

Subject: Re: Jeffrey - Mexico -> MBON0 30y look interesting [C]  
From: Vahe Stepanian <[REDACTED]>  
Date: Tue, 14 Jan 2014 07:54:56 -0500  
To: Vinit Sahni <[REDACTED]>  
Cc: Nav Gupta <[REDACTED]>, Tazia Smith <[REDACTED]>, Paul Morris <[REDACTED]>

Classification: Confidential

Good Afternoon Vinit-

Tazia is travelling today, so please let me know if you need anything from our end.

Thank you,  
Vahe

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(Embedded image moved to file: pic13021.gif)

Vahe Stepanian  
Associate | Wealth Investment Coverage

Deutsche Bank Securities Inc.  
Deutsche Asset & Wealth Management



From: Vinit Sahni/db/-dbcom@DBEMEA

To: Jeffrey Epstein <jeevacation@gmail.com>@DEUBAINT,

Cc: Paul Morris/db/dbcom@DBAMERICAS, Tazia Smith/db/-dbcom@DBAMERICAS, Nav Gupta/db/dbcom@DBEMEA, Vahe Stepanian/db/-

dbcom@DBAmericas

Date: 01/14/2014 06:00  
AM

Subject: Re: Jeffrey - Mexico -> MBONO 30y look interesting  
[C]

Classification: Confidential

got it

back to u as soon as NY opens up

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Vinit Sahni

Managing Director | Global Head - Professional Client Group & Key Client  
Partners Capital Markets Group

Deutsche Asset & Wealth Management

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prior to execution.

EFTA01466695

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From: Jeffrey Epstein  
<jeevacation@gmail.com>

To: Vinit Sahni/db/-  
dbcom@DBEMEA,

Date: 14/01/2014  
10:55

Subject: Re: Jeffrey - Mexico -> MBONO 30y look interesting  
[C]

usd 3m bonds

On Tue, Jan 14, 2014 at 6:41 AM, Vinit Sahni <[REDACTED]> wrote:

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Jeffrey - sorry, to clarify is it 3m USD worth of MXN bonds or 3m MXN, as its a local currency bond.

As soon as NY gets in will get a price on the MBONO 7.75% 11/13/2042 and ping u

as and when our view on rates or the currency changes will keep u updated, as here u have risk on both components unlike the PDVSA where the bond was denominated in USDs.

Best  
Vinit

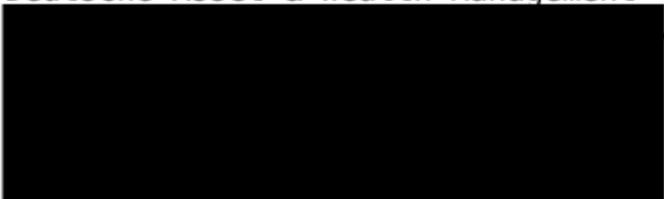
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Vinit Sahni

Managing Director | Global Head - Professional Client Group & Key Client  
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internal approvals prior to execution.

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From: Jeffrey Epstein  
<jeevacation@gmail.com>



Date: 14/01/2014  
10:18

Subject: Re: Jeffrey - Mexico -> MBONO 30y look interesting  
[C]

agreed lets do 3m

On Tue, Jan 14, 2014 at 4:23 AM, Vinit Sahni <[REDACTED]> wrote:  
Classification: Confidential

Jeffrey - was looking for value in the EM space, post the PDVSA analysis, started looking at Mexico...

here is a trade I think makes sense -> buying MBONO 30y unhedged

At around 7.5% yield, inflation probably in the 3-4% in the foreseeable future, and USD/MXN likely stable or stronger in real (deflated) terms, I think it is good value. The curve is steep. If you look at 10Y10Y UST and 10Y10Y MXN yields, the spread is above 500bp . Say inflation differential is 100bp higher in Mex and credit diff is 100bp (10Y CDS is about 100bp higher in Mexico although Mex has much better debt dyn), this still leaves about 300bp of cushion for real depreciation per year...In sum, it seems good value

near term mark to market risk is slower pace of implementation of energy reform and a selloff in USTs

happy to discuss further if u find interesting...

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CNYMXN chart courtesy Nav Gupta (shows relative value in Labour cost between China and Mexico)

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(Embedded image moved to file: pic24781.gif)

Vinit Sahni  
Managing Director | Global Head - Professional Client Group & Key Client Partners  
Capital Markets Group

Deutsche Asset & Wealth Management



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relevant internal approvals prior to execution.

Fro Jeffrey Epstein  
<jeevacation@gmail.com>

m:

To: Vinit Sahni/db/-  
dbcom@DBEMEA,

Cc: Tazia Smith/db/dbcom@DBAMERICAS, "Nav Gupta (DEUTSCHE ASSET MANAG)"

<



Dat 13/01/2014  
11:50

e:

Sub Re: PDVSA chart + USDJPY Trade

[C]

jec

t:

thanks , lets keep

On Mon, Jan 13, 2014 at 7:47 AM, Vinit Sahni <[REDACTED]> wrote:  
Classification: Confidential

This attached image shows the current pricing on the curve, which is slightly weaker than it was in early December. I have also added the term structure of PDVSA and VENZ sovereign bonds, which gives us some relative value across the curve

Bouts of volatility will likely remain an issue and therefore it will trade like a short tail risk trade. However, given that access to dollars remains

key for Venezuela, we should expect the government to do whatever they can to avoid a problem servicing these bonds (or even the perception of the same). They do have a heavy amortization schedule in 2014 and 2015.

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Vinit Sahni

Managing Director | Global Head - Professional Client Group & Key Client  
Partners Capital Markets Group

Deutsche Asset & Wealth Management

[REDACTED]

(Embedded image moved to file: pic30252.gif)

From Tazia Smith/db/-  
dbcom@DBAMERICAS  
:

To: "jeffrey epstein"  
<jeevacation@gmail.com>,

Cc: "Vinit Sahni" <[REDACTED]>, "Nav Gupta (DEUTSCHE ASSET  
MANAG)"  
[REDACTED], [REDACTED],  
[REDACTED]

Date 12/01/2014  
22:52  
:

Subj Re: PDVSA chart + USDJPY Trade  
[C]  
ect:

Classification: Confidential

Looping in Vinit here as he was recently involved with a large offering in the pdvsa credit and may have some take-aways.

My view is the bonds are money good in 2015, as of now, but you are not looking for yield carry (as discussed), and the risks of restructuring and near-term downside due to politics specific to venezuela and chatter around

EM assets at large are likely greater than implied by the bonds' current  
~85 levels; would use Friday's rally to sell (particularly if you believe it  
was rates driven vs credit). For what it's worth, we've found Latam family  
offices that are very familiar the credit (and do like carry) are fully  
loaded and do not have incremental demand.

--

Tazia Smith  
Director  
Key Client Partners - US

Deutsche Bank Securities, Inc.  
Deutsche Asset & Wealth Management

From: Jeffrey Epstein [jeevacation@gmail.com]  
Sent: 01/12/2014 04:56 PM AST  
To: Tazia Smith  
Subject: Re: PVDSA chart + USDJPY Trade [C]

do you think money good in 15

On Sun, Jan 12, 2014 at 4:38 PM, Tazia Smith <[REDACTED]> wrote:  
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: pic04083.gif)  
Used with permission of Bloomberg Finance LP, 1/10/14

----- Forwarded by Tazia Smith/db/dbcom on 01/12/2014 03:29 PM -----

From: Nav Gupta/db/-  
dbcom@DBEMEA

To: Tazia Smith/db/-  
dbcom@DBAMERICAS,

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

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Nav Gupta  
Managing Director

Deutsche Bank AG, Filiale London  
Deutsche Asset & Wealth Management



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Tazia Smith

Director | Key Client Partners - US

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