

Subject: Re: Japanese Equity Basket... [C]
From: Vahe Stepanian <[REDACTED]>
Date: Tue, 14 Jan 2014 16:47:51 -0500
To: Paul Morris <[REDACTED]>
Cc: Tazia Smith <[REDACTED]>

Classification: Confidential

Paul - not sure if Tazia responded to you directly - but JE decided against buying the basket below.
Alternatively, he bought the DXJ (Wisdomtree Japan Currency Hedged ETF).

Thank you,
Vahe

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Vahe Stepanian
Associate | Wealth Investment Coverage

Deutsche Bank Securities Inc.
Deutsche Asset & Wealth Management
345 Park Avenue - 26th Floor
New York, NY 10154-0004

[REDACTED]
Email [REDACTED]

From: Paul Morris/db/-
dbcom

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

Cc: Vahe Stepanian/db/-
dbcom@DBAmericas

Date: 01/14/2014 03:38
PM

Subject: Re: Japanese Equity Basket...
[C]

Classification: Confidential

hi did we ever buy the jap equities?

Paul Morris
Managing Director
Deutsche Bank Private Bank



From: Tazia Smith/db/-
dbcom

To:
jeevacation@gmail.com,

Cc: [REDACTED], Paul Morris, Vahe Stepanian/db/-
dbcom@DBAmericas

Date: 12/18/2013 02:31
PM

Subject: Japanese Equity Basket...

[C]

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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

- 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

EFTA01479408

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

6645 JP

Not rated at DB

Current price 4105
Target price (12m) 4426 (Bloomberg avg. Not covered by DB)
Upside 8%

Kawasaki Kisen:

<http://gm.db.com/ger/document/ShowPdf.eqsr?productIDMore=0900b8c087790d179107> JP

Buy
Current price 236
Target price (12m) 280
Upside 18%

Reflation is the other major theme, which should be positive for retailers and banks, where DB Research is bullish Rakuten and Resona respectively.

Rakuten:

<https://ger.gm.cib.intranet.db.com/ger/document/pdf/0900b8c087a30eda.pdf>
4755 JP

Buy
Current price 1531
Target price (12m) 1710
Upside 12%

Resona:

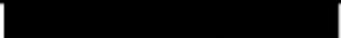
<https://ger.gm.cib.intranet.db.com/ger/document/pdf/0900b8c0879ce3f0.pdf>
8308 JP

Buy	
Current price	512
Target price (12m)	650
Upside	27%

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Tazia Smith
Director | Key Client Partners - US

Deutsche Bank Securities Inc
Deutsche Asset & Wealth Management

Email 

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