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Date: 12/18/2013 02:31 PM  
Subject: Japanese Equity Basket... [C]

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

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

Supplemental Information:

DB Research expects Japanese equities could double by 2015  
[http://pull.db-gmresearch.com/cgi-bin/pull/DocPull/10496-D6FF/89936366/The\\_House\\_18oct2013.pdf](http://pull.db-gmresearch.com/cgi-bin/pull/DocPull/10496-D6FF/89936366/The_House_18oct2013.pdf)

- Abenomics will lead to higher operational leverage and an improved domestic economy
- BoJ will ease further as needed; DB expects USD/JPY FX to reach 120 by 2015
- Strong macroeconomic data and increase in overseas asset purchases by the Japanese
- GPIF panel report (a third arrow initiative) strongly positive for Japanese risk assets  
[http://www.cas.go.jp/jp/seisaku/koutekisikin\\_unyourisk/pdf/e\\_final\\_report.pdf](http://www.cas.go.jp/jp/seisaku/koutekisikin_unyourisk/pdf/e_final_report.pdf)

Yen weakening will likely continue to be a theme, benefiting exporters.

Toyota:  
<https://ger.gm.cib.intranet.db.com/ger/document/pdf/0900b8c0877259ad.pdf>  
7203 JP  
Buy  
Current price 6170  
Target price (11m) 8000  
Upside 29%

Panasonic  
<https://ger.gm.cib.intranet.db.com/ger/document/pdf/0900b8c08795101a.pdf>  
(6752 JP  
Buy  
Current price 1158  
Target price (12m) 1300  
Upside 12%

Omron