Small Cap Quarterly Commentary

2021: First Quarter

Argent

Performance Summary

The Argent Small Cap strategy underperformed the Russell 2000® Index for the first quarter of 2021 returning 10.4% net of fees, versus the benchmark return of 12.7%.

Performance Summary as of March 31, 2021	%	1Q21	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
Argent Small Cap	Net	10.41	73.03	4.51	10.19	7.92	7.67
Russell 2000		12.70	94.85	14.76	16.35	11.68	9.88
Excess Return		**-2.29**	**-21.82**	**-10.25**	**-6.16**	**-3.76**	**-2.21**

*Annualized

For comparison purposes, the strategy is measured against the Russell 2000® Index. Past performance is no guarantee of future results. Data is as of 03/31/21 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.

Sector allocation was a very slight benefit to relative performance in the first quarter, while stock selection had a negative impact. The portfolio overweight to Consumer Discretionary and Industrials and the underweight to Real Estate and Health Care were additive. Conversely, the overweight to Information Technology and the lack of exposure to the Energy and Materials sectors hurt relative performance. Energy was the best performing sector within the Russell 2000 Index during the quarter, and although it makes up a very small percentage of the overall index, the outsized move had a negative impact. The Small Cap strategy does not currently have any Utility investments. The lack of exposure was additive during the quarter as the sector underperformed the overall index.

Stock selection was most challenging in Financials, Consumer Discretionary and Information Technology. Within the Financials sector, Banks were the best performers, returning approximately 26% for the quarter. We own three banks in the portfolio. Their collective exposure returned 30%, outperforming the index. Stock selection was impacted by our investments in Houlihan Lokey, Inc. and PRA Group, Inc. Houlihan Lokey is a financial advisory firm specializing in financial restructurings, mergers and acquisitions. Its business performs quite well, though management did announce near-term weakness in the restructuring business during the quarter. We believe the company is well-positioned to grow its cash flow throughout the business cycle as Houlihan Lokey exhibits some countercyclical characteristics. PRA Group is a defaulted debt collector that faces supply headwinds due to record amounts of fiscal and monetary stimulus. While management is doing an admirable job navigating the macroeconomic environment, we believe that growth will be challenged going forward. We exited our position during the quarter.

Consumer Discretionary stocks posted strong returns during the first quarter, trailing only Energy in total return, and handily outperforming the Russell 2000 Index. The Small Cap strategy held a number of stocks that outperformed during the quarter. America's Car-Mart, Inc., Asbury Automotive Group, Inc., Skyline Champion Corporation, and Johnson Outdoors Inc. all did well. Detractors included household products company, Helen of Troy Limited, and recreational vehicle components manufacturer, LCI Industries. Both companies reported better-than-anticipated earnings results during the quarter but could not keep pace with the robust returns in the sector.

Stock selection in Information Technology was negative for the quarter, driven by our investments in software companies and our exposure to hardware. Within software, Envestnet, Inc., Qualys, Inc. and Alarm.com Holdings, Inc. all pulled back during the first quarter. Envestnet and Qualys offered downward guidance that created uncertainty for investors. Alarm.com took a breather after more than doubling in 2020. As it relates to hardware, Lumentum Holdings, Inc. became embroiled in a bidding war for a commercial laser company, Coherent, Inc. Lumentum ended up losing out on Coherent, but it did receive in excess of $200 million as a breakup fee. Coherent eventually sold for a valuation that we believe is unjustified. In hindsight, we are thankful that Lumentum was the runner-up. We believe the company has plenty of value-creating capital allocation options in front of it. Change Healthcare Inc. was a bright spot in our Information Technology holdings for the quarter. Change is focused on providing software solutions to health care systems across the United States. In January, Change announced that United Healthcare would acquire it for a 40% premium.

Stock selection was positive within the Health Care sector. The portfolio's largest holding, Medpace Holdings, Inc., continued to experience record bookings and delivered strong results for the quarter. The company helps health care organizations advance therapies through their pipelines. Select Medical Holdings Corporation experienced a significant recovery in its inpatient business, as pent-up demand related to the pandemic was unleashed. The company also experienced significant growth in the critical illness recovery segment. COVID-19 negatively impacted about half of Select Medical’s overall business. Management sees the light at the end of the tunnel and the company’s strong performance supports that premise. Pharmaceuticals and Biotechnology companies struggled during the first quarter and it was additive to performance. We tend to avoid companies that are tied to trial-driven, binary outcomes. The portfolio benefitted from not having exposure to Biotechnology and Pharmaceuticals for the first three months of 2021.

Quarterly Attribution Analysis, March 31, 2021
Argent Small Cap Strategy vs. Russell 2000 Index*

	Argent Small Cap			Russell 2000			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	--	--	--	2.81	16.20	0.40	-2.81	-16.20	-0.40	-0.08	--	-0.08
Cons. Discretionary	16.49	18.59	2.95	13.97	25.94	3.31	2.51	-7.34	-0.36	0.33	-1.05	-0.72
Consumer Staples	1.18	-6.01	-0.08	3.18	15.40	0.48	-2.00	-21.41	-0.56	-0.04	-0.25	-0.29
Energy	--	--	--	2.18	43.19	0.79	-2.18	-43.19	-0.79	-0.53	--	-0.53
Financials	14.85	11.54	1.77	15.32	19.11	2.77	-0.47	-7.58	-1.00	-0.02	-1.01	-1.02
Health Care	17.75	4.40	0.66	19.71	0.05	0.27	-1.96	4.35	0.39	0.24	0.50	0.74
Industrials	23.75	14.60	3.48	14.53	14.88	2.15	9.23	-0.28	1.33	0.19	-0.04	0.15
Technology	21.32	4.47	0.95	14.48	5.29	0.91	6.84	-0.82	0.04	-0.37	-0.51	-0.88
Materials	--	--	--	4.46	19.91	0.87	-4.46	-19.91	-0.87	-0.30	--	-0.30
Real Estate	4.51	9.21	0.40	6.66	9.67	0.60	-2.16	-0.45	-0.19	0.13	-0.01	0.12
Utilities	--	--	--	2.70	4.81	0.14	-2.70	-4.81	-0.14	0.25	--	0.25
Cash	0.16	0.03	0.00	--	--	--	0.16	0.03	0.00	-0.01	--	-0.01
Total	100.00	10.13	10.13	100.00	12.69	12.69	--	-2.56	-2.56	-0.19	-2.38	-2.56

* This is based on the holding history of a representative portfolio of the Argent Small 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

What a difference a year makes. One short year ago the COVID-19 pandemic was running rampant. At this time last year the world was locking down and economies across the globe were contracting. The Russell 2000 Index fell in excess of 40% from its peak and extreme uncertainty dominated the headlines. Fast forward a year. Massive amounts of liquidity provided by the Federal Reserve and the U.S. Congress buoyed the capital markets, investor sentiment, consumer confidence and the job market. The Russell 2000 Index hit an all-time high in mid-March, car dealerships cannot keep their lots full, demand for single-family homes is skyrocketing while supply is declining, and all while the personal savings rate in the United States is soaring.

January and February of 2021 were dominated by the outperformance of highly shorted stocks that drove small cap performance in 2020. Once again, the companies in the Russell 2000 within the lowest return on equity quintile and slowest sales growth quintile bested the index returns. Thankfully, there was a wholesale change in market leadership beginning in March. In the final month of the first quarter, profitable companies began outperforming unprofitable companies and the Argent Small Cap strategy handily outperformed the benchmark. In a similar fashion to the previous quarter, small cap value (+21.2%) outpaced small cap growth (+4.9%). That is now two quarters in a row where small cap value has beaten small cap growth–too early to call a trend or a full-on rotation, but we will be watching.

Top Contributors

Atkore Inc. is an industrial manufacturing company that operates through two segments that supply products to the construction, health care, alternative power generation, data center and diversified industrial end markets. Management champions what they call Atkore Business Systems–which encompasses people, strategy, and process–to run their business with the ultimate goal of driving portfolio enhancement and margin expansion throughout the company. During the quarter, Atkore delivered much better-than-expected operating results and offered an outlook for the coming year that was quite rosy.

America's Car-Mart, Inc. is an integrated automotive sales and finance company with almost 150 stores in small cities across the south-central United States. The company serves subprime consumers and competes with mom and pop businesses and the used car portion of franchised car dealers. The addressable market of subprime consumers is large and underserved, providing excellent long-term growth prospects for America's Car-Mart from both an organic and consolidation perspective. The company is currently experiencing record gross profit per unit in an environment where used car prices continue to expand.

UFP Industries, Inc. is one of the world's largest producers of wood and wood-alternative products serving the retail, construction and industrial markets. The company's keys to success are its diversified business model; the ability to use all grades of lumber (creates efficiencies and makes it a preferred customer of the largest mills); strong management team (members are required to own stock and are compensated on return on investment); and its clean balance sheet. UFP announced two attractively priced acquisitions and above consensus earnings results during its most recent quarter.

Skyline Champion Corporation produces manufactured housing and mobile homes in the United States and Canada. The company provides lower-cost, more affordable options for potential homeowners. As a manufactured home builder, Skyline enjoys the standardization of processes, a more effective rural-based labor force that offers centrally managed flexibility, advantageous bulk buying and shipping advantages. The company's most recent quarterly earnings were much better than anticipated and Skyline's backlog continues to build.

Fortinet, Inc. is a cybersecurity solutions business that caters to the enterprise and small and medium-sized business markets. The addressable market for its products is north of $100 billion and a substantial amount of Fortinet's revenue is recurring in nature. Spending patterns on cybersecurity are well-positioned for further growth. Cybersecurity is viewed as critical in nature in an environment that continues to become more complex and rife with security threats. Fortinet reported impressive operating results during the quarter. It also held an analyst day where the message and outlook offered by management were cheered by investors.

Top Detractors

PetIQ, Inc. provides services and products to the companion animal market. The company manufactures and distributes pet health and wellness products through an omnichannel approach, and also offers veterinary services via a clinic offering that partners with mass retailers. PetIQ has made a number of accretive acquisitions in its product segment over the past several years. The company is still navigating the pandemic across its services segment, as some stores remain understaffed from absenteeism as a result of COVID-19. This is a temporary phenomenon but is negatively impacting current period results.

Addus HomeCare Corporation provides home health, personal care, and hospice services. The company provides these services to the elderly, chronically ill or disabled population that are at risk of hospitalization or institutionalization. We anticipate continued growth for Addus as the population of individuals over the age of 65 is growing at a mid-single-digit rate. Addus is well-positioned to benefit as the industry continues to shift toward serving customers in home-based settings instead of nursing homes or hospitals. The home health care market is highly fragmented and ripe for further consolidation. Addus reported better-than-expected operating results for its most recently reported fiscal quarter, but the stock lagged the broader market gains.

Envestnet, Inc. provides intelligence systems for wealth management and financial wellness. Its unified technology is designed to enhance financial adviser productivity and strengthen the wealth management experience. More than 3,500 companies, including 17 of the 20 largest U.S. banks, 47 of the 50 largest wealth management and brokerage firms and over 500 of the largest RIA's leverage Envestnet's technology and services. The company has complemented nice organic growth with several large acquisitions over the past several years. During the quarter, management informed investors that they will increase spending this year on engineers, marketing and go-to-market capabilities. These investments will crimp margins this year, but management anticipates significant margin expansion several years in the future as a result. We added to our position during the quarter.

IAA, Inc. provides auction solutions for total loss, damaged and low-value vehicles. Its clients are insurance companies, dealerships and rental car companies. IAA operates in a duopolistic market with competitor Copart. The company offers its clients a set of services aimed at maximizing vehicle value, lowering administrative costs and shortening the sell cycle time. Buyers love IAA because it provides them with the vehicles they need to fulfill rebuild requirements, supply replacement part inventory and scrap demand. The company reported increased revenue per unit and nice margin expansion, but miles driven have remained under pressure.

PRA Group, Inc. purchases and collects portfolios of nonperforming consumer loans primarily from banks in the Americas and Europe. It purchases these portfolios at steep discounts to face value and then collects on them over time. PRA has proven to be a very conservative purchaser of portfolios over the years as evidenced by a history of outperforming initial collection expectations on portfolios purchased. PRA reported an improvement in its margin and collections during its most recent quarter, but softer purchases which we believe were anticipated. While PRA Group is running its business just fine, we believe the operating environment isn't as favorable as when we initiated our position approximately a year ago. We sold our position during the quarter.

Argent Small Cap Strategy Top Contributors and Detractors for Quarter Ending March 31, 2021*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
Atkore Inc	1.55	0.65	PRA Group, Inc.	2.21	-0.46
America's Car-Mart, Inc.	2.83	0.62	IAA, Inc.	1.51	-0.47
UFP Industries, Inc.	2.34	0.47	Envestnet, Inc.	2.52	-0.66
Skyline Champion Corp.	1.55	0.41	Addus HomeCare Corporation	2.64	-0.66
Fortinet, Inc.	3.49	0.34	PetIQ, Inc. Class A	3.00	-0.73

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Portfolio Positioning

We initiated a handful of new positions in the portfolio during the first quarter. We invested in InfuSystem Holdings Inc. in January. The company provides the medical equipment necessary for patients that are transitioning from the hospital to the home but that still require some type of device for treatment or recovery. In addition, it offers a full-service, last-mile solution for healthcare providers that aims to simplify all the back office and logistical difficulties of an at-home setting. We think InfuSystem is positioned nicely to benefit from the trend of treatment for some ailments shifting from a hospital setting to a more comfortable and cost-effective at-home setup.

Another position we started in January was Repay Holdings Corporation. Repay is a debit-focused merchant acquirer specializing in consumer finance, auto, retail, and business-to-business payment verticals. The company has pursued less competitive niches with good growth prospects from inception, establishing a first-mover advantage. The company has a 98% volume retention rate resulting from its many software platform integrations, a full-service payments system supporting debit across all payment formats, and a processing infrastructure that supports all tender types. With attractive double-digit end-market growth and a valuable currency to continue to pursue acquisitions, Repay is well-positioned to grow cash flow return on investment for many years.

As of the end of the first quarter, the portfolio is mostly overweight Industrials followed by Information Technology and Consumer Discretionary. The Small Cap strategy is most underweight Communication Services followed by Real Estate and Consumer Staples. We are modestly underweight Financials and Health Care, and do not have any sector exposure to Utilities, Energy or Materials. We continue to seek good businesses that are priced at attractive valuations for the portfolio. As a reminder, to us a good business generates substantial cash flow and growing earnings, requires opportunistic, yet minimal, capital investment, and has a conservatively positioned balance sheet. We also prefer management teams that have a track record of producing returns above their cost of capital and that have proven their wherewithal over an economic cycle.

Sincerely,

Argent Small Cap Team

Argent

For the period ending December 31,	Gross-of-Fees (%)	Net-of-Fees (%)	Russell 2000 Return (%)	Composite 3-Yr St. Dev (%)	Russell 2000 3-Yr St Dev (%)	Number of Composite Accounts	Composite Assets ($ millions)	Principal Business Assets ($ millions)	Internal Dispersion (%)
2020	2.65	1.91	19.96	26.13	25.27	1	30	2,874	0
2019	24.27	23.4	25.53	16.35	15.71	7	199	3,019	1.84
2018	-19.43	-20.19	-11.01	16.45	15.79	7	184	2,542	0.38
2017	18.39	17.24	14.65	14.51	13.91	7	227	2,898	0.47
2016	25.73	24.48	21.31	16.19	15.76	7	207	2,604	0.09
2015	-5.48	-6.42	-4.41	13.5	13.96	6	169	2,357	0.04
2014	7.44	6.37	4.89	12.17	13.12	7	186	2,817	0.11
2013	28.74	27.48	38.82	17.04	16.45	6	178	2,478	0.18
2012	19.68	18.49	16.35	19.84	20.2	7	139	1,782	0.22
2011	-1.95	-2.93	-4.18	23.38	24.99	7	109	1,247	0.33
Three Year*	0.92	0.12	10.25						
Five Year*	8.88	7.93	13.26						
Ten Year*	8.91	7.9	11.2						
Information for period(s) ending March 31, 2021									
1st Quarter 2021	10.58	10.41	12.7	26.35	25.34	1	31	3,089	
1 Year*	74.23	73.03	94.85						
3 Year*	5.31	4.51	14.76						
5 Year*	11.13	10.19	16.35						
10 Year*	8.92	7.92	11.68						
Since Inception*	8.69	7.67	9.88						

*Annualized

Disclosures:

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 periods January 1, 2003 through December 31, 2019. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Argent Small Cap Equity Composite has had a performance examination for the periods January 1, 2008 through December 31, 2019. The verification and performance examination reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

2. This composite represents investment performance for portfolios invested in equities with small capitalization containing both growth and value characteristics for which Argent has sole investment discretion. Portfolios will include small cap equity holdings, with zero fixed investments and cash targeted to be less than 10% of total portfolio value. The composite inception and creation date is January 2008. The composite name changed from Argent Small Cap Core Equity Composite to Argent Small Cap Equity Composite in December 2020. A complete list and description of composites is available upon request.

3. The benchmark is the Russell 2000® Index which measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current 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 investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is no guarantee of future results.

5. Gross-of-fees performance 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 represent less than 1% of composite assets during the years 2016 and 2017. During 2018 - 2020, the composite included portfolios where commissions were waived representing less than 1% of composite assets.

6. Standard annual advisory fees for the Small Cap Equity product are calculated as a percentage of assets under management according to the following schedule: 0.80% on the first $25M, 0.75% on the next $25M, 0.70% on the next $50M, 0.65% on the balance thereafter, although fees may be negotiated or waived in certain circumstances.

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. Note: values for calendar year 2008 & 2010 are not available since no portfolio was in the composite the entire calendar year. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. The external deviation is based on the 36 month gross-of-fees returns of the composite and the benchmark. The standard deviation is not presented for 2008 & 2009 since the composite inception date of 1/1/2008 does not provide historical data to calculate a 3-year formula.