

# ARGUS INNOVATORS QUARTERLY UPDATE – 1Q 2021

## Argus Innovators - 1Q21

The Argus Innovators Portfolio seeks to outperform the S&P 500 Index over a period longer than 12 months by holding a diversified basket of stocks issued by companies with proven records of innovation. The portfolio focuses on innovative companies that spend aggressively on R&D, generate a high percentage of sales from products launched within the past five years, apply for and receive numerous patents, and develop cutting-edge management practices and methodologies that are adopted across industry verticals.

In a healthy sign for the stock market, the rotation from growth to value stocks that started in 4Q20 continued in 1Q21. By sector, Energy was the top performer with a 33% gain. The Basic Materials sector posted double-digit growth, benefiting from dollar weakness and higher demand as the economy reopened. The Industrial and Communication Services sectors also outperformed in 1Q.

The Argus Innovators Portfolio returned 4.48% (net of fees) in 1Q21, underperforming the S&P 500 benchmark as Technology stocks such as Autodesk, Service Now, Apple, and Amazon lagged the market. The top-performing stock in the portfolio in 1Q was Deere & Co (DE), up 39.1%, followed by Old Dominion Freight Line (ODFL), up 23.2%. Deere and Old Dominion are Industrial companies that should benefit from increased infrastructure spending, and both have consistently topped expectations despite challenging economic conditions. The top 10 also included Healthcare stocks Bio-Techne and Eli Lilly, Communication Services stocks Alphabet and Facebook, Financial stock PNC Financial, and Industrial stock Illinois Tool Works.

## Looking Ahead

Regarding the economic backdrop, Argus expects the primary driver of U.S. GDP growth in 2021 to be public health as vaccine distribution accelerates and a majority of the population is immunized. We also look for benefits from fiscal stimulus spending, along with continued gains in employment and rising consumer confidence. In addition, housing market activity, though down from its peak in late 2020, remains well above pre-pandemic levels. Economic growth could also benefit strongly from the passage of the Biden administration's infrastructure bill. Based on these positives, Argus recently raised its 2021 GDP growth forecast to 4.4% from 3.6%.

At Argus, we continue to manage the Argus Innovators Portfolio utilizing a disciplined investment process, focusing on mature companies that combine a strong record of innovation with income generation, sustainable cash flow, and the return of capital to shareholders.

"The U.S. economy's ability to innovate is critical to our country's economic future. And at Argus, we think that future is bright," concluded John Eade, President of Argus Research.

## Key Professionals

### John Eade

President – Portfolio Manager

### Jim Kelleher, CFA

Director of Research

## Holdings (as of 3/31/2021)

### Largest Holdings by Weight

Deere & Co.	5.4%
PayPal Hldgs Inc.	4.9%
Bio Techne Corp.	4.4%
Amazon.com Inc.	4.4%
Nvidia Corp.	4.4%

### Largest Sector Weightings

Information Technology	32.9%
Healthcare	20.3%
Industrials	14.9%
Financials	12.2%
Communication Services	6.8%

## Contact Us

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ANNUALIZED TOTAL RETURNS (as of 3/31/2021)	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year	Latest 5 Year	Latest 10 Year
Argus Innovators- Net of Fees	1.90%	4.48%	4.48%	62.19%	18.88%	N/A	N/A
Argus Innovators- Gross of Fees	1.90%	4.56%	4.56%	62.68%	19.22%	N/A	N/A
S&P 500 w/Div	4.38%	6.17%	6.17%	56.35%	16.78%	16.29%	13.91%

Source: Advent. Innovators Composite Inception date is 2/28/2018. Five- and 10-year performance is not available.

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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 at (203) 548-9883 or Richard Ciuba at (646) 747-5439.** Portfolios are offered to clients as Separately Managed Accounts and are also available to RIAs on various platforms, including Investnet, Fidelity Wealthscape, and Schwab. In addition to Innovators, Dividend Growers, Core and ESG portfolios, customized portfolios that meet your client-specific needs are available.

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## Performance Notes:

Argus Investors' Counsel, Inc. (AIC) is an SEC-registered investment advisor that provides investment advisory services to institutional and individual investors. The Argus Innovators Composite contains fee-paying fully discretionary accounts that do not contain investment restrictions. AIC's SEC registration does not imply a certain level of skill or training. The information in this document has not been approved or verified by the SEC or by any state securities authority. Annual and annualized periods are calculated based on geometrically linked monthly returns. The Argus Innovators Composite was created on February 28, 2018. AIC claims compliance with the Global Investment Performance Standards (GIPS®). AIC has been verified firm-wide by Ashland Partners & Company, LLP from January 1, 1995 through March 31, 2017 and by ACA Performance Services from April 1, 2017 through December 31, 2019. The U.S. dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Past results are not indicative of future returns..