

The ICON Tactical Allocation Portfolios' (ITAPs) exposure to the Financials sector has been reduced and replaced with a position in the Healthcare sector. Last year we did not have a meaningful position in the Healthcare sector, a posture that proved prudent as the Healthcare sector was the worst performing sector among the eleven S&P 1500 Sector Indexes. Both presidential candidates occasionally bashed pharmaceutical and biotechnology companies about pricing practices and stock prices usually suffered from the comments. However, our avoidance of the sector was not based on political guessing but was based on valuation. As you might imagine with stock prices drifting lower while earnings for most companies were growing, ICON's estimate of value for those stocks grew. We now find many companies in the Healthcare sector and a handful of Healthcare industries up near the top of our value-to-price (V/P) rankings. As such we believe prices in the sector have already built in the potential for any negative regulatory actions. Despite trimming exposure to Financials, which has been the best performing sector over the last year, we still see value and allocations remain overweight relative to the benchmark in the Financials sector.

In addition, in the International and Global ITAPs we increased exposure to Emerging Markets as many of Emerging Markets countries have moved their way up our V/P rankings. While the average V/P for all stocks from Emerging Market countries is a modest 1.05, specific countries such as Thailand, China, Philippines, Indonesia and South Korea all have V/P ratios of 1.10 or better.

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 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. There are risks associated with Small and Mid Cap investing such as less liquidity, limited product lines, and small market share.

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.

The unmanaged Standard & Poor's (S&P) Composite 1500 Sector Indexes track the performance of sectors that comprise the S&P Composite 1500 Index. The Portfolios' composition may differ significantly from the indexes. Individuals cannot invest directly in an index.

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