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Subject: New trade ideas... [C]

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Attachments: Approved_External_-_November_2014.pdf

Classification: Confidential

Jeffrey,

Please see below several trade ideas we just put together. There are a couple of transactions we would like to discuss with you in particular:

(i) short crude vol through straddles, delta hedged on a daily basis (slide 21). It is a known fact crude has exhibited persistent elevated implied to realized premia, partially caused by the hedging activities of consumers and producers. The current dynamics in crude markets, and recent spike in vol, make harvesting this implied to realized spread an interesting value proposition.

(ii) purchase mezzanine CLO debt with shorter weighted average lives (<4y) and high spreads over Libor (slide 23). CLO 2.0 mezz looks cheap compared to other mainstream structured products, while offering high levels of over-collateralization. Not sure of your interest in this area?

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