

ARGUS U.S. DIVIDEND GROWERS QUARTERLY UPDATE –2Q 2022

U.S Dividend Growers — 2Q22

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 2Q22, the Argus U.S. Dividend Growers portfolio outperformed the S&P 500 by 434 basis points, returning -11.76% (net of fees), versus the S&P 500 total return of -16.1%.

Dividend income, an important element of total return, is often overlooked amid gyrations in the stock market. In some decades, dividends accounted for more than 50% of total returns and even 100% of returns. More recently, dividends have accounted for 15%-20% of returns. Still, in 2018, dividend payments softened the blow when most market indices declined as the Federal Reserve hiked rates. That pattern is being repeated in 2022.

Looking Ahead

Given solid employment and wages, we expect 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.

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.

We believe that investors in this diversified portfolio 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 6/30/2022)

Largest Holdings by Weight

United Health Group Inc.	6.0%
Eli Lilly & Co.	5.2%
Costco Wholesale Corp.	4.9%
Microsoft Corp.	4.6%
Danaher Corp.	4.5%

Largest Sector Weightings

Healthcare	23.4%
Info Technology	17.3%
Industrials	15.8%
Financials	15.2%
Consumer Discretionary	8.4%

Contact Us

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ANNUALIZED TOTAL RETURNS (as of 6/30/2022)	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year	Since Inception
U.S. Dividend Growers- Net of Fees	-5.26%	-11.76%	-19.89%	-6.64%	9.67%	8.64%
U.S. Dividend Growers- Gross of Fees	-5.26%	-11.69%	-19.77%	-6.37%	9.99%	8.94%
S&P 500 w/Div	-8.25%	-16.10%	-19.96%	-10.62%	10.60%	9.91%

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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