



# International Assets Advisory, LLC

Global, Personal, Total...Service

INTERNATIONAL ASSETS ADVISORY, LLC (“IAA”)

## “PURE” FOREIGN CURRENCY INVESTING

If a US Dollar based investor has a view that the US currency is going to depreciate, he/she has a number of ways to take a foreign currency position.

- \*Buy a note or bond denominated in the foreign currency
- \*Buy a “derivative” that rises or falls with that currency
- \*Buy an equity (stock) in a company that denominates its income and balance sheets in that currency
- \*Buy a futures contract on that currency
- \*Buy a CD in that currency
- \*Buy that currency in the “spot” market and place it into a liquid interest bearing account so it can be sold whenever the investor wishes

Only one of these methods is a “pure” foreign currency investment. All others are affected by other factors. For bonds, it’s the fluctuation of the price of the instrument in its local currency. For stocks, it’s the underlying performance of the company and how, as a result, its price in the local currency market will rise or fall. Futures contracts are marked to market; an investor may need to add funds to his original investment if the currency falls. Early termination of CDs usually results in a penalty.

So, the last item on that list above, the “spot” market is the only “pure” way—it’s only the factors related to all currency movements (national debt levels, trade deficits, interest rates, political, economic and financial events) that determine whether the currency rises or falls against the US\$.

Therefore, all you need do is go down to your local bank with some US\$ and ask your friendly teller to buy you, say, some Euros and put them on deposit in a money market account, right? Unfortunately, no. Generally, to be in the “spot” market you need to be a big corporation or financial institution with huge amounts of capital.

That is, until now. Recently, a financial product has come along that allows you to purchase shares on the New York Stock Exchange that trade just as though you were buying a foreign currency on the “spot” market and placing it on deposit to earn some interest. You can buy or sell these shares at any time during market hours, and currently you can do so for Euros, British Pound Sterling, Canadian Dollars, Australian Dollars, Swiss Francs, Swedish Krone or Mexican Pesos.

How? Please call your IAA account executive at 800 432 0000. He will provide you with full details and prospectuses.

*Investing in securities denominated in currencies other than the U.S. dollar involves certain considerations comprising both risk and opportunity not typically associated with investing in U.S. securities. The security may be affected either favorably or unfavorably by fluctuation in the relative rates of exchange between currencies, by exchange control regulations, or by indigenous economic and political developments. As with any investment, there is no guarantee against potential loss. Please read the prospectus carefully before investing and consider the investment objectives, risks, charges and expenses of the investment company carefully before investing. The prospectus contains this and other information about the investing company. Please request a prospectus from your account executive.*