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Brad

Four things I want to bring to your attention following the fun start to the year:

§ Eurostoxx 50 Dividends

- o Dividend contracts have sold off alongside the recent market turmoil, opening up a good entry point in our view
- o Currently, the market expectation for 2017 dividend payments of SX5E companies is 106 EUR. We believe the payout will be closer to 123 indicating potential upside of ~17%

§ Eurostoxx 50 Structure

- the spike in volatility allows for some interesting structured note pricing linked to the Eurostoxx 50 whereby you can get 26% downside protection with unlimited upside for 18 months

§ CDX High Yield Tranche

- o Outside of a few select single credits, this is our preferred method of putting money to work in High Yield. We're focusing on the 15-25 tranche in the stack, which carries well (~6%) and offers some buffer against initial defaults

§ Middle East peg breaks

- o With oil potentially low for long, countries such as Saudi and UAE may run into issues holding their pegs against USD. Already, the Saudis have spent a large amount of reserves defending their peg. We like positioning for this using optionality.

Paul

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