



Lately I've been asked if inflation and the consequences of the war in Ukraine might slow economic growth in the U.S. While our crystal ball is no clearer than others, it's unlikely that these two factors will have a significant impact on the U.S. economy. Overall, the U.S. economy is very strong, and it will most likely continue along its course. In fact, we've seen evidence of stable economic growth in several areas.

The labor market recovery has been historically fast. We've had blowout jobs growth and unemployment claims are at a 52-year low. According to the Bureau of Labor Statistics Job Openings and Labor Turnover Survey (JOLTS), there were 10.9 million job openings in the U.S. as of December—that equates to roughly 1.7 job openings per unemployed person. Furthermore, housing is booming. Houses are in very short supply, and builders are building them as fast as possible. Large capital spending projects are on the rise as well. Corporate spending on big-ticket items such as warehouses and new stores is expected to remain strong in 2022. Companies in the airline, semiconductor and utility industries plan to spend billions on new facilities in the years ahead. One reason for the increase in capital spending is that during the early days of the pandemic, many companies were stockpiling cash and they now want to invest that cash.

One company in our Mid Cap portfolio benefiting from the increase in large capital expenditures is United Rentals, Inc. United Rentals is the largest commercial and construction equipment renter in the world. It services customers in the commercial, industrial, construction and residential sectors. Dump trucks, excavators, cranes, and bulldozers are expensive to buy, insure, maintain, and transport. The equipment might not be used every day, adding to the cost of ownership. This is where United Rentals simplifies the process. A worker can rent well-maintained equipment when they need it and for as long as they need it.

Making sure its equipment fleet is clean, fueled, operational and delivered on time is a massive undertaking. This is why United Rentals has taken on a digital transformation designed to give it a critical edge in the industry. Inventories are carefully monitored with technology, and it has rolled out its Total Control system, which gives customers the flexibility to rent equipment with just a few mouse clicks. One of United Rental's main objectives is to help the customer save money by effectively managing their rentals. The philosophy of putting the customer first has created valuable long-term loyalty. This is reflected in 2021 revenue for the company, which is up 14.0% over last year. We first purchased the stock for the portfolio in July 2017 and the stock is up 197.7%. We continue to like its prospects.

We are 100% employee-owned and we thank you for your business and your interest. In addition, if you like our market letters, videos by Ward Brown and podcasts by Ken Crawford, we hope you will share them with 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,

A handwritten signature in black ink, appearing to read "Kirk McDonald".

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Views expressed herein represent the opinion of the portfolio manager as of the date above and are subject to change. Performance returns cited represent past performance, which does not guarantee future results. Returns assume reinvestment of dividend and interest but returns do not reflect the effect of taxes and/or fees that an investment would incur. Please see the Mid Cap Fact Sheet on our website for additional performance details and disclaimers.