



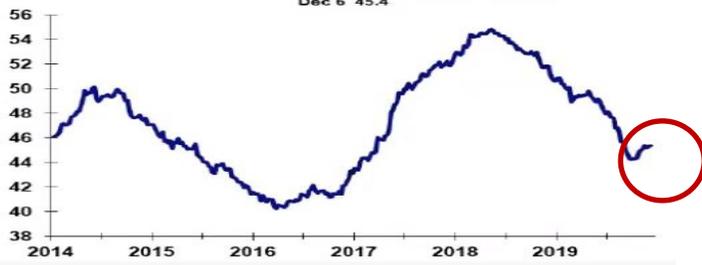
The strength of the U.S. consumer was reaffirmed in the jobs data for the month, dropping the unemployment rate in the United States to 3.5%, a level the economy has not seen for fifty years. That provides strong support to the U.S. economy, as consumers make up 70% of our economy. Given this, we have been leaning toward more economically sensitive companies, or cyclical companies, in our strategy. We believe that as the strength of the U.S. economy improves, the odds improve that companies more closely tied to the economy will execute their business plans successfully and will be rewarded by the market. Importantly, cyclical companies have been inexpensive, as earlier fears of a recession pushed down prices for these economically sensitive companies.

Because of these twin positives—an improving economy and favorable valuation—we have recently added United Rentals, Inc., a heavy equipment rental firm and Carlisle Companies Incorporated, a diversified industrials company to our Large Cap strategy. We have noted in past monthlies Target Corporation and its success as the company adds a new acronym to our vocabulary—BOPUS—Buy Online Pick Up at Store, a feature this author has enjoyed during the frenetic holiday season and a true differentiator between Target and the online retail juggernaut Amazon.com, Inc. We have also highlighted The Walt Disney Company and its successful rollout of Disney +, a product aimed squarely at competing with Netflix, the on-demand leader. All of these companies have new and *positive change*, a key component of the way we invest at Argent. They also are benefitting from a strong economy. We call these companies *Growth Cyclicals*.

While the United States is enjoying good growth and a very strong jobs picture, outside the United States the story has been less robust. In part because of concerns over trade, growth rates in the Eurozone and China have been falling. For those Growth Cyclicals like Target or United Rentals, where the vast majority of their sales come from within the United States, slowing growth overseas is less of a concern. For others of our Large Cap holdings, however, sales abroad represent an important part of their total business.

Throughout the recovery there has been one notable commonality between the United States and the rest of the world. Monetary authorities across the globe have been engaged in stimulative policies, driving interest rates down. In fact, the level of stimulus outside the United States has reached the point that 17 trillion dollars of government bonds have a *negative* interest rate, something unimaginable just a few short years ago. While the stimulus efforts of the Federal Reserve, coupled with helpful tax policies clearly have borne fruit and are driving growth in the U.S. economy, outside of the U.S. it has been more wait and see. That is why the recent data is so encouraging. As the chart below indicates, sales surveys for Europe and China have begun to pick up.

Evercore ISI Company Surveys
Company Survey Avg., China Sales, & Europe Sales Surveys
Dec 6 45.4



While the data is very recent and the upturn very early, a trend of improving growth in Europe and China would have strong positive implications for the Growth Cyclicals held in our Large Cap strategy that have significant operations outside of the United States. Stay tuned.

We have four successful equity strategies at Argent – Large Cap, Dividend Select, Mid Cap and Small Cap. Please let us know if you have an interest in investing alongside Argent.

Sincerely,

Ken Crawford
Senior Portfolio Manager

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