

ARGUS CORE QUARTERLY UPDATE – 1Q 2021

Argus Core Equity – 1Q21

The Argus Core Equity strategy is based on a rigorous fundamental approach and seeks to outperform the S&P 500 with dividends over a full market cycle, while limiting downside risk. In 1Q21, the Core Equity portfolio returned 7.79% (net of fees), outperforming the S&P 500 benchmark by 162 basis points.

In a healthy sign for the stock market, the rotation from growth to value stocks that began in 4Q20 continued in 1Q21. By sector, Energy was the top performer with a 33% gain, reflecting higher prices for oil and gasoline, and opportunities created by the sharp 50% decline in Energy sector stocks in 2020. The Basic Materials sector posted double-digit growth, benefiting from dollar weakness and higher demand as the economy reopened. The Industrial and Communication Services sectors also outperformed in 1Q. Last year's winners, Technology and Consumer Discretionary, lagged the market as rising bond yields drove investors away from growth sectors.

Within the Core Equity portfolio, the top two stocks were former laggards. Steelmaker Nucor, in the Basic Materials sector, was the top performer, rising 50.9%, followed by Energy stock Exxon Mobil, with a gain of 35.4%. Other outperformers were Caterpillar and General Dynamics in the Industrial sector, and JPMorgan in the Financial Services sector. While Apple and Amazon fell, two Technology stocks, Intel and Corning, outperformed.

Argus added one stock, Activision Blizzard (ATVI), to the portfolio in 1Q21. Activision develops and distributes interactive entertainment software and online games through three business segments: Activision Publishing, Blizzard Entertainment, and King Digital Entertainment. The company benefited strongly from COVID-19 mobility restrictions last year, which boosted demand for videogames, and also has seen rapid growth in international sales.

Looking Ahead

In 2021, we expect the primary driver of U.S. GDP growth to be public health as vaccine distribution accelerates and a majority of the population is immunized. We also look for benefits from fiscal stimulus spending, along with continued gains in employment and rising consumer confidence. In addition, housing market activity, though down from its peak in late 2020, remains well above pre-pandemic levels. Economic growth could also benefit from the passage of the Biden administration's infrastructure bill. Based on these positives, Argus recently raised its 2021 GDP growth forecast to 4.4% from 3.6%.

At Argus Investors' Counsel, we continue to adhere to our disciplined investment process, focusing on portfolio diversification and financially strong companies that can deliver long-term gains for investors. We believe this remains the best way to take advantage of persistent stock and industry rotation as the economy recovers.

Key Professionals

Sharon D. Wagoner

Chairman – Portfolio Manager

Donna M. Palais

VP – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Holdings (as of 3/31/2021)

Largest Holdings by Weight

Nucor Corp.	2.5%
Texas Instruments Inc.	2.4%
Corning Inc.	2.3%
Alphabet Inc.	2.3%
Blackrock Inc.	2.3%

Largest Sector Weightings

Information Technology	24.2%
Healthcare	13.1%
Industrials	12.5%
Consumer Staples	10.9%
Financials	10.5%

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ANNUALIZED TOTAL RETURNS (as of 3/31/2021)	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year	Latest 5 Year	Latest 10 Year
Argus Core Equity- Net of Fees	5.96%	7.79%	7.79%	53.60%	14.95%	15.40%	13.50%
Argus Core Equity- Gross of Fees	5.96%	7.88%	7.88%	54.13%	15.36%	15.80%	13.87%
S&P 500 w/Div	4.38%	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%

Source: Advent. Core Equity Composite Inception date is 12/31/2005.

Leave the Investing to Us

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.

At Argus Investors' Counsel, we continue to adhere to our disciplined investment process, driven by our focus on financial strength and thoughtful diversification.

What Sets Argus Apart...

- ✓ A trusted fiduciary since 1960
- ✓ Women-owned and managed
- ✓ Acknowledged authority on independent research for 85+ years
- ✓ Experienced portfolio managers who have worked together for 25+ years
- ✓ Award-winning research analysts

Contact Cathleen Lesko at (203) 548-9883 or Richard Ciuba at (646) 747-5439. Portfolios are offered to clients as Separately Managed Accounts and are also available to RIAs on various platforms, including Investnet, Fidelity Wealthscape, and Schwab. In addition to Innovators, Dividend Growers, Core and ESG portfolios, customized portfolios that meet your client-specific needs are available.

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.