covid crash (approx -17% at its worst point), it was also impacted by a significant outflow of funds following a suspension of the fund during late August 2020 after the French finance regulator, Autorité des Marchés Financiers (AMF), cited issues surrounding the valuation of its non-listed private securities.

You can see from the performance graph the massive drop in the H2O Adagio unit price during the March 2020 period. It recovered to a -4.98% performance by August 2020 when the fund's units were then suspended for redemptions. On 28 August, the AMF asked H2O to suspend the subscriptions and redemptions of its three French-domiciled UCITS funds H2O Allegro, H2O MultiBonds and H2O MultiStrategies "to protect the interests of unit holders and the public."

<https://www.amf-france.org/en/news-publications/news-releases/amf-news-releases/amf-confirms-having-requested-suspension-subscriptions-and-redemptions-units-three-french-domiciled>

This decision by the AMF was motivated by valuation uncertainties on the significant exposure of these funds to "private" securities. H2O subsequently decided to extend the suspension to five other funds, including H2O Adagio, which it said were "also exposed to these securities."

In a statement at the time, H2O said: 'This suspension period is temporary, and should last around four weeks, during which H2O will actively manage the portfolios while creating, for the seven above-mentioned Ucits, "side pockets" that will hold the "private" securities.'

Subsequent to these changes being completed, Series 37B tracked the units in a new fund similar to the initial one, but without any "private" securities. In addition, Series 37B tracked units of the corresponding side-pocketed fund holding the "private" securities. H2O's objective has been to sell those private securities in the best possible terms, via the completion of an "Evergreen contract", or via alternative routes. Until this occurred however it was not possible for unitholders to sell their units in this side pocketed fund.

This meant that Series 37B obtained exposure to two new H2O Adagio funds after the suspension event providing exposure to:

- i) liquid assets; and
- ii) illiquid private securities (Side pocket).

Given the inability of our Hedge provider to sell the units of the illiquid pocket, this has led to a significant impact on fund valuations during the investment term of Series 37B. This was further compounded by the preceding March 2020 Covid crash. Simply, it has not been possible to sell the units in the illiquid pocket during the remaining investment term of Series 37B. This is why we can see a vertical drop in the performance line in the graph. In essence the illiquid pocket is attributed a zero value since it is impossible to sell the units in that fund. In order for any value to be attributed to the illiquid pocket by the Maturity Date of Series 37B (4 April 2022), H2O Adagio needed to complete the sale of the underlying securities held by that fund and to distribute those proceeds to investors. This unfortunately has not occurred as at 4 April 2022 and so the Issuer (via the Hedge provider) has been unable to realise any value for investors in relation to this part.

As far as the fully liquid pocket is concerned, it has started to recover somewhat but again its performance has been rather subdued since it does not have any exposure to equities at all. As such, it has not been able to recoup the loss suffered from the illiquid pocket.

This is why the overall performance for H20 Adagio as at 4 April 2022 remains at -9.11%.

Conclusion

In conclusion, the poor performance of Series 37B has been a very disappointing result for our investors and a very unfortunate outcome in our view. The crash in financial markets in March 2020 was clearly unforeseen by investors worldwide and gave rise to a very large negative impact on both the Amundi Fund and H20 Adagio funds. This was probably one of the worst crashes in history given the magnitude and pace of the crash as well as the breadth of asset classes impacted. However, when this was combined with the subsequent suspension of H20 Adagio units and split-off of the illiquid assets into a side pocket which were unable to be sold by H20 Adagio by 4 April 2022, there was unfortunately no further hope of realizing any value for our investors for this investment.

Should you have any queries in relation to performance or anything discussed above please feel free to contact Sequoia Specialist Investments Pty Ltd at invest@sequoia.com.au or Ph +61 2 8114 2203

Your sincerely

Sequoia Specialist Investments Pty Ltd

Disclaimer

Units in Sequoia Launch Units – Series 37B were issued by Sequoia Specialist Investments Pty Ltd (ACN 145 459 936) (the “Issuer”) and arranged by Sequoia Asset Management Pty Ltd (ABN 70 135 907 550, AFSL 341506) (the “Arranger”).

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