

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:

\$187 Million

Benchmark:

S&P 500® with Dividends

*Portfolio Characteristics:

Growth & Value Representation		
WTD Avg. Market Cap (B):	\$286	
Number of Holdings:	45-55	
Portfolio PE:	21.9	
ROE 5-Year Average:	23.9	
Dividend Yield (%):	2.30	
S&P Global Ratings of Holdings:		
	A+	A+/A/A-
Argus Core	46%	80%
S&P 500	39%	63%

**Source: Bank of New York Mellon. Data from a representative account in the Argus Core Equity composite as of 6/30/2020.*

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 Market Commentary

In July, the performance of portfolio stocks was often driven by the company-specific impact of the coronavirus. In the Healthcare sector, for example, stocks of companies involved in the development of vaccines and other treatments performed well, while those of companies affected by stay-at-home restrictions, reductions in routine medical care, and the slowdown in surgical procedures did poorly.

The Argus Core Equity portfolio benefited from strength across a broad range of sectors, as five different sectors were represented in the top ten: Information Technology, Healthcare, Materials, Utilities, and Consumer Discretionary. The Argus Portfolio returned 5.2% (gross of fees) for the month. The S&P 500 returned 5.6%, driven by strength in five stocks that together accounted for more than 20% of the index.

The U.S. economy added 1.8 million payroll jobs in July, as companies continued to bring employees back to work, though this was still down sharply from 4.8 million in June. The unemployment rate dropped to 10.2% from 11.1% a month earlier. Despite modest progress, weekly unemployment benefit claims also remained high. On August 6, the Labor Department said that another 1.186 million people filed first-time claims, and that the total of continuing claims was 16.6 million. The broader U6 unemployment rate, which includes persons marginally attached to the labor force and part-time workers looking for full time jobs, stood at 16.5%, down from 18% in June but far above last July's 6.9%.

Looking Ahead

The stock market, which looks ahead, is sending optimistic signals about a recovery, and trends in interest rates imply global confidence in the U.S. economy and central bank. While Argus expects a decline in 3Q20 GDP, we look for a recovery in 2021 and for GDP growth above 4.0%.

Argus expects the unemployment rate to remain high through 2020 as the U.S. economy slowly recovers. We also note that the VIX volatility index remains extremely high, and expect volatile trading conditions for an extended period.

We believe that near-zero interest rates make a strong case for equities in 2020, and continue to adhere to our disciplined investment process, driven by our focus on financial strength and thoughtful diversification. We believe this remains the best way to take advantage of persistent stock and industry rotation while also 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.



Ongoing rebalancing maintains portfolio weighting distribution.

In depth assessment of current and potential selections.
Real time monitoring of price movements and position weights.
Utilizes objective independent research.

Equal weighting of holdings.
Broad diversification with uncorrelated revenue streams.
Financial strength – primary criteria.
Bottom-up stock selection.

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, a division of Argus Investors' Counsel, 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.

Top 5 Holdings as of 7/31/2020	% of Portfolio
Apple Inc.	2.9
Amazon.com Inc.	2.9
Nvidia Corp.	2.8
Microsoft Corp.	2.6
Home Depot	<u>2.5</u>
Total	13.7

COVID-19 Update:

Argus Investors' Counsel, Inc., Argus Research Company, Vickers Stock Research, and Argus-Vickers continue to operate on a virtual basis until further notice. Argus' business continuity plans have ensured that there is no interruption in the services we provide to you and no interruption in your ability to contact us as you normally do, be that by telephone, electronic communication or mail.

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**.

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. 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, 2019. The US dollar is the currency used to express performance. Past results are not indicative of future returns.