# ARGUS U.S. ESG PORTFOLIO

## INVESTMENT OBJECTIVE

The Argus U.S. ESG 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 that have a positive "sustainable impact" on the environment, the workplace, and the community. These "sustainable" firms have exemplary records not only in delivering on the bottom line, but also in improving the environment, contributing to community relations, and showing respect for their employees.

## INVESTOR PROFILE

The Argus U.S. ESG Portfolio may be appropriate for investors who seek long-term capital appreciation with current income as a secondary goal. It may also be appropriate for those seeking to invest in companies that score high on environmental, social, and governance metrics, commonly known as ESG. The portfolio is designed for risk-tolerant investors who are willing to accept volatility in the portfolio's value. The Argus U.S. ESG Portfolio is not intended to be a complete investment program and there is no guarantee that it will achieve its investment objective.

## PORTFOLIO STRATEGY

Argus first identifies companies with high ESG scores using rankings from JUST Capital Inc., a leading provider of ESG research. The JUST Capital screen evaluates Russell 1000 companies on a range of issues such as Workers, Customers, Communities, Environment and Shareholders. Based on these criteria, each company receives a score on a 100-point scale. Argus then selects the top half of the companies for further review. From the remaining group, Argus selects at least 30 "best-in-class" ESG securities from diverse market sectors. The selected stocks must also pay a dividend and have a market cap of at least $10 billion. Because Argus is a proponent of diversification, the portfolio seeks to select what we believe are the best companies in a wide swath of industries. Sectors we may overweight include technology, healthcare, financial and consumer discretionary. Sectors we may underweight include utilities and basic materials. Sector weightings are adjusted based on relative opportunity and relative risk as market and economic conditions — and our assumptions about future conditions — change.

## PORTFOLIO CONSTRAINTS

The portfolio will consist of a minimum of (30) equally weighted holdings. The holdings will be reviewed on an ongoing basis and rebalanced back to equal weight as necessary. To reduce turnover, existing holdings that most closely meet the selection criteria will be retained. No single stock is meant to represent more than 5% of the portfolio or less than 2% of the portfolio, though the high volatility of individual holdings may result in one or more holdings exceeding or falling short of these thresholds. The portfolio consists of stocks selected from the Argus Research Fundamental and Quantitative Universes of Coverage and may include stocks rated either BUY or HOLD. Generally, the portfolio management team favors BUY-rated stocks. However, in order to achieve objectives such as industry diversification or low turnover, HOLD-rated stocks may be included. At the discretion of the portfolio manager, portfolio holdings downgraded to SELL by Argus Research may be removed from the portfolio immediately or during the subsequent portfolio review. Holdings deleted as a result of corporate actions may not be replaced until a subsequent portfolio review. Except to facilitate transactions, the portfolio does not target a hypothetical cash balance.

## MODEL INCEPTION DATE: DECEMBER 2016

## CONTACT INFORMATION

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## PORTFOLIO RISKS

*An investment in the Argus U.S. ESG Portfolio is subject to a range of market, income, sector, and management risks. The ESG screen may not correctly identify the most attractive ESG securities. In addition, the ESG portfolio may underperform the benchmark.*

**Market Risk**
The price of portfolio securities may decline due to unexpected changes in equity markets. Moreover, certain stocks and sectors may shift rapidly in and out of favor depending on market and economic conditions. Because the U.S. ESG Portfolio does not target a hypothetical cash balance, portfolio returns may be more volatile than those of similar portfolios that maintain cash positions as part of a defensive strategy.

**Income Risk**
The portfolio's ability to generate income depends on the earnings and dividend payments of component securities. If dividends are reduced or eliminated, portfolio income is likely to decline.

**Sector Risk**
The U.S. ESG Portfolio may emphasize certain sectors of the market. As such, portfolio returns may deviate substantially from those of diversified portfolios.

**Management Risk**
The portfolio manager may not be successful in selecting securities that collectively perform similar to the benchmark. Inclusion of securities is limited to the Argus Research Fundamental and Quantitative Universes of Coverage Changes to the portfolio may be inflexibly limited by portfolio constraints.



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