

ARGUS U.S. DIVIDEND GROWERS QUARTERLY UPDATE – 4Q 2021

U.S. Dividend Growers – 4Q21

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 portfolio 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.

The Argus U.S. Dividend Growers portfolio had a remarkable year in 2021, exceeding the benchmark return by more than 300 basis points. The portfolio returned 31.81% (net of fees) versus 28.71% for the S&P 500 with dividends. In the fourth quarter, the portfolio returned 14.33% (net of fees), well above the benchmark's 11.03% return.

The fourth quarter replayed trends seen earlier in the year, with rotation into cyclical beneficiaries followed by re-rotation back into old growth favorites. In 4Q, the top performers in the portfolio included Technology stock Nvidia (+42%), Consumer Discretionary stock D.R. Horton (+29.2%), and Healthcare stock United Health Group (+28.5%).

Looking Ahead

In 2022, Argus believes that U.S. equities will continue to benefit from strong corporate earnings; however, we look for a more modest return in the 8%-10% range given rising interest rates, ongoing supply-chain challenges, geopolitical tensions, and what is likely to be a polarizing and hotly contested mid-term election.

In 2023, Argus expects consumer spending and capital investment in intellectual property products and equipment to drive continued recovery in the U.S. economy. Our preliminary GDP growth forecast for 2023 is 2.3%, still above the Fed's long-run GDP growth rate forecast of 1.8%-2.0%.

Argus continues to recommend 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.

Key Professionals

John Eade

President – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Holdings (as of 9/30/2021)

Largest Holdings by Weight

Microsoft Corp.	4.9%
Old Dominion Frt. Line	4.9%
Danaher Corp.	4.7%
Costco Whsl. Corp.	4.7%
United Health Group Inc.	4.7%

Largest Sector Weightings

Healthcare	20.3%
Financials	20.1%
Info Technology	20.1%
Industrials	14.9%
Consumer Staples	8.0%

Contact Us

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ANNUALIZED TOTAL RETURNS (as of 12/31/2021)	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year	Since Inception
U.S. Dividend Growers- Net of Fees	5.16%	14.33%	31.81%	31.81%	24.33%	16.33%
U.S. Dividend Growers- Gross of Fees	5.52%	14.41%	32.15%	32.15%	24.69%	16.65%
S&P 500 w/Div	4.48%	11.03%	28.71%	28.71%	26.07%	17.90%

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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