
From: jeffrey E. <jeevacation@gmail.com>
Sent: Monday, May 23, 2016 11:32 AM
To: Richard Kahn
Subject: Fwd: Investment Structures

----- Forwarded message -----

From: Shahzad Shahbaz <[REDACTED]>
Date: Sun, May 22, 2016 at 7:09 AM
Subject: RE: Investment Structures
To: "jeffrey E." <jeevacation@gmail.com <mailto:eevacation@gmail.com>>

As requested;

* =C2* List of Fixed Income Names

#

Bucke=

Refer=nce 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 Ban=

Subordinated

5.00%

275

A3

A

14

Assicurazioni Generali SpA

Subordinated

5.00%

240

Baa3

BBB+

15

Societe Generale SA<=u>

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. As 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

*=/span> *=A0 Payoff if required in stock at 70% strike</=>

*=/span> *=A0 We identified 3 baskets based on stocks we are comfortable to own in a downside scenario at a 30% discount.</p>

*=/span> *=A0 Basket 1; BHP Billiton, Bank of America, Shell, BNP Paribas

*=/span> *=A0 Basket 2; Credit Suisse, General Motors, BASF, General Electric

*=/span> *=A0 Basket 3; Barclays, Adidas, Siemens, Santander</u>

*=/span> *=A0 The coupon on the above baskets ranges between 8.5 - 9.5% without any leverage.

*=/span> *=A0 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;</u>

*=/span> *=A0 We identified 20 investment grade names to place in a portfolio

*=/span> *=A0 Given the uncertainty in the energy, commodity and bank sectors we selected some of these names to maximize returns

*=/span> *=A0 5 year structure

*=/span> *=A0 Exposure through 5 year CDS

*=/span> *=A0 Based on leverage we are able to generate double digit returns.

*=/span> *=A0 The risk to the return is margin calls on the leverage if the value of the portfolio declines due to spreads widening.</u>

*=/span> *=A0 Principal risk is based on default in any of the credits in the portfolio which is limited to 5% per name.</p>

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

Best

Shahzad.

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please no=e

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