



Portfolio Update

March 2008

Domestic Market Commentary The stock market dropped sharply in early January with most indexes reaching a low on January 22, 2008. Since that low through February 27, 2008, most indexes advanced. From January 22 through February 27, 2008, the Standard & Poor's Composite 1500 Index gained almost 5% but gave back a substantial amount of that gain in the last two days of the month.

Although the move did not gather much attention, the market was, nevertheless, advancing at a fairly brisk pace. It is too early to tell whether this modest advance is the beginning of the rally we expect. In our opinion, the decline in January was an emotional over-reaction to a possible recession scenario.

At the low, the ICON valuation system measured stock prices, on average, to be about 42% below our estimate of intrinsic value. While nobody knows whether the low in January will prove to be the bottom, our experience suggests the characteristics surrounding that point are typical of market bottoms and outstanding buying opportunities. Those characteristics are attractive valuations, Federal Reserve (Fed) easing, and a government stimulus package, all amid uncertainty and concern over the economy.

In our opinion, one reason the move off the market low has not been more robust is the lack of growth in the money supply, or M1. When the Fed eases, it injects reserves into the banking system. With more reserves, banks can make more loans, which creates M1. That has not happened this time. In fact, M1 has not grown since August 2007. Some investors may be waiting on the sidelines until they see growth in M1, as they view it as a key to preventing a recession or assuring a speedy economic recovery. With our system showing attractive valuation readings, we prefer to be invested and do not speculate about various economic and monetary variables.

Cyclical Industry Leadership While various broad market indexes have gained around 2% off the low in January, a look at the leading industries over that period reveals an interesting picture. Following are the 10 best-performing industry indexes from January 22 (the market low) through February 29, 2008:

Industry Index	Total Return 1/22/08 - 2/29/08
S&P 1500 Aluminum Index . . . . .	.31%
S&P 1500 Coal & Consumable Fuels Index . . . . .	.27%
S&P 1500 Oil & Gas Exploration Index . . . . .	.24%
S&P 1500 Diversified Metals & Mining Index . . . . .	.22%
S&P 1500 Real Estate Management & Development Index . . . . .	.19%
S&P 1500 Steel Index . . . . .	.18%
S&P 1500 Oil & Gas Drilling Index . . . . .	.17%
S&P 1500 IT Consulting Index . . . . .	.16%
S&P 1500 Home Building Index . . . . .	.15%
S&P 1500 Railroads Index . . . . .	.14%

Source: FactSet Research Systems Inc.

What first stands out is the magnitude of these industry advances, 14% to 31% in just five weeks. The second thing we notice is a strong tilt toward economically sensitive, cyclical industries. Investors appear to be anticipating an economic recovery.

Third, even with all the negative press and concerns surrounding the housing industry and real estate in general, the home building and real estate management & development industries are leading right along with the related industries of aluminum and steel. This theme is consistent with what we would expect the rally to look like as it would be an "economic recovery anticipation" rally.

Some analysts and commentators now suggest investing in recession-proof industries. We believe they are too late in making that recommendation. It is worth noting that some of those industries have been among the worst performing during the recent market advance. That list includes three industries in the Healthcare sector known for their steady revenues, independent of the economy.

We performed a modest rotation in February. Positions in the Consumer Discretionary and Financials sectors were increased, and Healthcare was reduced. Industries that look attractive to our system in those two favored sectors include home improvement and regional banks.

The goal of our value and relative strength readings is to identify industry leadership with a one- to two-year horizon. The volatility and oscillations associated with the formation of market bottoms create brief industry moves. We do not try to capture those moves but rather try to identify industries that can lead over the next one to two years. With each week, new industries become eligible for investing according to our criteria. We may be rotating a bit more in the coming weeks.

Bond Market Commentary The decline in long-term interest rates which began in early 2007 was interrupted for a few weeks in February. Long-term rates actually inched back higher through February 27, 2008, but dropped sharply the last two days of February. The significant trend in yields has been downward in the last year. The brief moves toward higher yields have been temporary. The ICON valuation system sees good value in long term bonds and does not foresee a sustainable long-term move toward higher yields.

International Market Commentary Most international markets have experienced a pattern similar to that of the U.S. market. They dropped sharply in early January and hit bottom within a day of the U.S. market hitting its low.



Generally, international market advances since that January low have been slightly more brisk than in the U.S. The leadership is fairly similar, with strength in economically sensitive sectors such as Materials, Industrials and Energy. Our database for international stocks shows an average value-to-price ratio of 1.28, suggesting stocks are priced about 28% below our estimate of intrinsic value. It is too early to know whether the low in January will prove to be the bottom. With such attractive valuation readings, we prefer to be invested and not try to "time" exact bottoms.

Summary On February 26, 2008, IBM announced that the company is buying back \$15 billion of stock. Apparently, IBM's officers and directors, who are arguably in the best position to know the company's business prospects, believe the stock is undervalued and does not properly reflect the company's future earnings potential.

We agree with the IBM board's assessment. In the ICON system, IBM had a value-to-price ratio of 1.32 on the day of that announcement. It appears to us that the IBM board is not guessing about the economy or M1 or trying to "time" a bottom. Rather, IBM's board is behaving like a value investor. We likewise believe owning cheap stocks is prudent in this environment, and we continue to look for undervalued opportunities in the current market.

Prepared by ICON's Investment Committee.

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Opinions and forecasts regarding industries, companies, countries, and/or themes are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security, industry, or sector.

Investing in securities involves inherent risks, including the risk that you can lose the value of your investment. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment, and the Technology sector has been among the most volatile sectors in the market. Investments in international securities may entail unique risks, including political, market, regulatory and currency risks. In general, there is less governmental supervision of foreign stock exchanges and securities brokers and issuers.

There are risks associated with small- and mid-cap investing such as less liquidity, limited product lines, and small market share. Investing in fixed income securities such as bonds involves interest rate risk. When interest rates rise, the value of fixed income securities generally decreases. High-yield bonds involve a greater risk of default and price volatility than U.S. Government and other higher-quality bonds. There are risks associated with selling short, including the risk that the Long/Short Fund may have to cover its short position at a higher price than the short price, resulting in a loss. The Fund's loss on a short sale is potentially unlimited as a loss occurs when the value of a security sold short increases.

As of February 29, 2008, International Business Machines (IBM) represented 2.23% of the ICON Core Equity Fund, 2.32% of the ICON Equity Income Fund, 1.84% of the ICON Income Opportunity Fund, 11.84% of the ICON Information Technology Fund, and 2.46% of the ICON Long/Short Fund. Portfolio composition and holdings are subject to change at any time and should not be construed as a recommendation of any security.

ICON's value-to-price ratio is a ratio of the intrinsic value, as calculated using ICON's valuation methodology, of a broad range of domestic and international equities within ICON's system as compared to the current market price of those equities. To analyze intrinsic value, the ICON valuation methodology relies on the integrity of publicly released financial statements. ICON's relative strength ratio is a ratio of the performance for the preceding six months of a group of securities within ICON's universe as compared to the preceding six-month performance of the broad market.

According to ICON, value investing is an analytical, quantitative approach to investing that employs various factors, including projected earnings growth estimates, in an effort to determine whether securities are over- or underpriced relative to ICON's estimates of their intrinsic value. ICON's value approach involves forward-looking statements and assumptions based on judgments and projections that are not guarantees of future results. Value investing involves risks and uncertainties and does not guarantee better performance or lower costs than other investment methodologies.

M1 is one measure of the money supply that includes all coins, currency held by the public, traveler's checks, checking account balances, NOW accounts, automatic transfer service accounts, and balances in credit unions.

The unmanaged Standard & Poor's Composite 1500 (S&P 1500) Index is a broad-based capitalization-weighted index comprising 1,500 stocks of Large-cap, Mid-cap, and Small-cap U.S. companies. The unmanaged S&P Composite 1500 Industry Indexes track the performance of companies in industries that comprise the S&P Composite 1500 Index. Total return figures for the unmanaged industry indexes do not include the reinvestment of dividends and capital gain distributions nor do they reflect deductions for commissions, management fees, and expenses.

Consider the investment objectives, risks, charges, expenses, and share classes of each ICON Fund carefully before investing. The prospectus and the statement of additional information contain this and other information about the Funds and are available by visiting www.iconadvisers.com or calling 1-800-828-4881. Please read the prospectus and the statement of additional information carefully before investing. ICON DistributorsSM, Distributor

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