

ARGUS CORE QUARTERLY UPDATE – 2Q 2021

Argus Core Equity – 2Q21

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. The Core Equity portfolio continues to outperform year-to-date with a 15.67% return (net of fees) versus 15.25% for the benchmark S&P 500 with dividends. However, the portfolio underperformed in 2Q due to the rebound in June of large tech stocks that each represented more than 5% of the benchmark index. As a result, the portfolio returned 7.31% (net of fees) in the second quarter versus an 8.55% return for benchmark.

In 2Q21, markets continued to rally amid a new period of sector rotation and re-rotation. In April, the leaders included longtime growth stock favorites Alphabet, Nvidia, and Amazon. However, in May, leadership reversed and financial, cyclical and defensive stocks came back into favor — as they had been in the first quarter. Then, in June, growth-oriented Tech stocks again took the lead, and the top five stocks in the portfolio were in that sector; NVidia, up 23.1%; Adobe, up 16.1%; PayPal, up 12.1%; Apple, up 9.9%; and Microsoft, up 8.5%. The rebound in growth names in June was driven in part by concerns about the Delta variant.

Looking Ahead

Argus believes that the economic backdrop remains generally healthy, and, despite concerns about rising inflation, the Fed has reiterated its commitment to keeping short-term rates low through late 2022 to early 2023, and to maintaining its monthly bond-buying program. Argus currently expects the U.S. economy to grow 5.7% in 2021 and 3.6% in 2022. While stocks appear overvalued at current levels, the 2Q earnings season will be one for the record books. Through July 30, S&P 500 companies are on pace to deliver 90% year-over-year earnings growth, up from the 65% growth expected at the start of the quarter.

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 6/30/2021)

Largest Holdings by Weight

Alphabet Inc.	2.5%
Nvidia Corp.	2.4%
Apple Inc.	2.4%
Microsoft Corp.	2.3%
Morgan Stanley	2.3%

Largest Sector Weightings

Information Technology	24.3%
Healthcare	14.1%
Consumer Staples	12.2%
Industrials	11.9%
Financials	9.3%

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ANNUALIZED TOTAL RETURNS (as of 6/30/2021)	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	1.08%	7.31%	15.67%	40.43%	17.05%	16.37%	14.29%
Argus Core Equity- Gross of Fees	1.08%	7.41%	15.88%	40.92%	17.47%	16.78%	14.67%
S&P 500 w/Div	2.33%	8.55%	15.25%	40.79%	18.67%	17.65%	14.84%

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

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 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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