



As we close the books on 2020, we are extremely proud of the Argent Mid Cap strategy's returns outperforming the Russell Mid Cap® Index on a trailing one, three, and five year basis (*net of fees*). Since its inception on March 31, 2014 the strategy has outperformed the index by an annualized 1.6% (*net of fees*).

The year 2020 is one to remember, causing dramatic shifts in many industries. One area seeing a major shift is in retail, as COVID-19 has rapidly changed the shopping habits of consumers. Consumers also gravitated quickly toward more price-focused retailers as they felt the economic impact of the pandemic. In other words, discount shopping is now back in fashion with discount retailers best poised to rebound from COVID-19 than their higher-priced peers. In addition to the appeal of low prices, off-price retailers have the advantage of holding less stock and do not rely on seasonal trends like full-priced retailers. They may also have the ability to purchase large volumes of unsold goods from a current or previous season as many retailers fall into bankruptcy. While much of the turmoil in the retail industry has come from department stores and apparel chains, at Argent we are finding our best opportunities in some of the bargain retailers.

One such company is a recent purchase for the Argent Mid Cap strategy. Ollie's Bargain Outlet Holdings, Inc. is a retailer that purchases closeouts and excess inventory from large, struggling retailers. Management describes the company as a fast-growing, *extreme* value retailer which offers a broad selection of "good cheap stuff." Currently the company has a small store footprint, mainly in North and South Carolina, the eastern portion of the Sunbelt and Texas. Ollie's was able to remain open during the lockdowns because it sells essential items, such as hand sanitizers and cleaning supplies which account for over 20% of its business.

According to Ollie's CEO, new stores will be the primary driver of the company's future growth. Currently, the company has 389 stores and it intends to open 50-55 stores per year. Additionally, the company has a strong customer base with a loyalty program called "Ollie's Army" which has nine million members. Members spend 40% more per trip than non-members and this segment alone makes up about 70% of Ollie's business. Ollie's Army active members grew 13.9% during the third quarter of 2020—the second-largest increase in Army sign-ups in Ollie's history. Although Ollie's has seen incredible momentum during the COVID-19 crisis, we believe the company still has a long runway for growth even after the pandemic is over.

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

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