

ARGUS U.S. DIVIDEND GROWERS QUARTERLY UPDATE –1Q 2022

U.S. Dividend Growers – 1Q22

The Argus U.S. Dividend Growers Portfolio seeks to achieve an above-average total return (stock price appreciation plus dividend income) by holding a diversified basket of stocks that have shown consistent above-average rates of dividend growth, while also demonstrating a high measure of dividend safety. We note that the dividends of these stocks, often with yields in the 1.0%-2.5% range, are unlikely to claim a significant portion of cash flow. They thus allow companies to pay a growing dividend while also freeing up cash for other purposes, including share buybacks, debt repayment, business development, and M&A.

In 1Q22, the Argus U.S. Dividend Growers portfolio returned -9.22% (net of fees). Top-performing stocks came from the Industrial and Energy sectors. However, interest rate and inflation concerns hurt housing-related stocks such as D.R. Horton and Home Depot.

Looking Ahead

The war in Ukraine and accelerating inflation continue to weigh heavily on the economic outlook. However, Argus Research expects resiliency from the U.S. economy and does 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%.

Argus Research recommends that investors focus on dividend growth instead of dividend yield. Specifically, we are bullish on companies that have boosted their dividends at consistently high rates for many years. Investors have learned over the past few bear markets that there are no more “buy ‘em and forget ‘em” securities. But we believe that investors in this diversified group of dividend growers will own companies whose financials are strong, whose boards are committed to shareholder returns, and whose management teams have signaled confidence in their outlook through double-digit dividend hikes.

Key Professionals

John Eade

President – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Holdings (as of 3/31/2022)

Largest Holdings by Weight

United Health Group Inc.	5.0%
Costco Whsl. Corp.	5.0%
Microsoft Corp.	4.7%
Danaher Corp.	4.4%
Old Dominion Freight Line	4.3%

Largest Sector Weightings

Healthcare	21.0%
Info Technology	17.5%
Financials	15.8%
Industrials	15.1%
Consumer Discretionary	8.1%

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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	Since Inception
U.S. Dividend Growers- Net of Fees	2.40%	-9.22%	-9.22%	14.78%	16.03%	12.58%
U.S. Dividend Growers- Gross of Fees	2.40%	-9.14%	-9.14%	15.09%	16.37%	12.90%
S&P 500 w/Div	3.71%	-4.60%	-4.60%	15.65%	18.92%	15.40%

Source: Advent. U.S. Dividend Growers Composite Inception date is 2/28/2018.

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 U.S. Dividend Growers, Innovators, Core and ESG portfolios, customized portfolios to meet your client-specific needs are available.

Performance Notes:

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