Subject: Fw: Consider: $10-15mm Total Return Swap on Cash Return On Capital Invested (CROCI), 3mL+85 bps or relative value TRS vs S&P.... [C]
From: Tazia Smith <[redacted]>
Date: Thu, 15 May 2014 15:51:48 -0400
To: jeevacation@gmail.com
Cc: [redacted],
Paul Morris <[redacted]>,
Vahe Stepanian <[redacted]>,
Vinit Sahni <[redacted]>,
Nav Gupta <[redacted]>

Classification: Confidential

Jeffrey -

Our global colleagues are re-highlighting the CROCI solution at current levels and/or for outperformance in this rotational environment. sending their commentary and resending implementation solutions here (full detail if you scroll down):

Long only - TRS on CROCI US Dividends (DBUSSDUT):
Underlying: CROCI Div (DBUSSDUT)
Client Pays: 3mLibor + 0.85% p.a.,x Notional
compounded quarterly
Client Rcvs: Notional x [Final/Initial - 1]
Initial Margin: 20%

Long/short US Only - Long CROCI US Dividends vs. Short S&P 500 (two swaps):
Underlying: CROCI Div (DBUSSDUT) and S&P 500 (SPTR)
Client Pays: [SPTR Perf - (3mLibor + 0.20% p.a)] x Notional
Client Rcvs: [DBUSSDUT Perf - (3mLibor + 0.80% p.a.)] x Notional
Initial Margin: 20%
Index Perf = [(Final/Initial - 1)]

Indicative levels. Source: DB GM Equity Derivatives.
* (Enterprise Value/Net Capital Invested)/(Cash Return on Capital Invested)

----- Forwarded by Tazia Smith [redacted] on 05/15/2014 03:28 PM -----

From: Pierluigi Amicarella [redacted]

To: [redacted]

Date: 05/15/2014 06:24 AM

Subject: Bond Yields and DB Dividend Strategies [I]

Classification: For internal use only

Ciao

as bond yields are still going down (US 10Y to the lowest YTD (chart 1) and bunds to the lowest in 12mths (Chart 2)) we could see further inflows in favour of "income" strategies in the equity space. Dividends could come back again as a theme to play in this "anaemic" market for returns.

A part from CROCI DIVIDEND strategies (the core for an asset allocation in dividend stocks via dynamic strategies), here are a few DB custom synthetic baskets that are investing in "dividend" related stocks (static baskets):

DBCGDD3N	Dependable Dividends
DBCTDGYN	Dividend Growth, high yield
DBCTUQDN	UK Quality Dividend

DBUSDIVG   US Dividend Growth

You can invest in the baskets easily via delta 1 certificates.

You can find the constituents on bloomberg (page DBCU) or ask me if you need.

Chart 1: US 10Y
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Chart 2: Bunds
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Kind regards,
Pierluigi Amicarella

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Pierluigi Amicarella

Deutsche Bank (Suisse) SA
Key Client Partner
Prime Tower Hardstrasse 201, 8005 Zurich, Switzerland
Tel [redacted]
Fax
Mobile [redacted]
Email [redacted]

----- Forwarded by Tazia Smit[redacted] on 05/15/2014 03:27 PM -----

From: Tazia Smith[redacted]

To: jeevacation@gmail.com,

Cc: Joe Hall[redacted], [redacted], Paul Morris, Vahe Stepanian/db[redacted] Vinit Sahni [redacted] Nav Gupta[redacted]

Date: 04/08/2014 01:42 PM

Subject: Consider: $10-15mm Total Return Swap on Cash Return On Capital Invested (CROCI), 3mL+85bps [C]

Classification: Confidential

* * Prepared exclusively for Jeffrey Epstein, Key Client Partners (KCP) * * *

Jeffrey -

Globally you are seeing the rotation from high-beta, small cap and growth stocks into large-cap value. This is inline with your early call for us to pull out a concentrated five names. Entry point here.

Instead of those single stocks, consider a $10-15mm total return swap on Cash Return On Capital Invested (CROCI) index. Specifically, the CROCI sub-index focused on dividend paying/dividend-growing US equities.

I've included my colleague, Joe Hall, who sits on the CROCI team and will gladly detail this stock-selection strategy with you directly at any point.

Full presentation is attached, a few key points here:

Achieve benefits of active valuation for passive price
Bottoms-up valuation - DB CROCI Analyst team (60 people globally) assess each company in it's global universe (800 stocks) from an Economic PE* perspective, adjusting balance sheets to reconcile operating cash flow across sectors for comparable stock-valuation
Quantitative selection - stocks selected each month based on the lowest price-to-operating-earnings ratio, based on their valuation metrics (above)
Stock universe is ex-financials
Re-sets monthly
Transparent - pull up the CROCI indices on Bloomberg for mark-to-market (ex: DBUSSDUT = CROCI US Dividends)
Implementation can be customized via a separately managed account (SMA) of single stocks
Tax-efficient, liquid, levered exposure can be achieved via total-return swap (TRS)
10 principal indices in the CROCI family: US, UK, Japan, Germany, Euro, World, World Ex-Japan, Sectors III, Global Dividends and US Dividends
CROCI Dividends targets companies with sustainable dividends AND attractive valuations (performance below and p 7 of the attached)

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Indicative levels as of 4/8/14. Source: DB GM Equity Derivatives.
* (Enterprise Value/Net Capital Invested)/(Cash Return on Capital Invested)

5-Year History of CROCI US DIVIDENDS vs. S&P 500 Inedex (source: Bloomberg, as of close 4/7/14)
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(See attached file: FINAL I-34272-1 slimCROCI 12-31-13.pdf)

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Tazia Smith

Director | Key Client Partners - US

DB Securities Inc
Deutsche Asset & Wealth Management
345 Park Avenue, 10154-0004 New York, NY, USA
Tel [redacted]
Fax [redacted]
Mobile [redacted]
Email [redacted]

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