

From: Shahzad Shahbaz <[REDACTED]>
To: jeffrey E. <jeevacation@gmail.com>
Subject: RE: Investment Structures
Sent: Sunday, May 22, 2016 11:09:56 AM

As requested;

- List of Fixed Income Names

#	Bucket	Reference Entity	Type	Weight	5y CDS Spread	Moody's	S&P	Fitch
1	Sovereign	Portuguese Republic	Senior	5.00%	275	Ba1	BB+	BB+
2		Federation of Malaysia	Senior	5.00%	146	A3	A-	A-
3	Autos	General Motors Co	Senior	5.00%	210		BBB-	BBB-
4		Volkswagen AG	Senior	5.00%	162	A3	BBB+	BBB+
5	Commodity Producer	Petroleos Mexicanos	Senior	5.00%	350	Baa3	BBB+	BBB+
6		Rio Tinto Ltd	Senior	5.00%	175	Baa1	A-	A-
7		BHP Billiton Ltd	Senior	5.00%	158	A3	A	A+
8		ConocoPhillips	Senior	5.00%	170	Baa2	A	A-
9		Repsol SA	Senior	5.00%	265	Baa2	BBB-	BBB-
10	Consumer Staples	Tesco PLC	Senior	5.00%	265		BB+	BB+
11	EU Financials (sub)	Banco Bilbao Vizcaya Argentaria SA	Subordinated	5.00%	265	Baa3		BBB+
12		Banco Santander SA	Subordinated	5.00%	265	Baa2		BBB+
13		Standard Chartered Bank	Subordinated	5.00%	275	A3		A
14		Assicurazioni Generali SpA	Subordinated	5.00%	240	Baa3		BBB+
15		Societe Generale SA	Subordinated	5.00%	185	Baa3		A-
16		Royal Bank of Scotland Plc	Subordinated	5.00%	255	Ba2		BBB
17		BNP Paribas SA	Subordinated	5.00%	160	Baa2		A

18	Credit Suisse Group AG	Subordinated	5.00%	178	Baa3	A-
19	Barclays Bank Plc	Subordinated	5.00%	250	Baa3	A-
20	HSBC Bank Plc	Subordinated	5.00%	200	A2	A+

- Deutsche is good on fixed income. BNP on equities
- Still waiting for the proposal on the first loss idea. My gut feeling is that they will take most of the return away. Will let you know.
- We have made some selected direct investments in the new economy names; tech, bio etc. Not really investing in tech funds.

From: jeffrey E. [mailto:jeevacation@gmail.com]
Sent: Sunday, May 22, 2016 1:23 PM
To: Shahzad Shahbaz <[REDACTED]>
Subject: Re: Investment Structures

in your fixed income basket, which stocks did you choose. ? 2. which banks have you found , or person at bank that you think provides the best execution and flexibility. . 3. Sk Hamad said that one of the banks might take the first two stock loss? 4 Do you currently invest in Tech ? or tech funds? med tech, bio tech, cyber etc.?

On Sun, May 22, 2016 at 6:20 AM, Shahzad Shahbaz <[REDACTED]> wrote:
Jeffrey,

Hope all is well.

Further to your meeting, HE Sheikh Hamad asked me to send you a summary of the 2 investment structures.

EQUITY PUT OPTIONS;

- Put option on the worst performing stock in a basket
- One year structure
- Coupon guaranteed irrespective of performance of the stocks in the basket.
- Put option strike at 70% of reference/spot

- Payoff if required in stock at 70% strike
- We identified 3 baskets based on stocks we are comfortable to own in a downside scenario at a 30% discount.
- Basket 1; BHP Billiton, Bank of America, Shell, BNP Paribas
- Basket2; Credit Suisse, General Motors, BASF, General Electric
- Basket 3; Barclays, Adidas, Siemens, Santander
- The coupon on the above baskets ranges between 8.5 – 9.5% without any leverage.
- Obviously you can select any stock of your preference in the basket. Stocks with higher volatility and less correlation will generate a higher coupon for the basket.

FIXED INCOME;

- We identified 20 investment grade names to place in a portfolio
- Given the uncertainty in the energy, commodity and bank sectors we selected some of these names to maximize returns
- 5 year structure
- Exposure through 5 year CDS
- Based on leverage we are able to generate double digit returns.
- The risk to the return is margin calls on the leverage if the value of the portfolio declines due to spreads widening.
- Principal risk is based on default in any of the credits in the portfolio which is limited to 5% per name.

I hope the above is useful. Please let me know if you have any questions.

Best

Shahzad.

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please note

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