

From: Vinit Sahni <[REDACTED]>
To: Tazia Smith <[REDACTED]>
Cc: "Nav Gupta (DEUTSCHE ASSET MANAG)" <[REDACTED]>, "jeffrey epstein" <jeevacation@gmail.com>, [REDACTED], [REDACTED]

Subject: Re: PDVSA chart + USDJPY Trade [C]

Date: Mon, 13 Jan 2014 11:47:06 +0000

Attachments: VENZ-Curve.png

Inline-Images: unnamed; unnamed(1); unnamed(2)

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.



Vinit Sahni
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Passion to Perform

From: Tazia Smith <[REDACTED]>
To: "jeffrey epstein" <jeevacation@gmail.com>
Cc: "Vinit Sahni" <[REDACTED]>, "Nav Gupta (DEUTSCHE ASSET MANAG)" <[REDACTED]>, [REDACTED]
Date: 12/01/2014 22:52
Subject: Re: PDVSA chart + USDJPY Trade [C]

Classification: Confidential

EFTA01141011

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.

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Tazia Smith
Director
Key Client Partners - US

Deutsche Bank Securities, Inc.
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345 Park Avenue - 26th Floor
New York, NY 10154



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



Used with permission of Bloomberg Finance LP, 1/10/14

----- Forwarded by Tazia Smit [REDACTED] 01/12/2014 03:29 PM
 From: Nav Gupta [REDACTED]
 To: Tazia Smit [REDACTED]
 Date: 01/10/2014 08:21 AM
 Subject: \$Y [!]

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

Nav Gupta

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Tazia Smith

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