

# ICON REALLOCATION COMMENTARY

Published 8.23.2022

The stock market had a theme, or personality, that did not make sense to our system the first five months of 2023. Here is how we described it in our April Portfolio Update. "In general, the industries with the higher V/P ratios (better bargains) have been sluggish. At the other end, the leading industries are over-priced (low V/P). This is usually unsustainable over the long run although it could continue a few months." The leading industries that we believed were expensive were generally in Information Technology and Communication Services.

Since May 31, 2023, new leadership has emerged, including many industries with stocks we see as priced below our estimate of fair value. Therefore, we have performed a minor rotation to reduce our exposure to Information Technology, Communication Services and Consumer Staples and increase exposure to Industrials and Materials.

---

## 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.*

*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 a \$1.15 of intrinsic value which has not yet been realized in the market price.*

**Please visit ICON online at [www.ICONAdvisers.com](http://www.ICONAdvisers.com) or call 1-800-828-4881 for the most recent copy of ICON's Form ADV, Part 2.**

**© 2023 ICON Advisers<sup>SM</sup> All Rights Reserved.**

