Small Cap Quarterly Commentary

2022: Second Quarter

Argent

Performance Summary

The Argent Small Cap strategy outperformed the Russell 2000® Index for the second quarter of 2022, returning -11.9% net of fees versus the benchmark return of -17.2%.

Performance Summary as of June 30, 2022

	%	2Q22	YTD	1 Year	3 Year*	5 Year*	10 Year*	Since Inception*
Argent Small Cap	Net	-11.89	-25.02	-24.04	-2.63	-1.34	5.77	5.24
Russell 2000		-17.20	-23.43	-25.20	4.21	5.17	9.35	7.14
Excess Return		**5.31**	**-1.59**	**1.16**	**-6.84**	**-6.51**	**-3.58**	**-1.90**

*Annualized, 01/01/2008

For comparison purposes, the strategy is measured against the Russell 2000® Index. Past performance is no guarantee of future results. Data is as of 06/30/22 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 meaningfully positive during the second quarter, while sector allocation was a detractor. From an allocation perspective the lack of exposure to Consumer Staples, Utilities and Energy–all sectors that outperformed on a relative basis–hurt the Small Cap strategy. It was particularly nice to see the Energy sector cool off in the second quarter. While the sector still modestly outperformed on a relative basis, it was a far cry from the greater than 50% relative outperformance the sector racked up during each of the previous two quarters. The portfolio was also overweight Consumer Discretionary and Information Technology–sectors that underperformed on a relative basis–and proved to be a headwind. Communication Services was the worst-performing sector in the Russell 2000 during the second quarter, and the portfolio's lack of exposure to this sector provided a nice benefit to allocation.

Stock selection was most positive in the Consumer Discretionary sector, followed by Information Technology, Health Care and Industrials. The portfolio's collection of businesses within Consumer Discretionary was up under 1% during the second quarter. The overall sector was down over 20%. Holdings in America's Car-Mart, Inc., Asbury Automotive Group, Inc. and Murphy USA Inc. significantly outperformed during the quarter. Both Asbury Automotive and Murphy USA reported record operating results and investors rewarded America's Car-Mart's better-than-anticipated earnings results. The portfolio's housing-related exposure also bounced back during the second quarter and was additive to relative performance.

Information Technology stock selection was a relative contributor in the second quarter. ePlus inc. and IBEX Limited, a newer addition to the portfolio, both produced solid relative gains. ePlus is an information technology products value-added reseller and consultant. The company has seen product revenue meaningfully outpace end market growth as its exposure to cybersecurity offerings has done well. IBEX is a business process outsourcer that has shifted from providing commoditized call center support to a technology-led provider and partner of choice for high-growth brands that are digitally transforming themselves. As a result, the company has experienced accelerating organic revenue growth that will translate into strong margin trends in the coming quarters.

Health Care has been an area of investment focus for the Small Cap strategy over the past several years. It was encouraging to see positive relative gains during the second quarter. Select Medical Holdings Corporation, Medpace Holdings, Inc. and Halozyme Therapeutics, Inc. each contributed to performance. Select Medical operates both inpatient and outpatient rehabilitation hospitals across the United States. Labor shortages, inflation and COVID-19 outbreaks have been a damper on the company's operating results. Select Medical provides critical services and while cost issues remain a headwind, investor sentiment appears to have bottomed. Medpace is a contract research organization that delivered strong results in the second quarter as the company continues to amass impressive bookings from health care companies looking for help to advance therapies through their pipelines.

Halozyme is a free cash flow positive, earnings generating, revenue producing biotechnology company, a rarity in the small capitalization universe. While cash burning biotechnology companies have experienced challenges for the last several quarters, Halozyme has seen accelerating royalty revenue growth and margin expansion. The market has finally started to notice.

Industrials benefited from a bounce back in a handful of building products businesses that sold off in the first quarter such as Simpson Manufacturing Co., Inc. and UFP Industries, Inc. as well as the takeout of ManTech International Corporation by a private equity firm. ManTech provides innovative, mission-focused technology solutions and services for the U.S. intelligence, defense and federal civilian agencies. Its main areas of expertise include full-spectrum cyber, advanced data analytics and intelligent systems engineering. Earlier this year the founder and largest shareholder, George Pederson, engaged investment bankers to explore strategic options for the company. ManTech accepted an all cash offer from The Carlyle Group Inc. in mid-May.

Quarterly Attribution Analysis, June 30, 2022
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	--	--	--	2.92	-28.99	-0.91	-2.92	28.99	0.91	0.39	--	0.39
Cons. Discretionary	19.94	0.82	0.00	10.18	-21.32	-2.30	9.76	22.14	2.31	-0.49	4.21	3.72
Consumer Staples	--	--	--	3.82	-2.90	-0.07	-3.82	2.90	0.07	-0.52	--	-0.52
Energy	--	--	--	7.18	-13.08	-1.18	-7.18	13.08	1.18	-0.26	--	-0.26
Financials	16.36	-12.50	-2.04	16.22	-12.48	-1.89	0.14	-0.02	-0.15	0.03	-0.03	-0.01
Health Care	20.59	-15.35	-3.04	15.63	-18.83	-2.77	4.96	3.48	-0.28	0.05	0.60	0.65
Industrials	19.65	-13.99	-3.00	15.63	-16.16	-2.58	4.02	2.17	-0.42	0.08	0.39	0.47
Technology	15.81	-15.38	-2.46	13.15	-22.33	-3.02	2.65	6.95	0.56	-0.12	1.20	1.08
Materials	--	--	--	4.25	-17.70	-0.78	-4.25	17.70	0.78	0.02	--	0.02
Real Estate	6.10	-15.98	-0.98	7.76	-19.98	-1.59	-1.66	4.00	0.61	0.08	0.24	0.32
Utilities	--	--	--	3.26	-4.07	-0.11	-3.26	4.07	0.11	-0.42	--	-0.42
Cash	1.56	0.25	0.00	--	--	--	1.56	0.25	0.00	0.24	--	0.24
Total	**100.00**	**-11.52**	**-11.52**	**100.00**	**-17.20**	**-17.20**	**--**	**5.68**	**5.68**	**-0.93**	**6.61**	**5.68**

* 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

The second quarter saw a continuation of what investors witnessed in the first quarter of 2022. The Federal Reserve, adamant about fighting rising inflation, continued down its path of tightening monetary policy by raising interest rates twice during the second quarter for a combined 1.25% increase. Oil and natural gas prices continued their rise but experienced a pullback in June. It appears that the U.S. economy is slowing. Consumers, investors and small business owners have taken notice. As a result, sentiment levels are near all-time lows. We believe it is safe to assume that risk-averse behavior will prevail until we see some type of resolution with the conflict in Ukraine, inflation abates, and investors become comfortable with the trajectory of interest rates.

The Russell 2000 Index had a very poor quarter. Every sector in the index posted a negative return. In fact, the index generated its worst first half return in its 40 years of existence, falling 24.3%. Investors, once again, hid in defensive sectors such as Utilities and Consumer Staples. During the second quarter, small cap value (-15.3%) once again bested small cap growth (-19.3%). This is the seventh quarter in a row where small cap value outperformed small cap growth. Small cap growth did hold up better in June as Energy cratered and the more cyclical companies sold off as recession fears came to the forefront. Quality characteristics, such as high return on invested capital, profitability, and high return on equity outperformed nicely during the second quarter and benefited the Small Cap strategy's clients for the three month time period.

Top Contributors

America's Car-Mart, Inc. is an integrated automotive sales and finance company with almost 150 stores in small cities across the south-central United States. The company serves subprime consumers and competes with mom-and-pop businesses and the used car segment of franchised car dealers. The addressable market of subprime consumers is large and underserved, providing excellent long-term growth prospects for America's Car-Mart from both an organic growth and consolidation perspective. The company saw gross profit per unit and average sales price increases in the most recent quarter. Volumes slightly declined, but meaningfully outperformed the industry.

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. Auto dealers have evolved to razor/razor-blade models that emphasize less cyclical streams of revenue and profits such as parts and services, financing and insurance. Asbury recently introduced an omnichannel strategy that is attractive to investors. The company reported another record quarter of operating results and offered a healthy outlook. It also opportunistically repurchased shares during the quarter for the first time in two years.

Murphy USA Inc. operates gas stations almost entirely in Walmart parking lots. It is a low-price, high-volume retailer with low-cost store formats. Murphy acquired QuickCheck in early 2021 and the transaction has gone quite well. QuickCheck helped Murphy increase its exposure to higher-margin food and beverage offerings without diluting its advantaged fuel strategy. The company has reported several quarters in a row of impressive fuel and merchandise margins. Murphy has coupled that with a thoughtful approach to share repurchase, driving the stock price higher.

RLI Corp. is a specialty property and casualty insurance company based in Peoria, IL. The company's strategy is to underwrite smaller, niche businesses and develop products that are tailored to meet the needs of its customers. It is constantly introducing new products, and conversely, exiting unsuccessful lines. Management is nimble, experienced and impressive. They will grow when they see opportunity and shrink when they do not. They are incentivized to focus on profitability above all else. RLI has benefited from improving industry conditions over the past several quarters, growing its premium base while meaningfully increasing underwriting profit. RLI's defensive characteristics have served it well as market volatility has increased over the past year.

ePlus inc. is an information technology value-added reseller that also offers consulting services to its clients. The company focuses on emerging technologies such as security, artificial intelligence and the cloud. ePlus is a bit different than most value-added resellers as it leads with a consultative sales approach, whereby it gets to know its customers and understands their needs. ePlus can then design, deploy and manage solutions tailored to meet the customers' objectives. This lifecycle approach tends to ingrain ePlus into the fabric of its end users' networks and sets it up to be a recurring partner. The company reported revenue growth that meaningfully outpaced end market growth in the most recent quarter.

Top Detractors

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 spine products. Globus has an impressive capital allocation track record that has centered on small, tuck-in acquisitions and timely share repurchases. The company pre-announced softer-than-expected operating results during the quarter that were driven by the lingering impacts that COVID-19 flare-ups are having on industry volumes. Management offered encouraging commentary around pipelines and procedure volume trends that led us to add to our investment position on the pullback.

Herc Holdings Inc. was founded almost sixty years ago and is the third largest equipment rental business in the U.S. and the sixth largest in the world. The industry it operates in is highly cyclical and late cycle. Scale matters and equipment rental pricing has become increasingly rational due to significant consolidation over the past decade. Consolidation will continue at a steady pace and Herc should grow organically at a rate in excess of the U.S. non-residential construction market due to its plan to boost equipment in existing locations and add locations to current urban markets. The stock price fell most of June as cyclical companies were punished by recession fears.

InfuSystems Holdings, Inc. is a health care service provider that facilitates outpatient care for durable medical equipment manufacturers and providers. It has two sources of revenue, renting durable medical equipment to providers and also offering an integrated therapy services platform that provides treatment consumables, handles the logistics around orders and deliveries, around-the-clock nursing support, biomedical services and billing. The company is a one-stop shop for manufacturers and providers of certain therapies such as oncology, pain management and negative pressure wound treatment. We lost confidence in management's ability to set appropriate expectations for investors after several delayed contract implementations and exited our position during the quarter.

Envestnet, Inc. provides intelligence systems for wealth management and financial wellness. Its unified technology is designed to enhance financial adviser productivity and strengthen the wealth management experience. More than 3,500 companies, including 17 of the 20 largest U.S. banks, 47 of the 50 largest wealth management and brokerage firms and over 500 of the largest Registered Investment Advisors leverage Envestnet technology and services. The company has complemented organic growth with several significant acquisitions over the past several years. Over the first half of the year, Envestnet was once again the subject of takeout rumors. While the company was listening to interested parties on the private equity side, a deal ultimately never transpired, and the stock sold off on that news and the overall market decline.

PetIQ, Inc. provides services and products to the companion animal market. The company manufactures and distributes pet health and wellness products through an omnichannel approach, and also offers veterinary services via a clinic offering that partners with mass retailers. PetIQ has made several accretive acquisitions in its products segment over the past several years. The company is still navigating the pandemic across its services segment, as some stores remain understaffed from veterinary absenteeism as a result of COVID-19. PetIQ's recent operating results were quite a bit better than expected and management disclosed some new product initiatives within its products segment. Nevertheless, the stock sold off during the quarter.

Argent Small Cap Strategy Top Contributors and Detractors for Quarter Ending June 30, 2022*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
America's Car-Mart, Inc.	2.51	0.87	Globus Medical, Inc Class A	2.63	-0.20
Asbury Automotive Group, Inc.	3.26	0.62	Herc Holdings Inc.	0.81	-0.24
Murphy USA Inc.	2.46	0.60	InfuSystem Holdings, Inc.	0.35	-0.27
RLI Corp.	2.45	0.47	Envestnet, Inc.	3.10	-0.36
ePlus inc.	4.00	0.44	PetIQ, Inc. Class A	2.15	-0.37

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Portfolio Positioning

Turnover was just under 6% in the second quarter and came in at 20% over the trailing twelve months. We added some new investments to the portfolio during the second quarter. One example is ICF International, Inc. The company is a professional and technology services firm that serves government, energy utilities and commercial clients. Its services include advisory and strategy, program management, and technology and analytics work. ICF is highly levered to four secular growth trends: energy efficiency, disaster recovery, IT modernization and health, providing what we believe to be a nice multiyear runway for growth.

As of the end of quarter, the portfolio was most overweight Consumer Discretionary and Health Care followed by Industrials and Information Technology. The Small Cap strategy was underweight Real Estate and equal weight Financials. There is no sector exposure to Energy, Materials, Communication Services, Consumer Staples and Utilities. As an investment team, we continue to seek good businesses that are priced at attractive valuations for the portfolio. 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 with 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 Capital Management, LLC

ARGENT SMALL CAP EQUITY COMPOSITE

January 1, 2008 through June 30, 2022

For the period ending December 31,	Composite Return % Gross-of-Fees	Composite Return % 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 (%)
2021	16.76	16.03	14.82	24.75	23.35	2	26	3,517	0.10
2020	2.65	1.91	19.96	26.13	25.27	1	30	2,874	0.00
2019	24.27	23.40	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	13.50	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	20.20	7	139	1,782	0.22
Three -Year Annualized	14.20	13.42	20.02						
Five -Year Annualized	7.28	6.43	12.02						
Ten -Year Annualized	10.82	9.84	13.23						
Information for period(s) June 30, 2022									
2nd Quarter 2022	-11.76	-11.89	-17.20	24.70	23.92	2	17	2,742	
Rolling 1 – Year	-23.56	-24.04	-25.20						
Rolling 3 – Year	-1.97	-2.63	4.21						
Rolling 5 - Year	-0.59	-1.34	5.17						
Rolling 10 - Year	6.70	5.77	9.35						
Since Inception Annualized	6.21	5.24	7.14						

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, 2021. 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, 2021. 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 list of composite descriptions and broad distribution pooled funds are 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.
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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. The composite included portfolios where commissions were waived representing less than 1% in (2018 – 2020) and 6% (2021) 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. Non-fee paying accounts represent 6% of the composite during 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.