Argent Capital Management LLC

Market Overview – Fourth Quarter 2020

As we close the books on 2020, we are particularly proud of the strong, consistent track record of the Argent Dividend Select strategy. It is outperforming its benchmark, the Russell 1000® Value Index, over every major time period since inception, including the trailing one, three, five, ten and fifteen-year periods *(net of fees)*. In my mind, it is *always* a good time to invest in dividend paying stocks, but during a low interest rate environment, they make an especially compelling investment. The Argent Dividend Select strategy is designed to be a "sleep at night" portfolio investing in companies with strong balance sheets, attractive cash flows and positive dividend growth. One thing we really watch is our "downside capture," which measures as the market goes down whether our strategy goes down less. So far, so good.

The year 2020 proved to be tumultuous in many ways. Even the staid subject of dividends showed some disruption. With the economy in decline earlier this year, big companies began hoarding cash and many were forced to cut their dividends. Dividends for S&P 500® stocks declined on average by 1.7%, while dividends in the more conservative Russell 1000 Value Index declined by 10.2%. The Argent Dividend Select portfolio fared much better, with its dividend growth rate *up 9.0%* for the year. Moreover, only one company in our portfolio, Las Vegas Sands Corp., cut its dividend, prompting us to sell the name quickly. All other names in the portfolio were either flat in terms of yearly dividend growth or were positive for the year.

We see the outlook for dividends as much more favorable in 2021 and expect dividend growth for many stocks to be attractive. This is particularly so in Financials–companies like bank and insurance companies–where we increased our exposure during the year. Given our long-term investment horizon, we believe investors last summer had an overly pessimistic view of the industry. As a result of the slowing economy, the Financial sector was one of the hardest-hit sectors during the COVID-19 induced stock market volatility. Moreover, in its first stress test in June, the Federal Reserve barred banks from enhanced dividend payouts or any stock buybacks. Move forward to mid-December, and the Federal Reserve reversed course, relaxing restrictions on dividend payouts and stock buybacks. Many banks, including JPMorgan Chase & Co., an Argent holding, announced it therefore would begin buying back stock in the first quarter of 2021. The tide thus turned, and Financials were the best performing sector for December 2020. We are optimistic about continued strength for Financials in 2021.

As always, we appreciate your interest in Argent Capital Management. We have four 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, please call us.

Sincerely,

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.