



January 2018

**Argus Investors' Counsel, Inc.**  
*Independent Investment Management Since 1960*

## ARGUS CORE EQUITY STRATEGY

### Philosophy

While many equity market participants construct investment strategies in response to recent events, Argus constructs its Core Equity portfolios to prosper in a range of market environments using the following key elements:

- *Broad diversification using uncorrelated revenue streams*
- *Financial strength as a primary stock selection criterion*
- *Counter-momentum rebalancing of holdings*
- *Independent fundamental research*

### Annual Returns

Year End	Composite (Gross)	Composite (Net)	S&P 500 Index
2017	20.93%	20.51%	21.83%
2016	16.84%	16.48%	11.96%
2015	-2.58%	-2.87%	1.38%
2014	15.83%	15.47%	13.69%
2013	33.98%	33.57%	32.39%
2012	14.72%	14.36%	16.00%
2011	2.86%	2.56%	2.11%
2010	11.30%	10.97%	15.06%
2009	32.85%	32.49%	26.46%
2008	-32.91%	-33.07%	-37.00%
2007	6.20%	6.04%	5.49%

Past performance is not indicative of future results. Source: Argus Core Equity Composite Returns in the table were calculated by Advent which utilizes the Modified Dietz Methodology.

#### \*PerformanceNotes

Argus Investors' Counsel, Inc. (AIC) is an SEC-registered investment advisor that provides investment advisory services to institutional and individual investors. The Argus Core Equity Composite contains fee-paying fully discretionary core equity accounts that do not contain investment restrictions. Returns in this report are presented gross and net of management fees and include the reinvestment of all income. AIC's SEC registration does not imply a certain level of skill or training. The information in this document has not been approved or verified by the SEC or by any state securities authority. Annual and annualized periods are calculated based on geometrically linked monthly returns. AIC claims compliance with the Global Investment Performance Standards (GIPS®). AIC has been verified firm-wide by Ashland Partners & Company, LLP from January 1, 1995 through March 31, 2017 and by ACA Performance Services from April 1, 2017 through December 31, 2017. The US dollar is the currency used to express performance. Past results are not indicative of future returns. To obtain a complete list and description of AIC's composites and/or a GIPS-compliant presentation, please contact Richard Ciuba at (646)747-5439 or Cathleen Lesko at (203) 548-9883.

## Key Professionals

### Sharon D. Wagoner

Chairman – Portfolio Manager

### Donna M. Palais

VP – Portfolio Manager

### Jim Kelleher, CFA

Director of Research

### Peter Canelo

Investment Strategist

## Key Statistics

### Assets in the Core Strategy:

\$230 Million

### Benchmark:

S&P 500® with Dividends

### Historical Tracking Error:

1.93%-2.46%

### Diversification:

Growth & Value Representation  
Minimum \$5 Billion Market Cap  
WTD Avg. Market Cap: \$171 B  
Number of Holdings: 45-55

*\*Past performance is not indicative of future results. Portfolio characteristics and performance data presented in this document are representative only. The information contained herein is intended for institutional investors only.*

**See Performance Notes on page 1.**

## CONTACT US:

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## Firm Overview

Argus Investors' Counsel, Inc. (AIC) is a women-owned and managed SEC registered investment advisor. Argus was incorporated and registered with the SEC in 1960. We specialize in equity investment management for institutional and private investors. Our clients include corporations, public and private pension funds, Taft Hartley organizations, foundations, endowments, and high net-worth individuals.

Our flagship product, the Argus Core Equity Strategy, is based on a rigorous fundamental approach. The Core Strategy seeks to outperform the S&P 500® with dividends over a full market cycle, while limiting downside risk.

Our Argus Team can build your portfolio to suit your ethical and social beliefs.

## Market and Portfolio Commentary

After an extremely strong start in January, stocks struggled at the end of the month. The S&P 500 with dividends was up 5.73%, versus a 5.00% gain for the Argus Core Equity Strategy.

The stock selloff that began in late January had several causes, including the rise in bond yields, which has been interpreted as a preemptive strike against inflation. The main driver of the correction may simply be profit-taking after a strong 2017 stock year that extended into January. As the Fed continues to gradually raise rates, there may be some negative impact on economic activity in 2018 and particularly in 2019.

Economic and earnings fundamentals remain compelling, however, and we continue to see good value in U.S. stocks. The weaker dollar in 2018, together with a strong global economy, should help to boost earnings at export-oriented companies. Companies like Caterpillar are now stronger, and benefiting from their 2017 restructuring efforts as well as from a weaker dollar.

We continue to expect changes in investor sentiment as market volatility increases, the Fed raises interest rates, and economic conditions change. As always, we remain true to our investment strategy, which is designed to take advantage of rotation in industry and stock leadership.

## Annualized Performance – Argus Core Equity Composite \*\*\*

(As of January 31, 2018)

Trailing Period	Argus Composite (Gross)	Argus Composite (Net)	S&P500® Benchmark (with dividends)
Month to Date	5.00	4.95	5.73
1 Year	25.54	25.12	26.41
3 Year	14.62	14.26	14.66
5 Year	16.28	15.92	15.91
10 Year	10.75	10.42	9.78

\*\*\*Performance numbers above are calculated using the Modified Dietz method from Advent.