

Key Professionals

Sharon D. Wagoner

Chairman – Portfolio Manager

Donna M. Palais

VP – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Key Statistics

Assets in the Core Strategy:

\$197 Million

Benchmark:

S&P 500® with Dividends

Portfolio:

Growth & Value Representation
WTD Avg. Market Cap: \$188B
Number of Holdings: 45-55

Core Equity Highlights for March*

	<u>Argus</u>	<u>S&P</u>
ROE 5-Year Avg	20.1%	17.7%
A+ S&P Rated Stocks	49.0%	37.0%
Dividend Yield	2.44%	2.00%

*Performance notes:

Source: Bank of New York Mellon.
Data from a representative account in the Argus Core Equity composite.

CONTACT US:

Cathleen Lesko

Client Services Manager
CLesko@argusinvest.com
(203) 548-9883

or

Richard Ciuba

Director of Business Development
RCiuba@argusresearch.com
(646) 747-5439

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 Commentary

The economic news in March was more muted than in February, but still positive. In late March, the Commerce Department reported that consumer spending rose just 0.1% in January. This was up from a 0.6% decline in December but below the consensus forecast of 0.3% growth. The government also reported tame inflation and strong capital goods orders, which helped to lift the stock market in mid-March. The Commerce Department provided a final 4Q18 GDP growth estimate of 2.2%, down from its initial reading of 2.6%. This sign of slower growth, along with the Fed's increased sensitivity to the markets, suggested that it was unlikely to raise interest rates in the near term.

Argus Core Equity Portfolio Commentary

While growth-oriented stocks remained the best performers in March, four of the top ten stocks in the Core Equity portfolio were in the Consumer Staples sector; Costco (+10.7%), Unilever (+8.0%), PepsiCo (+6.0%), and Procter & Gamble (+5.6%). Nvidia, the top performer for the month (+16.4%), said that it would pay \$6.9 billion for Mellanox, a supplier of server and storage solutions. Consumer Discretionary stock Amazon was up 8.6%, buoyed by reports that it was taking share from Google in search advertising, though Google still has 78% of the U.S. search advertising market. Languishing at the bottom was Materials stock Nucor which fell 3.7% amid concerns about an oversupply of sheet steel and the elimination of protective tariffs.

Looking Ahead

Argus continues to follow its strategy of investing in financially strong companies with uncorrelated revenue streams. We believe this remains the best way to take advantage of persistent stock and industry rotation while capturing long term gains.

ARGUS CORE EQUITY STRATEGY

Philosophy

Argus constructs its portfolios to capture changes in market conditions. Our view is that rotation is a persistent phenomenon in equity markets. Our stock selection, weightings, and 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 based on uncorrelated revenue streams*
- *Financial strength as a primary stock selection criterion*
- *Independent fundamental research*
- *Counter-momentum rebalancing of holdings*

What Sets Argus Apart...

Trusted Fiduciary

In response to client demand for our portfolio management, Argus Investors' Counsel, Inc. was incorporated and registered with the SEC in 1960.

Extensive Research

Argus Research, founded in 1934, was one of the earliest firms to produce fundamental, independent research on a systematic basis.

Long Term Client Relationships

Many of our clients have been with us for decades; a testament to our people and our disciplined investment process.

Performance -Argus Core Equity Composite

(As of March 31, 2019)

Period	Composite (Gross)	Composite (Net)	S&P 500 Index
YTD 2019	12.54%	12.44%	13.65%
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%

Portfolio Holdings (3/31/19)	% of Portfolio
Air Products & Chemicals Inc.	2.4
Costco Wholesale Corporation	2.4
Intel Corp	2.4
Cisco Systems Inc.	2.3
<u>Apple Inc.</u>	<u>2.3</u>
Top 5	11.8

*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. Performance numbers above are presented gross and net of management fees, are calculated using the Modified Dietz method from Advent, 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 December 31, 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.