



The market rose in December, to close a very odd year on a *very* good note. Since the market hit bottom in late March of this year, stimulus dollars coming from both fiscal authorities, i.e. Congress and the Federal Reserve, have been tremendous. As noteworthy, the stimulus applied to the economy came not just from the U.S., but from a “global injection” of liquidity. Still, as the chart below shows, the select few leaders in the market, many of which are owned in the Large Cap strategy, continued their march upwards. We at Argent have argued that the market leaders deserve their due, but that the skew between the select few and the forgotten many was too wide. An appropriate push back we got from our clients was, ‘What is going to change that situation?’ To that question we frequently responded that we did not know, but we do know that at some point valuation will win out.

Perhaps we have seen the start of that change. As the chart below shows, the XLF, or the performance of the Financial sector, which had lagged for much of 2020, suddenly took off relative to the market post the 11th of November—aka ‘Pfizer Monday.’ It was on that day that Pfizer Inc. and its partner BioNTech SE released data on their COVID-19 vaccine. With efficacy of 90%, the vaccine was much better than expectations. Suddenly, the discussion about whether the world would be released from the grips of COVID-19 became when the world would be released. Adding fuel to that hopeful fire, Moderna, Inc. released data on its COVID-19 vaccine at the end of November, sporting an even more impressive 95% efficacy.

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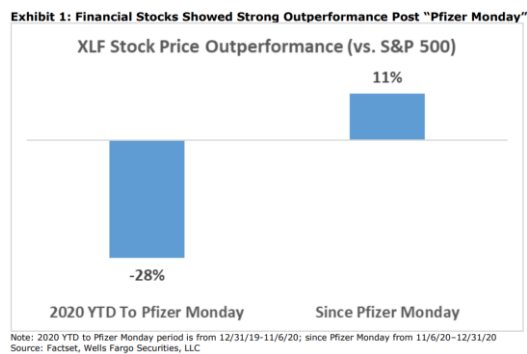
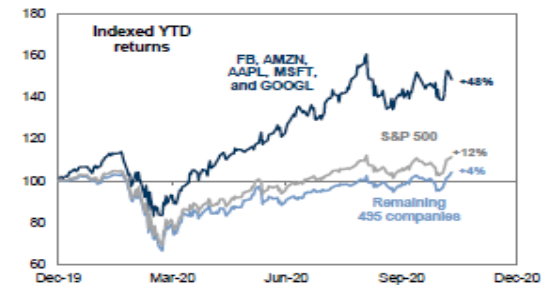


Exhibit 14: FAAMG has led the S&P 500 higher in 2020
As of November 9, 2020



Source: FactSet, Goldman Sachs Global Investment Research

With credible and very positive data in hand, the market embraced the concept of a worldwide economic recovery. Again, while the select leaders in the market will continue to see growth, investors took a fresh look at some of the well-positioned laggards and began to move into those stocks. Nonetheless, we do not expect the vaccine program to go off without a hitch. This is a very complex global logistical problem to overcome. Still, the narrative has changed dramatically from just a few months ago. The positive news on the vaccine front is welcome, and the stimulus that propped up the U.S. economy is not abating. In addition, the Fed has pledged to keep interest rates low for the foreseeable future.

All in, the setup for the new year is not all bad. While there are certain to be surprises through the year, as there are in every year, with rollouts of vaccines on the horizon and incipient indications of economic recovery worldwide, we enter this year happy to say goodbye to 2020—and cautiously optimistic for 2021. We are open for business and welcome your interest in Argent Capital. We have four successful equity strategies—Large Cap, Dividend Select, Mid Cap and Small Cap. If you have questions on any of these options, please call us.

Sincerely,

Ken Crawford, Senior Portfolio Manager

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