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**From:** Vahe Stepanian [REDACTED]  
**Sent:** 12/5/2013 2:09:25 PM  
**To:** jeevacation@gmail.com  
**CC:** Paul Morris [REDACTED]  
**Subject:** Fw: GBP + AAPL [C]

Classification: Confidential

Good Afternoon Jeffrey - following up Tuesday's email (included below):

1) WSJ has reported that AAPL has signed a deal w/China mobile, providing it a boost in the world's largest mobile market. Shares have reacted, reaching a new 52 wk. high today @ ~\$572 (vs. \$565.00 close yesterday) on the back of the report. Consider selling Jan 595 or 600 Calls (currently \$12.20 and \$10.70 bid, respectively).

2) We believe the GBP trade is still relevant ahead of payrolls tomorrow. ADP came in ahead of street expectations yesterday (215k vs. 170k expected; revised October +54k), and street is calling for headline number of +185k tomorrow morning. GBP is currently ~1.6330 (vs. USD), but is bouncing around today and we'd look to enter trade on additional GBP strength.

Thank you,  
Vahe

----- Forwarded by Vahe Stepanian [REDACTED] on 12/05/2013 08:50 AM -----

**From:** Vahe Stepanian [REDACTED]  
**To:** jeevacation@gmail.com,  
**Co:** [REDACTED] Paul Morris [REDACTED]  
**Date:** 12/03/2013 10:20 AM  
**Subject:** GBP + AAPL [C]

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Classification: Confidential

Good Morning Jeffrey,

Hope you had a great holiday weekend. As you have likely seen, GBP is currently at a 2 yr. high vs. USD (@ ~1.64; see graph below). The most recent move up has been attributed to a rise in construction activity for a seventh month, the fastest pace since August 2007. I recall you mentioned in our meeting that your view is to sell GBP if it approaches 1.65.

For what it's worth, our DB analysts have a bearish view on the pound. A recent (DB) FX note discusses reasons why it's tough to build a fundamentally bullish case for sterling with the market pricing the first BoE hikes by mid-2015 (well ahead of the ECB and even the Fed). We see potential for GBP to reverse to the mid-1.50s by year-end.

With that said, we priced up a few options that I've included below - consider selling a call, buying a put or a risk reversal. Recognize that GBP vol. is currently relatively low (vs. historical levels).

**Spot ref = 1.6397**

**1) Sell European GBP Call on GBP/USD**

Strike: 1.67  
Notional: GBP 5,988,023.95 (or ~\$10mm)  
Expiry: Tue 03-Jun-2014 (6m)  
Settlement: Thu 05-Jun-2014  
Premium: USD -103,400

**2) Sell European GBP Call on GBP/USD**