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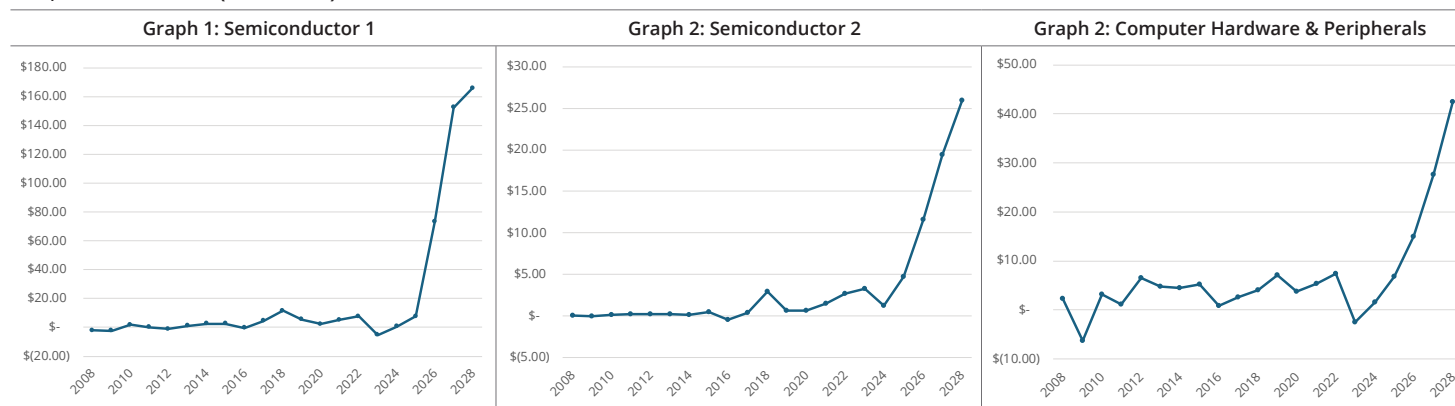
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## Equities

If you watch financial TV programs or read investment articles, you have seen that there is no shortage of things to worry about for those who take a “top down” approach to investing. We at ICON have always taken the approach that the stock market is a market of stocks. We believe we get a better view of the market by looking at individual stocks rather than by trying to guess unemployment, Federal Reserve behavior, or geo-politics. As for stocks, let’s look at some companies' earnings per share, which is, in our view, the primary determinant of the company’s value or worth.

The graphs will show actual reported earnings per share through 2025 and estimates for 2026, 2027, and 2028. The estimates are reported on Bloomberg from a survey of analysts who specialize in forecasting corporate earnings. We will not mention the names of the companies as we may or may not own them in various ICON portfolios. The first company (*Graph 1*), Semiconductor 1, earned \$7.59 in 2025 and is estimated to earn \$73.14 in 2026, \$152.57 in 2027, and \$165.91 in 2028.

### EPS, with Estimates (2008-2028)



*The data quoted represents past performance, which is no guarantee of future results. Source: Bloomberg*

The second company (*Graph 2*), Semiconductor 2, earned \$4.77 in 2025 and is estimated to earn \$11.57, \$19.43 and \$25.95 in 2026, 2027, and 2028, respectively.

The third company (*Graph 3*), Computer Hardware and Peripherals, earned \$6.77 in 2025 and is estimated to earn \$14.91, \$27.68 and \$42.44 in 2026, 2027, and 2028, respectively.

The graphs show that these three companies are entering a new world, in terms of their potential profitability. As these three companies are in the Information Technology sector, their predicted surge in earnings is directly related to artificial intelligence (AI). It’s not just these three companies; many more are predicted to experience this same type of earnings surge. It goes beyond just technology. For example, investment banks that raise the capital for AI expansion and commercial banks that make loans. Other companies are involved in the infrastructure and power generation to support AI.

With various indexes, like the broad S&P 1500, at or near all-time highs, some analysts fear the market could be at a peak. These graphs, and the surge in earnings, suggest the market can continue higher. All three of those companies have Value/Price (V/P) ratios greater than 1.00 in the ICON database. In general, it looks to us like analysts are gradually realizing how earnings can grow, and stock prices are just trying to catch up. It should be noted that the analysts who forecast earnings have a reputation of underestimating earnings. For those three companies over the last eleven quarters, only once did the company report earnings less than estimated.

## Bonds

Following the attack on Iran, the yield on the 10-year increased from 3.94% on February 27 to 4.67% on May 19. Since that peak, the yield has drifted lower, down to 4.46% on July 1. Also dropping is the price of a barrel of oil, from a high of near \$120 to near \$71 on July 1. We expect the yield on the 10 year Treasury to continue drifting lower.

## Summary

Like the Industrial Revolution of the late 1800s, we are in a time of change and opportunity. We believe we can find companies with stock prices that don’t reflect the potential growth in profitability. We like owning them.

*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.*

*Individual account holdings and composition may vary. 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.*

*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.*

*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.*

*EPS: Earnings from ongoing operations; earnings per share equals total earnings divided by the number of shares outstanding.*

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

*Sources: Bloomberg*

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