Mid Cap Quarterly Commentary

2021: Second Quarter

Argent

Performance Summary

In the second quarter of 2021, the Argent Mid Cap strategy underperformed its index, returning 6.4% net of fees versus the Russell Midcap® 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 June 30, 2021	%	2Q21	YTD	1 Year	3 Year*	5 Year*	Since Inception*
Argent Mid Cap	Net	6.36	16.38	54.71	19.07	18.46	13.90
Russell MidCap		7.50	16.25	49.80	16.45	15.62	12.35
Excess Return		**-1.14**	**0.13**	**4.91**	**2.62**	**2.84**	**1.55**

***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 06/30/21 and is supplied as supplemental information to the composite disclosures presented later in this document. 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. This presentation was prepared by Argent Capital Management and may contain confidential information. Unauthorized use, disclosure, copying, dissemination or redistribution of this presentation is strictly prohibited.

During the second quarter, relative underperformance was driven by stock selection, with sector allocation having a net neutral impact on relative performance. On both the positive and negative sides, the sector allocation effect was driven by sectors where the Argent Mid Cap portfolio did not own stocks. The two largest positive contributors were Utilities and Consumer Staples, with Utilities being the worst and Consumer Staples being the second-worst performing sectors in the Russell Midcap Index. Similarly, the two largest negative contributors to allocation effect were Real Estate and Energy. Real Estate was the third-best performing sector and Energy was the best performing sector in the Russell Midcap Index.

Stock selection detracted the most from relative performance in the Industrials and Consumer Discretionary sectors where our picks struggled to keep up with the benchmark sector performance. On the other hand, our stock picks in the Information Technology sector significantly outperformed the benchmark and positively contributed to the selection effect.

Quarterly Attribution Analysis, June 30, 2021
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	1.80	4.11	0.08	4.96	5.18	0.27	-3.16	-1.06	-0.19	0.06	-0.03	0.03
Cons. Discretionary	18.10	2.31	0.29	12.19	7.06	0.86	5.90	-4.75	-0.57	-0.05	-0.90	-0.95
Consumer Staples	--	--	--	3.59	1.39	0.06	-3.59	-1.39	-0.06	0.21	--	0.21
Energy	--	--	--	2.88	14.90	0.38	-2.88	-14.90	-0.38	-0.18	--	-0.18
Financials	13.39	6.75	0.66	11.86	7.18	0.84	1.54	-0.43	-0.18	-0.10	-0.10	-0.20
Health Care	11.08	11.48	1.23	11.73	11.14	1.30	-0.65	0.34	-0.07	-0.03	0.02	-0.01
Industrials	23.04	0.99	0.23	15.03	5.44	0.83	8.02	-4.45	-0.59	-0.16	-1.02	-1.18
Technology	28.15	14.22	4.10	19.15	9.17	1.79	9.00	5.04	2.31	0.18	1.33	1.51
Materials	3.59	-4.84	-0.18	6.00	6.34	0.37	-2.41	-11.18	-0.56	0.04	-0.42	-0.38
Real Estate	--	--	--	7.64	10.56	0.78	-7.64	-10.56	-0.78	-0.22	--	-0.22
Utilities	--	--	--	4.96	0.44	0.03	-4.96	-0.44	-0.03	0.34	--	0.34
Cash	0.84	0.01	0.00	--	--	--	0.84	0.01	0.00	-0.09	--	-0.09
Total	100.00	6.39	6.39	100.00	7.50	7.50	--	-1.11	-1.11	0.00	-1.11	-1.11

Market Commentary

During the quarter, investment leadership moved away from more economically sensitive stocks and sectors into many organic growth companies that led the market in the recent past. The backdrop to that rotation revolved around whether the U.S. economy was nearing peak growth after coming out of the COVID-19 driven recession and whether the inflation seen in the economy was indeed transitory. With regard to the former concern, while comparisons will be more difficult in the second half of 2021, Argent believes the economic recovery is still in its early stages and many of the growth cyclicals have yet to fully realize the profit impact from the recovery. With regard to inflation, only time will tell if this bout of increased prices is a function of very lean inventories coming into the recovery, which should normalize once supply chains are replenished, or if the considerable stimulus that has been applied to the economy has gone too far pushing the economy into an inflation spiral. To date, the Federal Reserve is leaning more on the transitory side. Argent will closely monitor price trends in the U.S. and abroad and any of the Federal Reserve's actions going forward.

Top Contributors

NVIDIA Corporation builds semiconductors for gaming, professional visualization, data centers and the automotive industry. There are many positive developments at Nvidia. For example, 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. Nvidia expects its proposed ARM acquisition to more than double its addressable market to $250 billion by 2023. Furthermore, Nvidia developed a new class of processors called Data Processing Units (DPU) that are data centers on a chip and optimized to offload certain tasks from Central Processing Units (CPUs). By offloading these tasks, the CPU performance is doubled. Nvidia estimates that the new class of chip will add another $50 billion to its total addressable market by 2024.

Nuance Communications, Inc. provides voice and language solutions for businesses. The company's products are based on a proprietary voice and language platform that utilizes artificial intelligence. Nuance received a buyout offer on April 11, 2021 from Microsoft Corp. for $56 per share in cash. We subsequently sold the stock in order to redeploy the capital into stocks that offered more upside potential.

Charles River Laboratories International, Inc. provides pharmaceutical testing services. Charles River Laboratories is an early-stage contract research organization (CRO) that provides products and services to expedite the discovery, early-stage development and safe manufacture of drugs and therapeutics for pharmaceutical and biotechnology companies, government agencies and academic institutions. Demand for early-stage CRO services is robust and significant economies of scale are accruing to larger CROs like Charles River. The company recently raised guidance and indicated future double-digit organic growth, increasing from the high single-digit rates of growth it has typically experienced. This is due to the acquisition of several fast growing cell and gene therapy assets. Estimates for future growth are high and most likely will not slow down in this area.

Marvell Technology, Inc. designs, develops and markets semiconductors. Marvell is the market leader in data storage solutions. Customers include computer manufacturers, automobile makers, major mobile networks and internet retail and server sites. In 2016 an activist investor installed Matt Murphy as Marvell’s CEO. Murphy quickly put together a new management team of successful industry veterans. Since Murphy’s arrival, Marvell has delivered significant improvements to profits by implementing discipline on costs and product portfolios and focusing on research and development spending. In 2018, Marvell acquired Cavium. In 2019, Marvell acquired Aquantia and Avera. In 2020, Marvell acquired Inphi. These acquisitions broadened Marvell's end markets and increased the company's growth rate.

Fortinet, Inc. is a leader in the network security market, with an estimated addressable market size of ~$50B across cloud, network, IoT (Internet of Things) and OT (Operational Technology), and infrastructure security. Fortinet has superior technology in the Unified Threat Management/firewall space and a relatively predictable business model, with more than half of its revenue as recurring in nature. According to IDC, Fortinet is number one in units deployed and number two in revenue market share within the network security market. The recent spate of high-profile ransomware and other hacking incidents is resulting in improving security demand. Furthermore, Fortinet offers a set of SD-WAN (Software-Defined Wide Area Networking) products that saw revenue more than double from last year.

Top Detractors

Builders FirstSource, Inc. is a manufacturer and supplier of building products related primarily to new residential construction in the United States. Builders FirstSource operates across roughly forty states. The company has five business segments: manufactured components, windows and doors, lumber and lumber sheet goods, gypsum, roofing and siding, as well as metal and concrete products. Builders FirstSource provides investors exposure to the residential new construction market and the repair and remodeling market. We believe the improvement in margins from recent consolidation, coupled with execution, are notable positives as well as an improving housing market and strengthening balance sheet.

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, 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. On May 19, 2021 Lithia completed a secondary offering of 3.6 million shares which temporarily depressed the stock price. Lithia plans to apply the proceeds from the stock sales to its earnings-accretive M&A strategy.

Alaska Air Group owns two airlines, Alaska Airlines, a mainline carrier, and Horizon Air, a regional carrier. The company is slated to benefit from the post-pandemic tailwind of increased domestic travel. Furthermore, the company is consolidating its fleet on the Boeing 737 platform, which should simplify operations and cost structure. Alaska Air recently provided an investor update and raised its previous guidance due to higher-than-expected travel demand. The stock is underperforming due to fears the COVID-19 virus will have a longer-than-expected negative impact on travel demand.

Bright Horizons Family Solutions Inc. is the nation's largest provider of employer-sponsored child care. Facilities were slower to open than initially expected which negatively impacted earnings at the company. It might be 2022 before its earnings normalize from COVID-19 pressures. The delays in fully reopening the company's child care centers caused investors to lower the stock rating. While Bright Horizons' earnings recovery from the pandemic lows is slower than we anticipated, the medium and long-term positives are unchanged including the secular need for safe, reliable on-site child care and associated services.

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 is benefiting from still elevated backlogs across new residential construction as well as the pass-through of price increases by insulation manufacturers. Although the fundamentals at the company remain strong, the stock has underperformed since May on fears housing starts will be forced to slow due to strained supply chains.

Buys

American Financial Group, Inc. is a commercial property and casualty insurance company offering thirty-five specialty insurance lines. The company recently sold its annuity business to Met Life for $3.5 Billion. American Financial is using the proceeds from the sale to pay a special dividend, buy back stock and reinvest in growing its specialty insurance lines which offer higher returns and faster growth than the annuities business.

L Brands, Inc. is a fashion retailer based in Columbus, Ohio. Its flagship brands include Victoria's Secret and Bath & Body Works. The management team has done an excellent job of revitalizing the Victoria's Secret brand and sales are growing again after three years of declines. Additionally, the company plans to spin-off Bath & Body Works by August of 2021. After the spin-off, Bath & Body Works will remain a compelling company, as it owns its brand in a highly fragmented marketplace. The company sells only high-margin replenishment products and has strong retail and online sales. Online sales are now 31% of Bath & Body Works' total sales. This direct-to-consumer business has a wider reach, and filling these orders are less expensive than maintaining a storefront.

Primerica, Inc. is a financial services company that provides insurance, investment and financial services to middle-income families in the United States and Canada. Primerica's large sales force allows it to effectively reach middle-market consumers who have been traditionally ignored by competing insurance companies and financial advisors. Additionally, approximately two-thirds of the company's sales come from term-life insurance, which has a high recurring revenue. Primerica has a relatively low-risk balance sheet with two times the investment leverage in life insurance versus an industry average of eight times the investment leverage.

Sells

Fidelity National Information Services, Inc. is a financial technology services company serving both merchants and banks. Fidelity enables merchants to accept electronic payments and provides banks with core processing technologies. Organic growth in both the merchant and banking segments has slowed from combined high single digits to a rate similar to GDP growth. The slowing growth rate is negatively impacting the stock.

Nuance Communications, Inc. provides voice and language solutions for businesses. The company's products are based on a proprietary voice and language platform that utilizes artificial intelligence. The company was purchased by Microsoft, with the sale expected to close before the end of 2021. We chose to sell our position in the company in order to redeploy the proceeds to opportunities with more room for growth.

Argent

Argent Mid Cap Strategy Top Contributors and Detractors for Quarter Ending June 30, 2021*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
NVIDIA Corporation	2.37	0.85	TopBuild Corp.	2.57	-0.34
Nuance Communications, Inc.	0.57	0.50	Bright Horizons Family	1.49	-0.34
Charles River Laboratories	2.61	0.43	Alaska Air Group, Inc.	1.83	-0.36
Marvell Technology, Inc.	3.43	0.38	Lithia Motors, Inc.	2.32	-0.48
Fortinet, Inc.	2.14	0.35	Builders FirstSource, Inc.	3.28	-0.51

* This is based on the holdings 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.

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 that seeks alignment between the positive quantitative score and positive company fundamentals. Our approach is highly selective. As a result, the Argent Mid Cap strategy exhibits low portfolio turnover. Annualized turnover for the second quarter was 23.7%, slightly below the trailing five-year annualized turnover of 28.9%.

We continue to focus on two major macroeconomic themes - a rapidly accelerating economy and strong consumer demand. The Leading Economic Index continued to accelerate through the second quarter posting a one-year growth rate of 14.7% (as of the end of May, the latest data available), the highest rate in over 20 years. Consumers are in the best financial position to spend in a generation. The stimulus has allowed consumers to save over the last fifteen months and savings accounts have put away $2.3 trillion above the normal 8% savings rate . If these excess savings are deployed over the next three years, it will lift consumer spending by almost 5% per year.

The portfolio is positioned to benefit from this anticipated growth. We began to tilt the portfolio in favor of increased consumer spending since late last year and continue to incrementally diversify our holdings into stocks that we believe will benefit from the high growth environment. We added two financial services companies and a consumer products retailer to our portfolio in the quarter. One thing these stocks have in common is they are all value stocks trading at price-to-earnings and price-to-book valuations below the market average. Our research shows that value stocks tend to outperform during periods of rapid economic growth. Overall, our portfolio is well-balanced, with a mix of value and economically sensitive companies combined with a group of secular winners that we believe will perform well through all phases of the market cycle.

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

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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 (%)
2020	21.24	20.97	17.1	23.36	21.82	45	102	2,874	0.84
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*	13.02	12.75	11.61						
Five Year*	15.44	15.16	13.4						
Information for period(s) ending June 30, 2021									
2nd Quarter 2021	6.42	6.36	7.5	22.99	21.8	57	134	3,268	
1 Year*	55.06	54.71	49.8						
3 Year*	19.35	19.07	16.45						
5 Year*	18.74	18.46	15.62						
Since Inception*	14.13	13.9	12.35						

*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. The verification report(s) is/are available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report. 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 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 inception date is March 2014 and was created in April 2016. A complete list and description of composites is available upon request.

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 investments, calculating performance, and preparing GIPS Reports 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% (2016, 2017), 2% (2018, 2019) of composite assets. The composite included portfolios where commissions were waived representing approx. 17% (2019) and 18% (2020) 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, 11.0% (2015), 8.9% (2016), 10.1% (2017), 5.8% (2018, 2019) and 6% (2020).

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. 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.