



ICON

MULTI-CAP INTERNATIONAL ADR PORTFOLIO

Investment Methodology and Process

PHILOSOPHY At ICON, we focus on numbers. We are a tactical investment manager. Our investment system is analytical, quantitative, and non-emotional. We do not rely on traditional brokerage research or subscribe to any Wall Street newsletters. Nor do we visit directly with public companies or go to company-sponsored PR lunches. Instead, we buy data and compute value based on ICON's investment methodology. Our analysis strives to keep portfolios in touch with ever-changing industry and sector leadership.

ICON's value approach is not limited by restrictions on companies of a specific market capitalization; we attempt to identify potential industry leadership wherever we think it emerges – small-cap, mid-cap or large-cap. Our analysis shows that industries migrate around or across the style grid, so that when a market theme develops, industries leading the theme may be located anywhere in the market. ICON's system allows us to identify industries that we believe have the potential to become market leaders without the arbitrary barriers or restrictions of the style grid. Our ability to look anywhere in the grid to find bargains makes us a multi-cap manager that invests in securities we believe are undervalued.

ICON also believes the market is informationally efficient. It does not take an information edge to perform value-based, bottom-up industry rotation. ICON simply exploits the emotions of the market. Sometimes investors get too optimistic and take prices too high. Other times investors get fearful or pessimistic and let prices fall too low. ICON uses quantitative, valuation metrics to identify securities we think are over-priced and under-priced.

INVESTMENT UNIVERSE We begin with a universe of 700-800 international ADR securities. We focus on companies that are based in Europe and the Asia-Pacific Regions with an emphasis on developed countries although ADRs from countries considered emerging are also included in the universe.

INVESTMENT METHODOLOGY: QUANTITATIVE ANALYSIS

VALUE TO PRICE SCREENING

ICON uses a modification of the valuation model once used by noted value investing pioneer Benjamin Graham. ICON's valuation discipline is non-emotional and based upon the fundamentals of finance. The ICON valuation equation uses average earnings per share, future earnings growth estimates, beta, and the bond yield. In principle, it projects earnings growing into the future and then discounts those projections back to their present value according to risk and interest rates (opportunity cost).

RELATIVE STRENGTH SCREENING

Since value analysis may lead us to buy stocks and industries before they are ready to move, we also employ a relative strength calculation. By comparing company, industry and sector performance to the broad market, we attempt to identify underpriced issues that are demonstrating leadership and therefore are favorably positioned to outperform the market. Above-average

HOW DOES ICON APPLY ITS INVESTMENT METHODOLOGY TO SELECT ADRS?

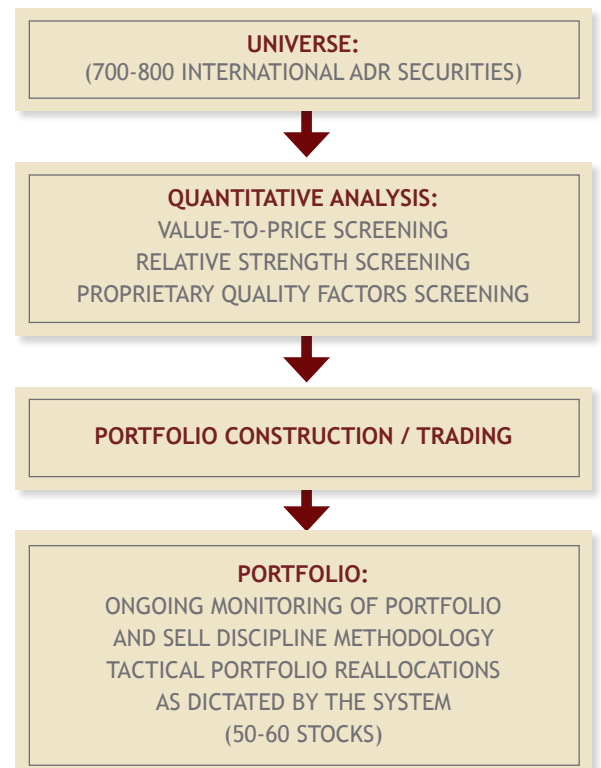
To invest in ADRs, ICON implements the same methodology as it applies to industry and stock selection in all products. The investment team evaluates value-to-price ratios and relative strength based on industries while also observing country- and company-level metrics along with quality ratings.

ICON looks to local company issues for the value-to-price, relative strength, and quality metrics, not the ADR. For example, if ICON was considering the ADR for a Japanese auto manufacturer, ICON would run valuation and relative strength measurements based on the auto stock traded in Japan. From that analysis, if ICON decided to invest in the company, we would purchase the ADR traded on the NYSE for the transaction.

OBJECTIVE: The Multi-Cap International ADR Portfolio seeks capital appreciation through American Depository Receipts (ADRs) investments in selected industries and sectors by utilizing a value-based sector allocation strategy.

Investment Minimum
\$100,000

FLOWCHART OF THE INVESTMENT PROCESS



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performance, however, should not be confused with weekly or monthly moves. Given that relative strength is continuously computed using the trailing 26-week period, we think this reading is generally insulated from short-term dips or surges.

INDUSTRY EMPHASIS

We believe markets have themes in which certain industries assume leadership roles generally for a period of one to two years. Industry Value-to-Price Ratios (V/P) are used to identify those industries that are under- or over-priced relative to our estimate of intrinsic value. This approach is based on our belief that random risk is highest at the individual stock level.

PROPRIETARY QUALITY FACTORS SCREENING

We favor companies that are high in cash, low in debt and well managed. Income statements, balance sheets and ratios are used to assess management quality seeking evidence of control, planning and efficiency. Overall, we look to increase the potential that price will move toward value while reducing the potential for value to deteriorate.

SECURITY SELECTION/PORTFOLIO CONSTRUCTION Security selection and portfolio construction are a result of ICON's quantitative investment methodology. Valuation is the principal that guides ICON through this changing industry leadership. Industries with stock prices below our estimate of intrinsic value are believed to be on a springboard to new leadership. ICON simply attempts to buy industries we think are under-priced and sell industries we think are over-priced. An industry that passes our quantitative value and relative strength screening process can then be broken out into the companies that form that specific industry, and from there the securities in that industry are ranked by quality and considered for addition to the portfolio.

SELL DISCIPLINE Our sell discipline is typically on an industry basis rather than by individual stock, although we evaluate whether individual securities continue to be attractive investments according to our model. An industry can be sold for two reasons:

- It is overpriced relative to our calculation of intrinsic value.
- Its performance has been poor relative to the market.

We generally sell when an industry drops into the bottom 10% of our V/P rankings, meaning that it has become extremely overpriced relative to other industries. We may also sell when an industry falls into the bottom 20% of our relative strength scale, indicating poor performance.

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

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 concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment.

Investments in separately managed accounts, like all investments, involve certain risks, including the risk of loss of principal, which will vary depending on the securities selected. Managed accounts are subject to other risks including, but not limited to the risk of a concentration in sectors, industries, asset classes, or geographic regions.

Investors may find there are fewer managed accounts focused on certain asset classes, limiting one's ability to gain access to those classes. Investors without significant assets to invest may find it difficult to achieve broad diversification within a portfolio, and this could result in a concentrated, non-diversified portfolio. Managed accounts may not be suitable for all investors.

ICON Advisers, Inc. ("ICON") is a registered investment adviser established in 1991 and was founded in 1986 by a predecessor entity of Craig Callahan. ICON's disciplined, quantitative investment system utilizes sector and industry rotation to invest in U.S. and foreign securities of any market capitalization. ICON offers its disciplined, quantitative investment system across a wide range of portfolio solutions, including mutual fund allocation portfolios, diversified and sector mutual funds, as well as diversified and concentrated separate accounts.

ICON's Value/Price ratio is a ratio of the intrinsic value, as calculated using ICON's valuation methodology, of a broad range of U.S. 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" estimate reflects ICON's calculation of how an individual stock has performed compared to the broad stock market over a six-month period.

ICON's value-based investing model 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.

An American Depositary Receipt (ADR) is a certificate that trades in the U.S. markets representing shares of a foreign company. U.S. depository banks issue these certificates and the price of an ADR corresponds to the price of the foreign stock in its home market, adjusted to the ratio of ADRs to foreign company shares. Investments in ADRs have many of the same risks as international investing, including political, market, regulatory, inflation, exchange rate, and currency risks of the underlying shares in foreign countries.

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 AdvisersSM, 5299 DTC Boulevard, 12th Floor, Greenwood Village, CO 80111. © 2009 ICON AdvisersSM All Rights Reserved.

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