



As we enter 2022, we are proud of the strong, consistent track record of Argent Dividend Select. 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*). Argent Dividend Select is designed to create a “sleep at night” portfolio built on high-quality, dividend paying stocks.

Albert Einstein once said, “The most powerful force in the universe is compound interest.” Going into 2022, we continue to position the Dividend Select portfolio with this great quote in mind, as we know that the S&P 500® Index has experienced an average dividend growth rate over the past sixty years of approximately 6%, over double the inflation rate. As a result, time and math are on our side. However, the only way to realize the power of compounding is to hold the right companies for long periods of time. That is why we are very selective when choosing names for our portfolio. We look for companies that are growing their dividends, have solid balance sheets, attractive cash flows and strong management teams. Additionally, the companies we invest in must have demonstrated the ability to grow and compound the cash flows of the business over time. Our intention is to partner with these companies for the long term. In fact, 25% of the companies we own have been in our portfolio for nine years or longer.

We can look to two of these companies to show the power of compounding at the dividend level. We originally purchased Microsoft in 2010 with a cost basis of \$25.00. Today, the annual dividend is \$2.48. That equates to a return of **9.9%** for the year from the dividend alone on those originally invested dollars. Granted, not every client has been invested in the strategy since 2010, but this powerful illustration remains the same. Microsoft possesses strong cash flows and has a historical track record of returning cash to shareholders in the form of stock buybacks and dividends. Although Microsoft isn’t one of the highest yielding stocks in the Dividend Select portfolio, the company grew its dividend by 34% over the last three years alone! In addition, the company has increased its dividend for the past nineteen consecutive years.

Similarly, we purchased JPMorgan Chase & Co. in 2011 with a cost basis of \$45.20. The annual dividend is currently \$4.00. For the year, the return from the dividend alone on those originally invested dollars is **8.8%**. Additionally, JPMorgan grew its dividend by 40% over the last three years. It has also increased its dividend for each of the past ten years. Both Microsoft and JPMorgan illustrate how selecting companies with strong earnings power, growing cash flows and solid balance sheets give them the ability to reward investors through the power of dividends.

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,

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