

## ***MONTHLY RESEARCH WEBINAR***

# **INVESTMENT THEMES FOR 2025**

Moderator:

Jim Kelleher, CFA

Director of Research

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## ■ Investment Themes for 2025

- Jim Kelleher, Argus Director of Research
- John Eade, Argus President & Director of Portfolio Strategy
- Kristina Ruggeri, Senior Analyst

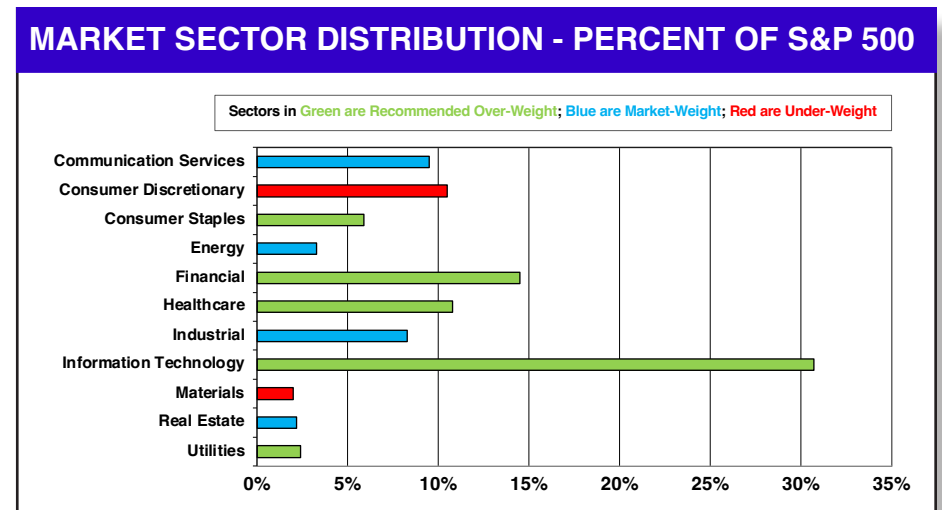
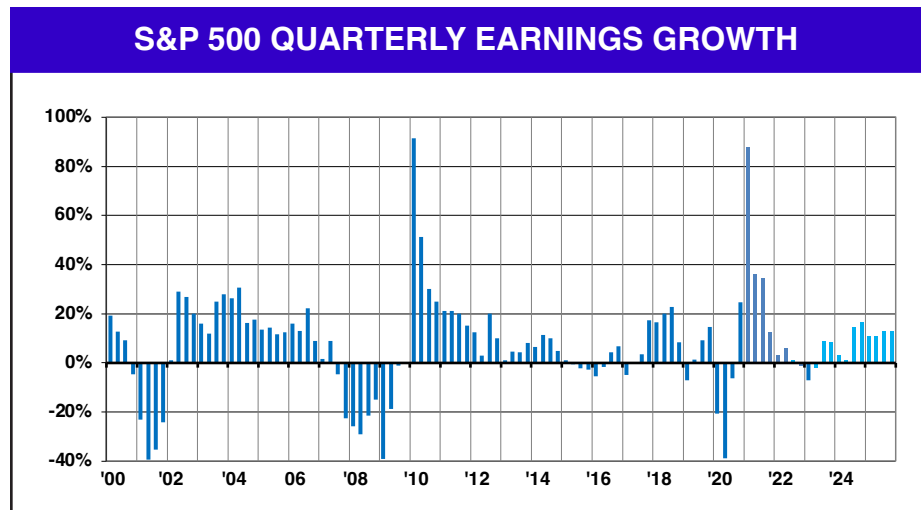
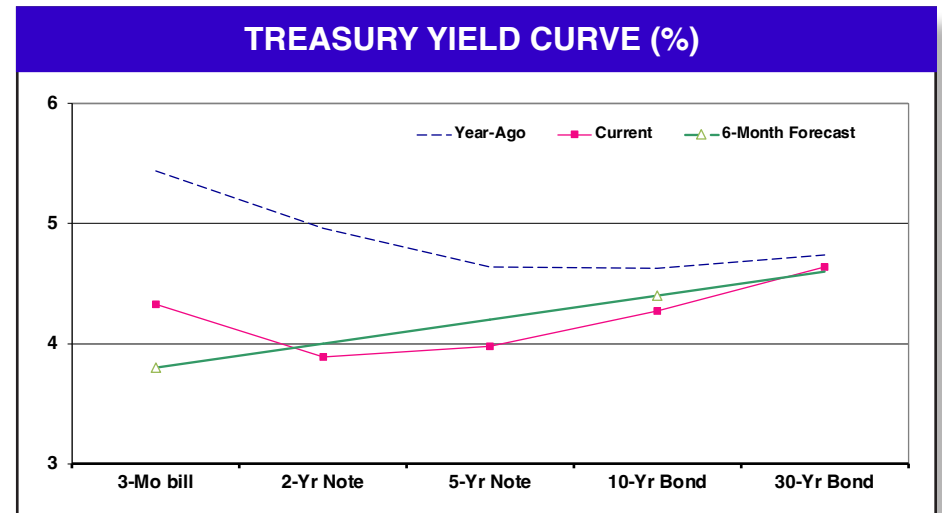
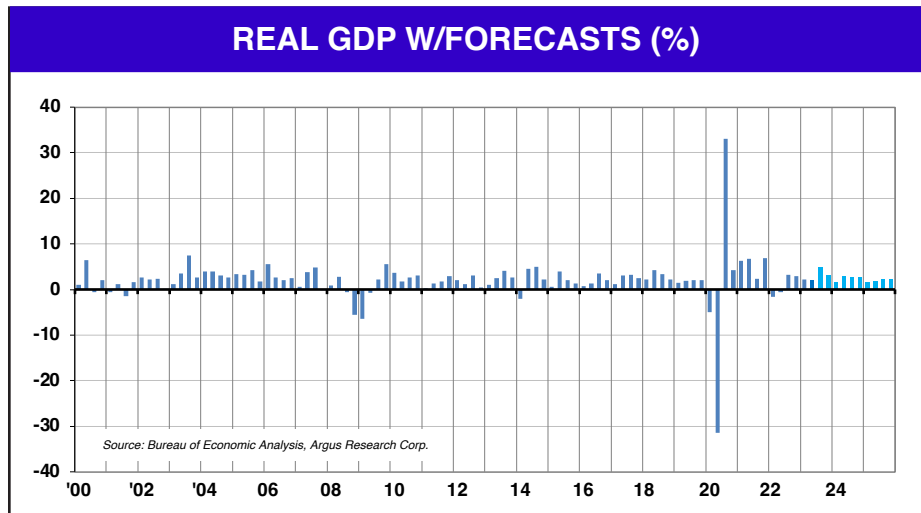
## ■ Argus Quick Notes

- Ranking the Mag 7
- Healthcare, a Safe Haven from Tariffs
- Trading on Volatility
- Investing in High-Yield Stocks
- Find these on the homepage of our website

## ■ Portfolio Update: the Argus Mid-Cap Model Portfolio

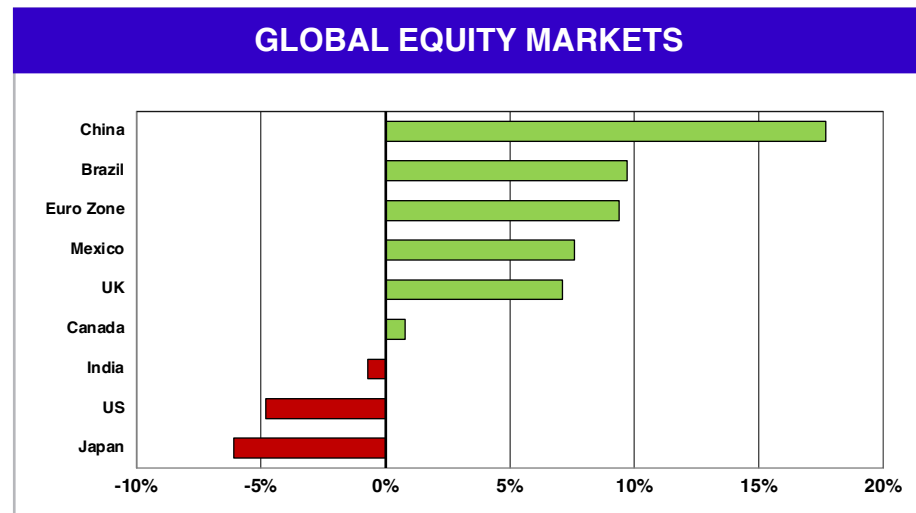
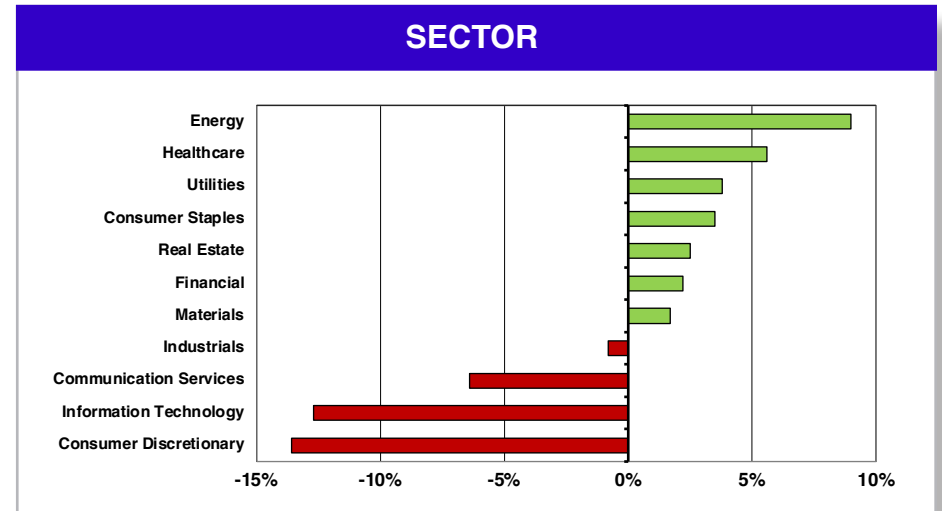
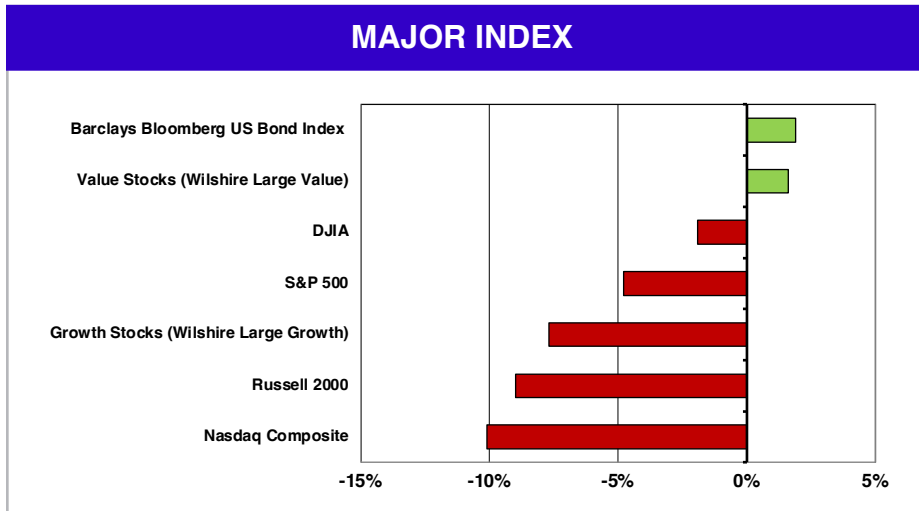
- Small- and mid-caps have underperformed in 2025 YTD
- Well-positioned to beat the broad market going forward
- Domestic focus lessens tariff & geopolitical impacts
- Attractively valued at lower P/Es vs. large caps
- Find the Argus Mid-Cap MP on the homepage of our website

# MACRO FORECASTS



# MARKET PERFORMANCE

DATA AS OF MARCH 31, 2025



## ■ What is it?

- Focus on companies that pay – and grow -- dividends

## ■ Why?

- Dividends are an important component of capital returns
- Information component to dividends

## ■ Our Methodology

- This theme focuses on dividend growth, not high yield

## ■ Portfolio Details

- Sector diversification 10 of 11; overweights in IT, Financials and Industrials
- High p/e, but also high dividend growth rate

## ■ Core Holdings

- COST, TRGP, MCO, V, PH

## ■ What is it?

- Innovation is the reason the U.S. economy is largest, most diversified in the world

## ■ Why?

- For a company, innovation can deliver new product growth and higher profitability
- Reduces competitive risks

## ■ Our Methodology

- 4 types of innovation: new products/better products & processes/new markets/disruptors

## ■ Portfolio Details

- Sector diversification 8 of 11; overweights in IT, Healthcare, Financials and Industrials
- Reasonable PEGY ratio, dividend yield adds to value

## ■ Core Holdings

- PWR, BLK, LLY, URI

## ■ What is it?

- All-weather strategy that provides market exposure with goal of reduced risk

## ■ Why?

- Can smooth out bumps in market and economic cycles
- Still take advantage of growth opportunities through equities

## ■ Our Methodology

- Focus on financial strength, safety and low beta

## ■ Portfolio Details

- Sector diversification 11 of 11; overweights in Staples, Industrials, Financial, Utility
- Higher yield and lower beta than S&P 500

## ■ Core Holdings

- WMT, PG, XOM, BRK/B, JNJ, ADP, SO

## ■ What is it?

- International stocks that pay dividends

## ■ Why?

- Foreign markets have underperformed for years and offer value
- Dividends preferred over buybacks overseas, offering more diversification

## ■ Our Methodology

- BUY-rated stocks in Argus Universe that pay dividends

## ■ Portfolio Details

- Sector diversification 8 of 11; overweights in Consumer, Healthcare, Energy, IT
- 10 different countries represented in portfolio

## ■ Core Holdings

- UL, BP, SHEL, RY, GSK, NVO, BHP, BABA



## ■ What is it?

- Focus on companies that pay dividends
- Value stocks

## ■ Why?

- After years of underperformance, value stocks are doing well in 2025
- High yields support returns when capital gains lag
- This theme is focused more on high sustainable yields, than on dividend growth

## ■ Our Methodology

- New stocks with dividend yields > 3.0%, Financial Strength rating of at least Medium
- Consult with Argus analysts
- Target 30 Stocks with representation in all 11 sectors

## ■ Portfolio Details

- Sector diversification 11 of 11; overweights in Energy, Utilities, Financials, Healthcare
- Average yield = 4.5%, average price/sales multiple of 2

## ■ Core Holdings

- AEP, UL, VZ, UPS

## ■ What is it?

- Focus on smaller, newer companies with meaningful potential growth ramps

## ■ Why?

- Long-term record of outperformance
- Recent lag in performance creates value opportunity

## ■ Our Methodology

- Argus BUY List, market caps near/below \$20 billion
- Consult with Argus analysts
- Target 30 Stocks with representation in all 11 sectors

## ■ Portfolio Details

- Sector diversification 10 of 11; overweights in IT, Consumer and Industrials
- Beta and yield both above average; average ROE of 25%

## ■ Core Holdings

- LUV, RITM, GEN, LH

## ■ What is it?

- Deep Value strategy with Activist trigger

## ■ Why?

- Activists have a history of identifying value
- More recently, Activists have moved from “scorched earth” approach to collaboration

## ■ Our Methodology

- ID Activist investors, determine “skin in the game”, screen for underperformance and value

## ■ Portfolio Details

- Sector diversification 9 of 11; overweights in HC, Industrials, Financial Services
- Lower P/E, higher yield than market; average 5-year return less than 1%

## ■ Core Holdings

- PYPL, WFC, HON, VFC, ICE, MRK, IFF

## ■ What is it?

- Companies with extraordinary emphasis on workers, customers, climate, shareholders

## ■ Why?

- These are hallmarks of excellent management teams
- Analysis of management is one of Argus' six fundamental areas of research focus

## ■ Our Methodology

- Argus BUY list merged with JUST Capital rankings

## ■ Portfolio Details

- Sector diversification 9 of 11; overweights in HC, Industrials, Financial Services, IT
- Average JUST Capital score of 70 lands in top decile of Russell 1000

## ■ Core Holdings

- GOOGL, JPM, TRV, LLY, GE, AAPL, MSFT

## ■ Equity Income

- VZ, PG, UL, CSCO

## ■ Growth & Income

- PG, SO, TOL, SHEL

## ■ Growth

- SCHW, ORCL, COST, TRGP

## ■ Institutional

- UTHR, WMT, JPM, PRU

\* Note, Argus Model Portfolio Strategies may be licensed for direct money management by our clients using either an AUA or SMA Argus solution. Reach out directly to Argus for more authorization details.

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