

Subject: RE: Recent DB Publications on Post-Brexit View and Italian Banks  
From: Stewart Oldfield <[REDACTED]>  
Date: Fri, 15 Jul 2016 15:07:23 -0400  
To: Richard Kahn <[REDACTED]>

I thought you were getting these regularly already, so apologies that you haven't been since Paul left. You'll see stuff like this from me monthly or so.

Thanks

From: Richard Kahn [mailto:[REDACTED]]  
Sent: Friday, July 15, 2016 2:35 PM  
To: Stewart Oldfield  
Subject: Re: Recent DB Publications on Post-Brexit View and Italian Banks

thank you

Richard Kahn  
HBRK Associates Inc.  
575 Lexington Avenue 4th Floor  
New York, NY 10022  
tel [REDACTED]  
fax [REDACTED]  
cell [REDACTED]

On Jul 15, 2016, at 10:49 AM, Stewart Oldfield <[REDACTED]>  
wrote:

Over the past weeks, several post-Brexit referendum issues have been top-of-mind, including:

- How has the Brexit referendum result changed our CIO's economic and asset class expectations?
  
- How have we changed our allocations to reflect the post-Brexit referendum environment?
  
- What impact will the Brexit referendum have on the European financial sector, specifically Italian banks?

Our CIO office, and DB Research, have released several publications to address these questions. We've attached these pieces and have provided a list with a short description of each. If you have any questions, or would like to discuss our post-Brexit referendum views in greater detail, please feel free to reach out.

Updated CIO Strategic Forecasts, Asset Class Views and Asset Allocations:

- DB WM – Strategic CIO View – July 2016
  - o Outlines the recently updated (post-Brexit) WM CIO strategic forecasts and asset class views
  - o Key points include:
    - § Global growth forecasts revised slightly downward
    - § Loose monetary policy continues to support fixed income markets
    - § Brexit means adjustments to our equity market forecasts, but does not derail them
    - § USD strength a continuing theme

§ Oil forecast raised slightly; gold forecast increased more

· DB WM – Regional Investment Committee Tactical Asset Allocation Changes – July 12, 2016

o Provides the rationale behind the tactical asset allocation changes resulting from the RIC - Americas meeting on July 12:

§ Decrease exposure to European Equities (Unhedged) by 2.0%

§ Increase exposure to Emerging Market Equities (Core) by 1.0%

§ Increase exposure to Emerging Market Bonds by 1.0%

· DB WM - Economic & Asset Class Outlook – June/July 2016

o Summarizes the WM near-term and long-term expectations for:

§ The global economy

§ Monetary policy, inflation and FX

§ Major asset classes

o Provides our June 2017 economic and asset class targets

· DB WM – CIO Note: Brexit Update - July 2016

o Provides an update on the political, policy and economic impacts of the Brexit referendum in the U.K. and globally

§ Describes potential next steps and near-term timeline for Theresa May's government

§ Discusses our expectations for BOE and Fed policy in the coming months

§ Provides our view on the potential impact on U.K. and global economic growth

Potential Impact of the Brexit Referendum on European and Italian Banks:

· DB WM – CIO Note: Italian Banks – July 2016

- o Discusses how the Brexit referendum results have brought greater stress to an already weakened Italian banking sector
- o Explores the different approaches that the Italian government and the EU/ECB could take in order to “shore-up” the banks and reduce systemic risk (with historic examples)
- o Highlights the potential effects on several asset classes and the broader European economy

· DB Research - Brexit and Euro-Area Banks: A Key Contagion Channel – July 5, 2016

- o Discusses the Brexit driven issues that could have a negative impact on Italian banks
- o Suggest some policy responses that may mitigate these risks

· DB Research - European Banks Industry Update: Brexit Hangover – June 27, 2016

- o Provides an outline of the potential impacts of Brexit on the banking sector in several European regions
- o Specific focus on Italy provided on page 17

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<DB - Strategic CIO View - July 2016.pdf><DB - RIC Americas Tactical Asset Allocation Changes - July 2016.pdf><DB - Economic and Asset Class Outlook - July 2016.pdf><DB - CIO Note - Brexit Update - July 2016.pdf><DB - CIO Note - Italian Banks - July 2016.pdf><DB - Brexit and Euro-Area Banks - July 5 2016.pdf><DB - European Banks - Brexit Hangover - July 5 2016.pdf>

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