ICON REALLOCATION COMMENTARY

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With the Federal Reserve expected to raise the Federal Funds target rate a few more times, we expect the strength in the US dollar to continue. This situation often creates a headwind for international equity investing. For global and international portfolios we are moving some money out of international equities and into bonds with a U.S. short-term, corporate emphasis. With the yields on the 2-year and 10-year Treasuries increasing to 3.4% and 3.3%, respectively, bonds are more attractive than they were a month ago.

In terms of being defensive, this move will put global and international portfolios more in line with domestic portfolios where the component funds have been holding significant cash since late May. Given our value readings, we do not expect the broad market to make new lows, we just don't see enough of the behaviors and conditions that usually accompany a market bottom. Until we do, we are content with more cash and bonds than normal.

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