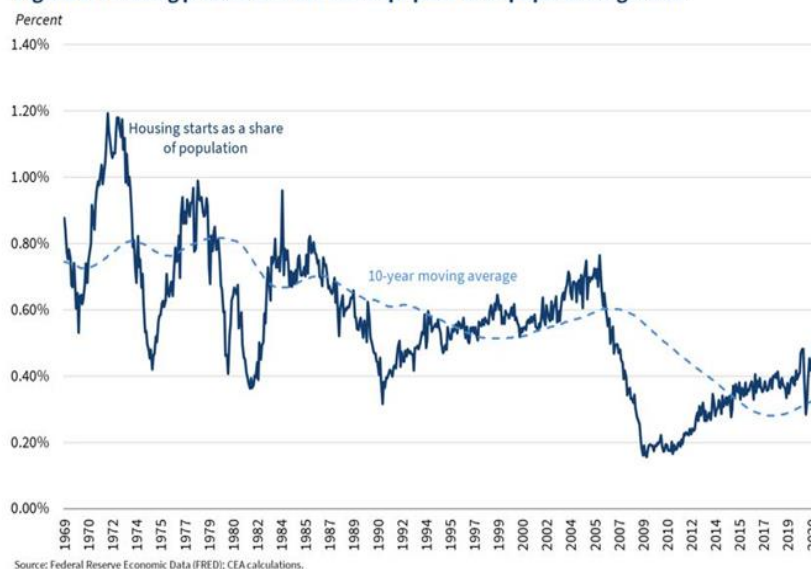




We are *extremely* pleased with how the Mid Cap strategy ended 2021 with the Argent Mid Cap strategy now ranking in the top 10% of all Midcap Core strategies in its peer group for 2021 and over the trailing three years. For the year, the strategy has outperformed the Russell Midcap® by an impressive 13% *net of fees*. We are also proud of its outperformance versus the Russell Midcap over every major time period since inception, including the trailing one, three and five-year periods. It has been a great ride, but our focus is now on 2022, and what must be done to sustain the track record.

With that in mind, the current housing shortage is ongoing and predicted to continue well into 2022. While the pandemic may have caused supply chain disruptions and changed housing preferences, it did not create the underlying shortage in the housing market. The pandemic merely exposed an issue that has been around for decades. Over the last 40 years, as illustrated by the chart to the right, housing supply has simply not kept pace with population growth. New residential homes have been a decreasing trend since the 1970s.

Figure 2: Housing production has not kept pace with population growth



In order to meet this pent-up demand, home construction is predicted to boom over the next two years and homebuilders are on buying sprees to increase their land holdings.

One commonality among homebuilders is that most purchase their building materials through Builders FirstSource, Inc. We first purchased the stock in 2019 for the portfolio. The company is a manufacturer and supplier of building products related primarily to new residential construction in the United States. The company has five primary business segments: manufactured components, windows and doors, lumber and lumber sheet goods, gypsum, roofing and siding, as well as metal and concrete products.

Both the company’s acquisition strategy and its organic growth have contributed to the company’s strong stock price performance. Over the last several years, Builders FirstSource acquired several smaller competitors that are expected to realize substantial synergies within the organization and improve its competitive position within the market. It acquired CaliTruss, the largest truss manufacturer in California, which services the most significant housing market in the United States. The company also purchased John’s Lumber, which will expand the company’s offerings throughout Michigan. Even more exciting is its expansion into digital solutions through the acquisitions of Kattera and Paradigm software. Through these acquisitions, the company is expected to significantly

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improve critical areas of construction project management such as budgeting, workflows, workforce management and scheduling.

Furthermore, Builders FirstSource has seen tremendous organic growth due to the surge in housing demand. The recent housing boom and rising prices for building materials boosted revenues and margins for the company. The home shortage will keep demand for housing high for several years, along with the increasing number of millennials becoming first-time home buyers. The company's management team remains focused on both future strategic acquisitions and organic growth. For these reasons, we believe Builders FirstSource has a strong growth trajectory.

Argent had a terrific year with all five of its strategies, including our newest strategy, SMID Cap U.S., outperforming their stated benchmarks in 2021. We are 100% employee-owned, have peak assets under management and we thank you for your business and your interest. In addition, if you like our market letters, we hope you will pass them on to friends. For information on our five successful equity strategies—Large Cap U.S., Dividend Select, Mid Cap U.S, Small Cap U.S. and SMID Cap U.S., please contact clientservice@argentcapital.com.

Sincerely,



Kirk McDonald, CFA – Portfolio Manager & Senior Research Analyst – Quantitative
(kmcdonald@argentcapital.com)

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