

# ARGUS CORE QUARTERLY UPDATE – 2Q 2022

## Core Equity – 2Q22

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

In the second quarter, the Core Equity portfolio outperformed its benchmark by 131 basis points, falling 14.79% (net of fees) versus a decline of 16.1% for the S&P 500 with dividends.

The most notable stock market trend in June was in the Energy sector. The Energy sector, which was up over 60% year-to-date at the end of May, dropped to a 32% gain by the end of June, as recession became the most feared event on Wall Street.

Within this year's broad selloff, Value stocks have relatively outperformed because of the greater negative impact of rising interest rates on Growth stock valuations. While Argus expects Growth stocks and sectors to lead the market over the long term, we look for sector rotation into cyclical, interest-rate-sensitive areas, and, in particular, inflation beneficiaries to continue into 2023.

Our focus on portfolio diversification and financially strong companies has offered downside protection in this volatile market. Additionally, we believe that our use of counter-momentum rebalancing offers the best way to take advantage of persistent stock and industry rotation while also capturing long-term gains.

## Looking Ahead

In its third and final estimate, the Bureau of Economic Analysis said that U.S. GDP declined at a 1.6% annualized rate in 1Q22. The Atlanta Fed's prediction tool also projects another quarter of negative GDP in 2Q.

However, given solid employment and rising wages, Argus expects the consumer segment of the economy to remain on a growth track, despite the impact of Fed rate hikes, the war in Ukraine, and higher prices at the pump.

Overall, we believe that the diversified Argus portfolio is well positioned to weather the current market weakness and to capitalize on the eventual recovery.

## Key Professionals

**Sharon D. Wagoner**  
 Chairman – Portfolio Manager

**Donna M. Palais**  
 VP – Portfolio Manager

**Jim Kelleher, CFA**  
 Director of Research

## Holdings (as of 6/30/2022)

### Largest Holdings by Weight

|                        |      |
|------------------------|------|
| Exxon Mobil Corp.      | 2.4% |
| Automatic Data Process | 2.4% |
| McDonalds Corp.        | 2.4% |
| American Tower Corp.   | 2.4% |
| Pepsico Inc.           | 2.4% |

### Largest Sector Weightings

|                        |       |
|------------------------|-------|
| Information Technology | 23.5% |
| Healthcare             | 15.2% |
| Consumer Staples       | 12.7% |
| Industrials            | 11.9% |
| Financials             | 9.4%  |

## Contact Us

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| ANNUALIZED TOTAL RETURNS<br>(as of 6/30/2022) | Month<br>To Date | Quarter<br>To Date | Year<br>To Date | Latest 1<br>Year | Latest 3<br>Year | Latest 5<br>Year | Latest 10<br>Year |
|---|------------------|--------------------|-----------------|------------------|------------------|------------------|-------------------|
| Argus Core Equity- Net of Fees                | -8.16%           | -14.79%            | -18.75%         | -12.46%          | 8.68%            | 9.61%            | 12.23%            |
| Argus Core Equity- Gross of Fees              | -8.16%           | -14.70%            | -18.58%         | -12.15%          | 9.07%            | 10.00%           | 12.61%            |
| S&P 500 w/Div                                 | -8.25%           | -16.10%            | -19.96%         | -10.62%          | 10.60%           | 11.31%           | 12.96%            |

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

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## 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.

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### 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

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**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.

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### Performance Notes:

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