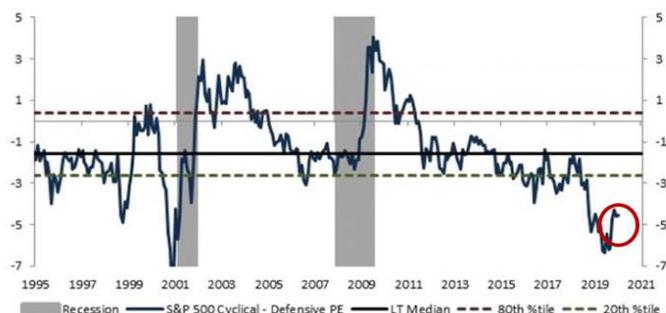




The Argent Mid Cap strategy is close to finishing its sixth successful year for our clients and it has been a fun one. For the fourth quarter of 2019, Argent’s Mid Cap strategy returned 9.1% (net of fees) ahead of the Russell Mid Cap® Index return of 7.1%. While we are happy to deliver this type of short-term performance, Argent is focused on investing for the long-term and we are particularly 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*).

At Argent, we see numerous signs that faster economic growth is on the horizon. These signs include surveys of manufacturing activity that are moving higher, a strong homebuilding sector as well as consistently good jobs data. Moreover, if trade agreements with Canada, Mexico and China are signed, this will be an additional positive for the economy. The stock market, however, does not seem convinced that faster growth is coming. This can be illustrated by the fact that economically sensitive, or cyclical stocks, have been trading at a discount to more stable, defensive stocks. Cyclical stocks are more closely tied to the prospects of the economy, compared to defensive stocks, those less tied to the ups and downs of an economic cycle. When we talk of cyclical companies think of homebuilders or auto companies like Ford or General Motors, whereas defensive companies would include a company that makes food products like Kellogg. In a weak economy people are less likely to buy a home or car. Conversely, recession or not, people need to eat, so a food manufacturer’s sales change little based on economic conditions.

The chart below shows how cyclicals have done relative to defensive stocks. When the line showing relative performance is *below* the bold straight line, cyclicals are underperforming. As you can see, cyclicals performed poorly in 2018. We saw somewhat of an upturn in 2019 for cyclicals, but they still have a long way to go before we see cyclicals reach “normal” levels.



When we see a significant valuation discrepancy between cyclical and defensive companies, we try to take advantage of the situation. We look to purchase particularly high-quality cyclical companies for a discount to where they normally trade. FMC Corporation is an example. FMC is the largest independent manufacturer of crop protection chemicals in the world. Positive changes at the company recently include the purchase of the DuPont crop protection business, greatly expanding FMC’s capabilities in that area.

Argent will continue to take a closer look at cyclical companies as long as there remains a significant valuation discrepancy between cyclical and defensive companies. We believe there remain some opportunities given the outlook for growth in the U.S. economy. We have four very successful equity strategies – Large Cap U.S., Small Cap U.S., Dividend Select and Mid Cap U.S. If you know others who might have an interest in our strategies and mailings, please call us.

Sincerely,

**Kirk McDonald, CFA**  
**Portfolio Manager & Senior Research Analyst – Quantitative**

Performance results are net of fees. Past performance is no guarantee of future results. This is supplied as supplemental information to the composite disclosures presented later in this document. The information provided in this report should not be considered a recommendation to purchase or sell any particular security. You should not assume that investments in any securities were or will be profitable. A list of stocks recommended by Argent in the previous year is available upon request. Views expressed herein represent the opinion of the portfolio manager as of the date above and are subject to change.

## Argent Capital Management, LLC

### ARGENT MID CAP COMPOSITE March 31, 2014 through December 31, 2019

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 (%)
2019	34.33	34.02	30.54	14.40	12.89	31	57	3,019	0.61
2018	-11.37	-11.58	-9.06	13.40	11.98	25	41	2,542	0.40
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	14.34	14.06	12.06						
Five -Year Annualized	10.9	10.65	9.33						
4 <sup>th</sup> Quarter 2019	9.20	9.14	7.06	14.40	12.89	31	57	3,019	
Since Inception Annualized	11.23	11.02	9.75						

**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 December 31, 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 where commissions have been waived or 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 and 2% in 2018 and 2019. During 2019, the composite included portfolios where commissions were waived representing less than 17% of composite assets.
- 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% (2015), 8.5% (2016), 10.1% (2017) and 5.8% (2018, 2019).
- 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.