



For the third quarter of 2018, Argent’s Mid Cap strategy returned 7.7% (*net of fees*) ahead of the Russell Mid Cap[®] Index return of 5.0%. While we are happy to deliver this type of short-term performance, Argent is focused on investing for the long term and we are excited that our strategy continues to outperform the Russell Mid Cap on a trailing one-year, three-year and since-inception basis (*net of fees*).

Some aspects of today’s stock market remind me of a quote from Warren Buffet: “To refer to a personal taste of mine, I’m going to buy hamburgers the rest of my life. When hamburgers go down in price, we sing the ‘Hallelujah Chorus’ in the Buffett household. When hamburgers go up in price, we weep. For most people, it’s the same with everything in life they will be buying — *except* stocks. When stocks go down and you can get more for your money, people don’t like them anymore.” While the stock market as a *whole* is higher (the Russell Mid Cap benchmark is up almost 7.5% from beginning of the year through September), this performance is driven to a large extent by the most expensive stocks getting even *more* expensive. This is what we refer to as a narrow market. Narrowness in and of itself is not a cause for concern. Where Argent has concern is in the “valuation” that has been accorded some of the stocks leading the Russell Mid Cap higher. Argent’s Change-BasedSM investment approach looks for companies that are undergoing a significant change that we believe will result in an acceleration in growth, and are trading at *reasonable prices*.

Many times, mid cap stocks are less well-known, resulting in little to no attention from the media or analyst community. This assists us in finding interesting names undergoing changes that are still trading at attractive valuations. For example, one of the recent additions to the portfolio, Helen of Troy, Ltd. (HELE), is not a household name but has a product in almost every home. Headquartered in El Paso, Texas, Helen of Troy manufactures and distributes personal care and household product brands including Revlon, Vicks, Braun and PUR, among others. Helen of Troy initially caught our attention because it began trading at a very attractive valuation, despite its portfolio of solid brand names and steadily growing earnings.

On closer evaluation of the company, we realized it was undergoing significant changes. The company named a new CEO, Julien Mininberg, in 2014. He replaced the company’s founder, Jerry Rubin, who retired after 50 years. Before the appointment of the new CEO, Helen of Troy grew largely through acquisition and was organized in silos. Today, Mr. Mininberg has transformed the company by consolidating operations so services are shared across the organization. Now, Helen of Troy can take advantage of its size to operate more efficiently. The company also sold its underperforming nutritional supplements business, which resulted in a boost for margins and growth. The results of the transformation are starting to come to fruition, with gross margins growing from 39% when Mr. Mininberg took over to 43% today, and earnings estimates for 2018 jumping from \$7.02 in January to \$7.68 currently.

As always, we appreciate your interest in Argent Capital Management. We have four very successful equity strategies – Large Cap, Small Cap, Dividend Select and Mid Cap. We are very proud of them all, and if you have questions on any of these, or know others who might have an interest in our strategies and mailings, please call us.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kirk McDonald". The signature is fluid and cursive.

Kirk McDonald
Portfolio Manager & Senior Research Analyst – Quantitative

Argent Capital Management, LLC

ARGENT MID CAP COMPOSITE March 31, 2014 through September 30, 2018

For the period ending December 31,	Composite Return % Gross-of-Fees	Composite Return % Net-of-Fees	Russell Mid Cap Return (%)	Composite 3-Yr St. Dev (%)	Russell Mid Cap 3-Yr St. Dev (%)	Number of Composite Accounts	Composite Assets (\$ millions)	Principal Business Assets (\$ millions)	Internal Dispersion (%)
2017	25.55	25.22	18.52	11.24	10.36	19	27	2,898	0.27
2016	13.12	12.85	13.80	NA	NA	17	20	2,604	0.70
2015	-0.79	-0.94	-2.44	NA	NA	11	14	2,357	0.00
2014 (3-31-14 to 12-31-14)	9.98	9.98	9.36	NA	NA	1	1	2,817	NA
Three -Year Annualized	12.11	11.87	9.58						
Information for period(s) ending September 30, 2018									
3 rd Quarter 2018	7.79	7.73	5.00	10.65	9.44	25	50	3,081	
Trailing 1-Year	15.41	15.13	13.98						
Trailing 3-Year	17.31	17.03	14.52						
Since Inception Annualized	11.81	11.60	10.17						

Disclosures:

- Argent Capital Management, LLC ("Argent") is an independent investment management firm comprised of two distinct business entities: the Non-Wrap Fee/SMA Business of Argent Capital Management, LLC ("Principal Business"), which does not include wrap fee/SMA clients; and the Wrap Fee/SMA Business of Argent Capital Management, LLC ("Wrap Business"), which includes only wrap fee/SMA clients. The Principal Business claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. The Principal Business has been independently verified for the period January 1, 2003 through June 30, 2018. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
- This composite represents investment performance for portfolios in U.S. equities with strong earnings and mid-capitalization, for which Argent has sole investment discretion. Portfolios typically include 40-50 equity holdings and cash targeted to be less than 10% of total portfolio value. This composite was created in April 2016. A complete list and description of composites is available upon request. The name was changed from Argent Special Situations Composite to Argent Mid Cap Composite in December 2017.
- The benchmark is the Russell Mid Cap® Index which measures the performance of the mid-cap segment of the U.S. equity universe. It includes approximately 800 of the smallest securities in the Russell 1000 Index. Russell Investment Group is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Argent. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in Argent's presentation thereof.
- Valuations are computed and performance reported in U.S. currency. Performance results are total return, (i.e. include the reinvestment of all income). Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Past performance is no guarantee of future results.
- Gross-of-fee returns are presented before management and certain custodial fees, but after all trading expenses except for accounts with asset-based-pricing fees. Net of fee performance is calculated by reducing gross performance by actual management fees incurred and any asset-based-pricing fees for applicable portfolios as asset-based-pricing fees are considered a trading expense. The composite includes portfolios that pay a fee based on a percentage of assets under management. The composite includes accounts with asset-based-pricing fees which represented approx. 5% of composite assets during the years 2016 and 2017.
- Standard annual advisory fees are calculated as a percentage of assets under management according to the following schedule; 1% on the first \$1M, .80% on the next \$2M, .65% on the balance thereafter, although fees may be negotiated or waived in certain circumstances. Non-fee paying accounts represent 100% of the composite during 2014, 1.1% in 2015, 8.5% in 2016, and 10.1% in 2017.
- Internal dispersion is calculated using the asset-weighted standard deviation of all portfolios that were included in the composite for an entire year, net of fees.
- The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The standard deviation is not presented for years 2014 through 2016 since the composite inception date of 3/31/14 does not provide historical data to calculate a 3-year formula.