

Subject: [/] Trade Idea - Continued FAANG upside
From: Martin Zeman <[REDACTED]>
Date: Wed, 25 Jul 2018 12:43:21 -0400
To: "Paul Barrett ([REDACTED])" <[REDACTED]>
Cc: Nadean Novogratz <[REDACTED]>,
Xavier Avila <[REDACTED]>,
Devin Anderson <[REDACTED]>,
Davide-A Sferrazza <[REDACTED]>,
Stewart Oldfield <[REDACTED]>,
Courteney B Fornal <[REDACTED]>,
Joe Kruey <[REDACTED]>

Paul,

I'd like to introduce you to our Equity Derivatives sales team downtown. The team is run by Devin Anderson and includes all the CC:d people that you don't already know. They have a ton of great ideas and produce good content that I think you could benefit from. Considering your focus on tech stocks, below is an idea that the team is showing out today.

I will reach out to you later this afternoon so we can put something on the calendar for a call later today or tomorrow.

Buy worst of calls on FB, AMZN, AAPL, NFLX, and GOOGL

These FAANG stocks have had a massive run over the past few years but given sentiment around these names, the party could continue for longer. Outright long positions may be hard to hold, especially with upcoming earnings for FB (today after close), AAPL (31st July), and AMZN (26th July), so calls cheapened by the 'worst of' feature can provide a low cost way to position for a continuing rally in the theme.

Buy Oct-18 ATM worst of call on FAANG for 1.75%. For a longer-dated trade, Buy Jan-19 ATM worst of call on FAANG for 2.4%

Worst-off-calls are significantly cheaper than equally weighted basket and vanilla equivalents

Expiry

ATM Call Premia

18-Oct

19-Jan

Worst-of-call

1.75%

2.40%

Equally Weighted Basket

4.80%

7.10%

FB

5.40%

8.10%

AMZN

5.70%

8.60%

AAPL

3.85%

5.85%

NFLX

7.65%

10.95%

GOOGL

4.00%

6.50%

Cost of WoC looks attractive in context of historical payoffs for both Oct-18 and Jan-19 maturities

{cid:image001.png@01D423F3.0719BF60}

{cid:image002.png@01D423F3.0719BF60}

Martin

{cid:image001.gif@01D259D5.3E2DF0F0}

Martin Zeman
Director | Key Client Partners

Deutsche Bank Wealth Management
DB Securities Inc

345 Park Avenue, 10154-0004 New York, NY, USA

Tel. [REDACTED]

Mobile [REDACTED]

Email [REDACTED]

KCP products and services are intended and available only for persons who are sophisticated institutional investors within the meaning of the FINRA Rule 4512(C)(3), and who are capable of evaluating the strategies, characteristics and investment risks of, and exercising independent judgment in evaluating, the ideas and products discussed herein. Trades and transactions are subject to relevant internal approvals of DBSI or its affiliates prior to execution, and the execution of any transaction or idea discussed herein is conditional on your becoming a client of Deutsche Bank. Key Client Partners (KCP) products, investment ideas and solutions and related matters discussed herein are provided for discussion purposes only,

and strictly on a non-advisory basis. The KCP Americas desk does not provide investment advice. The information set forth herein is confidential and personal to you and is being presented for your information and for discussion purposes only. Any reproduction and/or redistribution thereof (in whole or in part) or disclosure of its content without our written consent is strictly forbidden. This communication does not create any legally binding obligation on the part of DBSI or any of its affiliates.