ICON PORTFOLIO UPDATE

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DOMESTIC EQUITIES

During the last 15 months, we argued the stock market is in the midst of an upward recovery that will transpire, in fits and starts, over the next two to two and a half years. We have said the recovery will be bumpy with occasional setbacks. In spite of those bumps, we believe the almost 8.0% upward surge between the recent low of July 2 and July 30, 2010, signals a resumption of that upward recovery.

Coming out of a recession, the economy usually first experiences “recovery” as a quick growth burst in Gross Domestic Product (“GDP”) off a low GDP base. That recovery often transitions into an “expansion” or sustainable growth mode. Many analysts, investors, and economists have a difficult time assessing that transition, however, believing (incorrectly) that the slowing pace reflects a trend reversal or even a “double dip” recession. Investors miss out on opportunities during this transition because they’re on the lookout for a recovery and expansion that has characteristics similar to the previous recovery and expansion. But “identical twin” recoveries and expansions generally don’t happen. Each economic recovery and expansion is unique, and one recovery is rarely similar to the next. The drop in the stock market from April 23 through July 2, 2010, was a difficult transition period as investors had trouble getting their arms around what the expansion will look like. Doubters and skeptics are abundant even after this transition, with some pointing to unemployment, others to deflation, and still others to homebuilding or weak consumer spending as “proof” that we were heading into a double-dip recession (or worse). Government deficits are another oft-cited concern, even if those worrying about the deficit are unclear as to what the economic consequence might be. These worries seem misguided to us.

At ICON, we do not guess or speculate on the economy, because we believe investors are not “buying the economy” in any meaningful way. Rather, they are buying stocks in companies. So we look at companies and use our methodology in an effort to find value in the market. Lately, we like what we see. While investors sold off stocks last spring as they worried about the transition from recovery to expansion, we’re finding what we believe to be healthy, growing companies on sale. Our overall domestic market value-to-price (V/P) ratio was 1.34 at the end of June. Even after the impressive advance in prices during July, we calculated an overall domestic market V/P of 1.28 as of July 31, meaning stock prices, on average, would have to increase 28.0% just to get to fair value. These high V/P readings suggest to us that potential bad news and concerns are already built into stock prices.

After monitoring the surge earlier this summer, we made some portfolio adjustments in late July. Although we like the prospects for the Health Care sector over the long run, we do not think industries in that sector will lead over the next six to 12 months. We sold off Health Care for the more aggressive portfolios seeking maximum capital appreciation. In general, our value and relative strength readings are pulling us toward cyclical, economically sensitive sectors. Expecting equities to outperform bonds over the next six to 12 months, we took balanced accounts to a 40% / 60% bond-to-equity ratio by reducing the bond exposure.

INTERNATIONAL EQUITIES

Most country indexes hit their lows last spring on May 25, over a month before U.S. stocks hit their 2010 lows. The MSCI All Country World Index ex-U.S. gained 13.6% for the approximately two months ending July 30, 2010. In fact, international securities effectively led the domestic market rebound. On days when markets rose globally, for example, the advance often started overnight in foreign markets and the U.S simply followed. The industry leadership off the May 25 low is cyclical in nature, with airlines, real estate development, marine, construction & farm machinery, and heavy equipment and electrical components & equipment making up five of the top 10 performing industries in the ICON database. International valuation readings suggest to us that the recent rally is a resumption of the long-term recovery. As of July 31, the international V/P was a lofty 1.28, on parity with our domestic V/P readings.

BONDS

Government bonds and corporate bonds have behaved very differently the last year. In 2009, corporate rates dropped while the yield on the 10-year Government bond held about even. We have seen a reversal of this trend over the course of the last few months, with the yield on the 10-year Government bond dropping while the yields on corporate bonds held about even. Valuation readings suggest to us corporate bonds are the better bargains. We believe the yields on corporate bonds are more likely to drop from here.

SUMMARY

The economic setting appears to be one of moderate economic growth and very low inflation. This setting, combined with what we see as good stock values and favorable earnings reports, lead us to conclude now is a good time to remain invested.

Past performance does not guarantee future results.

Investing in securities involves risks, including the risk that you can lose the value of your investment.

Opinions and forecasts regarding sectors, industries, companies, countries and/or themes, and portfolio composition and holdings, 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. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment.

ICON's value-based investing model is an analytical, quantitative approach to investing that employs various factors, including projected earnings growth estimates and bond yields, 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 neither predictive nor guarantees of future results. Value readings are contingent on several variables including, without limitation, earnings, growth estimates, interest rates and overall market conditions. Although valuation readings serve as guidelines for our investment decisions, we retain the discretion to buy and sell securities that fall beyond these guidelines as needed. Value investing involves risks and uncertainties and does not guarantee better performance or lower costs than other investment methodologies.

ICON's value-to-price ratio is a ratio of the intrinsic value, as calculated using ICON's proprietary valuation methodology, of a broad range of domestic and international securities within ICON's system as compared to the current market price of those securities. According to our methodology, a V/P reading of 1.00 indicates stocks are priced at intrinsic value. We believe stocks with a V/P reading below 1.00 are overvalued while stocks with a V/P reading above 1.00 are undervalued. For example, we interpret a V/P reading of 1.15 to mean that for every $1.00 of market value, there is $1.15 of intrinsic value which has not yet been realized in the market price. To analyze intrinsic value, the ICON valuation methodology relies on the integrity of publicly released financial statements.

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. 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.

Gross Domestic Product (GDP) is the total value of goods and services produced in the national economy in a given year. It is the primary indicator of economic growth.

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