



For the first quarter of 2020, Argent’s Mid Cap strategy returned -28.4% (*net of fees*), slightly behind the Russell Mid Cap[®] Index return of -27.1%. As you know, it was a rough quarter for equities as a whole. While we work hard to outperform every quarter, that unfortunately doesn’t happen for any manager. Argent is obviously focused on investing for the long-term and we are particularly happy with our outperformance versus the Russell Mid Cap on a trailing one-year, three-year, five-year and since-inception basis (*net of fees*).

All investors are looking for a light at the end of the tunnel, not only in terms of the health crisis but also for the economy. And there will be one eventually. While we do not have a crystal ball to tell us when markets will begin to stabilize, we do have some positive insights about how mid-cap stocks perform in difficult markets. Historically, the good news is mid-cap companies have typically led other asset classes out of recessions. (For example, the Russell Mid Cap Index was the top-performing domestic equity asset class coming out of The Great Recession in 2009-2010, returning an average of approximately 34% on an annualized basis.) In general, mid-caps also tend to have less volatility than small caps as they have moved past the start-up phase of a business.

We have used the recent market pullback as an opportunity to add several quality companies to the Mid Cap portfolio that are currently selling at a discount. One of our recent purchases is Fortinet, Inc. Fortinet provides cybersecurity solutions—solutions that protect computer systems and networks from theft or damage to their hardware, software or data. The company caters to businesses of all shapes and sizes. In addition to Fortinet’s significant recurring revenue, we estimate the growth of the overall cybersecurity market at 8% per year. Given the rate of expansion in this market (which would seem to only grow given the impact of the coronavirus), our analysis suggests Fortinet will continue to generate earnings growth in the mid-teens for the next several years. Given the ever-increasing demand for security software, we believe companies such as Fortinet have the potential to outperform for some time to come. As a silver lining, the recent market volatility allowed us to purchase the stock at a deep discount to its historical average.

While we cannot say when the markets will stabilize, they will, and using opportunities like this to add great names like Fortinet will hopefully prove smart. 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

Argent Capital Management, LLC

ARGENT MID CAP COMPOSITE March 31, 2014 through March 31, 2020

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						
Information for period(s) ending March 31, 2020									
1 st Quarter 2020	-28.34	-28.38	-27.07	19.47	18.06	33	42	2,229	
Rolling 1 - Year	-17.51	-17.71	-18.31						
Rolling 3 - Year	0.33	0.08	-0.81						
Rolling 5 - Year	3.43	3.19	1.85						
Since Inception Annualized	4.76	4.56	3.73						

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.