

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:

\$193 Million

Benchmark:

S&P 500® with Dividends

*Portfolio Characteristics:

Growth & Value Representation

WTD Avg. Market Cap (B): \$323

Number of Holdings: 45-55

Portfolio PE: 28.7

ROE 5-Year Average: 23.8

Dividend Yield (%): 2.01

S&P Global Ratings of Holdings:

	A+	A+/A/A-
Argus Core	44%	75%
S&P 500	37%	59%

**Source: Bank of New York Mellon.
Data from a representative
account in the Argus Core Equity
composite as of 12/31/2020.*

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

January was uncommonly newsworthy, with the attack on the U.S. Capitol, the heavily policed inauguration, and the first weeks of the new Biden administration. Stocks sold off in the last week of January, due in part to frenzied trading in certain corners of the market, along with FOMC commentary that highlighted a slowing recovery.

The focus on a small handful of stocks, including GameStop, has distracted many investors from what has been a better-than-forecast 4Q20 earnings season. The year-over-year decline in S&P 500 earnings from continuing operations in 4Q20 is thus far less than 5% — less severe than the double-digit decline projected at the end of December. In addition, companies have largely provided above-consensus 1Q21 guidance, which has helped to lift the major indices.

In January, the market saw significant sector rotation, with previously weak Energy up nearly 4% year-to-date, and Technology, last year's winner, declining 1%. The Argus Core Equity portfolio saw rotation out of Tech stocks such as Visa and Adobe and into Healthcare, Energy, and other Technology names like Intel (up 11.4%) and Microsoft. The top-performing stock in the Core Equity portfolio was Abbott Labs, with a gain of 12.9% in January (on top of a 26.1% return in 2020). In the Core Equity portfolio, four of the top 10 stocks came from the Healthcare sector.

Looking Ahead

In the year ahead, we look for continued economic growth in the U.S. and overseas, helped by the broad distribution of coronavirus vaccines. We also expect the U.S. economy to benefit from federal government spending to offset the impact of the pandemic.

The 4Q20 GDP report showed the U.S. economy expanding at a 4.0% annual rate, a bit below the 4.2% consensus but still healthy. We look for stocks to rise 10%-12% in 2021, in line with norms over the past 40 years. Our 12-month forecast for the S&P 500 is 3,000-4,200, and our year-end target for 2021 is 4,100.

At Argus Investors' Counsel, 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 counter-momentum rebalancing maintains portfolio weighting diversification

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

Analysis
In-depth assessment of current positions and new selections
Real-time monitoring of price movements and position weights
Objective fundamental independent research support

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 1/31/2021	% of Portfolio
Apple Inc.	2.7
Alphabet Inc.	2.5
Amazon.com Inc.	2.5
Microsoft Corp.	2.4
BlackRock Inc.	<u>2.3</u>
Total	12.4

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.