



As 2019 comes to a close, we look back on our Dividend Select strategy and we are happy with another year of strong results. The strategy outperformed the Russell 1000® Value Index for the year and is outperforming the Russell 1000 Value Index on a longer-term basis (*net of fees*) as well. Argent’s Dividend Select strategy has remained popular for those clients seeking either a more conservative, value-oriented approach to investing, or as an alternative to low yielding fixed-income investments. The strategy currently maintains a 2.9% yield, ahead of 1.9% for the S&P 500® Index and 2.5% for the Russell 1000 Value. Importantly, the stocks in our portfolio saw an average dividend increase of 8% in 2019 and we expect similar increases for 2020.

Looking ahead to a new year, it is interesting to see where Argent’s Change-BasedSM investment process is leading the strategy. Lately, our process has been highlighting the financial industry for potential, in particular, banking. At our core, Argent looks for companies that are undergoing change with the expectation that the successful realization of that change will drive revenue and earnings growth rates higher. Along with the positive change, our process looks for growth at attractive valuations. Currently, banks are trading at attractive valuations and many are flush with excess cash that they are returning to shareholders in the form of dividends and share repurchases. The industry is going through increased consolidation activity of similarly sized banks, referred to as “mergers of equals”. This increase in merger activity will allow the industry to continue to focus on increasing shareholder returns through significant expense reduction opportunities.

An example of a recent merger in the banking industry is one of our holdings, Truist. Truist was formed from the merger of SunTrust Bank and BB&T Corporation. Argent held SunTrust Bank before the merger and we believe the merger will offer additional upside potential to our clients. The new bank operates 2,049 branches in 15 states and Washington, D.C. Truist believes its enhanced scale will allow it to focus on best of breed systems and processes in order to drive a competitive advantage. Additionally, the combined company will be able to leverage complementary businesses in an attempt to generate additional sales and expense reduction opportunities. (About the only thing we don’t like about the merger is the new name!)

A newer holding our process highlighted is Regions Financial, Inc. Regions provides consumer and commercial banking, wealth management and mortgage products and services. The company services customers across the South, Midwest and Texas and is headquartered in Birmingham, Alabama. Argent saw positive changes within Regions over the last several years as the company implemented cost controls to drive increased returns for its business. Regions is also trading at an attractive valuation, not to mention that the company has a strong balance sheet and continues to return cash to shareholders in the form of dividends and share repurchases. Currently, Regions has an attractive dividend yield of 3.7% and has grown its dividend by 31% annually over the past three years! The company’s commitment to keeping costs low, and its attractive valuation and high dividend yield make Regions a compelling addition to the Argent Dividend Select strategy.

As always, we appreciate your interest in Argent Capital Management. We have four very successful equity strategies – Large Cap U.S., Small Cap U.S., Dividend Select and Mid Cap U.S. 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 "Scott Harrison".

Scott Harrison, CFA- Portfolio Manager

Past performance is no guarantee of future results. Views expressed herein represent the opinion of the portfolio manager as of the date above and are subject to change. 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 within these sectors were or will be profitable. A list of stocks recommended by Argent in the past year is available upon request.

Performance returns cited represent past performance, which does not guarantee future results. Returns assume reinvestment of dividend and interest but returns do not reflect the effect of taxes and/or fees that an investment would incur. Please see the Dividend Select Fact Sheet on our website for additional performance details and disclaimers.”

Argent Capital Management, LLC

ARGENT LARGE CAP DIVIDEND SELECT COMPOSITE

January 31, 2005 through December 31, 2019

For the period ending December 31,	Composite Return % Gross-of-Fees	Composite Return % Net-of-Fees	Russell 1000 Value Return (%)	Composite 3-Yr St. Dev (%)	Russell 1000 Value 3-Yr St Dev (%)	Number of Composite Accounts	Composite Assets (\$ millions)	Principal Business Assets (\$ millions)	Internal Dispersion (%)
2019	26.98	26.62	26.54	11.80	11.85	213	642	3,019	0.58
2018	-10.47	-10.73	-8.27	10.30	10.82	209	528	2,542	0.65
2017	16.84	16.49	13.66	8.97	10.20	203	611	2,898	0.38
2016	13.54	13.18	17.34	9.59	10.77	192	540	2,604	0.66
2015	3.88	3.55	-3.83	10.57	10.68	178	452	2,357	0.38
2014	10.24	9.88	13.45	9.28	9.20	155	404	2,817	0.38
2013	36.93	36.50	32.53	11.24	12.70	115	282	2,478	2.30
2012	14.82	14.36	17.51	14.34	15.51	75	113	1,782	0.57
2011	3.71	3.08	0.39	17.87	20.69	25	42	1,247	1.43
2010	12.97	12.31	15.51	20.57	23.18	11	8	1,145	1.33
Three -Year Annualized	9.93	9.60	9.68						
Five -Year Annualized	9.40	9.06	8.29						
Ten-Year Annualized	12.27	11.85	11.80						
Information for period(s) ending December 31, 2019									
4 th Quarter 2019	7.49	7.41	7.41	11.80	11.85	213	642	3,019	
Since Inception Annualized	9.29	8.79	7.80						

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 with an Equity Income investment objective for which Argent has sole investment discretion. Portfolios typically include the following as a percentage of total portfolio value: equity holdings (excluding mutual funds) greater than 80%; cash less than 10%; and fixed income, mutual funds and preferred investments less than 20%. This composite was created in September 2011. A complete list and description of composites is available upon request. The name was changed from Argent Large Cap Equity Income Composite to Argent Large Cap Dividend Select Composite in September 2012.
- The benchmark is the Russell 1000 Value Index which measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. Performance results prior to December 31, 2012 were measured against the S&P 500 Index. Effective September 30, 2018 we will no longer present the S&P 500 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. Net-of-fees performance is calculated by reducing gross performance by actual management fees incurred. During 2019, the composite included portfolios where commissions were waived representing less than 20% 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 less than 1% of the composite assets during the periods of 2012 - 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.