

From: Jeffrey Epstein [jeevacation@gmail.com]
Sent: 12/20/2013 9:34:08 AM
To: Paul Morris [REDACTED]
Subject: Fwd: Japanese Equity Basket... [C]

----- Forwarded message -----

From: Tazia Smith <[REDACTED]>
Date: Wed, Dec 18, 2013 at 2:31 PM
Subject: Japanese Equity Basket... [C]
To: jeevacation@gmail.com
Cc: [REDACTED], Paul Morris <[REDACTED]>, Vahe Stepanian <[REDACTED]>

Classification: Confidential

Jeffrey -

Now that the FOMC decision is behind us (with the \$10bn taper we just talked about), here is the basket of single-name Japanese equities that we put together to build on your bullish view (presently in DXJ).

To incorporate your bearish yen view, we could quanto this basket like we talked about...in note form, we priced 13mos with HSBC, comes to a 95% participation eg. if the basket was up 18%, note would be up 17.1%; if basket is down 10%, note is down 9.5%. max loss 95% of principal (indicative levels only, subject to market movement, as of 12/18/13).

We can look to add to your yen short position opportunistically as an alpha overlay (USDJPY now at 103.40).

Let us know your thoughts,

Tazia

| Sector | Company | Ticker | Current Price | DB Price Target | % |
|------------------------------|----------------|----------------|---------------|-----------------|-----|
| Auto | Toyota | 7203 JP Equity | 6180 | 8000 | 29% |
| Retail | Rukaten | 4755 JP Equity | 1496 | 1710 | 14% |
| Finance | Resona | 8308 JP Equity | 506 | 650 | 28% |
| Consumer Electronics | Panasonic | 6752 JP Equity | 1158 | 1300 | 12% |
| Automation Equipment | Omron* | 6645 JP Equity | 4105 | 4426 | 8% |
| Shipping | Kawasaki Kisen | 9107 JP Equity | 236 | 280 | 19% |
| Average implied up/downside: | | | | | 18% |

* Not covered by DB. Price target reflects Bloomberg Average target.

Indicative levels, subject to market movement. Source: Bloomberg and DB Global Markets Research 12/16/13.