ICON PORTFOLIO UPDATE

July 2009

SPECTACULAR MARKET RALLY

The first half of 2009 featured two extremely different markets. The first two and a half months of the year reflected a sharp decline driven by downward revisions in economic forecasts, liquidation-forced selling by hedge funds and mutual funds, and general fear regarding the stability of our financial system. The final three and a half months, however, produced one of the most spectacular rallies in the history of the stock market. The S&P 1500 Index soared 41.49% from March 9 through June 2 (just 59 trading days), which equates to an annualized pace of 340.33%. The market finished the month of June nearly unchanged from its peak on June 2.

Based on our interpretation of available data, we believe the characteristics demonstrated by the low of March 9 are typical of many market bottoms and reflect the worst of the dramatic market slide that began in 2008. At ICON, we also believe the recent market advance is just a first step on the path toward recovering assets reduced by the market's decline. At the low in March, the ICON Value-to-Price (V/P) ratio for the broad market was 1.45, indicating stock prices were 45% below our estimate of fair value — a reading arguably suggestive of the investing public's then overwhelming fear and pessimism. Since then prices have moved higher in an attempt to catch value. Still, value remains high as well, signaling to us that this rally is sustainable for the time being.

INCREASING VALUE IN THE MARKET

We believe value has increased recently for a few reasons. First, as we continually update our V/P calculations, we bring in new earnings and delete old earnings. With new earnings data, we have seen new (and increased) value. Second, while the yield on the 10-year Government bond is higher now than it was on March 9, the yield nonetheless dropped over 40 basis points between June 10 and June 30. This drop in the Government bond yield also increases our valuation readings. Finally, yields on corporate bonds have been dropping. This has proven to be a significant boost to our equity valuation readings. The ICON market V/P reading as of June 30 was 1.14, suggesting that despite the impressive market advance, stocks are still priced 14% below our estimate of fair value. In other words, we believe the rally is sustainable because while prices are moving higher, so is fair value.

S&P 1500 TOTAL RETURNS OFF MARCH LOW

S&P Sector	3/9/09 - 6/30/09
Financials	83.40%
Consumer Discretionary	46.58%
Materials	45.97%
Industrials	45.40%
Information Technology	45.27%
S&P 1500 Index	37.79%
Utilities	26.83%
Health Care	23.17%
Energy	22.62%
Consumer Staples	21.13%
Telecommunication Services	20.19%

INDUSTRY AND SECTOR LEADERSHIP

Current industry and sector leadership is sensible to us and in line with the expectation of an economic recovery, or at least an economy not as bad as feared in March. As seen in the table of sector indexes above, Financials has performed the best off the March 9 low. The rest of the leadership is quite cyclical and economically sensitive. Although positive and participating, the lagging sectors have a "recession proof" nature.

While our investment process is driven by valuation rather than economic forecasting, there is some behind-the-scenes economic data that is supportive of the recent rally. On *Bloomberg*, for example, we can view a survey of over 80 economic forecasts. Since mid-March, the *Bloomberg* group has revised their outlook for economic growth upward and their outlook for inflation downward. With regard to GDP, they are forecasting positive GDP in the 3rd quarter of 2009 and see positive GDP continuing into 2010.*

BOND MARKET

Corporate bonds are putting on a rally as prices have risen and yields have dropped. It appears to us to be a natural unwinding of the shock the credit markets took last fall when Lehman Brothers declared bankruptcy. Credit spreads — the extra yield per each higher level of risk — are still above normal. We think they can drop further and keep the corporate bond rally going.

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INTERNATIONAL MARKET

Most international markets have behaved like the U.S. markets. They sank the first two and a half months and have rallied since mid-March. Through the end of May, the international returns got an extra boost from the declining value of the U.S. dollar. During June, however, currency was not a factor. The sector and industry theme is similar globally. The leadership is cyclical and economically sensitive, suggesting investors are expecting an economic recovery.

SUMMARY

Most indexes finished June about where they started the year — some slightly higher, some lower, but the path was anything but dull. The initial drop and the subsequent rally were both quite sensational, even when measured by historical trends and extremes. We think the recent advance is the first step on the road to recovery, and we believe the worst of this cycle is now behind us.

Prepared by ICON's Investment Committee.

Past performance does not guarantee future results.

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.

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

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

The unmanaged Standard & Poor's Composite 1500 (S&P 1500) Index is a broad-based capitalization-weighted index comprising 1,500 stocks of Large-cap, Mid-cap, and Small-cap U.S. companies. The unmanaged Standard & Poor's (S&P) Composite 1500 Industry Indexes track the performance of companies in industries that comprise the S&P Composite 1500 Index. Total return figures for the unmanaged industry indexes do not include the reinvestment of dividends and capital gain distributions nor do they reflect deductions for commissions, management fees, and expenses. Individuals cannot invest directly in an index.

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.

**Sources: Bloomberg Finance L.P., ECFC 6/30/09, FactSet Research Systems, Inc.*

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