

IN THE BUSINESS OF BUILDING YOUR BUSINESS



INVESTORS
CAPITAL

INVESTORS CAPITAL HOLDINGS

Member American Stock Exchange: ICH

2004 Annual Report

THE HIGHLIGHTS OF 2004

- Investors Capital Holdings' investment advisory subsidiary, Eastern Point Advisors, Inc., launched its second mutual fund, the Rising Dividend Growth Fund.
- Investors Capital Holdings' investment advisory subsidiary, Eastern Point Advisors, Inc. appointed Gregory Gloeckner a 25-year financial services veteran to serve as president and appointed experienced financial professional George Bernard, Jr., as director of investment advisory services.
- Investors Capital Holdings expanded its Fixed Income department offerings to regional, independent broker-dealers who do not have in-house bond trading capabilities.
- Investors Capital Holdings' investment advisory subsidiary, Eastern Point Advisors, Inc., secured final approval from the Board of Directors for the Avalon Fund of Maryland, Inc., and acquired assets of the Avalon Capital Appreciation Fund.
- Investors Capital Holdings' investment advisory subsidiary's mutual fund, the Eastern Point Advisors Twenty Fund (ICTWX), earned the prestigious four-star rating from Morningstar, Inc.
- Investors Capital Holdings acquired Atlanta-based broker-dealer, Dempsey Financial Network, Inc., merging 15 highly experienced financial advisors and two principles with Investors Capital Corporation to strengthen its presence in the Southeast.
- Investors Capital Holdings ranked #11 in biggest financial services companies by revenue and was among the top 100 in return on equity in *The Boston Globe*. (May/June 2003)



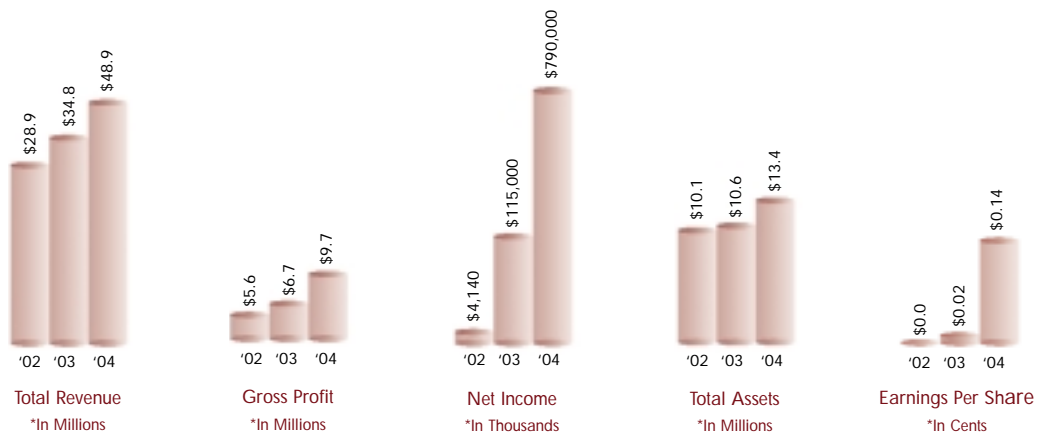
- Investors Capital Holdings ranked #6 in revenue growth and #1 in client account growth in *Financial Planning* magazine. (June 2003)
- Investors Capital Holdings ranked #3 among largest brokerage firms in Massachusetts in *Boston Business Journal*. (July 2003)
- Investors Capital Holdings' wholly-owned broker-dealer subsidiary, Investors Capital Corporation, placed #87 on *Boston Globe's* Globe 100, which highlights Massachusetts' top public companies. (May 2004)

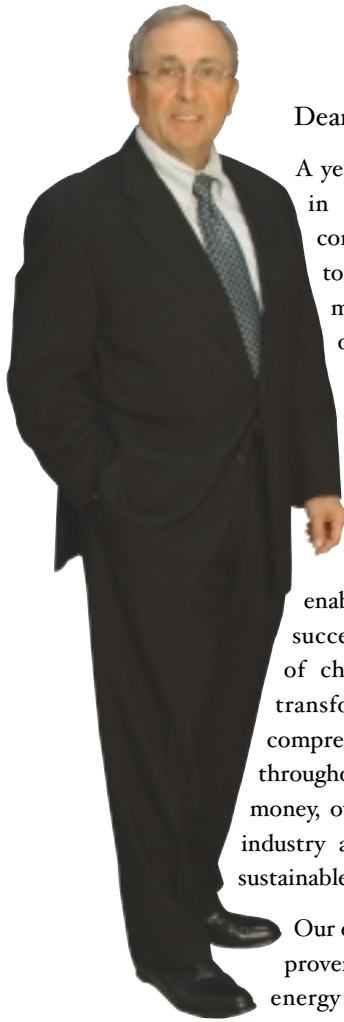
Investors Capital Holdings

About Investors Capital Holdings (AMEX: ICH) of Lynnfield, Massachusetts, is a diversified financial services company that owns and operates three distinct subsidiaries, Investors Capital Corporation, Eastern Point Advisors, Inc. and ICC Insurance Agency.

- Investors Capital Corporation is a nationally-recognized, independent broker-dealer comprised of approximately 900 experienced, registered financial representatives throughout the United States.
- Eastern Point Advisors, Inc. is an investment advisor managing portfolios for individual and institutional clients, as well as the advisor to Eastern Point Advisors Twenty Fund and Eastern Point Advisors Rising Dividend Growth Fund.
- ICC Insurance Agency, Inc. provides insurance services to agents of Investors Capital Corporation, as well as brokers affiliated with outside firms.

INVESTORS CAPITAL HOLDINGS FINANCIAL HISTORY FISCAL YEAR 2002-2004





Dear Shareholders, Financial Advisors and Customers,

A year ago, Investors Capital Holdings evaluated its position in the financial services industry and reaffirmed our commitment as the company customers can trust and turn to, to meet their investment needs in today's financial markets. At the same time, we promised to grow and diversify our business, while also improving our customer focus and our overall financial strength and flexibility.

Despite the challenges of an unpredictable and often turbulent stock market, I am proud to note that Investors Capital Holdings results in 2003 demonstrate solid progress in each of these critical areas. Our dedication to ongoing innovation and investment has enabled us to transform the business in many important ways, successfully positioning the company as a "provider of choice" in the financial services industry. While our transformation is ongoing, we're today delivering a comprehensive suite of financial services to our customers throughout the United States. Our clients are happy and making money, our balance sheet is solid and we are poised to lead the industry as positive economic indicators begin to have a real, sustainable affect on our nation.

Our ongoing transformation and improvement initiatives have proven especially important during an era where heightened energy concerns, conflicts overseas, and a lackluster unemployment picture have continued to dissuade potential investors from jumping back into the market. As a result of our continued focus, Investors Capital Holdings was not only able to insulate itself from the market's downturn but was actually able to recognize dramatic increases in profitability, revenue and income for the fiscal year-ended March 31, 2004. During this past year, Investors Capital Holdings increased its profitability by more than 44% while driving revenues of approximately \$50 million, an impressive 41% increase over the prior calendar year. As the result of all our hard work, we were also able to realize a substantial increase in net income of 582%.

Investors Capital Holdings understands the necessity to continuously upgrade our existing services while providing our nationwide network of financial professionals with the tools to augment their financial practices with new levels of insight and productivity. For example, we continued to improve our highly successful "Seminar Boot Camp" program and introduced a world-class personalized coaching series with leading author and Fortune 500 executive coach, Sarano Kelley, which supported our financial professionals in building strategies to effectively increase sales volumes and attract new clients. As a result of our continued emphasis on coaching, training and recruiting, Investors Capital Holdings was able to grow our broker business by 55% in FY 2004.



In addition to strengthening our focus on training, we have continued to enhance our technology initiatives and added to our portfolio of investment offerings. With clients looking to dip their toe in the water as the economy shows signs of recovery, we focused our attention on our advisory business, Eastern Point Advisors and welcomed variable products and annuity industry visionary, Gregory Gloeckner to serve as its president. We also introduced our second mutual fund, Eastern Point Advisors Rising Dividend Growth Fund to provide clients with another investment option that offers reduced risk and the opportunity for long-term capital and growth of income.

Finally, we aggressively grew our ICC Insurance Agency further establishing our fixed annuity and life insurance offerings to provide clients with fixed income options to allay their concerns in a still tenuous economic climate.

Led by a seasoned management team, we reevaluated our current business plan and continuously worked to improve our business model to bring the greatest value to our shareholders, financial advisors and customers. We are proud of the business, the level of service, professionalism and expertise we adhere to on a daily basis. Investors Capital Holdings is financially stable with a strong cash position, balance sheet and cash flow.

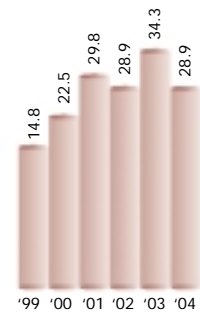
I am energized and excited about our business. The opportunities for continued growth and penetration into the financial services arena are endless. As we continue our transformation, Investors Capital Holdings is a company on the rise. I intend to set and exceed the standard by which others in our industry are measured - today and in years to come.

It is a great honor to serve as your Chairman and CEO. I thank you for your support, and look forward to sharing more great successes and accomplishments in the months ahead.

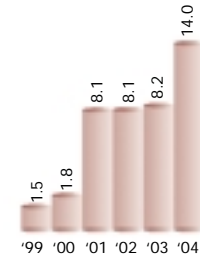
Sincerely,



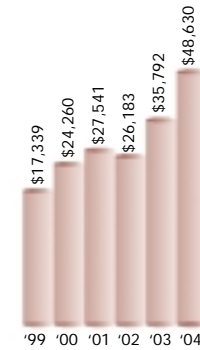
Theodore E. Charles
 President, Chairman, and CEO, Investors Capital Holdings
 CEO, Investors Capital Corporation



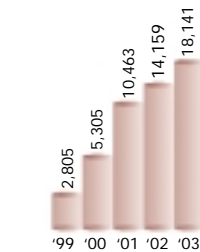
Growth in Sales for the Years Ended March 31
 *In Millions



Growth in Stockholders' Equity March 31
 *In Percent



ICH Advisor Commissions March 31
 *In Millions



Growth of New Accounts March 31
 *In Thousands

Investors Capital Corporation is a nationally-recognized, independent broker-dealer committed to providing quality services and a full array of investment products that its registered financial representatives can offer to their clients.

Now in its 13th year, Investors Capital Corporation is focused on helping financial advisor affiliates successfully build their businesses. With approximately 900 experienced financial professionals, Investors Capital Corporation offers some of the most comprehensive value-added products and services to individual clients, professional stockbrokers, financial institutions and banks across the United States.

In 2003, Investors Capital Corporation continued its commitment to its financial advisors supporting them with the necessary sales and marketing programs to help attract new clients, including how to easily identify niche markets, select compelling seminar topics, and increase production.



“My branch office has grown substantially over the past few years. I couldn’t have done it without the helpful and knowledgeable staff at the home office. Ted Charles, Tim Murphy and everyone at Investors Capital Corporation offer brokers and branch managers innovative ideas, state of the art informational tools and great partnership programs.”

-Brian Woods
Wenham, MA

INVESTORS CAPITAL NATIONWIDE OFFICES



- ☆ Investors Capital Managing Directors
- Investors Capital Investment Centers
- Investors Capital Registered Representatives

Innovative Game Technology and Seminars Lead to Increased Sales Volume

In 2003, Investors Capital Corporation continued to see the benefits of its year-old seminar selling program “Seminar Boot Camp.” Seventy percent of Investors Capital Corporation’s top producers boosted their new client business in the last year as a direct result of incorporating seminars into their business models.

Alongside “Seminar Boot Camp,” Investors Capital Corporation introduced two new, highly successful programs for its financial advisors, the company’s ICH Weekly Research Review and the *Game*.

The ICH Weekly Research Review was created in 2004 to share pertinent research findings and timely financial news that affect our financial advisors business. These weekly interactive phone and Web discussions, featuring Investors Capital’s senior executives and mutual fund managers have provided our advisors with another resource to increase their knowledge while helping to drive additional revenue.

In January 2004, Investors Capital in conjunction with Sarano Kelley, a leading motivational speaker and life coach, introduced the *Game*. The *Game*, is a program now offered to our financial professionals which challenges them to habitually stretch beyond their known limits. Using the *Game* our representatives have been provided with a unique set of criteria to help them evaluate and prioritize their customers, while building advocate strategies to spur increased sales in short periods of time.

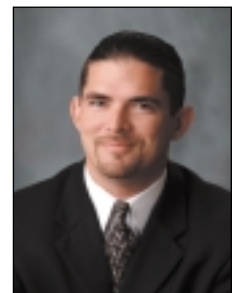


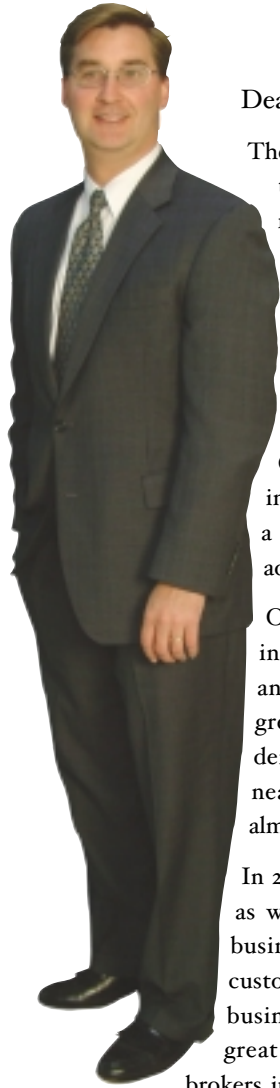
“As an independent investment advisor who constantly seeks growth and understanding, I have found our partnership with Investors Capital to be fulfilling as well as financially rewarding. We built ELE Wealth Management on customer service, opening over 1,000 accounts in the last three years. Investors Capital is a broker-dealer who not only understands and exceeds our expectations, they recognize the importance of change, and embrace it.”

-Ellis Liddell
Southfield, MI

“I expected in the beginning the goals I set would be difficult to achieve in part or as a whole. I knew that wherever I ended up would be some measure of success because had it not been for the *Game*, I would not have accomplished half of what I did. Using the *Game*, I was able to generate more than \$2,000,000 in new assets, a significant increase in only 90 days.”

-Michael Okuley
Bedford, VA



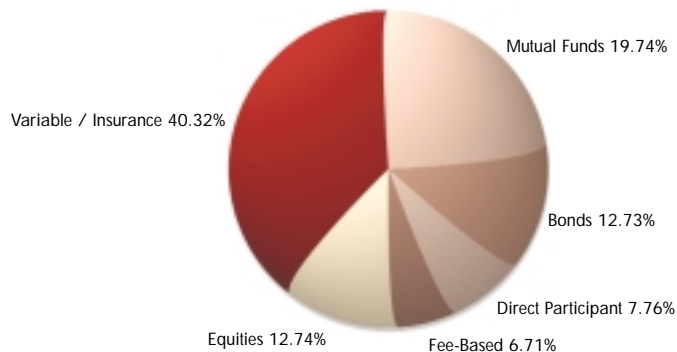


Dear Investors Capital Stockholders,

The financial services industry we operate in continues to be fraught with economic and competitive challenges reflecting the significant changes our industry is experiencing. The industry is changing to include tighter legislation and accountability towards reducing occurrences of corporate fraud, aggressive accounting techniques, lax audit practices and concerns regarding the validity of Wall Street research. Despite these continuing concerns and negative events, Investors Capital Corporation served as a strong example for the industry and the proper way to conduct business applying a comprehensive compliance model for our financial advisors throughout the United States.

Our customers continued to recognize our honesty, integrity, and diligent resolve to adhere to all rules and regulations and have rewarded us for all our great work. In 2004, Investors Capital Corporation demonstrated its strength generating solid revenue of nearly \$50 million and operating income/EBITDA of almost \$1.5 million.

In 2003, we listened to the concerns of our advisor network as well as to the needs of our customers. We reviewed our business objectives to attract the necessary talent and customers, which spurred the tremendous growth of our business. As the economy continues to improve, there are great opportunities and potential for monetary gain for brokers interested in starting their own business. In turn, we have been rewarded as "full service" brokers have moved from wirehouses to establishing their own financial practices. Brokers seeking autonomy to build their business with guidance and the support of a stable publicly-traded organization, thrive with Investors Capital Corporation.



Investors Capital Corporation
Revenue Mix
March 31, 2004



As we continue our work with the best financial professionals in the industry, we have continued to enhance our diversified business model to return consistently strong results and greater market share across our entire product line.

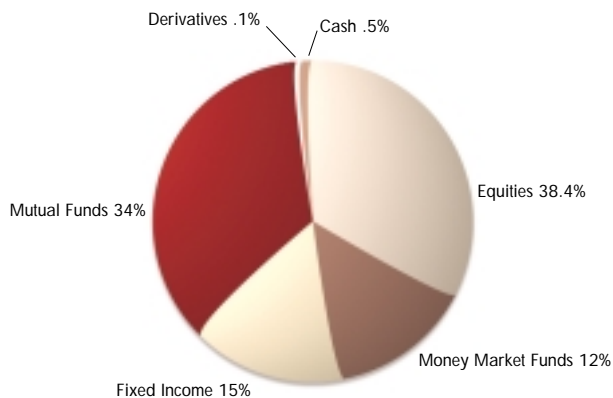
Investors Capital Corporation has instilled a relentless company-wide focus on meeting customers' needs, building long-term strategic partnerships and improving our financial advisors businesses while enhancing their quality of life. We're marching forward with a fierce competitive spirit and overriding focus on serving our customers.

Investors Capital Corporation is primed for continued growth and solid returns as we enter 2005 and beyond. Our depth and breadth of experience, management's pointed mission and our advisors' laser focus on driving new business, will provide us with the foundation to accelerate our growth now and in the future.

Regards,



Timothy B. Murphy
Treasurer and CFO, Investors Capital Holdings
President, Investors Capital Corporation



Investors Capital Corporation
Asset Distribution
March 31, 2004



Eastern Point Advisors

President, Gregory Gloeckner

Incorporated in 1995, Eastern Point Advisors, Inc. is a federally registered investment advisory firm which provides professionally managed portfolios to its individual and institutional clients, and serves as the advisor to Eastern Point Advisors Twenty Fund and Eastern Point Advisors Rising Dividend Growth Fund.

Rooted in the Nobel Prize winning Model Portfolio Theory, Eastern Point Advisors leverages state-of-the-art technology and a proven, rigorous selection process to construct portfolios of mutual funds, variable annuities, and individual equity securities.

Eastern Point Advisors continuously monitors, maintains and tailors portfolios to meet and exceed individual specific investment goals and objectives. Eastern Point Advisors also provides a fee-for-service model that guarantees the highest level of client service and attention.

In 2004, Eastern Point Advisors grew even stronger with the addition of Gregory Gloeckner as president. In his new role, Mr. Gloeckner focuses on growth and diversification of Eastern Point Advisors' professionally managed portfolios of mutual funds, variable annuities, individual equity securities and fee-based, money management programs.

"I had my share of reservations, as do many reps who are considering a change to a fee-based business model. George Bernard, Eastern Point Advisors, director of investment advisory services, and his staff, however, went beyond the call of duty in patiently answering my many questions and demonstrating the kind of customer service that I can fully endorse to my clients. Aside from clients receiving more than 100 years of investment experience and the resulting dynamic and professionally risk-managed portfolios, they also get the ongoing personal attention from their long-time financial advisor. Meanwhile, my time is leveraged in a powerful way that allows me to focus my relationship with clients rather than on making the next sale. I don't know that it gets any better than that."

-Scott Armacost
Oakland, CA

The Right Asset Allocation Mix for Your Clients

Historically, different asset classes have reacted differently to changes in the economy and marketplace. Therefore, by diversifying a portfolio into multiple asset classes with different risk and return characteristics, overall risk may be reduced and returns improved.

Two critical factors are considered in creating the asset allocation mix for an individual portfolio. The first is an investors level of risk tolerance and tolerance for variability of returns. The second factor is the time horizon or when will the money be needed.

In considering stocks, bonds and cash as investments, it's important to understand that economic conditions, company specific factors and investor confidence influence overall performance. An asset allocation strategy looks at an individual's goals and circumstances, and determines what mix will return the optimal blend of risk and reward.



Developing an appropriate asset allocation plan is the first step towards achieving the right asset allocation mix. Eastern Point Advisors works closely with each and every client, following strict asset allocation guidelines to develop investment portfolios that are continuously monitored and rebalanced to help ensure the greatest potential return available under normal market conditions.



Eastern Point Advisors Twenty Fund (ICTWX)

-A Four-Star Mutual Fund

Portfolio Manager, Frederick Sears, Jr.

Now five years old, Eastern Point Advisors Twenty Fund is a four-star mutual fund (as rated by Morningstar in December 2003) sponsored by Eastern Point Advisors and directed by Fred Sears, an accomplished in-house portfolio manager. The Eastern Point Advisors Twenty Fund invests in common stocks of companies of any size, with special emphasis placed on mid and large-cap companies that demonstrate financial stability, strong earnings growth potential, dominant or strong market position and proven leadership.

The Twenty Fund focuses on a small group of U.S.-based companies, selecting approximately 20-30 mid and large-cap stocks for its portfolio. The fund looks for companies whose stocks represent high capital appreciation demonstrating proven business models, a dominant market position, proprietary products, and strong corporate management and culture.

Pursuant to information compiled by Morningstar, the Twenty Fund was ranked in the top 8% of mutual funds in the large-blend category, based on total returns for the six-month period June 31, 2003 to December 31, 2003.



Eastern Point Advisors Rising Dividend Growth Fund (ICRD)

Portfolio Manager, Thomas W.L. Cameron

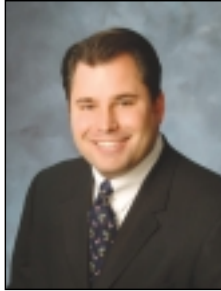
In March of 2004, Eastern Point Advisors created its second mutual fund when the firm welcomed respected money manager and “father of rising dividend investing” Tom Cameron to develop and run the Eastern Point Advisors Rising Dividend Growth Fund.

He first introduced the rising dividend growth strategy through the Sovereign Investors Fund in 1979 and was recognized with distinction by Lipper, Morningstar, *Money* and *U.S. News & World Report* during his 13 years as the fund’s manager.

Tom and his team focus their investments in sustainable companies that provide every indication that they maintain the financial stability to prosper in all kinds of economic climates.

The fund’s objective is long-term growth of capital and current income investing in common stocks of domestic and foreign companies that have increased their dividend payments to shareholders at least each year for the past ten years.

The Rising Dividend Growth Fund focuses on companies with solid histories, strong finances and positive prospects. Typical portfolios consist of approximately 30-40 holdings of companies with stockholder-oriented management teams, who manage debt well, and have reasonable stock prices and solid growth rates.



ICC Insurance Agency

Director, Richard Brown

In 2003, ICC Insurance Agency continued its commitment to providing independent brokers with the tools to grow their life, disability, and long-term care and health insurance businesses. ICC Insurance Agency offers nearly every carrier in the insurance industry and works hand-in-hand with the financial advisors to offer superior support and service.

Under the direction of Richard Brown, our insurance division continues its commitment to Investors Capital Corporation financial advisors providing excellent service and continued education to maximize their productivity and success. ICC Insurance continues to strengthen its services in case design, pre-sales support, sales training and active case management, while providing valuable solutions for business, retirement, and estate planning strategies.

ICC Insurance recently added an additional feature that has been regularly praised by financial advisors across the country. ICC Insurance began providing online case status, enabling brokers to access regular updates and notifications related to their individual caseload.

“Investors Capital Insurance Agency offers my clients competitive products from well known carriers. Equally important is the excellent back office support they provide. ICC has proven they are worthy of my business.”

-Dana Funk
Chico, CA

1992 1994 1995 1997 1999 2000 2001 2002 2003
HISTORY OF INVESTORS CAPITAL HOLDINGS
 1992 1994 1995 1997 1999 2000 2001 2002 2003

- 2003 Revenues approach \$50 million.
- 2002 Opens new Investment Centers and launches Investment Banking Division.
- 2001 Completion of initial public offering.
- 1999 Revenues exceed \$15 million.
- 1997 Sales force approaches 1,000 independent advisors.
- 1995 Eastern Point Advisors, Inc. founded.
- 1994 ICC Insurance Agency, Inc. founded.
- 1992 Investors Capital Corporation founded.

BACK LEFT TO RIGHT

Stephen Parker
Professional Consultant
Former Vice President
Allmerica Financial

Timothy B. Murphy
Treasurer and CFO
Investors Capital Holdings

David R. Smith
Managing Director
Charter Financial Publishing Network



FRONT LEFT TO RIGHT

C. Troy Shaver, Jr.
President and CEO
Dividend Growth Advisors

Theodore E. Charles
President, Chairman, and CEO
Investors Capital Holdings

James F. Twadell
Investment Banker
Investors Capital Investments Banking Division

Investors Capital Holdings' Board of Directors is comprised of some of the financial industry's most talented executives. Board members on average bring more than 25 years experience in financial services to their advisor roles. All are actively engaged with their respective companies as well as within various professional organizations. They continue to map the course providing strategic direction to grow revenue for Investors Capital Holdings and its subsidiaries, control costs, recruit top financial talent, and hold the company accountable to its financial objectives.

Contacts

Transfer Agent
Computershare Trust Company, Inc.
350 Indiana Street
Golden, CO 80401
Phone: 303-262-0660

Independent Accountants
Brown & Brown, LLP
90 Canal Street
Boston, MA 02114
Phone: 617-227-4546

Corporate Counsel
Steven C. Preskenis, Esq.
Investors Capital Corporation
230 Broadway
Lynnfield, MA 01940
Phone: 800-949-1422

Stock Exchange Listing
Investors Capital Holdings' common stock is listed on the
American Stock Exchange under the symbol ICH.



Board of Directors

Theodore E. Charles
President, Chairman and CEO, Investors Capital Holdings

Timothy B. Murphy
Treasurer and CFO, Investors Capital Holdings

David R. Smith
Managing Director, Charter Financial Publishing Network

Stephen Parker
Professional Consultant, Former Vice President, Allmerica Financial

C. Troy Shaver, Jr.
President and CEO, Dividend Growth Advisors

James F. Twaddell
Investment Banker, Investors Capital Investment Banking Division

Officers

Theodore E. Charles
President and Chairman, CEO

Timothy B. Murphy
Treasurer and CFO

Steven C. Preskenis, Esq.
Assistant Secretary

Investor Relations

For more information, including the online version of Investors Capital Holdings' annual report, visit our website at www.investorscapital.com. Additional copies of this report and other corporate information are available upon request from:

Investor Relations

Investors Capital Holdings
230 Broadway East
Lynnfield, MA 01940-2320
800-949-1422



INVESTORS CAPITAL HOLDINGS

Member American Stock Exchange: ICH

Investors Capital Holdings
230 Broadway East
Lynnfield, MA 01940-2320
800-949-1422
www.investorscapital.com
info@investorscapital.com