
From: Paul Morris [REDACTED]
Sent: 2/10/2015 7:53:37 PM
To: Stewart Oldfield [REDACTED]
Subject: Fw: Swaps + high dividends - an interesting combination... [C]

Classification: Confidential

From: Daniel Sabba
Sent: Tuesday, February 10, 2015 07:31 PM
To: jeffrey E. <jeevacation@gmail.com>
Cc: Vahe Stepanian; Paul Morris; Richard Kahn [REDACTED]; Jay Lipman
Subject: Swaps + high dividends - an interesting combination... [C]

Classification: **Confidential**

Jeffrey,

We came across with the following structure that takes advantage of high dividends to finance the funding of an excess return swap with floored downside. I thought it was clever... Interested in hearing your thoughts. If you would like we can refresh pricing.

Structure linked to Stoxx Low Beta High Dividend Index

Index Description

The STOXX Europe Low Beta High Div 50 Index is derived from the STOXX Europe 600 Index. To be eligible for inclusion in the new index, companies must have a net dividend yield for the past twelve months that is higher than the overall net dividend yield of the EURO STOXX 50 Index over the same time period. All those companies are then screened for their beta to the EURO STOXX 50 Index over the past twelve months, and only those 50 companies with the lowest beta are selected. A cap of eight companies per country is applied to ensure diversification in the index.

The STOXX Europe Low Beta High Div 50 Index is weighted by liquidity measured through components' three month average daily trading volume (ADTV), with a single component's weight cap of 5 percent. The index is reviewed annually in December, with the cutoff date for dividend yield and beta data being the last trading day of the previous month.

Structure Terms

Tenor: 5 Yrs
Counterparty: Deutsche Bank
Format: Swap
Ccy: USD

Underlying: STOXX Europe low Beta High Div 50 Price Return Index (SDB50EP Index)

Participation Factor : **120% to the positive performance of the underlying**
(PF)

Performance: (Underlying Final - Initial)/Initial

At Maturity: If Performance is positive: Client Receives + PF * max (0%, Performance)
i.e. Client participates 1.2x in the upside performance of the index, uncapped

If Performance is negative, no settlement

Client Pays: USD3mLibor + 1.55% p.a.

Benefits