Mid Cap Quarterly Commentary

2020: Third Quarter

Performance Summary

In the third quarter of 2020 the Argent Mid Cap strategy outperformed its index, gaining 13.2% net of fees versus the Russell Mid Cap® Index return of 7.5%. As a reminder, Argent's Mid Cap strategy utilizes a proprietary blend of quantitative and fundamental analysis to uncover the right companies, in the right sectors at the right time with positive change.

Performance Summary as of September 30, 2020	%	3Q20	YTD	1 Year*	3 Year*	5 Year*	Since Inception*
Argent Mid Cap	Gross	13.23	3.16	12.65	9.95	13.21	10.41
	Net	13.16	2.98	12.40	9.69	12.93	10.19
Russell MidCap		7.46	-2.35	4.55	7.13	10.13	8.19

*Annualized

For comparison purposes, the strategy is measured against the Russell MidCap® Index. Past performance is no guarantee of future results. Data is as of 09/30/20 and is supplied as supplemental information to the composite disclosures presented later in this document. Russell Investment Group is the sources 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.

During the third quarter, relative outperformance was primarily driven by stock selection though sector allocation meaningfully contributed to our relative outperformance. From a sector allocation standpoint, outperformance was driven primarily by a lack of exposure to Energy and Real Estate, the two worst-performing sectors in the Russell Mid Cap Index. We maintained a large overweight exposure to Industrials, the fourth best-performing sector in the index. From a stock selection perspective, Industrials was the largest positive contributor, where our emphasis on higher economically sensitive stocks benefited from accelerating growth in the economy. Within Industrials we are focused on housing, which tends to lead recoveries. Housing has also benefitted as Millennials form new households and upgrade from apartments to houses.

From a stock selection standpoint, the three largest contributors were NVIDIA Corporation, BMC Stock Holdings, Inc. and TopBuild Corp. NVIDIA builds semiconductors for gaming, professional visualization, data centers and automotive. The company is purchasing ARM Holdings, a technology provider of silicon IP (intellectual property) core for the System-on-a-Chip (SoCs) integrated circuits. SoCs are the multifunctional brains of a smartphone. They are also widely utilized in the automotive industry. According to ARM data, the company had 75-90% market share of Mobile, Internet-of-things (IoT) and in-vehicle infotainment/ADAS processor categories. These are areas where NVIDIA has been under-represented in the past. The stock has performed well since the acquisition announcement in mid-September. BMC Stock Holdings is a provider of diversified building products such as framing packages to builders, contractors and remodelers for the residential housing market. BMC has been buoyed by not only a strong demand in housing, but also industry consolidation. In August, Builders FirstSource, Inc., the largest distributor of residential building materials, announced the purchase of BMC. After the announcement, the stock was up 70.4%. Finally, TopBuild is a nationwide distributor and installer of new residential insulation in the U.S. The company has operations in every major metropolitan market. The success of the company is driven by the cyclical recovery in new residential construction. TopBuild outperformed in the third quarter as housing demand held up better than expected during COVID-19. In fact, demand accelerated as "de-densification" took hold and people sought out houses in suburban areas away from crowded city-centers.

The three biggest detractors for the portfolio in the third quarter were Ciena Corporation, Hillrom Holdings, Inc. and Fortinet, Inc. Ciena was the most significant detractor from a stock selection standpoint. Ciena manufactures fiber optic equipment for telecommunications providers. The company was negatively impacted by COVID-19 as providers were forced to slow down spending on 5G system upgrades. While Ciena does not have perfect visibility into the potential duration of the slowdown, the company does not expect to see a snapback in orders in the short term. We continue to hold the shares based on strong fundamentals and a positive quantitative score. Hillrom is a global medical device provider that has experienced a positive impact from the pandemic in 2020. Categories including specialty beds, which total 60% of revenues, saw an increase in demand while categories including surgical solutions, which total 40% of its revenue, saw an initial decrease in demand during the early stages of the pandemic. The categories that drove performance early in the pandemic are expected to slow in the fourth quarter. As we believe slowing growth will impact long-term fundamentals, Hillrom is a sell candidate. Fortinet, a cybersecurity company, saw profit taking in the third quarter after reporting strong financial results. The company also noted that orders had decelerated from previous levels. The stock has experienced a solid run of outperformance and continues to offer strong fundamentals in a thriving industry. Our fundamental research thesis remains intact and the quantitative score remains strong. We will continue to hold the stock.

Quarterly Attribution Analysis, September 30, 2020
Argent Mid Cap Strategy vs. Russell MidCap Index*

	Argent Mid Cap			Russell MidCap			Variation			Attribution Analysis		
	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Average Weight	Total Return	Contribution to Return	Allocation Effect	Selection + Interaction	Total Effect
Comm. Services	--	--	--	4.83	12.71	0.59	-4.83	-12.71	-0.59	-0.22	--	-0.22
Cons. Discretionary	12.71	22.78	2.86	11.43	15.35	1.64	1.28	7.43	1.22	0.09	0.94	1.02
Consumer Staples	1.55	-5.66	-0.09	4.34	6.82	0.30	-2.79	-12.48	-0.39	0.04	-0.21	-0.17
Energy	--	--	--	2.59	-16.21	-0.43	-2.59	16.21	0.43	0.66	--	0.66
Financials	10.23	8.85	0.82	10.91	2.15	0.25	-0.68	6.69	0.56	0.02	0.66	0.68
Health Care	15.86	7.99	1.32	12.50	8.29	1.09	3.36	-0.30	0.23	0.03	-0.04	-0.01
Industrials	17.36	26.42	4.23	14.66	11.96	1.67	2.71	14.45	2.56	0.13	2.22	2.35
Technology	37.34	9.38	3.63	19.75	7.06	1.43	17.59	2.32	2.20	-0.03	0.81	0.77
Materials	3.88	14.33	0.54	5.20	12.86	0.63	-1.33	1.48	-0.09	-0.05	0.07	0.02
Real Estate	--	--	--	7.71	0.68	0.05	-7.71	-0.68	-0.05	0.57	--	0.57
Utilities	--	--	--	6.08	4.01	0.27	-6.08	-4.01	-0.27	0.23	--	0.23
Cash	1.06	0.03	0.00	--	--	--	1.06	0.03	0.00	-0.08	--	-0.08
Total	100.00	13.30	13.30	100.00	7.48	7.48	--	5.82	5.82	1.38	4.44	5.82

* This is based on the holding history of a representative portfolio of the Argent Mid Cap Strategy. 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. Past performance is no guarantee of future results.

Market Commentary

Despite a tumultuous September, stocks ended the third quarter with solid gains. Uncertainty still remains around COVID-19, future economic stimulus and the presidential election, yet markets continue the recovery that began in early April. Several tailwinds such as past economic stimulus, the Federal Reserve’s zero interest rate policy and the promise of another federal relief package has kept the expectations of investors high. As the calendar turned to October, the U.S. presidential election moved front and center on investors’ minds.

Top Contributors

NVIDIA Corporation builds semiconductors for gaming, professional visualization, data centers and automotive. The company is purchasing ARM Holdings, a technology provider of the silicon IP (intellectual property) core for the System-on-a-Chip (SoCs) integrated circuits. SoCs are the multifunctional brains of smartphones. They are also widely utilized in the automotive industry. According to ARM company data, the company had 75-90% market share of Mobile, Internet-of-things (IoT) and in-vehicle infotainment/ADAS processor categories. These are areas where NVIDIA has been under-represented in the past.

BMC Stock Holdings, Inc. is a provider of diversified building products such as framing packages to builders, contractors and remodelers for the residential housing market. BMC has been buoyed by not only a strong demand in housing, but also industry consolidation. In August Builders FirstSource, the largest distributor of residential building materials, announced the purchase of BMC. After the announcement, the stock was up 70.4%.

TopBuild Corp. is a nationwide distributor and installer of new residential insulation in the U.S. The company has operations in every major metropolitan market. The success of the company is driven by the cyclical recovery in new residential construction. TopBuild outperformed in the third quarter as housing demand held up better than expected during COVID-19. In fact, demand accelerated as “de-densification” took hold and people sought out houses in suburban areas away from crowded city-centers.

Cintas Corporation is the world’s largest provider of corporate identity uniform rentals. Cintas is also a leading provider of diverse facility services, including first aid and safety. Cintas was a top five contributor to the portfolio this quarter. The company reported solid organic revenue growth of 5.0% this quarter along with earnings growth of 19.8%, both of which are much better than expected. Investors bid the price of Cintas stock higher in response.

Nuance Communications, Inc. provides voice and language solutions for businesses. The company's products are based on a proprietary voice and language platform utilizing artificial intelligence. Nuance won two large contracts for its new Dragon Medical cloud-based virtual assistant this quarter and has a huge untapped opportunity expanding its healthcare products into the international arena.

Top Detractors

Zebra Technologies Corporation engages in designing, manufacturing and selling of automatic identification and data capture products including barcode scanners and radio frequency identification readers (RFID). Zebra stock outperformed the market during the first half of 2020, the underperformance this quarter represented profit-taking on behalf of some investors. We remain long-term holders of Zebra. The company is strengthening its leading position in hardware tools and related enterprise mobility and expanding into software solutions that complement the hardware, growing its addressable market.

Cigna Corporation is a health services organization. Its insurance subsidiaries are major providers of medical, dental, disability and life insurance. The stock underperformed during the quarter because the potential for drug pricing regulation to pass in the near-term weighed on earnings sentiment. Long term, we believe that Cigna’s ability to meaningfully decrease cost trends places it in a defensible business position and we continue to hold the stock.

Fortinet, Inc. is a cybersecurity company that was impacted by profit taking in the third quarter after it reported strong financial results. The company also noted that orders had decelerated from previous levels. The stock has experienced a solid run of outperformance and continues to offer strong fundamentals in a thriving industry. Our fundamental research thesis remains intact and the quantitative score remains strong. We will continue to hold the stock.

Hillrom Holdings, Inc. is a global medical device provider that has experienced a positive impact from the pandemic in 2020. Categories including specialty beds, which total 60% of revenues, saw an increase in demand while categories including surgical solutions which total 40% of its revenue saw an initial decrease in demand during the early stages of the pandemic. The categories that drove performance early in the pandemic are expected to slow in the fourth quarter. We believe slowing growth will impact long-term fundamentals. Hillrom is a sell candidate.

Ciena Corporation manufactures fiber optic equipment for telecommunications providers. The company was negatively impacted by COVID-19 as providers were forced to slow down spending on 5G system upgrades. While Ciena does not have perfect visibility into the potential duration of the slowdown, the company does not expect to see a snapback in orders in the short term. We continue to hold the shares based on strong fundamentals and a positive quantitative score.

Buys

Lithia Motors, Inc. is a nationwide automotive retailer headquartered in Medford, Oregon and the third largest automotive retailer in the United States. Currently, consumers are doing well and spending on cars. Additionally, auto dealerships are facing industry consolidation and 90% of the dealerships are small businesses. This gives Lithia excellent acquisition opportunities. Lithia also has a new digital strategy, www.driveway.com, that competes with Carvana Co. In contrast to Carvana, Lithia has an advantage in this market as the company is profitable and has a constant supply of high quality used vehicles for resale. For these reasons, we purchased Lithia for the Argent Mid Cap strategy.

BJ's Wholesale Club Holdings, Inc. is a U.S. membership-only warehouse club chain based in Massachusetts. The company operates on the East Coast and has additional stores in Ohio and Michigan. BJ's new CEO is focused on accelerating both store growth and membership rates while improving its already strong membership retention.

Sells

Post Holdings, Inc. is a consumer packaged goods company that operates in the United States and internationally. The company was founded in 1897 and is based in St. Louis, Missouri. The company has many recognizable brands such as Grape-Nuts, Weetabix, Bob Evans Farms and Raisin Bran. Post was Argent's only holding in Consumer Staples. Post has been hit hard as the company has exposure to restaurants and large venues which have both struggled from COVID-19. Additionally, Post shows a negative alpha score which supports the deterioration in the fundamentals.

Bruker Corporation is a manufacturer of scientific instruments for molecular and materials research, and industrial and applied analysis. Bruker's end markets are heavily weighted to academic and industrial customers where spending is restrained and rebounding slowly from COVID-19. With weak end markets, Bruker has struggled. We sold Bruker and will redeploy the assets into companies that exhibit more favorable risk/reward profiles.

Regions Financial Corporation is a bank holding company headquartered in Birmingham, Alabama. The company provides retail banking and commercial banking, trust, stock brokerage and mortgage services. The company has struggled to grow earnings during the low interest rate environment and the poor macroeconomic environment has driven credit costs higher, producing headwinds to revenue growth. The negative alpha score supported Regions' weakening fundamentals.

Argent Mid Cap Strategy Top Contributors and Detractors for Quarter Ending September 30, 2020*

Top Contributors	Avg. Weight	Contribution	Top Detractors	Avg. Weight	Contribution
NVIDIA Corporation	5.33	1.58	Zebra Technologies	3.27	-0.23
BMC Stock Holdings, Inc.	2.43	1.19	Cigna Corporation	1.53	-0.31
TopBuild Corp.	2.46	0.87	Fortinet, Inc.	1.82	-0.38
Cintas Corporation	4.43	0.65	Hillrom Holdings, Inc.	1.71	-0.59
Nuance Communications, Inc.	2.75	0.55	Ciena Corporation	3.52	-1.13

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Portfolio Positioning

Our investment process seeks to invest in the right companies, in the right sectors at the right time with positive change. We uncover potential investments through an integrated blend of quantitative and fundamental analysis. Our investment process requires that a potential purchase exhibits a positive quantitative score and solid company fundamentals. This is also a powerful risk management tool as the tension between the quantitative and fundamental processes serve as a natural check and balance on the names in the portfolio. Very few companies can pass our rigorous research process and we are very thoughtful about what goes into and out of our portfolio. The Argent Mid Cap strategy's turnover decreased to a 16% annualized rate for the third quarter. Overall, portfolio turnover on a year-to-date basis is 25%, slightly below our long-run average of 30%.

The growth rate of the Leading Economic Index (LEI) accelerated through the third quarter as the economy swiftly moved from contraction firmly into a recovery phase. We were well-positioned for the market acceleration. Our process takes market phases into consideration and two-thirds of the portfolio is positioned for the current environment and one-third is positioned for the next phase of the economy, as measured by our market cycle model. Through much of the summer, our market cycle analysis pointed us toward quality companies that exhibited value and high economic sensitivity. The purchase of Lithia Motors is a good example of our investment process. Lithia scored in the top 30% of the Argent alpha model. Historically, this group of companies outperforms the market. The company currently reflects a value orientation as auto-related names were hit hard in the COVID-19 sell-off and are selling at a discount. Auto-related names in general have high economic sensitivity. From a fundamental standpoint, the company is executing on positive change by generating more cash flow per dollar of sales than it has in the past. In addition, Lithia management has publicly stated that their long-term strategy is to grow by consolidating the auto dealership industry and to fund these acquisitions primarily from cash flow. This represents the alignment we are looking for between the positive quantitative score and the positive fundamentals. We believe Lithia is the right company, in the right sector and the right time in the market cycle. The company exhibits positive change and the management team has a history of being good stewards of capital. This is the kind of quality company that we anticipate holding through many market cycles.

As we move into the fourth quarter, short term uncertainty from COVID-19 and the U.S. presidential election looms, but the long-term prospects for the economy are strong. We think human ingenuity, resourcefulness and adaptability will combine to overcome the pandemic. As for the presidential election, history shows that the stock market does better during the first two years of a Republican president (+8.3%) than during a Democratic president (+5.8%), but these differences are largely evened out during the full four-year terms and come to 8.6% and 8.2% for Republicans and Democrats, respectively. Thus, we focus most of our analytical efforts on company fundamentals like cash flows and the macroeconomic conditions that determine the market cycle phase. We invest for the long term and believe quality businesses with good management teams can navigate through short term challenges.

Going forward, we will continue to execute our investment process day in and day out and take advantage of the opportunities the stock market offers us.

Sincerely,
Argent Mid Cap Team

For the period ending December 31,	Gross-of-Fees (%)	Net-of-Fees (%)	Russell MidCap Return (%)	Composite 3-Yr St. Dev (%)	Russell MidCap 3-Yr St Dev (%)	Number of Composite Accounts	Composite Assets ($ millions)	Principal Business Assets ($ millions)	Internal Dispersion (%)
2019	34.33	34.02	30.54	14.4	12.89	31	57	3,019	0.61
2018	-11.37	-11.58	-9.06	13.4	11.98	25	41	2,542	0.4
2017	25.55	25.22	18.52	11.24	10.36	19	27	2,898	0.27
2016	13.12	12.85	13.8	NA	NA	17	20	2,604	0.7
2015	-0.79	-0.94	-2.44	NA	NA	11	14	2,357	0
2014 (3-31-14 to 12-31-14)	9.98	9.98	9.36	NA	NA	1	1	2,817	NA
Three Year*	14.34	14.06	12.06						
Five Year*	10.9	10.65	9.33						
Information for period(s) ending September 30, 2020									
3rd Quarter 2020	13.23	13.16	7.46	22.16	20.45	39	75	2,663	
1 Year*	12.65	12.4	4.55						
3 Year*	9.95	9.69	7.13						
5 Year*	12.31	12.93	10.13						
Since Inception	10.41	10.19	8.19						

*Annualized

1. 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, 2019. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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).

7. 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.

8. 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.