

## **Reallocation Commentary**

### **April 8, 2005**

Based on our methodology, positions in the Information Technology and Financials sectors have been reduced (or eliminated in some ICON Portfolios), and Healthcare and Leisure & Consumer Staples sector weightings are being increased.

We have implemented these changes as a result of our system sensing a different type of pattern in the market than a year ago. Last year, the market was in a trading range with up and down moves lasting typically three to four weeks before the year-end rally began August 12, 2004. Every advance, during the trading range, was led by industries with an industrial, consumer, technology, and cyclical orientation. In addition to those bolts of brief leadership, these industries were generally priced below our estimate of fair value. It was clear to us that they would lead whenever the breakout to the upside occurred, so we held them during the trading range in anticipation of their potential upside leadership.

This year is different. The market has been in a trading range but there is not clear industry leadership during the advances or the declines. It has appeared more like some of the patterns seen in the 1980s, when new themes emerged after the market entered a trading range. We may be in a period of gradual industry rotation over a few months.

In the Healthcare sector, favored industries include managed care and healthcare facilities. In the Consumer Staples sector, household products and food distributors are attractive.

***Past performance does not guarantee future results.*** *Opinions and forecasts regarding industries, companies, 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.*

*An investment in a sector fund may involve greater risk and volatility than a diversified fund, and the technology sector has been among the most volatile sectors in the market.*