

SMID Cap Quarterly Commentary

2022: First Quarter

Argent

Performance Summary

The Argent SMID Cap strategy underperformed the Russell 2500® Index for the first quarter of 2022, returning -13.2% net of fees versus the benchmark return of -5.8%.

Performance Summary as of March 31, 2022				
	%	1Q22	1 Year	Since Inception*
Argent SMID Cap	Net	-13.23	4.57	14.53
Russell 2500		-5.82	0.34	13.75
Excess Return		-7.41	4.23	0.78

*Annualized, 12/31/2019

For comparison purposes, the strategy is measured against the Russell 2500® Index. Past performance is no guarantee of future results. Data is as of 03/31/2022 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.

Both stock selection and sector allocation were negative during the first quarter. The largest detractor from an allocation standpoint was the strategy's lack of exposure to the Energy sector. Energy has a 5.5% weight in the Russell 2500 benchmark and was the best performing sector in the first quarter. The sector posted a return of more than 40% for the period. Historically, we have shied away from businesses in this area for two main reasons. First, its livelihood is based upon the price of a commodity that is hard to predict. Second, the industry's capital-intensive nature inhibits the ability of most energy companies to consistently generate acceptable returns on that capital. As always, we will keep our eyes open to any changes that are taking place in the industry that could alter our view. The overweight in Consumer Discretionary companies hurt too, as the spike in oil and interest rates during the first quarter had a negative impact on investor sentiment. After Energy, Utilities and Materials were the next best-performing sectors in the first quarter, and our small exposure to Materials and lack of exposure to Utilities detracted from an allocation perspective.

Stock selection was most negatively pronounced in Consumer Discretionary, Industrials and Information Technology. Within Consumer Discretionary our housing-exposed businesses sold off during the second half of the first quarter. Tempur Sealy International, Inc., Skyline Champion Corporation, Installed Building Products, Inc. and NVR, Inc. struggled. All three companies recently reported strong revenue and earnings growth but increasing interest rates were problematic. We continue to believe housing-related investments have tailwinds. Demand trends remain positive, while supply constraints are prevalent. An increase in mortgage rates could cool the market to some extent and most buyers want to buy and not rent, as rents are increasing in a meaningful way. We think buyers are likely to respond by lowering their limit on what they can purchase and not exit the market entirely.

Industrials suffered a similar fate as two of our building products companies, Builders FirstSource, Inc. and Masco Corporation, were challenged during the quarter. United Rentals, Inc. and Booz Allen Hamilton Holding Corporation offset some of the negative stock selection as they reported very positive earnings results and offered bright outlooks. United Rentals is the largest equipment rental company in the world. It rents heavy-duty equipment to various end markets, including railroads, shippers, energy companies, chemical companies and construction customers serving healthcare, lodging and entertainment clients. Booz Allen Hamilton is a management and technology consulting business that caters to the U.S. government and a growing list of commercial customers. Its key areas are cyber prevention, engineering services, artificial intelligence and cloud platforms. With a growing need for investment in national security and a budget that supports that premise, Booz Allen has several tailwinds on the horizon that are likely to support accelerated organic growth.

Health Care was a bright spot for the first quarter as Amedisys, Inc. continued to bounce back and Globus Medical, Inc. benefited from further market share gains. Amedisys provides home health care, hospice and personal care services to 450,000 patients in thirty-eight different states. The company's strategy is to be the best choice for care

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wherever its patients call home. COVID-19 and the resulting labor pressures from the pandemic put a near-term dent in the home health care industry. We believe that the growth trends were in place before COVID-19 hit. An aging population, patient preference for care in the home and a move toward value-based care continue to be intact. Globus 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 spine products. Once again, in the most recent quarter, Globus delivered top line growth in its U.S. spine business that was well in advance of end-market growth. The company has consistently increased market share for years and is set to launch several new products in 2022.

Quarterly Attribution Analysis, March 31, 2022

Argent SMID Cap Strategy vs. Russell 2500 Index*

	Argent SMID Cap			Russell 2500			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	--	--	--	2.65	-2.53	-0.06	-2.65	2.53	0.06	-0.08	--	-0.08
Cons. Discretionary	19.77	-21.84	-4.56	11.63	-15.10	-1.87	8.14	-6.74	-2.68	-0.74	-1.41	-2.16
Consumer Staples	2.26	0.96	0.08	3.14	-3.99	-0.14	-0.88	4.95	0.22	-0.02	0.11	0.09
Energy	--	--	--	4.83	40.51	1.56	-4.83	-40.51	-1.56	-1.70	--	-1.70
Financials	16.45	-6.87	-1.22	15.32	-3.66	-0.65	1.13	-3.20	-0.57	0.03	-0.52	-0.49
Health Care	13.91	-13.02	-1.75	12.94	-14.90	-2.06	0.97	1.89	0.31	-0.02	0.26	0.23
Industrials	23.26	-12.78	-2.93	16.40	-7.33	-1.23	6.86	-5.45	-1.70	-0.10	-1.26	-1.37
Technology	19.43	-13.41	-2.57	15.83	-9.53	-1.52	3.60	-3.88	-1.06	-0.11	-0.79	-0.90
Materials	2.22	8.12	0.12	5.90	6.83	0.40	-3.68	1.29	-0.28	-0.42	-0.00	-0.42
Real Estate	2.55	-12.28	-0.31	8.77	-3.66	-0.33	-6.23	-8.62	0.02	-0.12	-0.21	-0.33
Utilities	--	--	--	2.59	2.50	0.08	-2.59	-2.50	-0.08	-0.20	--	-0.20
Cash	0.16	0.05	0.00	--	--	--	0.16	0.05	0.00	0.01	--	0.01
Total	100.00	-13.14	-13.14	100.00	-5.82	-5.82	--	-7.33	-7.33	-3.49	-3.84	-7.33

* This is based on the holdings history of a representative portfolio of the Argent SMID 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

In the first quarter, investor concern regarding inflation, the uncertainty created by the war in Ukraine and China's ongoing battle with COVID-19 frightened the consumer and disrupted stock markets worldwide. Domestically, the United States is experiencing the highest inflation in 40 years. To temper inflationary pressure, the Federal Reserve initiated the first of what appears to be a long series of interest rate hikes. In Europe, the Russian invasion of Ukraine triggered a swift rise in the price of food and energy and destabilized economies. Further exogenous shocks have the potential to cause a recession in Europe. In Asia, China's ongoing battle with COVID-19 is causing a significant economic slowdown.

Sector performance in the Russell 2500 was widely dispersed with only the Energy, Materials and Utilities sectors producing positive quarterly returns. Energy gained a stunning 40% while Materials were up 7.5% and Utilities returned 2.5%. The worst-performing sectors were Consumer Discretionary and Health Care, with returns down around 15% for both. The leadership in this most recent downdraft has certainly shifted from what we saw during the last several drawdowns. Value has outperformed growth rather significantly. During the first quarter, SMID cap

value (-1.5%) once again bested SMID cap growth (-12.3%). Over the trailing twelve months, SMID value is +7.7% while SMID growth is -10.1%.

Top Contributors

LPL Financial Holdings, Inc. serves the advisor-mediated advice marketplace as the nation's largest broker-dealer, a leading investment advisory firm and a top custodian. It supports advisors by providing front-, middle- and back-office solutions through a distinct value proposition: integrated technology solutions, comprehensive clearing and compliance services, consultative practice management programs and training, business solutions and planning and advice services and in-house research. LPL has done an admirable job over the past several years in broadening the channels it serves by moving into higher growth areas and increasing advisor productivity with business solutions. LPL is a top-five holding in the SMID Cap portfolio.

United Rentals, Inc. is the largest rental equipment company in North America. It not only rents earth moving machines, aerial lifts and materials handling machines but it also possesses a high-margin specialty business that involves solving more complex customer problems such as power and HVAC, fluid, trench safety and tool solutions. United Rentals has a massive footprint that covers the United States and Canada, allowing it to quickly serve the needs of any customer. The company reported better-than-anticipated operating results during the quarter and communicated that its end markets are strengthening.

Huntsman Corporation is a global manufacturer of differentiated organic chemical products. Its largest segment is polyurethanes, which are used to produce rigid and flexible foams and coatings, adhesives and sealants for applications in various end markets. Huntsman focuses on higher-margin and higher-growth end markets across its product set. The company has been the target of an activist investor, Starboard, who unsuccessfully waged a proxy contest that ended in March.

Molina Healthcare, Inc. is a managed care provider that serves 5.2 million members located across eighteen states. The company has done a nice job of growing over the years by procuring new state opportunities, retaining existing contracts and increasing market share in current service areas. The industry exhibits compelling tailwinds in increasing patient responsibility, an ongoing shift to value-based care and an aging population. During the quarter, Molina reported better-than-expected operating results and offered a forecast that included margin expansion and double-digit earnings growth for the coming year.

Euronet Worldwide, Inc. is an electronics payment processing provider that offers solutions for Electronic Funds Transfer (EFT), money transfer and prepaid end markets. It has built a unique network of networks that drives transactions in the quickly evolving global payments landscape through diverse cash-based and digitally driven services for consumers and businesses. The company's founder remains CEO to this day and is aligned with shareholders given his \$250 million equity stake in Euronet. While the company was negatively impacted by COVID as travel was essentially halted, Euronet's business has bounced back nicely over the last several quarters.

Top Detractors

Tempur Sealy International Inc. is one of the world's largest bedding providers. It develops, manufactures and markets mattresses, adjustable bases, pillows and other sleep and relaxation products. Tempur Sealy had a great 2021 from an operating perspective with exceptional earnings growth and margin expansion. In March, the company told investors that it would grow its top line by 15% during the first quarter instead of the expected 20% and the stock subsequently sold off hard.

Builders FirstSource, Inc. is the leading building materials distribution company in the United States. It sells lumber, windows, doors, siding and prefabricated materials. The company acquired its closest competitor, BMC Holdings, in a massively accretive transaction in early 2021 and has continued to roll up the industry through a variety of sizeable M&A transactions since then. The industry is highly fragmented and Builders is several times larger than its closest competitor giving it national reach, yet local expertise and economies of scale. In some markets, it is the only company that can serve large homebuilders giving it an entrenched competitive position from which to grow. Builders reported well-above consensus operating results in the most recent quarter.

Skyline Champion Corporation produces manufactured housing and mobile homes in the United States and Canada. The company provides lower cost, more affordable options for potential homeowners. As a manufactured home builder, Skyline enjoys the standardization of processes, a more effective labor force that offers centrally managed flexibility and bulk buying and shipping advantages. The company's most recent quarterly earnings were much better than anticipated as Skyline experienced above-market growth in volumes and average sales prices.

Zebra Technologies Corporation designs automatic identification and data capture products. Its products include barcode scanners, RFID readers and specialty printers for barcode labeling, to name a few. Zebra also offers a wide range of maintenance services, technical support, repair and cloud-based software subscription and robotics automation solutions. The company just acquired Matrox Imaging, a company that makes smart cameras, 3D sensors and vision controllers used to capture, inspect, assess and record data from industrial vision systems in factory automation, pharmaceutical packaging and semiconductor inspection. Zebra reported above consensus earnings results but cited supply chain issues for a weaker-than-anticipated outlook.

Omniceil, Inc. is an omnichannel pharmacy automation company that helps hospitals and health care systems manage their medication and pharmacy operations through hardware solutions connected via a software offering. The company has an entrenched position in just under half of the hospitals in the U.S and has been gaining market share for years. It has complemented organic growth with several acquisitions that have increased its exposure to software-as-a-service revenue streams. Omnicell posted record results in 2021 but is experiencing some cost inflation across its business lines that will impact margins in the first part of 2022.

Argent SMID Cap Strategy Top Contributors and Detractors for Quarter Ending March 31, 2022*

Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
LPL Financial Holdings Inc.	2.69	0.41	Omniceil, Inc.	2.51	-0.61
United Rentals, Inc.	2.77	0.32	Zebra Technologies	2.57	-0.74
Huntsman Corporation	2.22	0.25	Skyline Champion Corp.	3.10	-0.79
Molina Healthcare, Inc.	2.53	0.22	Builders FirstSource, Inc.	4.71	-0.90
Euronet Worldwide, Inc.	1.64	0.20	Tempur Sealy International	2.39	-0.91

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Portfolio Positioning

Turnover was flat in the first quarter and 14% over the trailing twelve months. We didn't add any new investment positions during the first quarter, but we did add a handful of new research ideas to our watchlist given the market volatility. To us, a good business is one that exhibits above-average profitability, generates above-average cash flow and has a management team that is a good steward of capital. The first quarter provided just the right environment for us to build up our investment candidate bench.

Our market cycle model is transitioning from an expansion phase during which companies with higher economic sensitivity and value characteristics are rewarded, to a slowdown phase, wherein companies with lower economic sensitivity and growth characteristics typically outperform. Argent SMID Cap considers where we are in the market cycle as a component of its risk process. We aim to have two-thirds of the portfolio positioned for the current market cycle and one-third of the portfolio positioned for the next phase of the market cycle. As we look out into 2022, we anticipate a slowdown cycle beginning in the first half and for that reason will look to increase our exposure to quality at the expense of economic sensitivity.

Sincerely,

Argent SMID Cap Team

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For the period ending December 31,	Gross-of-Fees (%)	Net-of-Fees (%)	Russell 2500 Return (%)	Composite 3-Yr St. Dev (%)	Russell 2500 3-Yr St Dev (%)	Number of Composite Accounts	Composite Assets (\$ millions)	Principal Business Assets (\$ millions)	Internal Dispersion (%)
2021	35.43	35.21	18.18	NA	NA	5	2	3,517	0.46
2020	15.75	15.61	19.99	NA	NA	4	2	2,874	NA
Information for period(s) ending March 31, 2022									
1st Quarter 2022	-13.19	-13.23	-5.82	NA	NA	6	2	3,274	
Rolling 1 – Year	4.75	4.57	0.34						
Since Inception - Annualized	14.7	14.53	13.75						
*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, 2020. 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 SMID Cap Composite has had a performance examination for the periods January 1, 2020 through December 31, 2020. 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 in U.S. equities with both mid & small-capitalization showing strong earnings, with both growth and value characteristics, 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 December 2019 and was created in December 2020. A complete list and description of composites is available upon request.

3. The benchmark is the Russell 2500® Index which measures the performance of the 2,500 smallest companies in the Russell 3000 Index, with a median capitalization of \$1.2 billion. 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. During 2020 & 2021, all portfolios in the composite had their commissions waived.

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 80% of the composite during 2020 and 77% (2021).

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. The standard deviation is not presented for 2020 & 2021 since the composite inception date of 12/31/19 does not provide historical data to calculate a 3-year formula.