

# ARGUS INNOVATORS QUARTERLY UPDATE – 4Q 2021

## Argus Innovators – 4Q21

The Argus Innovators portfolio seeks to outperform the S&P 500 over a period longer than 12 months by holding a diversified portfolio 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.

The Argus Innovators portfolio outperformed the S&P 500 in the first three quarters of 2021; however, concerns about inflation and rising interest rates pressured growth stocks in 4Q. The Argus Innovators portfolio returned 6.49% (net of fees) in the fourth quarter, underperforming the benchmark S&P 500 with dividends, which returned 11.03%. For the full year, the Argus Innovators portfolio returned 24.32% (net of fees) versus 28.71% for the S&P 500 with dividends.

The top-performing stock in the portfolio was Nvidia, in the Technology sector, with a gain of 42% in 4Q and 125.3% in 2021. In November, Argus added Generac Holdings (GNRC), Intuitive Surgical (ISRG), and JPMorgan Chase (JPM) to the portfolio.

## 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%.

At Argus, we continue to manage the Innovators portfolio using 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 9/30/2021)

### Largest Holdings by Weight

Nvidia Corp.	6.9%
Bio Techne Corp.	5.0%
Thermo Fischer Scientific	4.7%
Alphabet Inc.	4.4%
Old Dominion Frt Line	4.1%

### Largest Sector Weightings

Information Technology	29.0%
Healthcare	20.4%
Financials	15.6%
Industrials	11.6%
Communication Services	7.5%

## 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
<b>Argus Innovators- Net of Fees</b>	<b>1.49%</b>	<b>6.49%</b>	<b>24.32%</b>	<b>24.32%</b>	<b>28.97%</b>	<b>18.59%</b>
<b>Argus Innovators- Gross of Fees</b>	<b>1.49%</b>	<b>6.56%</b>	<b>24.69%</b>	<b>24.69%</b>	<b>29.36%</b>	<b>18.93%</b>
S&P 500 w/Div	4.49%	11.03%	28.71%	28.71%	26.07%	17.90%

Source: Advent. Innovators Composite Inception date is 2/28/2018.

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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 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.

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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. 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<sup>®</sup>). 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<sup>®</sup> 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.