

ARGUS CORE QUARTERLY UPDATE – 1Q 2022

Core Equity – 1Q22

The Argus Core Equity strategy uses a rigorous fundamental approach to create a diversified portfolio of financially strong companies.

The U.S. stock market gained some traction in March, with the index and the portfolio both rising more than 3%. For the quarter, the Argus Core Equity portfolio performed in line with the benchmark, returning -4.65% (net of fees), while the benchmark S&P 500 with dividends returned -4.60%.

In 1Q 2022, the top performers in the Argus Core Equity portfolio were in the Energy, Consumer Staples and Basic Materials sectors. Other outperformers were in the Industrial and Financial Services sectors. Concerns about inflation and rising interest rates pressured growth stocks in the portfolio.

Recent economic data indicates that U.S. GDP is still expanding despite the pandemic, but not consistently across all segments of the economy. Even as Omicron fades, we expect some form of COVID-19 to affect GDP for several more quarters at least.

The domestic employment environment has improved markedly over the past year and is nearing full strength. The March unemployment rate was a lower-than-expected 3.6%, just slightly above the 3.5% recorded in February 2020, prior to the pandemic. Businesses are expanding and the U.S. housing market has added to the recovery. Auto sales have also recovered from their pandemic lows and are growing again as the industry works to overcome supply-chain issues. However, the recent appreciation of the dollar will likely slow exports.

Looking Ahead

The war in Ukraine and accelerating inflation continue to weigh heavily on the economic outlook. However, we expect resiliency from the U.S. economy and do not anticipate a recession in the near term, based in large part on strength in the consumer sector. Our forecast for GDP growth in 2022, based on our review of the latest economic fundamentals, is now 2.2%, down from 3.1%. Our preliminary forecast for 2023 is now 2.4%, down from 2.5%.

We would remain positioned in the stock market across 2022, with a willingness to ride out any near-term volatility in pursuit of long-term gains.

Key Professionals

Sharon D. Wagoner

Chairman – Portfolio Manager

Donna M. Palais

VP – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Holdings (as of 3/31/2022)

Largest Holdings by Weight

Apple Inc.	2.4%
Microsoft Corp.	2.1%
Archer Daniels Midland	2.3%
Costco Whsl Corp.	2.3%
Automatic Data Process	2.3%

Largest Sector Weightings

Information Technology	23.6%
Healthcare	14.0%
Consumer Staples	12.4%
Industrials	12.0%
Financials	10.2%

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ANNUALIZED TOTAL RETURNS

(as of 3/31/2022)

	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	3.14%	-4.65%	-4.65%	10.24%	15.74%	13.84%	13.66%
Argus Core Equity- Gross of Fees	3.18%	-4.56%	-4.56%	10.62%	16.15%	14.24%	14.04%
S&P 500 w/Div	3.71%	-4.60%	-4.60%	15.65%	18.92%	15.99%	14.64%

Source: Advent. Core Equity Composite Inception date is 12/31/1994.

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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 or Richard Ciuba for more information and to obtain a GIPS Report. Portfolios are offered to clients as Separately Managed Accounts and are also available to RIAs on various platforms, including Envestnet, Fidelity Wealthscape, and Schwab. In addition to Innovators, Dividend Growers, Core and ESG portfolios, customized portfolios to meet your client-specific needs are available.

Performance Notes:

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