



**International
Strategy &
Investment**

ISI STRATEGY FUND (STRTX)

A mutual fund seeking to maximize total return through a combination of long-term growth of capital and current income by actively allocating investments between common stocks of U.S. issuers and securities issued by the U.S. Treasury.

The Securities and Exchange Commission has neither approved nor disapproved these securities nor has it passed upon the adequacy of this Prospectus. Any representation to the contrary is a criminal offense.

March 1, 2010

PROSPECTUS

ISI STRATEGY FUND, INC.

**SUPPLEMENT DATED AUGUST 24, 2010 TO THE
PROSPECTUS DATED MARCH 1, 2010**

Effective immediately, the first paragraph of the section entitled “How to Buy Shares” on page 11 of the Prospectus is hereby deleted in its entirety and replaced with the following:

You may buy shares through any securities dealer authorized to sell the Fund’s shares (“Securities Dealer”) and any financial institution that acts as a shareholder servicing agent on behalf of the Fund (“Fund Servicing Agent”). Send your check (along with a completed Application Form) to the Fund’s Transfer Agent in order to open an account. You may obtain an Application Form by calling the Transfer Agent at 1-800-882-8585 or by visiting the Fund’s website at www.isifunds.com, or in writing. Written requests should be sent to:

By Mail:

ISI Strategy Fund, Inc.
c/o State Street Transfer Agency
P.O. Box 5493
Boston, MA 02206

By Overnight:

ISI Strategy, Inc.
c/o State Street Transfer Agency
200 Clarendon Street
Boston, MA 02116

It is the responsibility of your Securities Dealer or Fund Servicing Agent to transmit properly completed orders that will be received by the Transfer Agent in a timely manner.

Effective immediately, the section entitled “Rights of Accumulation” on page 15 of the Prospectus is hereby deleted in its entirety and replaced with the following:

Rights of Accumulation. If you are purchasing additional shares of the Fund or shares of Total Return U.S. Treasury Fund, Inc., Class A shares of Managed Municipal Fund, Inc., or Class A shares of North American Government Bond Fund, Inc., you may combine the value of your purchase with the value of your existing investments and those of your spouse and your children under the age of 21 to determine whether you qualify for a reduced sales charge. You must be able to provide sufficient information to verify that you qualify for this right of accumulation.

Effective immediately, the first paragraph of the section entitled “Purchases by Exchange” on page 16 of the Prospectus is hereby deleted in its entirety and replaced with the following:

You may exchange shares of the Fund for an equal dollar amount of shares of Total Return U.S. Treasury Fund, Inc., Class A shares of Managed Municipal Fund, Inc. or Class A Shares of North American Government Bond Fund, Inc. without payment of the sales charges described above or any other charge. You may enter both your redemption and purchase orders on the same Business Day or, if you have already redeemed the shares of the other fund, you may enter your purchase order within six months of the redemption, provided the amount of the purchase order is at least \$5,000. The Fund may modify or terminate these offers of exchange upon 60 days’ notice.

Effective immediately, the section entitled "Other Service Providers" on page 19 of the Prospectus is hereby deleted in its entirety and replaced with the following:

OTHER SERVICE PROVIDERS

International Strategy & Investment Group, Inc., 40 West 57th Street, New York, New York, is the principal underwriter of the Fund.

State Street Bank and Trust Company, One Lincoln Street, Boston, Massachusetts 02111 is the Fund's administrator, transfer and dividend disbursing agent, fund accountant and custodian.

Effective immediately, the information on page 21 of the Prospectus is hereby deleted in its entirety and replaced with the following:

ISI STRATEGY FUND

Investment Advisor

INTERNATIONAL STRATEGY & INVESTMENT INC.
40 West 57th Street, 18th Floor
New York, NY 10019

Investment Sub-Advisor

LOS ANGELES CAPITAL MANAGEMENT AND EQUITY RESEARCH, INC.
11150 Santa Monica Boulevard, Suite 200
Los Angeles, CA 90025

Administrator

STATE STREET BANK AND TRUST
COMPANY
One Lincoln Street
Boston, MA 02111

Distributor

INTERNATIONAL STRATEGY &
INVESTMENT GROUP, INC.
40 West 57th Street, 18th Floor
New York, NY 10019
(800) 955-7175

Transfer Agent

STATE STREET BANK AND TRUST
COMPANY
One Lincoln Street
Boston, MA 02111
1-800-882-8585

*Independent Registered Public
Accounting Firm*

BBD, LLP
1835 Market Street, 26th Floor
Philadelphia, PA 19103

Custodian

STATE STREET BANK AND TRUST
COMPANY
One Lincoln Street
Boston, MA 02111

Fund Counsel

KRAMER LEVIN NAFTALIS &
FRANKEL LLP
1177 Avenue of the Americas
New York, NY 10036

PLEASE RETAIN THIS SUPPLEMENT FOR FUTURE REFERENCE

TABLE OF CONTENTS

Risk/Return Summary	3
Investment Objective	3
Fees and Expenses	3
Principal Investment Strategies	4
Principal Risks	5
Performance Summary	7
Portfolio Management	8
Purchase and Sale of Fund Shares	9
Tax Information	9
Payments to Broker-Dealers and Other Financial Intermediaries	9
Additional Investment Information	10
The Fund’s Net Asset Value	10
How to Buy Shares	11
How to Redeem Shares	13
Telephone Transactions	14
Transactions Through Third Parties	14
Sales Charges	15
Dividends and Taxes	17
Investment Advisor and Sub-Advisor	18
Other Service Providers	19
Financial Highlights	20

**The Fund is managed by International
Strategy & Investment Inc. (the “Advisor”).**

RISK/RETURN SUMMARY

Investment Objective

The investment objective of the Fund is to maximize total return through a combination of long-term growth of capital and current income.

Fees and Expenses

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund. You may qualify for sales charge discounts if you and your family invest, or agree to invest in the future, at least \$100,000 in the ISI Funds. More information about these and other discounts is available from your financial professional and in the “Sales Charges” section on page 15 of this Prospectus and the “Distribution of Fund Shares” section on page 24 of the Fund’s Statement of Additional Information.

Shareholder Fees (fees paid directly from your investment):

Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	3.00%
Maximum Deferred Sales Charge (Load)	None
Maximum Sales Charge (Load) Imposed on Reinvested Dividends	None
Redemption Fee	None
Exchange Fee	None

Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment):

Management Fees	0.40%
Distribution and Service (12b-1) Fees	0.25%
Other Expenses	0.45%
Total Annual Fund Operating Expenses	<u>1.10%</u>

Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$ 409	\$ 639	\$ 888	\$1,600

Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or “turns over” its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in Annual Fund Operating Expenses or in the Example, affect the Fund’s performance. During the most recent fiscal year, the Fund’s portfolio turnover rate was 55% of the average value of its portfolio.

Principal Investment Strategies

The Fund’s assets are actively allocated between common stocks of U.S. issuers and securities issued by the United States Treasury (“U.S. Treasury Securities”). The allocation of the Fund’s assets between U.S. common stocks and U.S. Treasury Securities is based upon the Advisor’s analysis of the pace of the economy and its forecast of the direction of interest rates and corporate earnings. When the Advisor expects the environment ahead to be more favorable to financial assets, the Fund would move towards a more aggressive strategy with a heavier weighting in common stocks. Conversely, when the Advisor expects a defensive environment ahead for financial assets, the Fund will move towards a conservative strategy with a heavier weighting in U.S. Treasury Securities and an emphasis on maturities of five years or less. A neutral strategy will be used in an environment with more mixed news. The allocation of the Fund’s assets will be reviewed periodically in light of the Advisor’s forecasts and will be changed when the Advisor believes it is appropriate.

The Fund’s assets will generally be allocated as follows:

- **Aggressive Strategy** - approximately 100% in common stocks. An aggressive strategy is defined as the strategy used when the Advisor expects the environment to be more favorable to financial assets, characterized by low inflation, declining interest rates and/or rising corporate profits.
- **Neutral Strategy** - approximately 75% in common stocks and 25% in U.S. Treasury Securities. A neutral strategy is defined as the strategy used when the Advisor expects the environment to be between aggressive and conservative.
- **Conservative Strategy** - approximately 50% in common stocks and 50% in U.S. Treasury Securities. A conservative strategy is defined as the strategy used when the Advisor expects a defensive environment for financial assets, characterized by rising interest rates and/or declining corporate profits.

Common Stock Selection. The Fund’s common stock investments are selected using a quantitative model that seeks to capture an enhanced return from the broad U.S. equity market, as represented by the Wilshire 5000 Total Market Index (the “Wilshire 5000”). The Wilshire 5000 represents the broadest index for the U.S. equity market, and consists of all U.S. common stocks that trade on a regular basis on the New York and American Stock Exchanges and in the NASDAQ over-the-counter market. Using this quantitative model, the portfolio managers select a sampling of the common stocks contained in the Wilshire 5000 in an attempt to match the return of the Wilshire 5000 plus 1% to 2%, with volatility that from time-to-time may exceed that of the Wilshire 5000. The portfolio managers use this model to construct an equity portfolio having a

market capitalization and industry sector weightings that closely resemble that of the Wilshire 5000, but, when the model suggests, the Fund's sector weightings will be varied slightly in an effort to provide enhanced returns.

U.S. Treasury Security Selection. U.S. Treasury Securities include Treasury bills, notes and bonds as well as Treasury Inflation-Protected Securities ("TIPs") and Separate Trading of Registered Interest and Principal Securities ("STRIPS"). TIPs are securities whose principal is adjusted according to changes in the consumer price index and whose principal increases with inflation and decreases with deflation. STRIPS are securities that do not pay interest currently but are purchased at a discount and are payable in full at maturity. U.S. Treasury Securities are backed by the "full faith and credit" of the U.S. Government, which means that the U.S. Government guarantees that the interest and principal will be paid when due. The Advisor buys and sells U.S. Treasury Securities with a view toward, first, a high level of total return with relative stability of principal and, second, high current income. Therefore, in selecting investments, the Advisor will consider both yield and a security's potential for capital appreciation resulting from possible changes in interest rates. At certain times, the average maturity of the U.S. Treasury Securities held by the Fund may be relatively short (less than 5 years) and at other times it may be relatively long (over 10 years). If the market environment is defensive and rising interest rates and weak corporate earnings are expected, the Fund may invest primarily in securities with shorter-term maturities. Conversely, in an aggressive market environment of low inflation, declining interest rates and rising corporate profits, the Fund may invest primarily in securities with longer-term maturities.

Principal Risks

The Fund may be suited for you if you are seeking long-term total return.

As with any mutual fund investment, there is a risk that you could lose money by investing in the Fund. The Fund's share price will vary from day-to-day based upon changes in the price of the securities held by the Fund. Common stocks are subject to market risks and at times, the stock markets can be volatile and stock prices can change dramatically. The price of U.S. Treasury Securities will change in response to changes in general economic conditions and market factors, especially interest rate changes. The Fund's investments in common stocks can be expected to be more volatile than the Fund's investments in U.S. Treasury Securities. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Some of the specific principal risks of investing in the Fund are listed below.

Stock Market Risks

The value of the common stocks held by the Fund will fluctuate based upon overall economic conditions, interest rates, conditions within a particular industry, investor perceptions of the economy, the performance of the markets, and the performance of companies represented by the Wilshire 5000. Stock markets tend to move in cycles and may experience periods of turbulence and instability.

- **Small and Medium-Sized Company Risk.** The prices of the securities of small and medium capitalization companies can fluctuate more significantly than the prices of the securities of larger companies. The smaller the company, the greater effect these risks may have on that company's operations and performance. Small and medium sized companies may have the following risks:
 - analysts and other investors typically follow these companies less actively and information about these companies is not always readily available;
 - their securities may be traded in the over-the-counter markets or on a regional securities exchange, potentially making them more thinly traded and less liquid than securities of larger companies;
 - changes in the value of small and medium sized company stocks may not mirror the fluctuations of the overall stock market; and
 - they may have more limited product lines, markets and financial resources, which may make them more susceptible to economic or market setbacks.
- **Large-Sized Company Risk.** The prices of securities of larger capitalization companies can fluctuate due to changes in market, economic and business conditions. Larger, more established companies may be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. Many larger companies may not be able to attain the high growth rate of successful smaller companies, especially during periods of economic expansion.

U.S. Treasury Security Risks

- **Interest Rate Risk.** The value of the Fund's U.S. Treasury Securities can be expected to increase during periods of falling interest rates and decrease during periods of rising interest rates. The yields of U.S. Treasury Securities may be lower than the yields available from other types of fixed-income investments.
- **Maturity Risk.** Longer-term U.S. Treasury Securities and STRIPS generally have greater price fluctuations and are more sensitive to interest rate changes than shorter-term securities. Therefore, the Fund may experience greater price fluctuations when it holds securities with longer maturities.

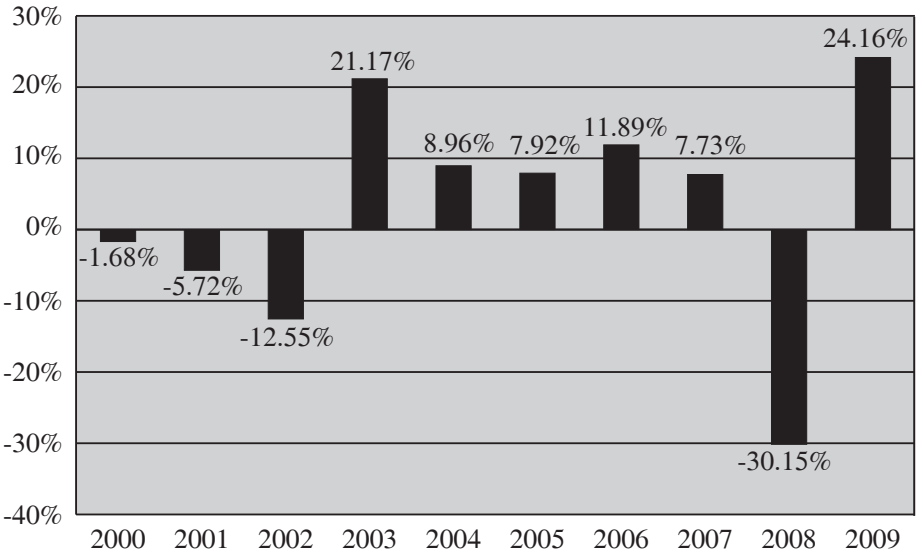
Management Risks

There can be no assurance that the Advisor will be successful in assessing economic trends and actively allocating the Fund's investments. The Advisor's assessment of market and economic conditions may cause it to invest too much or too little in either stocks or U.S. Treasury Securities, which could adversely affect the Fund's performance. There is no guarantee that the Fund will achieve its investment objective.

Performance Summary

The bar chart and performance table shown below provide some indication of the risks and variability of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year for each of the past ten calendar years. The impact of taxes and sales charges is not reflected in the bar chart; if reflected, returns would be less than those shown. The performance table shows how the Fund's average annual total returns for 1, 5 and 10 years compare with those of a broad measure of market performance. How the Fund has performed in the past (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information, current through the most recent month end, is available by calling 1-800-882-8585.

Annual Total Returns



During the periods shown in the bar chart, the highest return for a quarter was 14.39% (quarter ended September 30, 2009) and the lowest return for a quarter was -17.14% (quarter ended December 31, 2008).

Average Annual Total Returns for Periods Ended December 31, 2009

The table below shows how the Fund's average annual total returns compare with those of the Wilshire 5000 Index. The Wilshire 5000 Index is an unmanaged index that represents the broadest measure of the U.S. equity market. The table also presents the impact of taxes on the Fund's returns. After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend upon an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>
Return Before Taxes	20.42%	1.83%	1.59%
Return After Taxes on Distributions	20.20%	1.36%	1.00%
Return After Taxes on Distributions and Sale of Fund Shares	13.51%	1.54%	1.15%
Wilshire 5000 Index (reflects no deduction for fees, expenses or taxes)	29.42%	1.10%	-0.17%

Portfolio Management

International Strategy & Investment Inc. is the investment advisor of the Fund and is responsible for guiding the allocation of the Fund's assets and for managing the Fund's portfolio of U.S. Treasury Securities. Los Angeles Capital Management and Equity Research, Inc. ("LA Capital") is the sub-advisor of the Fund and is responsible for managing the Fund's portfolio of common stocks.

Portfolio Managers

- R. Alan Medaugh, Co-Founder and President of the Advisor
Portfolio Manager of the Fund since its inception in 1997
- Thomas D. Stevens, Chairman and President of LA Capital
Portfolio Manager of the Fund since its inception in 1997
- David R. Borger, Director of Research of LA Capital
Portfolio Manager of the Fund since its inception in 1997

Purchase and Sale of Fund Shares

Minimum Initial Investment

\$5,000, except the minimum for an individual retirement account (“IRA”), qualified retirement plan or within a wrap-fee account managed by your securities dealer or fund servicing agent is \$1,000.

Minimum Subsequent Investment

\$250, except the minimum for participants in the Automatic Investment Plan is \$100. The Automatic Investment Plan is currently closed to new participants.

General Information

You may purchase or redeem (sell) shares of the Fund through your securities dealer or through any fund servicing agent on each day that the Fund is open for business. Transactions must be made through your securities dealer or fund servicing agent, unless the shares are registered in your name. If your Fund shares are registered in your name, transactions may be initiated by written request or by telephone. For more information about purchasing and redeeming shares, please see “How to Buy Shares” and “How to Redeem Shares” in this Prospectus or call the Fund at 1-800-882-8585.

Tax Information

The Fund’s distributions are generally taxed as ordinary income or capital gains, unless you are investing through a tax-deferred arrangement, such as a 401(k) plan or an IRA, or you are a tax-exempt investor.

Payments to Broker-Dealers and Other Financial Intermediaries

When you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary’s website for more information.

ADDITIONAL INVESTMENT INFORMATION

Temporary Defensive Strategies. To reduce the Fund’s risk under adverse market conditions, the Advisor may, for temporary defensive purposes, invest up to 100% of its assets in money market instruments, including short-term U.S. Government and agency securities, bank and corporate securities, and repurchase agreements fully collateralized by these securities. While engaged in a temporary defensive strategy, the Fund may not achieve its investment objective. The Advisor would follow such a strategy only if it believes that the risk of loss in pursuing the Fund’s primary investment strategies outweighs the opportunity for gains.

THE FUND’S NET ASSET VALUE

The price you pay when you buy shares or receive when you redeem shares is based on the Fund’s net asset value per share. When you buy shares, the price you pay may be increased by a sales charge. See the section entitled “Sales Charges” for details on how and when this charge may or may not be imposed.

The net asset value of the Fund is determined as of the close of regular trading on the New York Stock Exchange (the “Exchange”) on each day the Exchange is open for business. While regular trading ordinarily closes at 4:00 p.m. (Eastern Time), it could be earlier, particularly on the day before a holiday. Contact the Fund’s transfer agent (the “Transfer Agent”) to determine whether the Fund will close early before a particular holiday. The Fund’s net asset value is calculated by subtracting the Fund’s liabilities from its assets and dividing the result by the number of outstanding shares.

In valuing its assets, the Fund prices its investments at their market value. The Fund may value securities at fair value pursuant to procedures adopted by the Fund’s Board of Directors if market quotations are not readily available or are unreliable due to, among other things, the occurrence of events after the close of the markets on which the Fund’s securities primarily trade but before the time as of which the Fund calculates its net asset value. The Fund’s investment in securities of small- and mid-capitalization companies may be more likely to require a fair value determination than large-capitalization companies because they are more thinly traded and thus less liquid than the securities of larger-capitalization companies.

You may buy or redeem shares on any day the Exchange is open for business (a “Business Day”). If your order is received by the Fund or its agents in proper form before the close of the Exchange, the price you pay or receive will be based on that day’s net asset value. If your order is received after the close of the Exchange, the price you pay or receive will be based on the net asset value determined on the next Business Day.

The following sections describe how to buy and redeem shares.

HOW TO BUY SHARES

You may buy shares through any securities dealer authorized to sell the Fund's shares ("Securities Dealer") and any financial institution that acts as a shareholder servicing agent on behalf of the Fund ("Fund Servicing Agent"). Send your check (along with a completed Application Form) to the Fund's Transfer Agent in order to open an account. You may obtain an Application Form by calling the Transfer Agent at 1-800-882-8585 or by visiting the Fund's website at www.isifunds.com. It is the responsibility of your Securities Dealer or Fund Servicing Agent to transmit properly completed orders that will be received by the Transfer Agent in a timely manner.

The Fund reserves the right to refuse any purchase (including exchange) request, particularly those requests that could adversely affect the Fund or its operations. This includes, but is not limited to, requests from any individual or group that the Fund, in its sole discretion, believes to be involved in frequent trading.

Investment Minimums

Your initial investment must be at least \$5,000 unless you are investing in an IRA, qualified retirement plan or within a wrap-fee account managed by your Securities Dealer or Fund Servicing Agent. Your initial investment may be as low as \$1,000 if you are investing in an IRA, qualified retirement plan or within a wrap-fee account managed by your Securities Dealer or Fund Servicing Agent. Subsequent investments must be at least \$250 unless you are a current participant in the Automatic Investment Plan. The Fund reserves the right to change or reduce these minimums at its discretion.

Automatic Investment Plan

The Automatic Investment Plan is closed to new participants. If you are a current participant in the Automatic Investment Plan, your subsequent investments may be as low as \$100.

Dividend Reinvestment Plan

Unless you elect otherwise, all income and capital gains distributions will be reinvested in additional shares of the Fund at the current net asset value. You may elect to receive your distributions in cash or to have your distributions invested in shares of other funds managed by the Advisor (each an "ISI Fund"). To make either of these elections or to terminate automatic reinvestment, complete the appropriate section of the Application Form or notify the Transfer Agent, your Securities Dealer or your Fund Servicing Agent at least five days before the date on which the next dividend or distribution will be paid.

Customer Identification and Verification

To help the government fight the funding of terrorism and money laundering activities, federal law requires financial institutions to obtain, verify, and record information that identifies each person who opens an account.

When you open an account with the Fund, you will be asked to provide your name, address, date of birth, and other information or documents that will allow the Fund to identify you. If you do not supply the required information, the Fund will attempt to contact you or your Securities Dealer or Fund Servicing Agent. If the Fund cannot obtain the required information within a time frame established in its sole discretion, your application will be rejected.

Once it is in proper form and includes all required information, your application will normally be accepted and your order will be processed at the net asset value next calculated. The Fund will then attempt to verify your identity using the information you supply and other information about you that is available from third parties, including information available in public and private databases such as consumer reports from credit reporting agencies. In certain instances, the Fund is required to collect documents to fulfill its legal obligations. Such documents will be used solely to verify your identity and the Fund has no obligation to observe, monitor or enforce the terms of any such document.

The Fund will attempt to verify your identity within a time frame established in its sole discretion. If the Fund cannot do so, it reserves the right to close your account, redeem your shares at the net asset value next calculated after the Fund decides to close your account, and send you a check for the proceeds. If you paid for your purchase with a check, the Fund will not send you a check for the proceeds of the redemption until it has verified that your check has cleared. You may experience either a gain or loss on such redemption of your shares and you will be subject to any related taxes.

The Fund may reject your application under its Anti-Money Laundering Program. Under this program, it is possible that your money may not be returned to you if your account is closed at the request of governmental or law enforcement authorities.

Limitations on Frequent Purchases and Redemptions

The Fund's Board of Directors has adopted policies and procedures with respect to frequent purchases and redemptions of the Fund's shares. It is the Fund's policy to discourage short-term trading. Frequent trading in the Fund may interfere with the management of the Fund's portfolio and result in increased costs. As money is moved in and out, the Fund may incur expenses buying and selling portfolio securities and these expenses are borne by Fund shareholders.

Specifically, focus is placed on reviewing substantial redemptions, which may be harmful to the Fund or its shareholders if they are frequent. These transactions are analyzed for offsetting purchase activity occurring within a certain period. If short-term trading trends are detected, an appropriate course of action is taken. The Fund reserves the right to restrict, reject, or cancel, without any prior notice, any purchase or exchange order, including transactions representing frequent trading, transactions that may be disruptive to the management of the Fund's portfolio, and purchase orders not accompanied by payment. These restrictions apply uniformly among all shareholders.

Because the Fund receives purchase and sale orders through financial intermediaries that use omnibus or retirement accounts, the Fund cannot always detect frequent purchases and redemptions. As a consequence, the Fund's ability to monitor and discourage abusive trading practices in such accounts may be limited.

HOW TO REDEEM SHARES

You may redeem all or part of your investment through your Securities Dealer or Fund Servicing Agent. Contact them for information on how to place your redemption order and how you will be paid. If your account is registered in your name (rather than in your Securities Dealer's or Fund Servicing Agent's name), you may also redeem shares by contacting the Transfer Agent. Redemptions through the Transfer Agent may be made by mail or, if you are redeeming \$50,000 or less, by telephone. See the section entitled "Telephone Transactions" for more information on this method of redemption. Under normal circumstances, the Transfer Agent will mail your redemption check within seven days after it receives your order in proper form. If the Fund has not yet collected payment for the shares you are selling, it may delay sending redemption proceeds until it receives payment, which may take up to 15 calendar days.

Your Securities Dealer, your Fund Servicing Agent or the Transfer Agent may require specific documents, such as those listed below, before they redeem your shares.

- 1) A letter of instruction specifying your account number and the number of shares or dollar amount you wish to redeem. The letter must be signed by all owners of the shares exactly as their names appear on the account.
- 2) In certain circumstances, a guarantee of your signature. These circumstances include: a change in ownership of your account; a change in your address within the past 30 days; a request to mail a check to an owner, bank account or address other than that stated on your Application Form; or a redemption request of more than \$50,000. Your signature guarantee must be obtained from a bank or Securities Dealer that participates in the STAMP Medallion Program. Your signature can not be guaranteed by a notary.
- 3) Any stock certificates representing the shares you are redeeming. The certificates must be either properly endorsed or accompanied by a duly executed stock power.
- 4) Any additional documents that may be required if your account is in the name of a corporation, partnership, trust or fiduciary.

Other Redemption Information

Any dividends payable on shares you redeem will be paid on the next dividend payable date. If you are entitled to a dividend and have redeemed all of your shares prior to the payable date, the dividend will be paid to you in cash, whether or not that is the payment option you have selected. Redemption proceeds may not be available until your check has cleared or up to 15 days, whichever is earlier.

Small Accounts. If you redeem sufficient shares to reduce your investment to \$3,500 or less, the Fund may redeem your remaining shares and close your account after giving you 60 days' notice. This does not currently apply to shares held in an IRA or qualified retirement plan or shares held within a wrap-fee account managed by a Securities Dealer or Fund Servicing Agent.

Redemptions in Kind. The Fund reserves the right to pay redemption proceeds in portfolio securities rather than cash. These redemptions “in kind” usually occur when the amount to be redeemed is large enough to affect the Fund’s operations (for example, if it represents more than 1% of the Fund’s assets).

Systematic Withdrawal Plan. If you own shares having a value of at least \$10,000, you may arrange to have some of your shares redeemed monthly or quarterly under the Fund’s Systematic Withdrawal Plan. Each redemption under this plan involves all of the tax implications normally associated with Fund redemptions. Contact your Securities Dealer, your Fund Servicing Agent or the Transfer Agent for information on this plan.

TELEPHONE TRANSACTIONS

If your shares are registered in your name, you may redeem them (in an amount up to \$50,000) or exchange them for shares of another ISI Fund by calling the Transfer Agent on any Business Day between the hours of 8:30 a.m. and 5:30 p.m. (Eastern Time). You are automatically entitled to telephone transaction privileges unless you specifically request that no telephone redemptions or exchanges be accepted for your account. You may make this election when you complete the Application Form or at any time thereafter by completing and returning documentation supplied by the Transfer Agent.

The Fund and the Transfer Agent will employ reasonable procedures to confirm that telephone instructions are genuine. These procedures include requiring you to provide certain personal identification information when you open your account and before you effect each telephone transaction. You may be required to provide additional written instructions. If these procedures are employed, neither the Fund nor the Transfer Agent will bear any liability for following telephone instructions that they reasonably believe to be genuine. Your telephone transaction request will be recorded.

During periods of significant economic or market volatility, you may experience difficulty contacting the Transfer Agent by telephone. In such event, you should make your request by mail. If you hold your shares in certificate form, you may not exchange or redeem them by telephone.

TRANSACTIONS THROUGH THIRD PARTIES

The policies and fees (other than sales charges) charged by your Securities Dealer or Fund Servicing Agent may be different than those of the Fund. These financial institutions may charge transaction fees and may have different minimum investment requirements or different limitations on buying or selling shares. These institutions may designate intermediaries to accept purchase and sales orders on behalf of the Fund. These institutions may also provide you with certain shareholder services such as periodic account statements and trade confirmations summarizing your investment activity. Consult a representative of your Securities Dealer or Fund Servicing Agent for more information.

The Advisor or its affiliates may enter into arrangements with a Securities Dealer or Fund Servicing Agent under which the Advisor, at its own expense, will pay the financial institution a fee for providing distribution related services and/or performing certain administrative servicing functions (such as sub-transfer agency, recordkeeping or shareholder communication services) for the benefit of Fund shareholders. The Fund may also directly compensate a Securities Dealer or Fund Servicing Agent (if approved by the Board) for providing administrative servicing functions for the benefit of Fund shareholders. Payments by the Advisor or an affiliate out of its own resources that create an incentive for these financial institutions to sell shares of the Fund and/or to promote retention of customer assets in the Fund are sometimes referred to as “revenue sharing” (see the Fund’s Statement of Additional Information (“SAI”) for additional details).

SALES CHARGES

Purchase Price

The price you pay to buy shares is the offering price, which is calculated by adding any applicable sales charges to the net asset value per share. The amount of the sales charge included in your purchase price will be according to the following schedule:

Amount of Purchase	Sales Charge as % of	
	Offering Price	Net Amount Invested
Less than \$ 100,000	3.00%	3.09%
\$ 100,000 - \$ 249,999	2.50%	2.56%
\$ 250,000 - \$ 499,999	2.00%	2.04%
\$ 500,000 - \$ 999,999	1.50%	1.52%
\$ 1,000,000 - \$ 1,999,999	0.75%	0.76%
\$ 2,000,000 - \$ 2,999,999	0.50%	0.50%
\$ 3,000,000 and over	None	None

The sales charge you pay on a purchase of shares may be reduced or eliminated if you qualify under the rights of accumulation plan, letter of intent or under any of the circumstances described under “Purchases at Net Asset Value” below.

Rights of Accumulation. If you are purchasing additional shares of the Fund or shares of Total Return U.S. Treasury Fund, Inc., Managed Municipal Fund, Inc., or Class A shares of North American Government Bond Fund, Inc., you may combine the value of your purchase with the value of your existing investments and those of your spouse and your children under the age of 21 to determine whether you qualify for a reduced sales charge. You must be able to provide sufficient information to verify that you qualify for this right of accumulation.

To be entitled to a reduced sales charge based on the shares you already own, you must ask for the reduction at the time of purchase. The Fund may amend or terminate this right of accumulation at any time.

Letter of Intent. If you anticipate making additional purchases of shares over the next 13 months, you may combine the value of your current purchase with the value of your anticipated purchases to determine whether you qualify for a reduced sales charge. You will be required to sign a letter of intent indicating the total value of your anticipated purchases and your intention to initially purchase at least 5% of the total. When you make each purchase during the period, you will pay the sales charge applicable to your combined intended purchases. If, at the end of the 13-month period, the total value of your purchases is less than the amount you indicated, you will be required to pay the difference between the sales charges you paid and the sales charges applicable to the amount you actually did purchase. Some of the shares you own will be redeemed to pay this difference.

Calculating Your Sales Charge. The transaction processing procedures maintained by certain financial institutions through which you can purchase shares may restrict the universe of accounts considered for purposes of calculating a reduced sales charge under rights of accumulation or letters of intent. For example, the processing procedures of a financial institution may limit accounts to those that share the same tax identification number or mailing address and that are maintained only with that financial institution. The Fund permits financial institutions to identify account assets that qualify for a reduced sales charge under rights of accumulation or letters of intent.

Purchases at Net Asset Value. You may buy shares without paying a sales charge under the following circumstances:

- 1) If you are reinvesting some or all of the proceeds of a redemption of shares made within the last six months, provided that the amount you are reinvesting is at least \$5,000.
- 2) If you are exchanging an investment in another ISI Fund for an investment in the Fund (see “Purchases by Exchange” below for a description of the conditions).
- 3) If you are a current or retired Director of this or any other ISI Fund, or an employee or a member of the immediate family of an employee of any of the following or their respective affiliates: the Advisor, the Fund’s sub-advisor, the Fund’s administrator, or a broker-dealer authorized to sell shares of the Fund.
- 4) If you purchase shares in a fiduciary or advisory account through a bank, bank trust department, registered investment advisor, financial planner or Securities Dealer. To qualify for this provision you must be paying an account management fee for the fiduciary or advisory services. You may be charged an additional fee by your Securities Dealer or Fund Servicing Agent if you buy shares in this manner.

Sales charge information regarding the Fund is available on the Fund’s website at www.isifunds.com. Additional information about sales charges is in the Fund’s SAI.

Purchases by Exchange

You may exchange shares of the Fund for an equal dollar amount of shares of Total Return U.S. Treasury Fund, Inc., Managed Municipal Fund, Inc. or Class A Shares of North American Government Bond Fund, Inc. without payment of the sales charges described above or any other charge. You may enter both your redemption and purchase orders on the same Business Day or, if you have already redeemed the shares of the

other fund, you may enter your purchase order within six months of the redemption, provided the amount of the purchase order is at least \$5,000. The Fund may modify or terminate these offers of exchange upon 60 days' notice.

You may request an exchange through your Securities Dealer or Fund Servicing Agent. Contact them for details on how to enter your order. If your shares are registered in your name, you may also request an exchange directly through the Transfer Agent by mail or by telephone.

Redemption Price

The price you receive when you redeem shares will be the net asset value per share.

Distribution and Shareholder Service Plan

The Fund has adopted a plan pursuant to Rule 12b-1 under the Investment Company Act of 1940 that allows the Fund to pay distribution and other fees for the sale of its shares and for shareholder services provided by your Securities Dealer or Fund Servicing Agent. The Fund pays an annual distribution/shareholder service fee equal to 0.25% of its average daily net assets. Because these fees are paid out of the Fund's assets on an ongoing basis, they will, over time, increase the cost of your investment and may cost you more than paying other types of sales charges.

DIVIDENDS AND TAXES

Dividends and Distributions

The Fund's policy is to distribute to shareholders substantially all of its net investment income in the form of quarterly dividends and to distribute net realized capital gains at least annually.

Certain Federal Income Tax Consequences

The following summary is based on current tax laws, which may change.

The Fund expects that its distributions will primarily consist of ordinary income and capital gains. Some of the Fund's distributions may be treated as "qualified dividend income," taxable to individuals at a maximum federal tax rate of 15% (5% for individuals in lower tax brackets). A distribution is treated as qualified dividend income to the extent that the Fund receives dividend income from taxable domestic corporations and certain qualified foreign corporations, provided that the holding period and other requirements are met.

The Fund will distribute substantially all of its net investment income quarterly and net realized capital gains at least annually. Dividends and distributions may be subject to federal, state and local taxation, depending upon your tax situation, whether you receive them in cash or reinvest them in additional shares. Income dividends and short-term capital gains distributions are generally taxed at ordinary income tax rates. Long-term capital gains distributions are generally taxed at the rates applicable to long-term capital gains regardless of how long you have owned your shares. Each sale, exchange or redemption of Fund shares is generally a taxable event. For tax purposes, an exchange of shares for shares of a different ISI Fund is the same as a sale.

More information about taxes is in the SAI. Please contact your tax advisor regarding your specific questions about federal, state and local income taxes.

INVESTMENT ADVISOR AND SUB-ADVISOR

International Strategy & Investment Inc., the Fund's investment advisor, is located at 40 West 57th Street, New York, New York 10019. The Advisor is also the investment advisor to Total Return U.S. Treasury Fund, Inc., Managed Municipal Fund, Inc. and North American Government Bond Fund, Inc. These funds, together with the Fund, had approximately \$420 million in net assets as of December 31, 2009.

Los Angeles Capital Management and Equity Research, Inc., the Fund's investment sub-advisor, is located at 11150 Santa Monica Boulevard, Suite 200, Los Angeles, California 90025. LA Capital began operations in March 2002 after spinning-off from Wilshire Associates, Inc. ("Wilshire"), the Fund's former sub-advisor. LA Capital is a registered investment advisor with approximately \$5.93 billion of assets under management as of December 31, 2009.

As compensation for its services during the fiscal year ended October 31, 2009, the Advisor received from the Fund a fee equal to 0.40% of the Fund's average daily net assets. The Advisor compensates LA Capital out of its advisory fee or from its own resources.

The continuances of the Investment Advisory Agreement with the Advisor and the Sub-Advisory Agreement with LA Capital were most recently approved by the Fund's Board of Directors on September 16, 2009. A discussion summarizing the basis on which the Board of Directors approved the continuances of the Investment Advisory Agreement and the Sub-Advisory Agreement is included in the Fund's annual report for the year ended October 31, 2009.

Portfolio Management

The Advisor is responsible for guiding the allocation of the Fund's assets and for managing the Fund's portfolio of U.S. Treasury Securities. The Sub-Advisor is responsible for managing the Fund's portfolio of common stocks. The Fund's portfolio managers are R. Alan Medaugh, Thomas D. Stevens and David R. Borger.

Mr. Medaugh, President and a Director of the Fund and President of the Advisor, is responsible for executing the allocation strategy as well as the day-to-day management of the Fund's portfolio of U.S. Treasury Securities. Mr. Medaugh co-founded the Advisor with Edward S. Hyman in 1991. Before joining the Advisor, Mr. Medaugh was Managing Director of C.J. Lawrence Fixed Income Management and, prior to that, Senior Vice President and bond portfolio manager at Fiduciary Trust International. While at Fiduciary Trust International, Mr. Medaugh led its Fixed-Income Department, which managed \$5 billion of international fixed-income portfolios for institutional clients. Mr. Medaugh also had prior experience as a bond portfolio manager at both Putnam Management Company and Fidelity Management and Research.

Mr. Stevens, a Vice President of the Fund, is Chairman and President of LA Capital. Prior to joining LA Capital, Mr. Stevens was Senior Vice President and Principal of Wilshire and Chief Investment Officer of Wilshire Asset Management (“WAM”). Mr. Stevens joined Wilshire and WAM in 1980. Prior to joining Wilshire, Mr. Stevens was a portfolio manager and analyst at the National Bank of Detroit.

Mr. Borger is the Director of Research at LA Capital. Prior to joining LA Capital, Mr. Borger was Vice President and Principal of Wilshire and Director of Research at WAM. Prior to joining Wilshire, Mr. Borger was Vice President and Chief of Quantitative Investment Methods at the National Bank of Detroit, where he managed an equity index fund.

Mr. Hyman, Senior Economic Advisor of the Fund and Chairman of the Advisor, is responsible for developing the forecasts and economic analyses on which the Fund’s allocation strategy and its selection of investments in the Fund’s portfolio of U.S. Treasury Securities are based. Before joining the Advisor, Mr. Hyman was vice chairman and a Board member of C.J. Lawrence Inc. and, prior to that, an economic consultant at Data Resources. He writes a variety of international and domestic economic research reports that follow trends that may determine the direction of interest rates. These international and domestic reports are sent to the Advisor’s private institutional clients in the United States and overseas. The periodical *Institutional Investor*, which rates analysts and economists on an annual basis, has rated Mr. Hyman as a “first team” economist, which is its highest rating, in each of the last 30 years.

The Fund’s SAI provides additional information about the portfolio managers’ compensation, other accounts managed by the portfolio managers and the portfolio managers’ ownership of Fund shares.

OTHER SERVICE PROVIDERS

International Strategy & Investment Group Inc., 40 West 57th Street, New York, New York, is the principal underwriter of the Fund.

Ultimus Fund Solutions, LLC, 225 Pictoria Drive, Cincinnati, Ohio, is the Fund’s administrator, transfer and dividend disbursing agent, and fund accountant.

The Northern Trust Company, 50 South LaSalle Street, Chicago, Illinois, is the Fund’s custodian.

FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions). The information for the years ended October 31, 2009, 2008, 2007 and 2006 has been audited by BBD, LLP (formerly Briggs, Bunting & Dougherty, LLP), whose report, along with the Fund's financial statements, is included in the October 31, 2009 annual report, which is available upon request. Information for the year ended October 31, 2005 was audited by another independent registered public accounting firm.

Selected Per Share Data and Ratios for a Share Outstanding Throughout Each Year

	Years Ended October 31,				
	2009	2008	2007	2006	2005
Net asset value at beginning of year.....	\$ 9.63	\$ 14.82	\$ 13.54	\$ 12.12	\$ 11.21
Income (loss) from investment operations:					
Net investment income ^(a)	0.11	0.13	0.17	0.15	0.16
Net realized and unrealized gains (losses) on investments.....	1.02	(4.39)	1.65	1.42	0.91
Total from investment operations.....	1.13	(4.26)	1.82	1.57	1.07
Less distributions:					
Dividends from net investment income	(0.12)	(0.13)	(0.17)	(0.15)	(0.16)
Distributions from net realized gains.....	—	(0.80)	(0.37)	—	—
Total distributions.....	(0.12)	(0.93)	(0.54)	(0.15)	(0.16)
Net asset value at end of year.....	\$ 10.64	\$ 9.63	\$ 14.82	\$ 13.54	\$ 12.12
TOTAL RETURN^(b)	<u>11.84%</u>	<u>(30.49%)</u>	<u>13.79%</u>	<u>13.01%</u>	<u>9.59%</u>
Net assets at end of year (000's)	\$ 53,731	\$ 53,245	\$ 80,535	\$ 69,438	\$ 60,205
Ratio of expenses to average net assets.....	1.10%	0.99%	0.96%	0.95%	0.94%
Ratio of net investment income to average net assets.....	1.19%	1.02%	1.21%	1.17%	1.33%
Portfolio turnover rate.....	55%	42%	62%	41%	30%

^(a) Calculated using the average shares outstanding for the period.

^(b) Total return is a measure of the change in value of an investment in the Fund over the period covered, which assumes any dividends or capital gains distributions are reinvested in shares of the Fund. Returns shown do not reflect the deduction of taxes a shareholder would pay on Fund distributions or the redemption of Fund shares.

ISI STRATEGY FUND

Investment Advisor

INTERNATIONAL STRATEGY & INVESTMENT INC.
40 West 57th Street, 18th Floor
New York, NY 10019

Investment Sub-Advisor

LOS ANGELES CAPITAL MANAGEMENT AND EQUITY RESEARCH, INC.
11150 Santa Monica Boulevard, Suite 200
Los Angeles, CA 90025

Administrator

ULTIMUS FUND SOLUTIONS, LLC
225 Pictoria Drive, Suite 450
Cincinnati, OH 45246

Distributor

INTERNATIONAL STRATEGY &
INVESTMENT GROUP INC.
40 West 57th Street, 18th Floor
New York, NY 10019
(800) 955-7175

Transfer Agent

ULTIMUS FUND SOLUTIONS, LLC
225 Pictoria Drive, Suite 450
Cincinnati, OH 45246
1-800-882-8585

*Independent Registered Public
Accounting Firm*

BBD, LLP
1835 Market Street, 26th Floor
Philadelphia, PA 19103

Custodian

THE NORTHERN TRUST COMPANY
50 South LaSalle Street
Chicago, IL 60675

Fund Counsel

KRAMER LEVIN NAFTALIS &
FRANKEL LLP
1177 Avenue of the Americas
New York, NY 10036



International
Strategy &
Investment

ISI STRATEGY FUND

You may obtain the following additional information about the Fund, free of charge, from your Securities Dealer or Fund Servicing Agent, by calling (800) 955-7175, or by visiting the Fund's website at www.isifunds.com:

- A statement of additional information (SAI) about the Fund that is incorporated by reference into and is legally part of this Prospectus. A description of the Fund's policies and procedures with respect to the disclosure of the Fund's portfolio securities is available in the SAI.
- The Fund's most recent annual and semi-annual reports containing detailed financial information and, in the case of the annual report, a discussion of market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year.

In addition, you may review information about the Fund (including the SAI) at the Securities and Exchange Commission's Public Reference Room in Washington, D.C. (Call (202) 551-8090 to find out about the operation of the Public Reference Room). The EDGAR Database on the Commission's Internet site at <http://www.sec.gov> has reports and other information about the Fund. Copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following e-mail address: publicinfo@sec.gov, or by writing the Public Reference Section of the Commission, Washington, D.C. 20549-1520.

For other shareholder inquiries, contact the Transfer Agent at (800) 882-8585. For Fund information, call (800) 955-7175, or your Securities Dealer or Fund Servicing Agent.