14.71 on 10/16; 1-year average is 14.95) on reports of a fast-tracked Washington debt deal.

- § Emerging Market absolute return note
  - § EEM 2yr twin win, 72% barrier (observed daily at market close), 25% cap; priced on 10/16/13
    - § Have 2mm lead order; will close if EM volatility increases to improve terms
    - § EEM is down 6.92% YTD – good entry point
    - § Global Markets expects recent emerging markets slowdown to reverse given positive outlook in developed economies and predicted soft landing for China but downside risk exists if Fed reverses QE too quickly
    - § Barrier ~31 has not been breached since 2009
    - § EM currency weakness should continue with Fed set to taper in late 2013 or early 2014 – might want to hedge currency risk
- § CROCI (Cash Return on Capital Invested) U.S. Dividends Structured Note
  - § 3-Year Delta-1, Total Return Note (less adjustment factor of 1.5% per annum) on CROCI U.S. Dividends (DBUSSDUT); DB AG is issuer (A2/A+)
    - § Fees: 1% up-front with 1% trailer in Years 2 and 3
    - § Puttable daily with 0.50% repurchase fee and annually without fee
    - § We would need to create at least 1mm in demand to close
  - § Has outperformed S&P by 3.4% YTD (as of 8/30/13) and 7.8% annualized over last 5 years
- § Short Euro, Long SPX
  - § Dual Digital Option Format – Maturity: 6 months, Offer: 18% of payout
    - § If SPX is greater than 102% of initial value and the EURUSD is below 98% of initial value, the payout is ~5.5x initial investment. Otherwise, payout is zero
  - § Note Format – Issuer: TBD, Maturity: 6 months, Notional: TBD
    - § If SPX is greater than 102% of initial value and the EURUSD is below 98% of initial value, the payout is 110% of notional. Otherwise, payout is 97.5%
  - § References: SPX = 1709, EURUSD = 1.3500
  - § AWM GIC 12-month S&P 500 forecast is 1810 (6% upside from reference level) on the back of projected earnings growth
  - § AWM GIC 12-month EUR/USD forecast is 1.25 (7.4% downside from reference level) due to projected USD strength stemming from relatively high economic growth and future monetary tightening

Municipals: Opportunistic entry points in municipal debt based on recent Detroit default, Puerto Rico credit concerns and general municipal market dislocation, with 100%+ ratios over Treasuries

- § Municipal Total Return Swaps
  - § Good investment due to steepness of yield curve and municipal cheapness (many are trading at over 100% to Treasuries)
  - § Client puts up 10 to 30% margin, pays SIFMA plus a spread, and receives 100% of income, 85% of appreciation, and 100% of depreciation
    - § Margin and spread depend on client's credit worthiness and bond characteristics
    - § SIFMA is a 7-day market index comprised of municipal variable rate debt obligations
  - § Attractive to buyers who are interested in municipals without triple tax-free income and are comfortable with leverage and DB credit risk

Currencies: Long-term bullish USD due to relatively high growth rate in U.S. and the likelihood that the Fed will be the first developed market central bank to tighten monetary policy. Bearish EURUSD, USDJPY, GBPUSD.

- § Borrow in JPY, invest in USD – See attached presentation
  - § Cross-currency swap where client receives 3 month Libor +75bps, pays fixed JPY rate of 0.65%, and JPY/USD exchange rate is fixed
    - § Client uses the proceeds of USD loan to invest in USD bond portfolio – Cost of funds becomes the JPY fixed rate, which generates a leveraged positive carry
    - § Client bears the risk of JPY appreciating against USD
      - § AWM GIC USD/JPY 12-month forecast is 114 (15.4% relative depreciation in JPY from current 98.81)