



### 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:**

\$200 Million

**Benchmark:**

S&P 500® with Dividends

**Portfolio:**

Growth & Value Representation  
WTD Avg. Market Cap: \$215.7B  
Number of Holdings: 45-55

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

**Performance notes on page 2.**

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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 down-side risk.

Our team can build a portfolio to meet your specific needs, including portfolios for socially responsible investing.

### Argus Core Equity Portfolio Commentary

For July 2019, the S&P 500 with dividends returned 1.44%. The Argus Core Equity portfolio outperformed, returning 1.60% (net of fees), which we believe reflects our emphasis on broad diversification. The top ten performers in July included stocks from six different sectors.

We recently added Adobe shares (ADBE) to the portfolio. Adobe has positioned itself at the center of the exploding market for digital video content and advertising creation and management. It also has an admirable track record of innovation and a unique collection of software assets centered on its Creative Cloud suite. Adobe continues to accelerate organic product refreshes and new rollouts, and we believe it is an excellent fit for the portfolio.

### Looking Ahead

Fueled by lower taxes and strong employment, the U.S. economy appears to be in solid shape despite concerns about slowing growth. Over the remainder of 2019, we look for continued growth, based on our view that positives in the economy will outweigh the negatives. But we do expect growth to slow in the final months of the year. For the full year 2019, we expect overall growth in the 2.5% range, in line with the 2.5% average in 2018 (recently lowered from 3.0% as part of the BEA's annual benchmark revisions).

Argus continues to follow its strategy of investing in financially strong companies with uncorrelated revenue streams, and paring back the winners to maintain equal portfolio weights for each stock. 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.

## Argus Core Equity Portfolio Highlights As of July 31, 2019

Portfolio Characteristics	Argus Core Equity	S&P 500
Dividend Yield	2.32%	1.95%
Portfolio P/E	18.9	21.6
Port. P/E – I/B/E/S 1 Yr. Forecast EPS	17.6	17.5
Return on Equity – 5 Yr. Avg.	21.3	18.3
A+ Rated Holdings (S&P Global)	50%	36%
A+ /A/ A- Rated Holdings (S&P Global)	76%	61%

## Annualized Performance as of July 31, 2019

Trailing Period	Composite (Gross)	Composite (Net)	S&P 500 (w/Dividends)
July	1.65	1.60	1.44
1 Year	6.79	6.39	7.99
3 Years	12.70	12.31	13.36
5 Years	11.20	10.83	11.34
10 Years	13.94	13.58	14.03

### \*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. \*\*PSN 5 Star Category Criteria: The PSN universes were created using the information collected through the PSN investment manager questionnaire and use only gross of fee returns. Mutual fund and commingled fund products are not included in the universe. PSN Top Guns investment managers must claim that they are GIPS compliant. Products must have an R-Squared of 0.80 or greater relative to the style benchmark for a five year period. Moreover, products must have returns greater than the style benchmark for the three latest three-year rolling periods. Products are then selected which have a standard deviation for the five year period equal or less than the median standard deviation for the peer group. The top ten performers for the latest 3 year period become the 5 Star Top Guns.