

Subject: Fw: PVDSA chart + USDJPY Trade [C]  
From: Tazia Smith <[REDACTED]>  
Date: Mon, 13 Jan 2014 10:51:36 -0500  
To: Paul Morris <[REDACTED]>

Classification: Confidential

Paul - did you want to show th \$Y trade to Noam

--

Tazia Smith  
Director  
Key Client Partners - US

Deutsche Bank Securities, Inc.  
Deutsche Asset & Wealth Management  
345 Park Avenue - 26th Floor  
New York, NY 10154  
Tel: [REDACTED]  
Mobile: [REDACTED]  
Fax: [REDACTED]  
E-mail: [REDACTED]

----- Original Message -----

From: Tazia Smith  
Sent: 01/12/2014 03:38 PM EST  
To: jeevacation@gmail.com  
Cc: [REDACTED]; Vinit Sahni; Nav Gupta; Paul Morris; Vahe  
Stepanian  
Subject: PVDSA chart + USDJPY Trade [C]  
Classification: Confidential

Jeffrey:

Please find the chart of PDVSA 5% 10/28/15 price history below, as well as a description of the USDJPY 10yr trade that we briefly discussed on Friday.

Speak with you soon,  
Tazia

(Embedded image moved to file: pic10396.gif)

Used with permission of Bloomberg Finance LP, 1/10/14

----- Forwarded by Tazia Smith [REDACTED] on 01/12/2014 03:29 PM -----

From: Nav Gupta [REDACTED]

To: Tazia Smith [REDACTED]

Date: 01/10/2014 08:21 AM

Subject: \$Y [I]

Classification: For internal use only

Long \$Y Call Options. We like long expiry options to benefit from the present dislocation between interest rates and volatility

Deutsche Bank FX Strategists are calling for USDJPY of 115 by year-end 2014, and 120 by year-end 2015. See DB FX Blueprint published 1/9/14, and note that #2 of the top 10 themes of 2014 (p. 5-6) revolves around extended weakness in the Japanese Yen vs. USD.

Consider a 10year expiry \$Y call option struck at 85 (spot fx 105, forward fx 77.70). Price 4.7% of USD notional

This option has four notable characteristics

If \$Y stays at these levels the option decays positively by approx 15-20% per year

If \$Y trades 90.00 at any time (arguably a scenario in which the option is no longer wanted) the option "knocks-out" and becomes worthless. While \$Y might decline to 90, our quantitative analysis indicates the probability of such a decline is significantly (double?) overpriced by the options market. The premium of the option is quite sensitive to moves in \$Y spot - which is atypical for a 10year option. This also results from the knockout feature. This means if \$Y moves quickly by 5% the option increases / decreases in value by almost half, so if \$Y rises to 110 or 115 the option can easily be unwound to monetize the profit

The option costs roughly 1/3rd compared to the vanilla 85 strike call  
Maximum loss is premium paid

(See attached file: DB FX Blueprint - Outlook 2014.pdf)

---

(Embedded image moved to file: pic15941.gif)

Nav Gupta  
Managing Director

Deutsche Bank AG, Filiale London  
Deutsche Asset & Wealth Management  
105/108 Old Broad St (Pinners Hall), EC2N 1EN London, United Kingdom  
Tel. [REDACTED]  
Mobile [REDACTED]  
Email [REDACTED]

Any proposed ideas are being delivered to you by the DeAWM Key Client Partners ("KCP") London desk for discussion purposes only, and do not create any legally binding obligation on the part of Deutsche Bank AG and / or its affiliates ("DB"). These ideas are for the consideration of the intended recipients of this mail only. The KCP London desk does not provide investment advice. All intended recipients are Professional investors (as defined by MiFID), who understand the strategy, characteristics and risks associated with

any ideas proposed herein and will be able to evaluate it independently. All trades on proposed ideas shall be subject to the relevant internal approvals prior to execution.

(Embedded image moved to file: pic25791.gif)

---

(Embedded image moved to file: pic16866.gif)

Tazia Smith  
Director | Key Client Partners - US

Deutsche Bank Securities Inc  
Deutsche Asset & Wealth Management  
345 Park Avenue, 26th Floor  
New York, NY 10154  
Tel. [REDACTED]  
Fax [REDACTED]  
Mobile [REDACTED]  
Email [REDACTED]

(Embedded image moved to file: pic25589.gif)