



Reallocation Commentary

June 5, 2007

Guided by our valuation and relative strength measurements, we are implementing a number of sector and international region reallocations in the ICON Portfolios in an effort to capture what we see as increasing value while selling what we believe are overpriced sectors.

Four sectors are being trimmed for declining value and weakening relative strength:

- According to our methodology, the Materials sector is now slightly overvalued with a value-to-price ratio of 0.98, so we are trimming the Materials position in the Tactical Portfolio and liquidating it in the Balanced Portfolio.
- Value is also thinning out in the Telecommunications & Utilities and Leisure and Consumer Staples sectors, with value-to-price ratios of 1.01 and 1.03, respectively, leading us to decrease Tactical and Balanced positions in those sectors.
- Relative strength has weakened in the Consumer Discretionary sector, and since the Tactical Portfolio is significantly overweight the sector relative to our benchmark, the S&P Composite 1500 (14.0% vs. 6.0%), we are trimming back the sector slightly to pare this aggressive position.

Two sectors are being increased. Our system indicates that the Energy sector is now the most undervalued in the market. The oil & gas drilling and oil & gas equipment and services industries stand out as particularly undervalued, and we are increasing weightings in Energy to capitalize on these industry bargains. We are also identifying a significant number of industries in the Industrials sector with strong combinations of value and relative strength, and Tactical's position in Industrials is being augmented to target attractive industries such as construction & farm machinery and railroads.

In the Frontier Moderate Growth and Frontier Conservative Portfolios, we are reducing holdings in the European region. While Europe remains strong based on our estimation of relative strength, valuations in the area are getting stretched. The current value-to-price ratio of the stocks we cover in Europe stands at 1.04.

ICON's more conservative portfolios will see an increase in their Bond position. The yield on the U.S. 10 Year note has risen to 4.89%, up from its March low of 4.49% and is back to its late-January high. With the U.S. equity market value-to-price ratio at 1.09, down from its mid-March level of 1.25, we believe the fixed income market deserves a little more attention.



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. Investments in international securities may entail unique risks, including political, market, regulatory and currency risks. Financial statements of foreign companies are governed by different accounting, auditing, and financial standards than U.S. companies and may be less transparent and uniform than in the United States. Many corporate governance standards, which help ensure the integrity of public information in the United States, do not exist in foreign countries. In general, there is less governmental supervision of foreign stock exchanges and securities brokers and issuers. An investment in a region fund may involve greater risk and volatility than a more diversified fund.

The unmanaged Standard & Poor's Composite 1500 (S&P Composite 1500) Index is a broad-based capitalization-weighted index comprising 1,500 stocks of large cap, mid cap, and small cap U.S. companies. Total returns for the unmanaged index include the reinvestment of dividends and capital gain distributions but do not reflect the costs of managing a mutual fund. Individuals cannot invest directly in an index.

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 global 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.

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 by calling 1-800-828-4881. Please read the prospectus and the statement of additional information carefully before investing.

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