

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:

\$193 Million

Benchmark:

S&P 500® with Dividends

Diversification:

Growth & Value Representation

Minimum Market Cap: \$10B

WTD Avg. Market Cap: \$181B

Number of Holdings: 45-55

Argus Investors' Counsel clients with more than \$2 million invested in the Core Equity Strategy are eligible to receive free Argus research and reports.

*Past performance is not indicative of future results. Statistics 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.**

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Firm Overview

Argus Investors' Counsel, Inc. (AIC) is a women-owned and managed SEC-registered investment advisor. AIC 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 a portfolio to meet your specific needs, including creating portfolios for socially responsible investing.

Market and Portfolio Commentary

In January, the market rose significantly. The Argus Core Equity strategy returned 6.78% (net of fees), but did not keep pace with the 8.01% return of the S&P 500 (including dividends). This was a "risk-on" month, with outperformance by many growth stocks that were not in the Argus portfolio.

Volatility also continued last month, as the markets reacted to new economic data and guidance from bellwether companies. In early January, stocks fell following a weak Chinese manufacturing report and a 1Q sales warning from Apple. Then a huge jobs number sent stocks soaring.

For 2019, Argus expects the interest rate picture to be more benign than in 2018. It also expects normal earnings growth, rather than the exceptional growth seen last year.

Argus continues to manage our equity portfolios with the understanding that one cannot reliably predict the market response to changing macroeconomic and geopolitical conditions. As such, we believe that a diversified portfolio, comprised of financially strong companies, remains the best way to take advantage of persistent stock and industry rotation while also capturing long-term gains.

Annualized Performance – Argus Core Equity Composite ***

(As of January 31, 2019)

Trailing Period	Argus Composite (Gross) %	Argus Composite (Net) %	S&P 500® Benchmark (with dividends)
Month	6.81	6.78	8.01
1 Year	-2.68	-3.00	-2.31
3 Year	14.21	13.83	14.02
5 Year	11.11	10.75	10.96
10 Year	15.23	14.88	15.00

ARGUS CORE EQUITY STRATEGY

Philosophy

Argus constructs its portfolios to anticipate changes in market conditions. Our view is that rotation is a persistent phenomenon in equity markets. Our stock selection, weightings, and daily rebalancing aid in insulating the portfolio from short-term uncertainties and market fluctuations, while enabling Argus to capture the long term positive market appreciation. Argus Core Equity portfolios are managed using the following key elements:

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

Did you know...

The Argus Core Equity Composite has outperformed the benchmark S&P 500 with dividends, on a gross-of-fees basis, for the latest 3-, 5-, and 10- year periods, ending January 31, 2019, based on the Modified Dietz method from Advent.

The longevity of Argus client relationships is a testament to our people and our disciplined investment process. We remain true to our roots in fundamental research which began nearly 85 years ago.

Argus Research, founded in 1934, was one of the earliest firms to produce fundamental, independent research on a systematic basis. In response to client demand for our portfolio management, Argus Investors' Counsel, Inc. was incorporated and registered with the SEC in 1960.

Annual Returns

Year End	Composite (Gross)	Composite (Net)	S&P 500 Index
2018	-4.33%	-4.67%	-4.38%
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%

*Performance Notes

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 on page 2 are presented gross and net of management fees and included the investment 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. The Argus Core Equity Composite was created on December 31, 1994. 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 September 30, 2018. 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 Cathleen Lesko at (203) 548-9883 or Richard Ciuba at (646) 747-5439.