

Part 2A of Form ADV: Firm Brochure



ARGUS INVESTORS' COUNSEL, INC.

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This brochure provides information about the qualifications and business practices of Argus Investors' Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at (203) 316-9000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. "Brochure" is a term used in the federal regulations to describe this document and what it contains.

Additional information about Argus Investors' Counsel, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Argus Investors' Counsel, Inc. is registered as an investment adviser with the SEC. This registration does not imply a certain level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Item 2 - Material Changes

On July 28, 2010, the United States Securities and Exchange Commission (SEC) published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC rules. This Brochure dated February 28, 2012 is a new document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that clients receive a summary of any material changes to this and subsequent brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

Full Brochure Available

Currently, our Brochure may be requested by contacting James Tierney, Director of Marketing and Client Services at (203) 316-9000 or by email at jtierney@argusinvest.com.

Additional information about Argus Investors' Counsel, Inc. is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Argus Investors' Counsel, Inc. who are registered, or are required to be registered, as investment adviser representatives of Argus Investors' Counsel, Inc.

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Item 4 - Advisory Business

Firm Description

Argus Investors' Counsel, Inc. ("AIC") was incorporated on October 20, 1960 and was registered with the Securities and Exchange Commission as an Investment Adviser on December 16, 1960. AIC is a wholly owned subsidiary of The Argus Research Group, Inc.

Types of Advisory Services

AIC provides investment management services, also known as asset management services. AIC's primary product is Core Equity. The AIC Core Equity Portfolios are typically comprised of stocks of large-cap U.S. companies. The securities of these companies are primarily listed on exchanges or are traded over the counter.

In addition, AIC provides portfolio consulting and supervisory services to unit investment trusts (UITs). In this role, Argus constructs portfolios of securities for inclusion in each UIT. The unit investment trust holds its securities for a period of 12-24 months.

While AIC does not produce or provide written investment research, Argus Research Company ("ARC"), a division of AIC, produces and provides written investment research to its clients and issues periodicals about securities by subscription. ARC also provides consultation services to its clients. AIC utilizes ARC as an independent research provider and pays ARC for such services.

ARC furnishes investment advice and recommendations through the provision of model portfolios for certain of its investment strategies and periodic updates to these model portfolios. ARC typically provides these services to trust companies or other investment advisory firms (Trust Companies and Advisors). These Trust Companies and Advisors utilize the model portfolios and periodic updates, either alone or together with other model portfolios, to manage the assets of their clients. In certain cases, ARC provides model portfolios, and periodic updates, to technology or other companies or turn-key asset management providers that operate platforms or programs (Platform Providers) in which Trust Companies and Advisors participate. These Platform Providers make the model portfolios available to Trust Companies and Advisors that use their platforms.

When providing Model Portfolio Management Services, neither AIC nor ARC generally has investment discretion. AIC and ARC generally do not have trading responsibilities for the models, nor do they have an advisory relationship with the clients of the Trust Companies and Advisors. Model portfolios are not managed on the basis of the financial situation or investment objectives of individual clients. Given that ARC and AIC have no investment discretion when providing Model Portfolio Management Services, these services are sometimes referred to as non-discretionary investment advisory services.

In connection with the Model Portfolio Management Services, ARC also generally is responsible for providing investment research and investment evaluation services, all on a non-discretionary basis.

The majority of AIC's clients are institutional including pension funds, endowments, municipal funds and corporate clients. AIC also has high net worth individual clients. AIC's investment advisory services are limited to the discretionary and non-discretionary management of investment portfolios and those additional services mentioned above.

Clients Needs

AIC and the prospective client, or the client's consultant will meet to determine a client's particular needs, and tailor the portfolio accordingly. For example, some clients have imposed restrictions on the type of investment that AIC will make for them. AIC will monitor the portfolios on a regular basis to insure compliance with those restrictions. The client may in writing change these restrictions.

Prior to engaging AIC to provide investment management service, the client will be required to enter into a formal Investment Advisory Agreement with AIC. This agreement sets forth the terms and conditions under which AIC shall manage the client's assets. The client may designate a custodian to hold their securities and if they wish, designate a broker or class of brokers who will execute transactions. The client will enter into a separate custodial/clearing agreement with the custodian/broker dealer where the

assets will be held. The Investment Advisory Agreement between AIC and the client will continue in effect until terminated by either party by written notice in accordance with the terms of the Investment Advisory Agreement.

Wrap Fee Programs

Argus does not currently participate in any wrap fee programs.

Client Assets

As of December 31, 2011, Argus Investors' managed \$200,000,000 in client assets on a discretionary basis, and an additional \$21,000,000 in UIT assets. Client assets are managed on a discretionary basis.

Item 5 - Fees and Compensation

Fees for the Core Equity product are calculated based on total assets under management at the end of each quarter or month end depending on client preferences. Fees are billed quarterly in arrears of the quarter that services are rendered. Clients may elect to be billed directly for fees or to authorize AIC to directly debit fees from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Argus Investors' Counsel Annual Fee Schedule:

Core Equity standard advisory fees for new clients are based upon the following fee schedule and are based on total assets under management. Actual investment advisory fees incurred by clients may vary as all fees are subject to negotiation.

- For accounts \$3 million or less, we charge an annual fee of:
1.000% up to \$3 million of assets managed
- For accounts larger than \$3 million, we charge an annual fee at the following rates:
0.750% on the first \$10 million of assets managed
0.625% on the next \$20 million of assets managed
0.500% on the next \$20 million of assets managed
0.250% on assets in excess of \$50 million

AIC's investment management fee shall be prorated through the date of termination.

In addition to the above standard advisory fees, clients will incur discounted brokerage commissions and other transaction costs. AIC does not receive any compensation from brokerage commissions or custodial fees nor does it sell other outside products. See Item 12 concerning selection of brokers by clients.

As stated in Item 4 Argus provides portfolio consulting and supervisory services to UIT's. For these services, we receive quarterly fees based upon a percentage of the asset value of each UIT. We also receive a fee following the end of the initial offering period of each UIT based upon a percentage of the asset value of each such UIT.

The fees ARC charges and receives for providing Model Portfolio Management Services generally are asset-based fees that are paid quarterly by, or through, the Trust Company or Advisor (which, in the case of Managed Account Programs, may be the Managed Account Program Sponsor or Platform Provider). The fees generally equal a percentage of the total assets invested by the Trust Company or Advisor in the investment strategy derived from our model portfolio.

For Model Portfolio Management Services, any "breakpoints" at which the percentage charged is reduced generally are measured based on the aggregate AUM managed by the Trust Company or Advisor using our model portfolio(s), rather than the AUM of any specific client account. ARC's fees typically may be negotiated only between the Trust Company or Advisor and us.

ARC's fee for Model Portfolio Management Services may either be payable in arrears at or after the end of each quarter for services rendered during the quarter or payable in advance of the quarter in which such services are to be rendered. If paid in advance, the Trust Company or Advisor would receive a pro-rated refund in the event that we are terminated. The Trust Company or Advisor also may prorate fees if a certain amount of assets are contributed to or withdrawn from a client's account during an applicable period. In any case, any refunding would take place as and when provided in the agreement between the Trust Company or Advisor and ARC.

Item 6 - Performance Based Fees and Side-By-Side Management

AIC does not use a "performance-based fee" structure. A "performance-based fee" is a fee based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle).

Item 7 - Types of Clients

AIC generally provide investment advice to the following types of clients: individuals, high net worth individuals, investment companies, pension and profit sharing plans, charitable organizations, corporations and other business entities, and government entities and private funds, trusts and Registered Investment Advisors.

AIC's minimum requirement to open or maintain a separate account is \$1 million for individuals and \$5 million for institutions.

AIC has the discretion to waive the account minimum when circumstances require it. Exceptions may apply to employees of AIC and their relatives, or relatives of existing clients. Each such minimum is negotiable.

AIC also offers co-mingled accounts for investors who wish to contribute a significantly smaller amount and have the opportunity to invest in our affiliated private fund, The Argus Diversified Equity Fund Limited Partnership ("Diversified"). We provide additional information about Diversified under Item 10 - Other Financial Industry Activities and Affiliations.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss:

Core Equity Product

In the Core Equity product, AIC uses a bottom-up stock selection process. The businesses of each company are reviewed to determine which have distinct uncorrelated return streams. Portfolio managers use Argus' industry analysts to ascertain which companies are recognized leaders in industries that play significant roles in the U.S. economy. Portfolios constructed in this way are likely to achieve a greater level of portfolio diversification and thus achieve a more prudent level of risk than investing in a smaller more concentrated group of stocks. Over time, the stocks in each portfolio are rebalanced to maintain diversification. This strategy builds a diversified portfolio of about 50 equally weighted, medium to large cap equities of financially strong companies.

The turnover of stocks is relatively low, as AIC employs a long-term "investing" rather than a "trading" approach. After the stocks are selected and purchased, portfolio managers continuously monitor client portfolios. The overall investment objective of maintaining diversification is met by reducing equity exposure where the stock has become overweighted versus the portfolio mean and to increase exposure by adding to underweighted positions.

While AIC's investment approach constantly keeps the risk of loss in mind, investing in any security involves a risk of loss that clients should be prepared to bear. Generally investors in the Core Equity product face the following risks:

Interest-rate Risk: Fluctuations in interest rates may cause investment prices to fluctuate.

Market Risk: The price of a security may drop in reaction to tangible and intangible events and conditions.

This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic, natural disasters and social conditions may trigger market events.

Inflation Risk: When any type of inflation is present, purchasing power erodes at the rate of inflation.

Currency Risk: AIC invests in many large-cap multinational companies that invest overseas. Overseas investments by domestic companies are subject to fluctuations in the value of the dollar against the currency of the country in which the company is doing business. This is also referred to as exchange rate risk.

Business Risk: This type of risk is associated with a particular industry or a particular company within an industry. For example, pharmaceutical companies depend on developing new products that will be approved by the FDA, a lengthy process, and then successfully marketing the products before they can generate a profit. AIC tries to minimize this risk by creating portfolios that are diversified in terms of their sources of business revenues.

Sector Risks: This type of risk is associated with a cyclical downturn in a particular industry or equity. AIC tries to minimize this risk by creating diversified portfolios as stated above.

Liquidity Risk: AIC focuses on large-cap securities in order to reduce liquidity risk. Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

AIC tries to minimize the above risks by creating portfolios that are diversified and focusing on companies that are financially strong.

Activist Turnaround Strategy

AIC's Activist Turnaround Strategy of the UITs produces a portfolio of deep value stocks which may be poised to rebound because activist shareholders have built material ownership positions in the companies. Activist shareholders should represent a catalyst for significant change, and subsequently significant price recovery and appreciation.

In addition to risks identified under the Core Equity product above, risks to investors in the UITs include the following:

The strategy used for the UIT invests in stocks of underperforming companies. Therefore any shareholder activism might not result in a change in performance or corporate governance. These stocks could also experience less liquidity and higher share price and trading volume volatility than stocks of other companies.

The activist shareholders may not be able to effectuate change, they may decide to sell their position in the equities, or market conditions could work against the stocks even if the changes take place.

The stocks in the UIT tend to be issued by smaller companies. Stocks of small companies are often more volatile than those of larger companies as a result of several factors such as limited trading volumes, products or financial resources, management inexperience and less publicly available information.

The UIT is unmanaged, and its portfolio is not intended to change during the trust's life except in limited circumstances.

There is no assurance the trust will achieve its investment objective. An investment in a UIT, as with any security, is subject to market risk, which is the possibility that the market values of securities owned by the trust will decline and that the value of trust units may therefore be less than what was paid for them. Accordingly, a client can lose money investing in this trust.

Model Portfolios

For the Model Portfolios, ARC uses a bottom-up stock selection process that is run by a team of analysts and strategists. The universe of potential companies is limited to the Universe of companies covered by ARC. The Model Portfolio investment management team meets on a regular basis to review potential changes to the Models. Both BUY-rated stocks and HOLD-rated stocks are suitable for inclusion. Changes to the Model Portfolios have historically been executed on a monthly basis and communicated by e-mail to clients. No single issue is meant to represent more than 5% of any model portfolio or less than 2% of any model portfolio, but the high volatility of individual holdings may result in one or more holdings exceeding these metrics.

Item 9 - Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

AIC is the investment manager for a limited partnership that invests in U.S. listed securities. This limited partnership is The Argus Diversified Equity Fund, Limited Partnership ("Diversified"). Diversified serves as an investment vehicle and was formed in order to enable accredited investors to invest funds in amounts smaller than the usual minimum account size. Diversified invests in mid-to-large cap U.S. listed equities.

The general partner of Diversified, Argus Fund Managers, Inc. ("Fund Managers") is affiliated with AIC and is wholly owned by The Argus Research Group, Inc. ("Group"). Group is AIC's parent corporation. Fund Managers has retained AIC as the investment adviser for Diversified. AIC does not solicit clients for this product.

AIC is an affiliate of Vickers Stock Research Corporation ("Vickers"). Vickers provides information on stock ownership based on public SEC filings. AIC is also an affiliate of Argus Global Equity Analytics, Ltd. ("Global Equity") a London-based company registered with the Financial Services Authority of the U.K. Global Equity is under contract to research and cover small-cap companies for the London Stock Exchange.

While AIC does not produce or provide written investment research, Argus Research Company ("ARC") a division of AIC, produces and provides written investment research to its clients and issues periodicals about securities by subscription, on-line and by various other mediums. AIC uses ARC as an independent research provider and pays ARC for such services.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Below is a brief description of AIC's Code of Ethics that it has adopted pursuant to SEC rule 204 A-1. AIC's Code of Ethics is predicated on the principle that AIC and its representatives owe a fiduciary duty to, and will serve the best interests of, its clients.

AIC requires officers, directors (or other persons occupying a similar status or performing similar functions), employees and others who provide investment advice on its behalf and are under its supervision and control to:

- Comply within high standards of business conduct, and fiduciary duty to its clients.
- Comply with applicable federal securities laws.

- Comply with certain policies and procedures regarding personal trading, as described in *Personal Trading* below.
- Promptly report any violations of our Code of Ethics to our Chief Compliance Officer.
- Provide AIC with a written acknowledgment of their receipt of the Code of Ethics and any amendments.

The Code of Ethics Requires AIC to:

- Review reports of personal securities transactions and holdings.
- Provide each of the people listed above with a copy of our Code of Ethics and any amendments.

AIC has also adopted additional policies and procedures that describe how it controls sensitive information and what steps it takes to prevent employees and other people listed above from misusing their inside positions at clients' expense.

AIC will provide a copy of our Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions

AIC does not affect any principal securities transactions for client accounts. AIC is not a broker dealer and therefore cannot and does not buy or sell securities from client accounts as a principal, nor does it engage in cross transactions. We purchase and sell all equities on the open market and do not transfer any equities between client portfolios. AIC or its related persons may invest in the same securities that it recommends to clients. In the event that it does invest in these same securities, AIC will comply with the policies and procedures set forth in *Personal Trading* below.

As described in Item 10 - Other Financial Industry Activities and Affiliations, AIC is the investment manager for Diversified, a limited partnership. One of AIC's affiliates is the General Partner of Diversified. When AIC or its related entities engage in the purchase or sale of equities, these purchases or sales may or may not correspond to purchases or sales in any other client portfolios. However, such purchases or sales are based on the consistent strategy as outlined above.

Personal Trading

AIC "has a prohibited list" pertaining to Argus Research recommendations. This list applies to personal trading by employees at both ARC and AIC the investment advisor. The prohibited list does not contain any non-public information; rather it refers to changes in ratings and earnings estimates that have already been made available to other clients.

AIC has an obligation to its clients to adhere to agreed-upon investment strategies as outlined above. While AIC reads ARC research, as do many other ARC clients, AIC is not obligated to follow ARC recommendations or suggestions. As explained in Item 8 - "Investment Strategies" for its Core Equity product, stocks in each client's portfolio are pared back or added (sold or purchased) to maintain diversification and lessen risk. Therefore, it is the strategy that determines the timing of a purchase or sale regardless of the recommendation being made by Argus Research Company.

Item 12: Brokerage Practices:

In this item, we describe the factors that we consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (such as commissions).

Research and Other Soft Dollar Benefits

We do not receive research or other products or services - other than execution - from any broker-dealer or third party in connection with client securities transactions. These products and services are commonly known as "soft dollar benefits".

Directed Brokerage

AIC selects brokers based upon what we believe will be in the best interest of its clients. Clients may direct brokerage with respect to their accounts. However, AIC may be unable to achieve the most favorable execution of these client transactions. Directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because AIC may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.

Clients may select brokers through whom their accounts are traded (directed trading) and/or they may select where they wish to have their portfolios custodied. If a client asks for a recommendation from AIC, factors which AIC will consider in using or recommending a particular broker/dealer/custodian include pricing, execution, service, and reputation. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of broker dealer services. Although AIC will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions.

Aggregation of the Purchase or Sale of Securities

AIC generally does not need to aggregate the purchase or sale of securities for various client accounts. Because of its investment strategy, trades are made when equities reach a percentage point weighting vis-a-vis each particular client's portfolio. As a result, AIC is not likely to consistently make trades in the same security for a number of accounts.

Under certain conditions, however, such as when a new stock is added to or deleted from all accounts, orders are aggregated. In order to be fair to all clients, if possible, trades are made through the same broker with a request they be made as a block. Where different brokers need to be involved, AIC portfolio managers will either place the orders at a price limit or on a rotation basis. When one broker is used on an order and the order is filled at different prices, all clients will receive an average price fill.

Item 13 - Review of Accounts

The Portfolio Managers regularly review client accounts, consider the client's current security positions and the likelihood that the performance of each security will contribute to the portfolio. In addition the investment committee conducts periodic reviews that may be triggered by new developments in the general economy, an industry, or a specific company.

AIC provides clients with written statistical reports setting forth their holdings, amount, cost, market values, income and yield. These reports are provided either quarterly or monthly, at the client's option. AIC also provides these reports at any time that a client requests them.

As part of our Model Portfolio Management Services, ARC provides Trust Companies and Advisors with model portfolios and updates thereto, as well as model performance and other reports as reasonably requested. ARC's reporting requirements typically are set forth in our agreements with the Trust Companies and Advisors.

Item 14 - Client Referrals and Other Compensation

AIC does not receive an economic benefit (compensation) from any non-client for providing investment advice or other advisory services to our clients. Additionally, AIC and its related persons do not, either directly or indirectly, compensate any person who is not a supervised person for client referrals.

Item 15 - Custody

All assets are held at qualified custodians and these custodians provide account statements directly to clients at their address of record on a monthly and/or quarterly basis. These statements from the custodian should be reviewed and compared to the quarterly reports that clients receive from AIC.

Because AIC has constructive custody over Diversified, the fund is audited by an outside accounting firm. Partners in Diversified receive quarterly account statements provided by an independent fund administrator, SS&C Technologies, showing their partnership interests. In addition, Partners in Diversified receive monthly account statements from the custodian First Clearing which is the clearing agent for the broker, Source Capital where Diversified has its account.

Item 16 - Investment Discretion

An adviser has “discretionary authority” if it is authorized to make purchase and sale decisions for client accounts. An adviser also has “discretionary authority” if it is authorized to select other advisers for a client. AIC accepts “discretionary authority” to manage securities accounts on behalf of clients.

Clients may place limitations on this authority. For example, clients may ask AIC not to invest in securities of particular issuers. Some of AIC's clients impose limitations on the securities to be bought and sold, and the amount of such securities to be bought and sold. AIC manages portfolios for such clients in accordance with their guidelines and philosophies.

AIC follows certain procedures before it assumes discretionary authority. AIC will not manage an account as discretionary unless it obtains client consent in the Investment Advisory Agreement to authorize the use of discretionary authority.

Item 17 - Voting Client Securities

AIC accepts authority to vote client securities where the client has authorized such in the Investment Advisory Agreement. AIC's voting policies and procedures, adopted pursuant to SEC rule 206(4)-6 are reasonably designed to ensure that it votes client securities in the best interest of clients. AIC's clients can direct AIC's vote in a particular solicitation by providing AIC with specific written voting instructions. If a conflict of interest between AIC and a client should occur, it will be disclosed to the client.

AIC's clients may contact AIC at the above address or telephone number to obtain information about how AIC voted with respect to their securities. AIC will furnish a copy of its proxy voting policies and procedures to clients upon request.

Item 18 - Financial Information

AIC is not aware of any financial condition that is reasonably likely to impair its financial ability to meet its contractual commitments to clients.