

ARGUS INNOVATORS QUARTERLY UPDATE – 2Q 2021

Argus Innovators – 2Q21

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 2Q21, markets continued to rally amid a new period of sector rotation and re-rotation. In April, the leaders included longtime growth stock favorites Alphabet, Nvidia, and Amazon. However, in May, leadership reversed and financial, cyclical and defensive stocks came back into favor — as they had been in the first quarter. Then, in June, growth-oriented Tech stocks again took the lead, and the top five stocks in the portfolio were in that sector. The rebound in growth names in June was driven in part by concerns about the Delta variant.

The Argus Innovators portfolio returned 10.26% (net of fees) in 2Q21, outperforming the benchmark S&P 500 with dividends, which returned 8.55%. The top-performing stocks in the portfolio came from six different sectors. The top performer was Nvidia (NVDA), up 49.9%, followed by Adobe (ADBE), up 23.2%, and Eli Lilly (LLY), up 22.9%. The top 10 also included Tech stock Paypal Holdings, Healthcare stock Bio-Techne, Communication Services stocks Alphabet and Facebook, and Financial stocks Allstate, BlackRock, and S&P Global.

Looking Ahead

Argus believes that the economic backdrop remains generally healthy, and, despite concerns about rising inflation, the Fed has reiterated its commitment to keeping short-term rates low through late 2022 to early 2023, and to maintaining its monthly bond-buying program. Argus currently expects the U.S. economy to grow 5.7% in 2021 and 3.6% in 2022. While the market appears overvalued at current levels, 2Q earnings season will be one for the record books. Through July 30, S&P 500 companies are on pace to deliver 90% year-over-year earnings growth, up from the 65% growth expected at the start of the quarter.

At Argus, we continue to manage the 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.

Key Professionals

John Eade

President – Portfolio Manager

Jim Kelleher, CFA

Director of Research

Holdings (as of 6/30/2021)

Largest Holdings by Weight

Nvidia Corp.	5.9%
Paypal Holdings Inc.	5.3%
Bio Techne Corp.	4.7%
Deere & Co.	4.6%
Amazon.com Inc.	4.4%

Largest Sector Weightings

Information Technology	34.3%
Healthcare	18.0%
Financials	14.8%
Industrials	13.3%
Communication Services	7.3%

Contact Us

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ANNUALIZED TOTAL RETURNS (as of 6/30/2021)	Month To Date	Quarter To Date	Year To Date	Latest 1 Year	Latest 3 Year	Since Inception
Argus Innovators- Net of Fees	4.71%	10.26%	15.20%	41.43%	21.58%	18.94%
Argus Innovators- Gross of Fees	4.71%	10.34%	15.37%	41.85%	21.94%	19.27%
S&P 500 w/Div	2.33%	8.55%	15.25%	40.79%	18.67%	16.93%

Source: Advent. Innovators 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 Innovators, Dividend Growers, Core and ESG portfolios, customized portfolios to meet your client-specific needs are available.

Performance Notes:

Argus Investors' Counsel, Inc. (AIC) is an SEC-registered investment advisor that provides investment advisory services to institutional and individual investors. 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. The Argus Innovators Composite was created on February 28, 2018. The Argus Innovators Composite contains fee-paying, fully discretionary accounts that do not contain investment restrictions. 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. AIC claims compliance with the Global Investment Performance Standards (GIPS[®]). AIC has been verified firm-wide by ACA Performance Services from April 1, 2017 through December 31, 2020 and by Ashland Partners & Company, LLP from January 1, 1995 through March 31, 2017. GIPS[®] is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.