GUIDE TO GLOBAL INVESTING

Exploring investment opportunities stateside and worldwide

As countries become more interdependent and interconnected due to advances in technology, greater opportunities could exist for your financial portfolio. EverTrade® Direct Brokerage prepared this *Guide to Global Investing* to help you understand these opportunities and how you can you participate in the global market.

After you review this guide, call EverTrade Direct Brokerage (888.882.3837, Option 7) if you have any questions—our specialists can help you get started with your trades today.

EverTrade®
DIRECT BROKERAGE

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Foreign and Domestic Bonds 101—The Basics

What is a bond?

It's one of the simplest principals of finance—when you take out a loan, you pay it back with interest. Bonds are loans with interest, only they are between individual investors like you and large institutions or governments. They are a way for you to earn interest, and a way for a "borrower" to generate capital. (A borrower is the institution or government issuing the bond.) In return for your "loan" (the amount you invested into the bond), the borrower promises to pay you interest on the principal amount at specified times. Bonds range in duration from six months up to 30 years or more. Unlike equity investments, you don't have ownership of the institution—in essence, you become a creditor.

The difference between a foreign and domestic bond

Primarily, a foreign bond is simply a bond denominated in a currency other than U.S. dollars while a domestic bond is denominated in U.S. dollars. With domestic bonds, you need to be concerned primarily about the interest paid and the principal due when the bond matures or is sold. On the other hand, with foreign bonds, you also need to consider the value of the currency when you convert it back to U.S. dollars. Sometimes the performance of foreign and domestic bonds move in opposite directions, sometimes in the same direction, for better or worse, or sometimes they have a net effect of zero.

Also, if you invest in a foreign bond that pays interest, then the interest paid (called interest income) can cushion a possible fall in value—or it can improve your profits with a rise in value.

So why buy foreign bonds?

The real question is: What and where should you invest your money?

First, determine your comfort level. Do you prefer U.S. investment products denominated in U.S. dollars such as certificates of deposit (CDs), money market funds, mutual funds or stocks/bonds? Or do you feel comfortable further diversifying your portfolio with foreign currencies or securities denominated in foreign currencies? (For more information on foreign currencies, we recommend reading the EverBank Guide to Currency Investing.)*

In either case, if you're investing in bonds, you need to consider the shape of the yield curve (see "What is a yield curve?") for the country you'd like to buy the bonds from.

In Example A (next page), if the U.S. yield curve for bonds was 6 months at 5.15% at one end and 2 years at 4.74% at the other, and you expect there to be inflation, you'd buy the bond with the shortest maturity.

If there were a steep yield curve, say from 6 months at 4% (Example B), 2 years at 5%, and 5 years at 6%—and you expect inflation to remain the same or lower—you'd want to invest as far out as you'd feel comfortable based on your risk tolerance. Don't just choose the highest yield, since you may not want to hold the bond that long.

Remember, too, that the longer the maturity,

What is a yield curve?

A yield curve is a line on a graph showing the relationship between interest rates and maturity dates of bonds with the same credit quality. This line helps forecast what economic activity and interest rates will be like in the future. However, past performance is not a guarantee of future results.

If you're thinking about bonds, why not a bond ladder?

A bond ladder is an investment strategy where you would divide your investment dollars among various bonds that mature at set intervals. For example, if you want to establish a steady income stream but not try to peak in rate cycles, you might consider purchasing a 5-year bond every quarter which would create a ladder through reinvestment. Then you would have a bond coming due and paying interest every quarter.

This, when combined with your other investment vehicles, such as CDs, can be a useful investment strategy. For additional strategies, please contact one of our Foreign Bond Specialists from the Foreign Bond Desk at 888.882.EVER (3837), option '7'.

the more price volatility you may experience. For example, if there's a 10-basis point move on a 2-year bond, it moves the price of the bond by .25 of a point. The same 10-basis point move on a 30-year bond would move the price of the bond by more than 1.5 points. So picking the right part of the curve is important.

How foreign bonds work

One way to understand what foreign bonds can do for your portfolio is to consider a hypothetical case like this:

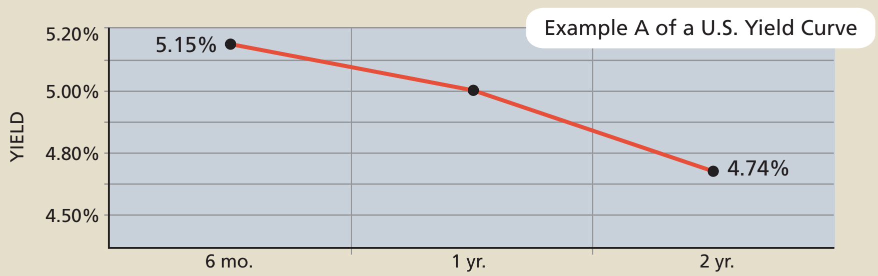
1) Let's say you have $20,000 in U.S. dollars (USD) and you use it to open a one-year foreign bond in the euro at an exchange rate of $1.25/euro—so this would result in 20,000 divided by 1.25 = 16,000 euros.

2) One year passes, and you exchange your 16,000 euros back into USD at the then prevailing currency conversion rates offered by EverTrade Direct Brokerage.

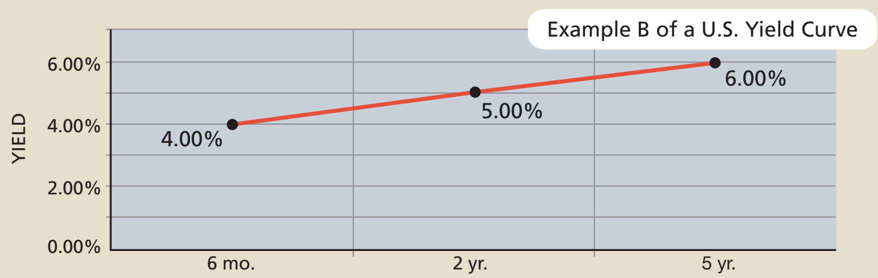
a) If the euro increased in value over the U.S. dollar since you first exchanged them, the increase in value adds to your earnings. So if the euro is now worth 1.35 USD, you would receive $21,600 (16,000 x 1.35), or a profit of $1,600 resulting.

b) If the euro decreased in value over the U.S. dollar since you first exchanged them, the decrease in value is what you would lose. So if the euro is now worth 1.15 USD, you would receive $18,400 (16,000 x 1.15 = $18,400) or a loss of $1,600 resulting.

Example A of a U.S. Yield Curve



Example B of a U.S. Yield Curve



Important factors to consider when buying:

	Foreign Bonds	Domestic Bonds
Interest paid	•	•
Principal due	•	•
Value of currency upon conversion	•	

The above examples are intended for illustrative purposes only, do not represent an actual investment and are not a guarantee of an investment return. Past performance, including performance due to extraordinary market conditions, is not an indication of future results.

Essentially, when the U.S dollar is weak against a foreign currency, by definition that currency has gained against the U.S. dollar. If you own that currency then the value of your investment will increase. When the U.S. dollar is strong, a foreign currency can lose value, and you may lose money. What causes a strong or weak currency? Experts feel there are various influencers: the country's economic growth, trade deficits, budget deficits, stock performance, interest rates and politics.

Foreign and Domestic Bonds 201—The Opportunity

Examine global performance

In addition to looking at the yield curve, it's a good idea to also consider the past performance of bonds (although past performance is not a guarantee of future results), both domestic and foreign. The domestic bond market has seen sizeable returns in the past few years. But when compared to the top 10 major bond markets, the U.S. dollar total returns have only been in the top spot once since 1986.

Other reasons to consider foreign bonds

1) Depreciation of U.S. dollar. Foreign assets owned by U.S. investors may increase in value when the U.S. dollar is weak.

2) Higher yields. Some foreign bond markets do occasionally move in the same direction as domestic bond markets, but long-term similarities are not common. So higher yields may be available in other countries when domestic yields are weaker.

3) Capital gains. There may be conditions in other countries' economies that increase the possibility for capital gains resulting from falling interest rates.

4) Diversification. When you diversify your portfolio by including foreign bonds, you're reducing your overall portfolio risk and volatility over time. Strong returns from some markets may ease weaker returns from other markets.

Foreign Bonds offered through EverTrade Direct Brokerage

Now that you understand how foreign and domestic bonds work, and how they can be an important part of your investment portfolio, here are ways that you can buy them.

But first, we'd like to offer you six strong reasons why you should consider buying them from EverTrade Direct Brokerage over other firms:

1) Control how you profit from a foreign currency: You can buy, sell or receive interest in foreign currency, but your principal and interest aren't converted into U.S. dollars until you tell us to do so. This way, you have more control—and you can convert back when market conditions are right, allowing you to keep more of your gains.

2) AAA ratings: Most of the bonds we offer are AAA rated, which are of the highest quality with the lowest risk of default.

3) Wide range of bonds and maturities: We offer a very wide variety of bond types. You can buy foreign-denominated government and supranational bonds (those backed by foreign governments or cross-border entities such as the World Bank) through us, including emerging-market and exotic bonds. You can also buy domestic fixed-income investments, including corporate, government, and state/local municipal bonds. Then choose the maturity that best matches your investment needs—from 6 months up to 30 years. These bonds can be sold before maturity without penalty of interest to lock in gains or change positions.

4) Specialization in trading bonds—our area of expertise: Our Foreign Bond Desk specializes in trading liquid, high-credit quality bonds, whether they are government, corporate or supranational bonds. And our specialists have decades of bond, currency and risk-management experience. Let us help you choose what's best for you and your investment needs.

5) Very competitive conversion rates: When you do decide to convert your foreign currencies, you'll find that our conversion rates are quite competitive in the industry.

6) Superior rates for U.S. bonds: We buy and sell bonds directly, which often results in better execution and rates than brokerage firms that execute bonds through a third party.

Online Investing 101—Types of Investments

It's now easier than ever—and inexpensive—to research, invest and trade online. In most cases, it's as easy as pressing a button. (See the next section for online investing basics.) The difficult part is deciding in what to invest.

As an investor, one of the best strategies to use is one of diversification. Don't put all of your eggs in one basket, as the saying goes. Don't simply invest in one area. Invest in several, so when the performance of one investment or asset class isn't doing so well, one of your other investments will hopefully pick up the slack. By reducing your overall portfolio risk, you help minimize your chances of losing money.

So when you diversify what investments should you own? Consider equities, options and bonds.

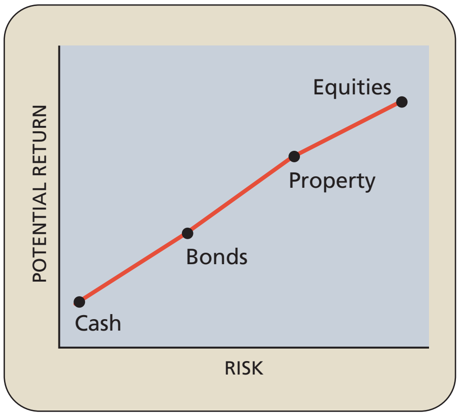
Why equities?

Want to say you own a piece of Microsoft or Apple? Then consider buying equity (or shares) in the companies. Also known as stocks, equities are investments that give you ownership in a company. How many shares you own in the company determines the amount of ownership you have. Your cut of company income comes after the debts of the company have been paid. With equities, you not only enjoy these dividends (Note: not all companies pay dividends), but the value of the equities can increase over time as company profits increase.

There is generally a higher risk with investing in equities because of, among other things, the volatility of companies today, but there's also greater potential to make money from them. Because of this, equities may be more appropriate for medium or long-term investing. (Note: If you want to invest in equities but are looking for a less volatile route, you can buy an interesting diverse group of equities, bonds and other securities through an investment in mutual funds.)

Why options?

Options can be a little confusing. With options, you enter into a contract, which gives you the "right" or "obligation" to buy or sell a set amount of assets at a set price for within a set amount of time. But what exactly does that mean and what do you stand to gain?



Source: www.scottishwidows.co.uk
A Guide to Understanding Risk

Consider the following: Let's say you've had your eye on a piece of land, but won't have the necessary funds to purchase it for six months. So you negotiate with the landowner, who gives you the option to buy the land within six months at $100,000. But to enter into this arrangement, you must pay $1,000.

Within that time, the city decides they want to build a strip mall on that same land, so the land value jumps to $1 million. Since the landowner agreed to sell you the land for $100,000, you then could earn $899,000 after paying the landowner and selling the land to the city. Now assume that the land becomes labeled as a flood plain during this period, lowering the value of the land. Fortunately you're not obligated to purchase the land; however you would still lose the $1,000.

Using options in the stock market is similar to buying land in the example above. If you believe the price of a stock will go up or down, you can "take an option" on the future performance of the stock. Let's say you believe the trading price of Microsoft stock will go up at a certain future point in time (options are generally available in a series of timeframes). You can purchase one or multiple options based on this assumption, and you will either make a profit or lose your initial investment depending on the trading price of Microsoft at the point in time you selected.

The big benefit of options comes from the potential to make a profit both when the market is doing well and not so well. Options can also be used as a hedge, protecting against rapid price fluctuations in an investment. Note: There are certain risks associated with option trading and therefore require an option agreement with acknowledgement of the risk disclosures provided by the Options Clearing Corporation (OCC).

Why bonds? *For bond basics, see page 2.*

In addition to foreign and domestic bonds, bonds can further be broken down into two other categories: government and corporate bonds. Government bonds are used to raise money for administration purposes and are guaranteed by the issuing government. Corporate bonds are issued by businesses to fund research, expansion and other activities. These bonds are not guaranteed.

Investing in bonds is generally not as risky as investing in equities or options, depending on the type of bond you buy. But they can be more profitable than simply keeping your money in a bank account that earns interest. Bonds can be used for short-term (six months) to long-term (30 years) investing.

Online Investing 102—The Basics

Companies that provide the ability to invest online often offer the same types of services. The differences generally come in the company's background and expertise in specific areas. (See the following section for the benefits of investing with EverTrade Direct Brokerage over other financial institutions.)

Investment terms to know

American Depository Receipt (ADR)—ADR's were one of the primary ways that U.S. customers invested globally in the past. Some still invest this way. U.S banks issue a certificate, or ADR, that represents a set amount of shares in foreign stock, which are traded on stock exchanges in the U.S.

Over the Counter (OTC)—Securities and other investments that trade in the OTC market are generally traded directly between broker/dealers via phone or online, and are monitored by the National Association of Securities Dealers (NASD). These tend to be riskier investments because they may not meet the requirements for listing on the major exchanges. Research is also difficult to find about these investments.

American Trading Symbols (ATS)—ATS's are foreign securities that have a five-letter symbol ending in the letter f, which in most cases come from a Canadian company, and that trade in the U.S. with U.S. dollars. They're often unregulated and unreported, but have the potential to offer a better trading value.

How to invest

When you invest online, you'll access a set of online investing tools to make trades and also track your portfolio. These tools will vary from institution to institution, but they should be easy to use.† For example, EverTrade Direct Brokerage offers tools such as Portfolio Tracker, to track your investments or investments you are interested in holding, and Account Management Reports, which show balances, positions, order status, executions and account history.

Most companies will also give you the ability to invest by phone and/or with the help of a broker.†

How to research

You should also have at your disposal research tools to help you make informed investment decisions. Some companies include research tools as part of the service, while others charge an additional fee for this service.

EverTrade Direct Brokerage offers professional-level research tools available to you online for free. These tools make it easy for you to:

- Read breaking economic and company news, profiles, charts and research
- Isolate stocks based on criteria you set with special screening tools
- Access extensive quote and market information
- Follow equity indices

Some companies also provide broker-assisted research to help you research your investment options and place your trades.†

When to invest

Most sites never close, except possibly for occasional maintenance or limit access to markets centers or exchanges due to closures for holidays. So you should be able to invest anytime, anywhere. If trades are placed after the market closes, they most likely will automatically be routed the next trading day.

What you'll pay

When trading online, you'll pay a fee per trade. Fees for online investing are generally lower no matter if you're investing online or over the phone with the help of a broker.†

How you'll be protected

The brokerage firm you choose should offer Securities Investors Protection Corporation (SIPC) insurance.†† This will protect securities,

†EverTrade Direct Brokerage offers this/these service(s).

††Account protection insures against theft or loss, but not market declines, and does not cover market risks associated with investing or credit risks associated with an issuer.

or those investments that represent ownership or debt stake in companies, up to $500,000, of which $100,000 can be cash.

EverTrade Direct Brokerage's clearing firm, has also purchased additional insurance that may insure the full value of your account.

What else you should receive

Most brokerage firms should also send you monthly statements and confirmations after each trade, whether they're mailed to you or available online.† (At EverTrade Direct Brokerage, inactive accounts receive quarterly statements.)

†EverTrade Direct Brokerage offers this/these service(s).

EverTrade Direct Brokerage Online Investing Products

So why not invest online through EverTrade Direct Brokerage? Here are five reasons to invest with us over other brokerage firms:

1) Lead in foreign exchanges/equity trades: We've been on the forefront of global equity investing since 1999. You'll find that we offer high quality execution—and some of the best pricing—for foreign equity trades. And we offer them in every major equity exchange, including London, Paris, Toronto, Hong Kong, Tokyo and Frankfurt.‡

2) Both global and domestic access: We provide access to traditional domestic equities, and thousands of mutual funds, as well as access to exchanges in foreign markets. We even give you access to pink-sheet securities. You can go where you see the greatest opportunity.

3) No need to convert currencies: If you invest in foreign currencies through EverBank World Markets, you can easily move your foreign currencies into a foreign stock or bond of the same currency. So there's no need to convert. For example, if you have foreign currency in a money market account, say in Australian dollars, you can use the currency in your money market account without converting to trade on the Sydney exchange.

4) Free online transfers: You can transfer funds between an FDIC-insured EverBank deposit account and your non-FDIC insured EverTrade Direct Brokerage Account at no cost. That way, you can have access to your funds while earning high yields on cash reserves and enjoy free online banking between trades.

5) Execution promise: If for any reason—whether from your end or our end—you cannot reach us online, you can call us to make a trade through one of our Investment Specialists at the lower Internet rate.

‡ Market volatility and volume may delay system access and trade execution. Up to the first 2,000 shares $10.00 and then just 1 cent per share for all additional shares in the same online trade, regardless of the price per share. For broker-assisted trades, the cost is just $29.95 for the first 2,000 shares, and then just 2 cents per share in the same trade. For a complete listing of fees, visit www.evertrade.com. As with other forms of trading, trades placed through EverTrade Direct Brokerage involves investment risk, including the potential for loss of principal.

Five Ways EverTrade Direct Brokerage Offers You More

Whether you're interested in foreign bonds, foreign equities or more traditional investments like mutual funds, EverTrade Direct Brokerage provides you with value, a number of choices and easy access.

1) Personal attention: Many brokerage firms say they provide personal attention and service, but how many actually remember you—and your needs—after just several points of contact? We do.

2) Global range of investments: We offer a wide variety of bonds, mutual funds, equities and options, with access to the major global markets.

3) Low trading minimums: Research other companies and you'll find that we offer very competitive trading minimums—only $20,000 for bonds in common currencies, and $50,000 for bonds in exotic/emerging markets. (Higher minimums are for the higher degree of risk and return potential.)

4) No account fees for active personal and business accounts (An account is considered active if it is open on our system of record and has a balance greater than '$0.00'.); however, there is a $25.00 annual fee for Individual Retirement Accounts. Transaction fees may apply to all accounts.

5) One site, one password: Full online account viewing, history and access at your convenience, and all in one site at the award winning financial management site, the EverBank Online Financial Center.

Award: Forbes.com.

Common Misconceptions about Foreign Equities

The same security—with the same or similar symbol—traded on separate exchanges won't necessarily cost the same to trade and may not have the same value. Different costs may result from the different values of currency on each market as well as additional fees such as duty fees, which are import/export fees, or accessing fees, (which are fees from clearing companies). The difference in values may come from the fact that some equities may be more popular in their home countries than abroad, which may increase its value in its home exchange.

Frequently Asked Questions; Foreign and Domestic Bonds

Q. Can I trade foreign bonds myself?

A. Foreign bonds can be complex to trade, so a professional foreign bond specialist must make the trade for you. EverTrade has Foreign Bond Specialists available to make trades between 8:30 A.M. and 5:30 P.M. EST, Monday through Friday. To speak with a Specialist, call 888.882.EVER (3837), and press "7" at the prompt.

Q. How much does it cost to trade foreign bonds?

A. The cost of trading foreign bonds is built into the price of the foreign bonds themselves. The price of each bond is affected by many factors, including, but not limited to:

- Size of the investment
- Country of origin
  - Current interest rates
  - Market conditions
  - Actual/expected inflation
  - Pace of economic growth
- Currency
- Characteristics of the bond
  - Credit quality
  - Maturity
  - Supply/demand
- Availability or liquidity

Q. What factors affect how much I'll earn through foreign bonds?

A. Some of the same factors affecting price affect your returns. They include:

- Economic policies
- Growth rates
- Inflation
- Interest rates
- Currency values
- Investor perceptions

Q. What are the risks of investing in foreign bonds?

A. There are various political and economic risks. For example:

- You could lose money if the currency depreciates.
- Foreign governments may impose exchange controls on their currency.
- Foreign governments may also impose taxes on interest and gains.
- One of the best ways to minimize risk is to invest in markets that are well established and maintain strict regulations on investments.

Q. What options do I have after a bond matures?

A. You have three options:

1) You can choose to have the principal and any interest earned converted back to U.S. dollars and deposited as cash in your EverTrade Direct Brokerage account.

2) You can receive the foreign currency amount and keep it in the base or local currency to avoid conversion costs, something other brokerages may automatically do. EverTrade Direct Brokerage will not convert your foreign currency, unless you request us to (conversion fees will apply).

3) You can purchase another bond.

You'll receive a notice before your bond matures, reminding you of these options.

Online Investing FAQs

Q. How do I start investing online?

A. Simply sign on to the EverBank Online Financial Center with your User ID and Password. Once logged in, you'll have full access to investment trading and can see an overview of your account(s). It couldn't be easier.

Q. What can I trade online?

A1. Foreign stocks—yes. Our Equity Trading includes many foreign securities traded with an American Trading Symbol (five-letter symbol ending in the letter f.) Also, we plan to offer online foreign equity trading to limited global exchanges (e.g. Toronto, Vancouver and Montreal) in the near future.

A2. American Depository Receipts—yes. Call the trading desk to find out minimum trading amounts and applicable commission rates.

A3. Mutual funds—no. A comprehensive mutual fund platform is currently being designed to provide more robust access and tools to thousands of mutual funds available in the EverTrade Direct Brokerage Fund Marketplace. In the meantime, you may contact our investment professionals to assist you with your trading and researching needs.

A4. Bonds—no. We only accept bond trades over the phone. Please call our Investment Professionals, who would be happy to execute bond trades for you.

A5. Margin trading—yes. To apply for a margin account, contact the trading desk for a margin agreement and appropriate disclosure forms including Truth in Lending, or print these required forms from the Customer Service section of our website under Find a Form.

A6. Options—yes. To apply for option trading, follow the directions directly above for margin trading, but use the option agreement and related risk disclosure form.

Q. How will I know if my trade has been executed?

A. You'll receive confirmation of your trades by mail or online. You can also monitor the status of your transactions online with the 'ORDER STATUS' tab, which will show you that your trade request has been received by a broker and is awaiting execution. Once your trade is cleared or approved, your online records will reflect the transaction. In most cases, your foreign bond transactions will settle within three business days after the trade is made, but some may settle as early as the next day.

Q. Will I automatically receive my confirmations by mail or online?

A. You'll automatically get a confirmation by mail to begin with, but if you prefer to receive them online, be sure to sign up for E-Documents on our site. It'll give you easy access to these confirmations, as well as online access to your monthly statements.

General FAQs

Q. Who is EverTrade Direct Brokerage?

A. EverTrade Direct Brokerage is a brokerage affiliate of EverBank (an FDIC-insured, federally charted savings association) that provides investors with a wide range of secure online and offline trading services, specializing in foreign bond trading. EverTrade Direct Brokerage is a member of the National Association of Securities Dealers (NASD) and the Securities Investors Protection Corporation (SIPC). Investments offered by EverTrade Direct Brokerage have no bank guarantee, are not FDIC insured and may lose value. Securities held in

EverTrade Direct Brokerage accounts, however, are insured against bankruptcy for up to $500,000 (including $100,000 for cash claims), and also receive additional protection from our clearing agent.

Q. Where do I mail my initial deposit?

A. For personal or business accounts, please mail your check, made payable to the appropriate address below. Please write your account number or Social Security number in the memo line.

Personal and Business Accounts

Make checks payable to EverBank and send to:

EverBank
11 Oval Drive, Suite 105
Islandia, NY 11749-1416

IRAs

Make checks payable to Penson Financial Services, Inc. and send to:

EverTrade Direct Brokerage, Inc.
8328 Eager Road Suite 300
St. Louis, MO 63144

Q. Do you accept wired funds?

A. Yes—if you have an account number. Have your bank send the funds to:

JP Morgan Chase
277 Park Ave
New York, NY 10172

ABA: 021000021
Acct: 066600030
FBO: Penson Financial Services
FFC: Customer Name
Customer Acct Number
(For non-domestic wires, use SWIFT Code CHASUS33 for the ABA noted above)

Q. Will I receive confirmation after I open my account?

A. Yes—you'll receive both a welcome e-mail and mailed letter, notifying you that you can begin trading. You'll receive these confirmations after we:

1) Receive your signed account application and initial deposit or Automatic Clearing House (ACH) agreement, and then

2) Approve and open your account.

Q. How do I transfer other securities and cash balances to my account?

A. To transfer any securities or cash balances from another firm, please complete an Account Transfer Form (ACAT), which is available online in the Customer Service section of our website under Find a Form. You can also request this form by calling us. After we receive your completed form, the transfer normally takes three weeks. Please make sure to include a copy of your most recent statement from the firm that's holding your securities or cash balances.

How to contact us

Phone:
888.882.EVER (3837); Option "7"
Monday–Thursday,
8:30 A.M. to 5:30 P.M. EST
Friday,
8:30 A.M. to 4:00 P.M. EST

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