

GLOBAL INSIGHTS

INTERNATIONAL ASSETS ADVISORY, LLC ("IAA")

The One Handed Economist

"Give me a one-handed economist. All my economists say, 'on the one hand...on the other.'"
-President Harry S. Truman

When contemplating what the "market" will do over the next few months and even the next couple of years, we can say with 100% certainty that the market will go...UP!!! No, no, no, we meant...DOWN!!! Unfortunately our crystal ball is no longer working. We have ordered a new one from Crystal Balls 'R Us. However, they have a huge backlog and don't know when they can get us a new one. We will have to rely on other measures.

That is where the problem comes in. All the usual economic data is "fuzzy". Just like poor old Harry Truman, gurus are giving us definite maybes.

The truth is no one really knows how the market will perform over a period of time. Anyone that tells you different is lying or delusional. What we can tell you is that historically over the long haul equities, particularly small caps, have outperformed other investments.

Today, the picture is as cloudy as we have ever seen it. We don't know if the market is going up or down over the next few months or even the next couple of years. Despite current uncertainty and recent macro problems (e.g., sub prime mortgage crisis), we believe in the overall soundness of the US Economy, in particular, and the Global Economy in general.

That is why we are big proponents of investments that can give you participation in the upside potential of the market while still giving you 100% principal protection (at maturity) on the downside.

If you are unfamiliar with the types of investments that provide these features or the risks and considerations involved, please call your IAA Financial Consultant to learn about them and see if they might be right for you.

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Investors should consider the investment objective, risks, and charges and expenses before investing in any investment product. The key risks of investing in Principal Protected Notes ("PPN") include, but are not limited to the following: 1) Credit risk of the issuer: The principal is protected if the PPN matures as planned, but not if the issuer defaults before the PPN reaches maturity. Investors should therefore consider the credit ratings and financial condition of the issuer by reading the Prospectus in order to make an informed investment decision; 2) Market Risk: The return on the note at maturity is linked to the performance of the index, and will depend on whether, and the extent to which, the index return is positive at maturity. If the return is negative, you will only receive your principal at maturity or the portion of your principal covered by the Principal Protection Percentage; 3) Lack of liquidity: PPNs are designed to be held to maturity. If investors try to sell before the maturity date, it may be impossible to do so without a substantial discount to the value of the component zero coupon bond and index options; 4) Taxes: These notes are taxed as contingent payment debt instruments. This means you'll usually have to pay income taxes each year on imputed annual income even though you don't receive a cash payment until maturity. Please consult your tax advisor for more details. A prospectus contains this and other information about the product. Please request a prospectus from your account executive before investing in any Principal Protected product. The prospectus should be read carefully before investing. International Assets Advisory, LLC does not provide legal or tax advice.

