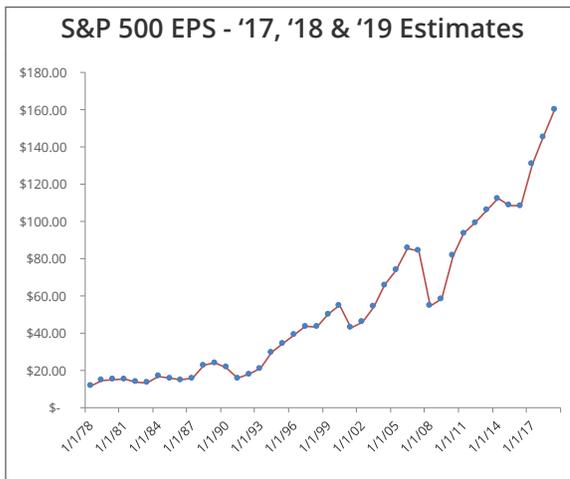


Domestic Equities

In late September, various domestic indices and averages hit all-time highs, including the S&P 1500 and S&P 500, S&P Mid-Cap 400, S&P Small-Cap 600, Dow Jones Industrial Average and the NASDAQ. Those levels do not surprise us and a look at the earnings per share (“EPS”) for the companies in the S&P 500 Index suggests why these record levels make sense. The graph below shows EPS for the S&P 500 from 1978 through 2019, where 2017, 2018 and 2019 are estimates from a survey of analysts who specialize in forecasting earnings. Dips associated with economic recessions are obvious in 1991, 2001 and 2008-2009. Some have called the pause in 2015 and 2016 an ‘earnings recession’ as earnings sagged, yet the economy continued to grow. In the second half of 2014, the price of oil dropped and the value of the US Dollar rose. The price of oil damaged earnings of energy companies for the next two years while the strong US Dollar hurt overseas earnings immediately and may have dampened foreign sales for a year or two.



Data quoted represents past performance, which does not guarantee future results.

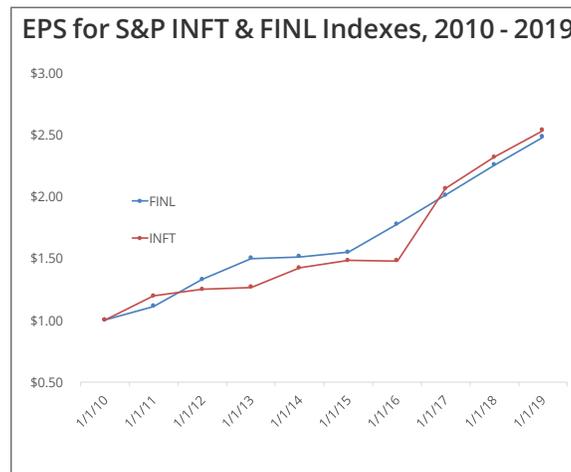
Analysts' Estimated Growth of EPS			
S&P Indexes			
	Large 500	Mid 400	Small 600
2017	20.5%	24.7%	27.3%
2018	11.0%	14.5%	20.0%
2019	10.1%	10.2%	12.1%

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As for record highs in the stock market, the earnings forecasts for 2017 – 2019 would certainly seem to justify it. Intuitively, and in our ICON valuation equation, the more a company earns, all else being equal, the more it is worth. It seems to us investors are gradually realizing the profitability of companies and setting stock prices accordingly – and that is higher.

The table above shows rates of year-over-year growth for forecasted earnings for the large-cap S&P 500, S&P Mid-cap 400 and the S&P Small-cap 600 Indices. 2017 is exceptional because of the rebound from 2016, particularly in the Energy sector. Growth for 2018 and 2019 appear more in line with historical norms particularly with higher growth in the smaller, presumably younger, faster growing companies. While analysts can be wrong in their forecasts it can be noted that analysts have underestimated earnings over the last few years.

Value/price readings for industries and sectors have not changed materially. We see nothing at this time that would pull us toward a major rotation. Based on value, we still like Information Technology and Financials. The graph below shows the earnings per share for the S&P 1500 Financials (FINL) and Information Technology (INFT) Indices indexed to \$1.00 at the end of 2010. The graph reveals just how much EPS has grown after recovering from the great recession. In general, we believe it shows a healthy situation with analysts forecasting continued year-over year growth for 2017, 2018 and 2019.



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International Equities

Most international country markets have moved higher this year and in Europe returns to US investors have been boosted by the declining value of the US Dollar. Countries in northern and central Europe are at the top of our value/price list. In addition, nine emerging market countries, mostly from Asia, are in the top half of our country rankings. The international moves appear very broad based with only three country V/P ratios below 1.00. Based on value, we believe the stock market advances are sensible and sustainable.

Bonds

The yield on the 10-Year Treasury note rose sharply to near 2.60% after the election last November. Since then it has been retreating downward, hitting a recent low of 2.04% on September 9. The Federal Reserve has stated that it will reduce the bond holdings it accumulated during quantitative easing. Some of that reduction will take the form of simply allowing bonds to mature and be redeemed, but we believe we will see also outright sales of Treasury notes. While some analysts have predicted this will put upward pressure on rates, we believe the rate on the 10-Year Treasury can stay in the 2.00% to 2.50% range as inflation forecasts reported by Bloomberg are right around 2% for the next two years.

Summary

From "Rocket Man" to hurricanes to politicking over tax reform, there are many distractions out there relative to investing. We do not see stocks as over-priced, nor do we see the behaviors and conditions that often precede bear markets. When we focus on value and earnings, as described above, we believe the broad market can move higher over the next year.

The data quoted represents past performance, which is no guarantee of 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 inherent risks, including the risk that you can lose the value of your investment. An investment concentrated in sectors and industries may involve greater risk and volatility than a more diversified investment. 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. 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.

ICON's value-based investing model is an analytical, quantitative approach to investing that employs various factors, including projected earnings growth estimates and bond yields, 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 neither predictive nor guarantees of future results. Value readings are contingent on several variables including, without limitation, earnings, growth estimates, interest rates and overall market conditions. Although valuation readings serve as guidelines for our investment decisions, we retain the discretion to buy and sell securities that fall beyond these guidelines as needed. Value investing involves risks and uncertainties and does not guarantee better performance or lower costs than other investment methodologies.

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. According to our methodology, a V/P reading of 1.00 indicates stocks are priced at intrinsic value. We believe stocks with a V/P reading below 1.00 are overvalued while stocks with a V/P reading above 1.00 are undervalued. For example, we interpret a V/P reading of 1.15 to mean that for every \$1.00 of market value, there is \$1.15 of intrinsic value which has not yet been realized in the market price.

Earnings Per Share (EPS) are the Earnings from ongoing operations; earnings per share equals total earnings divided by the number of shares outstanding.

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) MidCap 400 Index is a widely recognized unmanaged mid-cap index of 400 domestic stocks chosen for their market capitalization, liquidity, and industry group representations. The unmanaged Standard & Poor's (S&P) 500 Index is a market value-weighted index of large-cap common stocks considered representative of the broad market. The unmanaged Standard & Poor's (S&P) SmallCap 600 Index is an unmanaged index of 600 domestic stocks chosen for their market capitalization, liquidity, financial viability, and sector representation. The Standard and Poor's (S&P) 1500 Financials Index is an unmanaged capitalization-weighted index comprising companies in the Financials sector as determined by S&P. The Standard and Poor's (S&P) 1500 Information Technology Index is an unmanaged capitalization-weighted index comprising companies in the Information Technology sector as determined by S&P. The Dow Jones Industrial Average is a price-weighted average of 30 actively traded blue-chip stocks, primarily industrials. The unmanaged NASDAQ Composite ("NASDAQ") Index is a broad-based capitalization-weighted index of all NASDAQ National Market and Small-Cap stocks. Total return for the unmanaged index include the reinvestment of dividends and capital gain distributions but do not reflect deductions for commissions, management fees, and expenses. The Portfolios' composition may differ significantly from the indexes. Individuals cannot invest directly in an index.

The 10-year yield is the benchmark 10-year yield to maturity reflected by the current issue 10 year U.S. Treasury note.

Source: Bloomberg, FactSet

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