

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:

\$220 Million

Benchmark:

S&P 500® with Dividends

*Portfolio Characteristics:

Growth & Value Representation		
WTD Avg. Market Cap (B):	\$303	
Number of Holdings:	45-55	
Portfolio PE:	25.2	
ROE 5-Year Average:	24.0	
Dividend Yield (%):	2.18	
S&P Global Ratings of Holdings:		
	A+	A+/A/A-
Argus Core	45%	79%
S&P 500	34%	63%

**Source: Bank of New York Mellon. Data from a representative account in the Argus Core Equity composite as of 9/30/2020.*

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

After an exceptional 2Q20, the S&P 500 fell as much as 9% in September before finishing the month with a decline of 3.80%; however, overall 3Q returns were still strongly positive.

September saw substantial rotation, as stocks that had lagged in prior periods outperformed. The Core Equity portfolio's diversification across a broad range of industries with uncorrelated revenue streams enabled it to outperform its benchmark, the S&P 500 with dividends, in both September and in the third quarter. This broader diversification was beneficial as the top FAANG stocks in the S&P sold off during September's reversion to more economically sensitive sectors. The top-five Core Equity portfolio stocks came from four different sectors: Materials, Healthcare, Industrials, and Consumer Staples.

The Argus portfolio outperformed the S&P 500 with dividends for September, returning -1.68% (net of fees) versus -3.80% for the benchmark; for 3Q, the Argus portfolio returned 9.8% (net of fees) versus the S&P's 8.93% return.

Looking Ahead

Argus believes that 2Q20 will prove to be the trough of the recession, and that GDP will improve through year-end and into 2021. How rapidly things improve will depend on the evolution of the pandemic, progress on vaccines, and the extent and timing of additional fiscal stimulus measures. Given the current uncertainty, forecasts from economists are all over the map. Our Argus quarterly forecast calls for a 7% increase in absolute GDP in 3Q from 2Q, which in our model translates to an annualized gain of 31.0%.

Our annual forecasts now call for overall GDP to decline about 1% in 2020 and rebound to 3.2% in 2021. The economic data (consumer confidence, spending, housing statistics, auto sales, and, manufacturing surveys) points to improving conditions, though serious risks remain.

We 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.



Rebalancing
Ongoing rebalancing maintains portfolio weighting distribution.

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

Selection
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 9/30/2020	% of Portfolio
Apple Inc.	2.7
Amazon.com Inc.	2.6
Nvidia Corp.	2.6
Home Depot Inc.	2.4
Microsoft Corp.	2.4
Total	12.7

Trailing Period Ending 9/30/20	Composite (Gross)	Composite (Net)	S&P 500 (w/Dividends)
Q3 2020	9.89	9.80	8.93
YTD	5.90	5.61	5.57
1 Year	14.57	14.15	15.15
3 Years	11.40	11.00	12.28
5 Years	14.00	13.61	14.15
10 Years	13.46	13.09	13.74

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. Returns are presented gross and net of management fees and include the reinvestment of all income. Past results are not indicative of future returns.