

### Performance Summary

The Argent SMID Cap strategy underperformed the Russell 2500® Index for the second quarter of 2022, returning -17.2% net of fees versus the benchmark return of -17.0%.

Performance Summary as of June 30, 2022					
	%	2Q22	YTD	1 Year	Since Inception*
Argent SMID Cap	Net	-17.15	-28.11	-17.41	4.79
Russell 2500		-16.98	-21.81	-21.00	4.23
<b>Excess Return</b>		<b>-0.17</b>	<b>-6.30</b>	<b>3.59</b>	<b>0.56</b>

\*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 06/30/2022 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 slightly negative during the second quarter. From an allocation perspective the strategy's lack of exposure to the Energy and Utilities sectors was a headwind, much like they have been for the past several quarters as investors ride the commodity bull market and hide in the safety of regulated businesses. The Information Technology and Consumer Discretionary overweight was a negative as both sectors trailed the Russell 2500 Index. The overweight in Health Care, Financials and Industrials provided a bump to relative performance. We do not own any Communication Services companies, which was the worst performing sector in the benchmark in the second quarter, falling almost 25%.

Stock selection was flat for the second quarter. Bright spots were Industrials, Real Estate and Financials. Detractors were Information Technology, Health Care and Consumer Discretionary. Industrials saw a bounce back in our building products-exposed companies and nice relative gains from Booz Allen Hamilton Holding Corporation. Both real estate companies we own in the SMID Cap strategy outperformed, and defensive Financials, RLI Corp. and LPL Financial Holdings, Inc., were strong contributors. Information Technology lagged as Marvell Technology, Inc. pulled back meaningfully on semiconductor industry slowdown fears and Zebra Technologies Corporation continued battling supply chain and patent infringement concerns. Health Care was weaker on Amedisys, Inc.'s labor headwinds and Center for Medicaid & Medicaid Services rate proposal cuts. Globus Medical, Inc. underperformed as a management transition created uncertainty and weaker-than-anticipated procedure volumes. Consumer Discretionary slightly detracted mainly from specialty retail exposure.

# SMID Cap Quarterly Commentary

## 2022: Second Quarter

Argent

### Quarterly Attribution Analysis, June 30, 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	--	--	--	2.52	-24.80	-0.66	-2.52	24.80	0.66	0.21	--	0.21
Cons. Discretionary	15.87	-21.36	-3.28	10.90	-19.87	-2.27	4.97	-1.49	-1.01	-0.11	-0.12	-0.23
Consumer Staples	2.57	-7.82	-0.17	3.35	-8.07	-0.25	-0.77	0.24	0.08	-0.05	0.01	-0.05
Energy	--	--	--	6.28	-11.31	-0.92	-6.28	11.31	0.92	-0.33	--	-0.33
Financials	16.33	-12.12	-1.90	14.89	-13.03	-1.85	1.44	0.91	-0.05	0.05	0.14	0.20
Health Care	15.32	-18.06	-2.60	12.32	-17.16	-1.93	3.00	-0.90	-0.67	0.19	-0.22	-0.03
Industrials	23.34	-14.23	-3.44	16.43	-16.45	-2.75	6.91	2.21	-0.69	0.04	0.59	0.62
Technology	20.31	-24.07	-4.96	15.05	-21.77	-3.31	5.26	-2.30	-1.65	-0.22	-0.54	-0.75
Materials	2.28	-23.89	-0.58	6.38	-20.13	-1.32	-4.10	-3.76	0.74	0.12	-0.09	0.04
Real Estate	3.03	-14.77	-0.43	8.93	-17.87	-1.60	-5.91	3.11	1.17	0.09	0.14	0.24
Utilities	--	--	--	2.94	-4.22	-0.11	-2.94	4.22	0.11	-0.36	--	-0.36
Cash	0.96	0.24	0.00	--	--	--	0.96	0.24	0.00	0.06	--	0.06
<b>Total</b>	<b>100.00</b>	<b>-17.35</b>	<b>-17.35</b>	<b>100.00</b>	<b>-16.98</b>	<b>-16.98</b>	<b>--</b>	<b>-0.37</b>	<b>-0.37</b>	<b>-0.30</b>	<b>-0.07</b>	<b>-0.37</b>

\* 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

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 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 resolution with the conflict in Ukraine, inflation abates, and investors become comfortable with the trajectory of interest rates.

The Russell 2500 Index had a very poor quarter with each sector posting negative returns. Investors, once again, hid in defensive sectors such as Utilities and Consumer Staples. The worst performing sectors were Communication Services, Information Technology and Materials; each posting returns down in excess of 20%. During the second quarter SMID cap value (-15.4%) once again bested SMID cap growth (-19.6%). For the trailing twelve months, SMID value is -13.2% while SMID growth is -31.8%. SMID cap growth did hold up better in June as Energy struggled and cyclical companies sold off as recession fears came to the fore.

## Top Contributors

**LPL Financial Holdings, Inc.** serves the advisor-mediated advice marketplace as the nation's largest independent broker-dealer, a leading investment advisory firm and a top custodian. It supports Registered Investment Advisors by providing a distinct value proposition through front-, middle- and back-office solutions. LPL offers integrated technology solutions, comprehensive clearing and compliance services, consultative practice management programs and training, business solutions, planning services and in-house research. LPL has done an admirable job

over the past several years of broadening channels into higher growth areas and increasing advisor productivity with business solutions. LPL is a top five holding in the SMID Cap portfolio.

**Booz Allen Hamilton Holding Corporation** is a management and technology consulting business that caters to the U.S. government and a growing list of commercial customers. Its key focus areas are cyber prevention, engineering services, artificial intelligence and cloud platforms. With a growing need for national security investment and a budget supporting that premise, Booz Allen has several tailwinds on the horizon that are likely to support organic growth acceleration. The company has a diversified client base and impressive backlog, characteristics which helped its stock price hold up in the downdraft of the second quarter.

**RLI Corp.** is a specialty property and casualty insurance company based in Peoria, IL. Its strategy is to write smaller accounts, niche business and develop products tailored to meet customers' needs. The company is constantly introducing new products, and conversely, exiting lines that aren't successful. Management is nimble, experienced and impressive. They will grow when they see opportunity, shrink when they don't and 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 also increasing underwriting profit meaningfully. RLI's defensive characteristics have served it well as market volatility has increased over the past year.

**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 continues to roll up the industry through various sizeable M&A transactions. 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.

**Masco Corporation** supplies plumbing products (faucets, showerheads, sinks and toilets) and decorative architectural products (paint, primers and specialty coatings) to the new home construction and residential repair and remodeling markets. Home improvement spending has experienced growth over the past several years providing a tailwind for Masco's product sets. Inflation has put pressure on the company's operating cost structure, but management has done a solid job of implementing price increases to protect margins.

### Top Detractors

**Bath & Body Works, Inc.** sells home fragrance, body care products, soaps and sanitizer products. The company distributes its products through an even split among mall-based stores, off-mall stores and digitally. This omnichannel approach has helped it meet the needs of a much broader set of consumers. Bath & Body has benefited recently from price increases and having a vast majority of its supply chain located domestically. The stock came under pressure during the second quarter as operating results exceeded expectations, but management offered a disappointing outlook.

**Amedisys, Inc.** is a market-leading home health and hospice provider in the United States. Home-based health care has the benefit of being the lowest cost provider setting and due to COVID-19, has experienced an expedited shift to this setting driven by hospital bed shortages and the desire to receive care at home. Amedisys has been consolidating this very fragmented industry over the past several years, a trend that we view as sustainable, as more prominent players like Amedisys benefit from scale advantages that many small operators will never possess. The company has seen a slowdown in its business by staff shortages and incrementally higher labor costs. While frustrating, we believe Amedisys will be able to overcome these interim headwinds.

**Victoria's Secret & Company** is a specialty retailer of women's intimate apparel and beauty products. While the company has a well-known presence in mall-based retailers with a footprint of 1,400 global locations, its digital penetration is over 40% and growing nicely. According to Net Promoter Score, the global intimate apparel and loungewear market are growing at high single digit rates, and Victoria's Secret is one of the most recognized brands. The company reported better-than-expected earnings results during the quarter, but investors turned a skeptical eye to management's in-line forecast.

**United Rentals, Inc.** is the largest rental equipment company in North America. The company not only rents earth moving machines, aerial lifts and materials handling machines, but also possesses a high-margin specialty business that involves solving more complex customer problems (power and HVAC, fluid solutions, 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. Investors shunned cyclical stocks as sentiment shifted to ascertaining the probability of a recession.

**Marvell Technology, Inc.** is a global semiconductor solutions provider of high-performance data infrastructure products. It mainly caters to the automotive, carrier, data center and enterprise markets as its products address the data infrastructure needs of clients. The data infrastructure market is attractive as it has long product lifecycles and deep customer relationships that are typically sole-sourced. For Marvell that means becoming ingrained in the fabric of its client's product set offers a sticky, growing base of sales and profits. The company reported excellent operating results in the most recent quarter aided by continued organic growth supplemented with better-than-anticipated contributions from Marvell's recent acquisition of Inphi. Nevertheless, the stock pulled back during the quarter.

#### Argent SMID Cap Strategy Top Contributors and Detractors for Quarter Ending June 30, 2022\*

Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
LPL Financial Holdings Inc.	3.34	0.49	Bath & Body Works, Inc.	1.43	-0.38
Booz Allen Hamilton	2.35	0.46	Amedisys, Inc.	1.61	-0.41
RLI Corp.	2.45	0.44	Victoria's Secret & Company	1.41	-0.43
Builders FirstSource, Inc.	3.43	0.31	United Rentals, Inc.	2.85	-0.46
Masco Corporation	1.79	0.26	Marvell Technology, Inc.	3.47	-0.89

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### Portfolio Positioning

Turnover was just under 11% in the second quarter and was slightly over 18% for the trailing twelve months. We added several new stocks to the portfolio, including Medpace Holdings, Inc. and FirstService Corporation. Medpace is a contract research organization, or CRO, that caters to smaller biotechnology and pharmaceutical companies. CRO relationships allow biotechnology and pharmaceutical companies to focus their research efforts on developing innovative therapies to combat harmful diseases and viruses. CROs conduct feasibility studies, manage regulatory affairs, patient recruitment and clinical trials on behalf of their clients. Medpace repurchased almost 10% of its outstanding shares during the first half of 2022. FirstService offers residential property services throughout North America and operates several franchise and company-owned brand concepts that cater to residential and commercial customers. It provides services such as property management, facility maintenance and engineering, client budget

and development consulting to homeowner associations, master planned communities, condominiums and co-operatives. On the brands side, FirstService offers essential services through Global Restoration Holdings, Paul Davis, Century Fire Protection and California Closets, to name a few. FirstService and Medpace have historically been awarded high multiples due to their attractive growth characteristics and relative defensiveness. Each company saw its multiple compress throughout the first half of the year as investors rotated away from higher multiple stocks as interest rates climbed. We initiated new positions in each on weakness. We believe that both companies offer excellent long-term prospects.

Our market cycle model has transitioned from an expansion phase wherein 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 the second half of 2022, we anticipate a slowdown in the economy and the potential for a recession on the horizon, and for that reason will look to increase our exposure to quality at the expense of economic sensitivity.

Sincerely,

**Argent SMID Cap Team**

# SMID Cap Quarterly Commentary

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### Argent Capital Management, LLC

#### ARGENT SMID CAP COMPOSITE

January 1, 2020 through June 30, 2022

For the period ending December 31,	Composite Return % Gross-of- Fees	Composite Return % Net-of-Fees	Russell Mid Cap Return (%)	Composite 3-Yr St. Dev (%)	Russell Mid Cap 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
<b>Information for period(s) June 30, 2022</b>									
2nd Quarter 2022	-17.10	-17.15	-16.98	NA	NA	7	2	2,742	
Rolling 1 – Year	-17.26	-17.41	-21.00						
Since Inception Annualized	4.95	4.79	4.23						

#### Disclosures:

- 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 SMID Cap Composite has had a performance examination for the periods January 1, 2020 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.
- 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 list of composite descriptions and broad distribution pooled funds are available upon request.
- 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.
- 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.
- 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.
- 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 79% of the composite during 2020 and 77% (2021).
- 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.