Small Cap Quarterly Commentary

2021: Second Quarter

Argent

Performance Summary

The Argent Small Cap strategy underperformed the Russell 2000® Index for the second quarter of 2021, returning 3.7% net of fees versus the benchmark return of 4.3%.

Performance Summary as of June 30, 2021	%	2Q21	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
Argent Small Cap	Net	3.73	14.53	47.04	4.04	10.44	8.27	7.82
Russell 2000		4.29	17.54	62.03	13.52	16.47	12.34	10.03
Excess Return		**-0.56**	**-3.01**	**-14.99**	**-9.48**	**-6.03**	**-4.07**	**-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 06/30/2021 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 and may contain confidential information. Unauthorized use, disclosure, copying, dissemination or redistribution of this presentation is strictly prohibited.

Stock selection was positive during the quarter, while sector allocation hurt relative performance. Stock selection was most positive in Financials, Health Care, and Real Estate, but was challenged in Consumer Discretionary and Information Technology.

Within Financials, the sector was in line with the benchmark for the quarter. Several of our significant holdings in the sector, OneMain Holdings, Inc., Houlihan Lokey, Inc. and Victory Capital Holdings, Inc., posted double-digit returns for the three-month period. The three banks we own collectively outperformed and our large industry underweight to Banks also added value.

Health Care has been an area of significant new investment over the past two years for the Argent Small Cap strategy. We were able to initiate several positions during the COVID-19 drawdown in March of last year when valuations significantly contracted. Today, over 20% of the portfolio is invested in Health Care-related companies. Broadly speaking, we believe that companies that serve this area will benefit from favorable consumer and government spending patterns. Argent's Health Care holdings are well positioned to take advantage of demographic tailwinds that should support relatively high growth rates moving forward. Select Medical Holdings Corporation continued to see a bounce back in inpatient business that was negatively impacted by COVID-19. The company also announced an acquisition and several new joint venture partnerships during the quarter. Globus Medical, Inc. saw a rebound in the volume of procedures and the company maintained significantly higher growth than the overall U.S. spinal industry. Medpace Holdings, Inc. experienced double-digit organic growth, margin expansion, and record bookings growth.

The two Real Estate holdings in the portfolio, FirstService Corporation and Colliers International Group, Inc., both doubled the returns of the sector adding to overall performance. FirstService is a leader in residential property management and other essential property services to both residential and commercial customers. Its residential property management business is a gem as it boasts a recurring revenue base coupled with the ability to slowly raise prices over time. The company has recently benefited from the large acquisition of a commercial restoration service business. Colliers International is a global commercial real estate services firm that offers sales and leasing, brokerage, outsourcing and advisory services. With the recent acquisition of Harrison Street, Colliers has exposure to investment management services. Colliers has shifted its revenue and earnings mix from highly transactional to service focused. That has proven to be beneficial as Colliers navigated the global pandemic in an admirable fashion. Both FirstService and Colliers appear to be stronger, more resilient businesses coming out of the downturn than they were heading into it.

Energy was one of the best performing sectors, returning 23% for the quarter. The Argent Small Cap strategy had no Energy exposure. Over the long term, small capitalization energy companies tend to destroy more capital than they create, resulting in less-than-exciting return on invested capital profiles. We believe there are better investment opportunities and avoided the sector. The omission of Energy had a negative impact on relative performance for the second quarter and year-to-date 2021. Communication Services was the best performing sector in the Russell 2000 Index during the second quarter, posting a gain of just under 30%. We own a small investment position in IBEX Limited, a business process outsourcing vendor with a growing list of large clients, but the stock did not keep pace with the sector. Index performance for Communication Services was driven by the popular meme stock AMC Entertainment Holdings, Inc. AMC gained over 550% in the second quarter. AMC does not exhibit any of the cash flow characteristics we look for and we do not hold the name. The portfolio's overweight in the Health Care, Information Technology, and Consumer Discretionary sectors modestly benefited overall sector allocation, while the overweight to Industrials hurt performance. The Argent Small Cap strategy does not have exposure to Utilities and that was helpful as the sector underperformed the overall index.

Quarterly Attribution Analysis, June 30, 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	0.52	-11.27	-0.06	2.80	29.60	0.73	-2.28	-40.87	-0.80	-0.50	-0.21	-0.70
Cons. Discretionary	17.30	-2.53	-0.41	14.66	5.78	0.84	2.64	-8.31	-1.25	0.06	-1.38	-1.32
Consumer Staples	1.04	-6.04	-0.08	3.26	2.38	0.09	-2.23	-8.43	-0.17	0.06	-0.10	-0.05
Energy	--	--	--	2.51	23.01	0.48	-2.51	-23.01	-0.48	-0.38	--	-0.38
Financials	14.12	10.17	1.36	16.19	0.51	0.12	-2.07	9.65	1.24	0.00	1.35	1.35
Health Care	20.59	10.11	2.13	17.95	2.89	0.48	2.64	7.22	1.65	0.15	1.29	1.43
Industrials	23.92	0.63	0.12	14.61	1.25	0.19	9.31	-0.62	-0.07	-0.20	-0.15	-0.36
Technology	16.82	1.43	0.30	13.54	5.39	0.73	3.28	-3.96	-0.44	0.07	-0.68	-0.61
Materials	--	--	--	4.90	3.90	0.19	-4.90	-3.90	-0.19	0.04	--	0.04
Real Estate	4.72	15.00	0.63	6.90	7.84	0.51	-2.17	7.16	0.12	-0.07	0.28	0.22
Utilities	--	--	--	2.68	-2.22	-0.06	-2.68	2.22	0.06	0.18	--	0.18
Cash	0.97	0.01	0.00	--	--	--	0.97	0.01	0.00	-0.12	--	-0.12
Total	100.00	3.98	3.98	100.00	4.29	4.29	--	-0.31	-0.31	-0.71	0.40	-0.31

* This is based on the holdings 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

U.S. economic growth charged ahead during the second quarter, buoyed by massively accommodative fiscal and monetary policy brought forth by Congress and the Federal Reserve. Despite some disappointing data on the jobs front in the back half of the quarter, consumer spending and sentiment dramatically rebounded. The labor market is extraordinarily tight and supply issues across industries are driving prices higher across the board. Investors appear to be debating if the inflationary pressures the economy is experiencing are transitory in nature or structurally stickier. The debate seems to have a new winner every week, making for an uneasy investing environment.

The second quarter was marked by essentially two halves. During the first half or so of the quarter, returns in the Russell 2000 Index were driven by profitable, quality companies with high returns on invested capital. Then a major reversal came in the second week of May through quarter end where companies with high leverage, unprofitable operations and low return on equity all lead the charge. The Argent Small Cap strategy performed very well on a relative basis in the first half and gave back that performance in the second half. In a similar fashion to the previous quarter, Small Cap value (+4.6%) outpaced Small Cap growth (+3.9%), but the performance gap was much narrower than we've seen in recent quarters. That's now three quarters in a row in which Small Cap value has beaten Small Cap growth.

Top Contributors

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 that were highlighted by over 20% growth in billings.

Select Medical Holdings Corporation operates critical illness recovery hospitals, rehab hospitals and clinics, and occupational health centers across the U.S. The company focuses its efforts on providing high-quality care and service, and specialized inpatient and outpatient services. While parts of Select Medical's business were negatively impacted by COVID-19, its exposure to critical illness recovery hospitals benefited. The company should continue to benefit from positive trends impacting its outpatient rehab segment longer term, as well as several referral partnerships with acute care hospitals.

Victory Capital Holdings, Inc. is a multi-boutique investment management firm featuring a number of investment franchises supported by centralized administration, distribution and technology. Franchises employ client service representatives that interact with clients and Victory's sales force. The company outsources most middle and back-office operations including trade settlement, analytics, custodian reconciliation, accounting, performance calculation and client reporting. Investment performance is impressive, with ~60% of strategies outperforming their benchmarks over the last one, three, and five years. During the quarter, Victory reported improved net flow trends and fee rate increases.

Houlihan Lokey, Inc. provides financial restructuring and advisory services as well as corporate finance advice to small and medium-sized businesses. It is well diversified as it relates to transaction fees and personnel as each account for no more than 3% and 2% of revenues, respectively. We view Houlihan Lokey as an attractive investment over the course of an economic cycle, due to its debt-free balance sheet and countercyclical sources of revenue. The company reported a record quarter across the board that investors cheered.

Globus Medical, Inc. is a medical device company that develops and commercializes products that promote healing in patients with musculoskeletal disorders. It is an engineering-driven company whose focus on innovation has created a dominant position within the market for spinal products. Globus has an impressive capital allocation track record centered on small, tuck-in acquisitions and timely share repurchases. Globus delivered close to 20% top-line growth in its U.S. spine business in the most recent quarter, even as it experienced headwinds in the first half of the quarter from lingering COVID-19 impacts.

Top Detractors

Addus HomeCare Corporation provides home health, personal care and hospice services. The company provides these services to the elderly, chronically ill or disabled population 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 as opposed to nursing homes or hospitals. The home health care market is highly fragmented and ripe for further consolidation. The stock price continued to lag the market during the quarter as organic growth has slowed, mainly as a result of COVID-19. We chose to add to our position during the quarter as we believe the trends in the home health care industry will rebound fairly quickly with no lasting damage.

Johnson Outdoors Inc. manufactures outdoor recreational products that cater to the fishing, camping, watercraft and diving markets. The company was founded by Sam Johnson almost fifty years ago, and has been run by his daughter, Helen, for the past twenty years. Capital allocation has been centered on investing organically in the business and making small acquisitions that target enhanced technology and innovation. The company reported terrific operating results during the quarter, but the stock declined as investors attempted to determine how long current demand trends will persist. We believe that Johnson Outdoors is well positioned to take advantage of the growing interest in outdoor activities for many years to come.

ePlus Technology, Inc. is an information technology value-added reseller that also offers consulting services to its clients. It focuses on emerging technologies such as security, artificial intelligence and the cloud. ePlus is different from most value-added resellers as it leads with a consultative sales approach, whereby it gets to know its customers and understands their needs. It can then design, deploy and manage solutions that meet the customer's objectives. This lifecycle approach tends to ingrain ePlus into the fabric of its end-user networks and sets the company up to be a recurring partner. While earnings results beat expectations, the stock sold off during the quarter.

Gibraltar Industries, Inc. manufactures products that cater to the residential, industrial, infrastructure and renewable energy markets. Management focuses on product sets and end markets that offer the opportunity for growing and sustaining high margins and returns on invested capital. Gibraltar reported mixed results during the quarter as organic growth slowed in a few of its segments. We had been trimming the stock over the first part of 2021 as its valuation expanded, and we sold our remaining shares during the second quarter to fund what we believe are better investment ideas.

Asbury Automotive Group, Inc. is a well-established auto dealer in the United States with a track record of effective cost management and excellent capital allocation. The company has an improved margin profile and growth prospects due to a recent large acquisition. Auto dealers have been evolving towards a razor/razor-blade model that emphasizes less cyclical streams of revenue and profits such as parts and services as well as financing and insurance. Asbury has also recently introduced an omnichannel strategy that investors appear positive about. The company reported a record quarter of operating results and offered a healthy outlook. The stock pulled back in the quarter as the automotive sector retrenched and we added to our position in Asbury.

Argent Small Cap Strategy Top Contributors and Detractors for Quarter Ending June 30, 2021*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
Fortinet, Inc.	4.25	0.91	Asbury Automotive Group	2.35	-0.36
Select Medical Holdings	3.02	0.50	Gibraltar Industries, Inc.	1.43	-0.37
Victory Capital Holdings, Inc.	2.17	0.41	ePlus inc.	2.34	-0.42
Houlihan Lokey, Inc. Class A	2.22	0.37	Johnson Outdoors Inc.	2.20	-0.44
Globus Medical Inc Class A	2.01	0.37	Addus HomeCare	2.29	-0.51

* This is based on the holdings 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.

Portfolio Positioning

We initiated a few new investments during the second quarter. We purchased Telos Corporation in mid-May and built it up to one of our top five holdings over the course of the quarter. The company sells software-based security solutions that protect sophisticated security customers against evolving threats. Telos has a meaningful and growing competitive advantage in the fast-growing cybersecurity software industry. The company has been endorsed by U.S. intelligence agencies as the de facto standard for governance risk and automated compliance for cloud migration and continuous monitoring. Unlike many government-related cybersecurity providers, Telos owns its own intellectual property and can serve private sector customers as well. We believe there is room for growth and margin expansion as the company further penetrates enterprise customers.

We purchased Green Brick Partners, Inc. in early June. The company is a land developer and home builder that focuses on the Dallas, Atlanta, Colorado Springs/Fort Collins and Vero Beach markets. Housing inventory is low and demand is high. The secular shift toward homeownership post-pandemic has accelerated while housing starts have been below trend for years. Green Brick Partners is positioned to benefit as the population continues to migrate towards the Sun Belt. States such as Colorado, Utah and Montana are also beneficiaries of that migration and have seen an influx of new residents driven by relative affordability and career flexibility. Green Brick's combined experience with both land development and homebuilding have helped the company produce margins and returns well above most similar-sized peers.

As of the end of the second quarter, the portfolio was most overweight Industrials followed by Information Technology, Health Care and Consumer Discretionary. The Argent Small Cap strategy was most underweight Communication Services followed by Consumer Staples, Real Estate and Financials. There is no sector exposure to Utilities, Energy and Materials. As an investment team, we continue to seek good businesses that are priced at attractive valuations. Recall, to us a good business is one that generates substantial cash flow, requires opportunistic capital investment, and has a conservatively financed 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 June 30, 2021									
2nd Quarter 2021	3.9	3.73	4.29	26.44	25.21	1	24	3,268	
1 Year*	48.01	47.04	62.03						
3 Year*	4.8	4.04	13.52						
5 Year*	11.36	10.44	16.47						
10 Year*	9.27	8.27	12.34						
Since Inception*	8.83	7.82	10.03						

*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.