



# Reallocation Commentary

## August 8, 2007

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We strive to keep ICON's portfolios in touch with changing market themes and industry leadership. As a result of recent valuation and relative strength readings, we have implemented several sector adjustments in the ICON Tactical and Balanced Portfolios and in the Frontier Growth and Moderate Growth Portfolios.

- **Consumer Discretionary Sector.** By our calculations, the Consumer Discretionary sector has lost considerable relative strength. A number of industries within the sector have met our relative strength sell signal, and, consistent with our systematic discipline, we have pared exposure to this sector.

Our valuation methodology indicates that the Consumer Discretionary sector remains significantly undervalued, and the majority of industries in the sector are still clear holds based on their value-to-price and relative strength metrics. Even after paring industries with low relative strength, we have maintained an overweight position in the sector in the Tactical Portfolio relative to the Standard & Poor's Composite 1500 Index.

- **Information Technology Sector.** Although we do not make investment decisions based on market capitalization, attractive value and relative strength combinations have guided us to large-cap technology issues, particularly in the computer hardware and systems software industries.

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

*Management of the Portfolios involves sector allocation overlays using sector and diversified mutual funds as the investment vehicle. ICON is the investment adviser to mutual funds in which the Portfolios invest and receives a management fee from the funds for its advisory services.*

*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.*

*The unmanaged Standard & Poor's Composite 1500 (S&P1500) Index is a broad-based capitalization-weighted index comprising 1,500 stocks of Large-cap, Mid-cap, and Small-cap U.S. companies. The Portfolios' composition may differ significantly from the index. Individuals cannot invest directly in an index.*



Fee Schedule Account Value	Sector Allocation Series (Tactical & Balanced)	Frontier Allocation Series (Frontier Growth and Moderate Growth)
First \$250,000	0.25%/month (3.0%/year)	0.25%/month (3.0%/year)
Next \$500,000	0.21%/month (2.5%/year)	0.21%/month (2.5%/year)
Next \$250,000	0.17%/month (2.0%/year)	0.17%/month (2.0%/year)
More than \$1 million	Negotiable	Negotiable

*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. 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. To analyze intrinsic value, the ICON valuation methodology relies on the integrity of publicly released financial statements.*

*If you would like to receive, at no charge, the most recent copy of ICON's disclosure document, Form ADV Part II, please send your request in writing to: Attention: Compliance, ICON Advisers, Inc., 5299 DTC Boulevard, 12th Floor, Greenwood Village, CO 80111.*

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