

### Performance Summary

For the fourth quarter of 2022, the Argent SMID Cap strategy outperformed its benchmark, returning 8.9 % net of fees, compared to a return of 7.4% for the Russell 2500® Index.

Performance Summary as of December 31, 2022*		4Q22	2022	3 Year	Since Inception
Argent SMID Cap	Net (%)	8.88	-23.49	6.15	6.15
Russell 2500		7.43	-18.37	5.00	5.00
<b>Excess Return</b>		<b>1.45</b>	<b>-5.12</b>	<b>1.15</b>	<b>1.15</b>

\*Annualized for periods longer than one (1) year. Strategy inception date is 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 12/31/2022 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.

The Argent SMID Cap strategy intends to generate outperformance through bottom up, fundamental stock selection utilizing a proprietary blend of quantitative and fundamental analysis to uncover the right companies, in the right sectors at the right time that we believe can thrive in an ever-changing world. Relative outperformance in the quarter was driven by stock selection while allocation had a negative impact.

The Russell 2500 Financials sector underperformed the index in the fourth quarter. The Argent SMID Cap strategy outperformed the index due to strong stock selection in Financials. Performance was led by insurer RLI Corp. RLI is benefitting from new business growth, a solid rate environment and better-than-expected catastrophe losses.

While a significant overweight in Healthcare was a drag on performance, stock selection propelled outperformance in the Argent SMID Cap strategy. Clinical research organization Medpace Holdings, Inc. was the top contributor. Despite various headwinds including labor costs and some delayed funding, demand from small biotech clients remains strong and is contributing to better organic growth and a positive outlook for 2023.

Industrials posted strong returns in the fourth quarter and outperformed the Russell 2500 Index. Both stock selection and the large overweight in Industrials contributed to Argent’s relative outperformance to the index. Historically, Industrials are hard hit in recessionary environments. Surprisingly, industrial companies have performed well and it lends credence to a “soft landing” scenario. Electrical equipment distributor Atkore Inc. led the outperformance. Atkore is benefitting from several secular industry trends, including electrification and grid-hardening, leading to above average organic growth in addition to acquisition-related expansion.

Stock selection drove outperformance in the Consumer Discretionary sector led by bedding supplier Tempur Sealy International, Inc. Tempur Sealy is winning share, executing well and proving resilient despite the macroeconomic headwinds.

The Materials and Energy sectors were the top two performing sectors in the Russell 2500 in the fourth quarter. The Argent SMID Cap strategy is significantly underweight both and consequently, allocation drove underperformance.

The SMID Cap strategy’s Consumer Staples underperformance was driven by the lag in warehouse club BJ’s Wholesale Club Holdings, Inc. While BJ’s has a solid growth runway, macro impacts on consumer spending habits and tough year-over-year comparisons for fuel margins weighed on the stock.

# SMID Cap Quarterly Commentary

2022: Fourth Quarter

## Quarterly Attribution Analysis, December 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	--	--	--	2.67	3.36	0.09	-2.67	-3.36	-0.09	0.11	--	0.11
Cons. Discretionary	11.56	17.84	1.98	11.33	11.09	1.17	0.23	6.75	0.81	0.06	0.59	0.65
Consumer Staples	2.70	-9.13	-0.14	3.36	10.31	0.34	-0.66	-19.44	-0.48	-0.02	-0.58	-0.60
Energy	1.96	-10.39	-0.41	5.25	13.18	0.68	-3.29	-23.56	-1.09	-0.57	-0.00	-0.57
Financials	15.49	12.99	1.93	16.35	6.24	1.12	-0.86	6.75	0.80	0.01	0.97	0.98
Health Care	17.42	7.98	1.51	12.63	1.24	0.15	4.79	6.75	1.35	-0.40	1.24	0.84
Industrials	23.99	12.86	3.00	17.97	10.71	1.85	6.03	2.15	1.16	0.20	0.50	0.69
Technology	20.06	6.42	1.18	13.82	3.55	0.47	6.24	2.87	0.71	-0.17	0.53	0.36
Materials	1.89	12.84	0.24	5.72	15.67	0.83	-3.83	-2.84	-0.59	-0.30	-0.05	-0.35
Real Estate	4.07	1.86	0.13	7.84	5.70	0.47	-3.77	-3.84	-0.34	0.06	-0.17	-0.11
Utilities	--	--	--	3.08	7.97	0.24	-3.08	-7.97	-0.24	-0.02	--	-0.02
Cash	0.86	0.92	0.01	--	--	--	0.86	0.92	0.01	0.03	--	0.03
<b>Total</b>	<b>100.00</b>	<b>9.43</b>	<b>9.43</b>	<b>100.00</b>	<b>7.41</b>	<b>7.41</b>	<b>--</b>	<b>2.02</b>	<b>2.02</b>	<b>-1.01</b>	<b>3.03</b>	<b>2.02</b>

\* This analysis 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

Better inflation data and seasonal tailwinds contributed to a positive fourth quarter for stocks. The fourth quarter and full year of 2022 was a testament to Newton’s Third Law of Physics, “For every action, there is an equal and opposite reaction.” It also called into question the utility of a crystal ball. Rewind the clock to December of 2021 and inflation was deemed “transitory.” At that time, just two Fed officials predicted a Fed Funds rate above 1% by the end of 2022. Instead, over the year, the Federal Reserve aggressively raised its benchmark interest rate from 0.1% to 4.4%, the fastest rate of change in history. The increase in interest rates ran headlong into opposing forces.

The stock market entered 2022 with high valuations relative to earnings estimates. It was an expensive time to get into the stock market, but valuation tends to be of less concern during a period of historically low rates. The investment narrative of transient inflation ended abruptly when the Federal Reserve ramped up its efforts to stamp inflation by ending the decade-long experiment with Zero Interest Rate Policy (ZIRP). Suddenly, the prices paid for most stocks became important again. The negative impact on the growth darlings of early 2022 was pronounced. Companies and industries that had led the market in the ZIRP era, such as Tesla and software, faltered and the concept of growth at any price came crashing back to reality, particularly in the first half of the year and Argent SMID Cap was not immune.

The impact and disparity at the sector level were pronounced. The Russell 2500 Healthcare, Communication Services, Consumer Discretionary and Information Technology sectors representing some 40% of the index were down more than 25% in 2022 while the Energy sector generated returns near 50%. Value and defensive proxies significantly outperformed their growth and more economically sensitive cohorts.

Consensus expectations are weak for the 2023 stock market. Analysts expect an earnings contraction and recession culminating in a Fed pivot toward lower interest rates later in the year. What is certain for now is that the ZIRP era is over. There is a reasonable cost of money and companies are navigating a tectonic shift in macro variables. Higher inflation, de-globalization and elevated geopolitical strife are putting pressure on trends that have been in place for decades. These changes and consequential uncertainty create opportunity for the Argent Investment Team. The SMID Cap strategy invests in high-quality, better and enduring businesses that we expect to adapt and ultimately thrive and that are run by management teams that allocate capital wisely.

### Top Contributors

**Atkore Inc.** is a manufacturer and distributor of electrical equipment. Electrification and grid-hardening are secular trends and Atkore is benefitting from both. The business continues to generate better-than-expected organic growth on a mix of pricing and volume. In addition, strong free cash flow and a solid balance sheet continue to support acquisitions and share repurchases.

**RLI Corp.** is a Property and Casualty insurer with industry-leading underwriting profitability. It has a growing total addressable market in its Excess & Surplus segment, a rock-solid balance sheet and a consistent capital return program which includes a history of special dividends.

**United Rentals, Inc.** is the largest commercial and construction equipment renter in the U.S. It is the market leader with industry tailwinds and improving fundamentals. Industrial growth drivers include electric vehicles (EVs), microchip factories, data centers, distribution centers, renewables, onshoring behavior and energy production. The quantity of mega-projects is at a record high in the U.S., and United Rental's market share of that customer subset is well above its 15% national market share. In addition, the company continues to sell older used equipment at a higher-than-normal margin. Return on invested capital is at a new record and Debt/EBITDA (earnings before interest, taxes, depreciation and amortization) is at a record low and below its 2-3x target range.

**Tempur Sealy International Inc.** markets and distributes bedding products. While not immune to the macro-related slowdown, Tempur Sealy has outperformed peers and is taking market share. Its new products, international expansion and price/cost adjustments are tailwinds for earnings into 2023.

**Medpace Holdings, Inc.** serves a fast-growing segment of the drug development industry. The company maintains its margin over the medium term, converts more than 100% of net income to free cash flow annually, is debt free, and is managed by a founder/CEO who is highly aligned with shareholders. Demand is rising despite macro headwinds, and a positive fiscal year 2023 commentary bolstered the stock.

### Top Detractors

**ASGN Incorporated** provides IT and professional staffing services within the technology, digital, creative, engineering and life sciences industries across both commercial and government sectors. While ASGN is exposed to attractive end-markets and portfolio transformation and mix have added resilience to the model, the stock was pressured by concerns about the macro impact on IT spending.

**BJ's Wholesale Club Holdings, Inc.** was impacted by the macro influence on consumer spending behaviors and pressure related to its forward commentary and concerns on peak fuel margins. Nonetheless, the company has a strong balance sheet driving increased new store development, healthy opening membership levels as well as a sizable stock repurchase program which augments operating profitability.

**Marvell Technology, Inc.** and other semiconductor companies were pressured by cloud capex spending scrutiny, excess inventory and concerns on China demand. Inventory reductions from storage customers are weakening demand for Marvell's storage controller business, driving most of the disappointment. Nonetheless, Marvell design wins have accelerated in a diverse subset of end markets benefitting from secular trends including 5G, Cloud Data Center and Automotive.

**Aspen Technology, Inc.** is a recently formed company created by combining the former Aspen Technology with a division of Emerson Electric that sells complimentary products. Aspen Technology primarily serves the oil and gas, liquified natural gas, electrical generation and transmission, and chemicals end markets. In the fourth quarter, prices for oil and natural gas declined significantly. In combination with a premium multiple, Aspen shares came under pressure. Growth prospects bolstered by the Emerson deal keep us confident in the shares.

**Omniceil, Inc.** provides medication and supply dispensing automation, central pharmacy automation, medication adherence and the associated analytics software that goes along with its product set. Omnicell saw significant headwinds in its Point of Care products (automated medication dispensing and supply chain management products).

#### Argent SMID Cap Strategy Top Contributors and Detractors for Quarter Ending December 31, 2022\*

Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
Atkore Inc	3.02	0.92	ASGN Inc	2.09	-0.39
RLI Corp.	3.13	0.76	BJ's Wholesale Club	2.70	-0.47
United Rentals, Inc.	3.27	0.71	Marvell Technology, Inc.	2.59	-0.62
Tempur Sealy International Inc	2.28	0.68	Aspen Technology, Inc.	2.77	-0.62
Medpace Holdings, Inc.	2.85	0.66	Omniceil, Inc.	0.74	-0.96

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## Buys

**Cheniere Energy, Inc.** owns and operates liquified natural gas terminals and pipelines. It is one of the few in the U.S. and is transitioning to increased sales and earnings growth backed by improved operations and long-term contracts. The enormous costs associated with building out its infrastructure are now offset by significant free cash flow and the balance sheet is quickly improving.

**Magnolia Oil & Gas Corporation** is an oil and gas exploration and production company. Magnolia focused on returns before it became popular in 2022. While leveraged to higher prices for the commodities, it has an industry-leading balance sheet and a proven track record of capital discipline.

**RBC Bearings Incorporated** is a manufacturer and distributor of bearing products with attractive growth and margin expansion potential. It benefits from continued end-market demand strength, including the production ramp in commercial aerospace and the DODGE acquisition, which will add to the operating model's through-cycle resilience.

**Tractor Supply Company** is a retail farm store chain. It is eleven times the size of its next competitor and 85% of its products are needs-based goods such as horse feed or dog food. The management team is navigating the macro-related inventory issues of consumer retail exceptionally well. They are conservative operators focusing on

maintaining margins and promoting sales growth through initiatives such as Tractor Supply's addition of garden centers to its stores.

### Sells

**Avantor, Inc.** manufactures and distributes chemicals, reagents and laboratory supplies predominantly to the healthcare industry. Avantor is facing multiple macro headwinds including exposure to a weak Europe (35% of sales), cyclical exposure to its industrial segment and balance sheet limitations.

**Bath & Body Works, Inc.** manufactures personal care products. Bath & Body Works faced twin pressures of the macro impact on sales as well as margin pressure related to an increased promotional environment and capital expenditures.

**Builders FirstSource, Inc.** manufactures and distributes building products. A weaker housing market, commodity price volatility and increased inflation-related costs have weighed on both sales and margins.

**Lithia Motors, Inc.** retails, finances and services new and used vehicles. As conditions in the new and used-auto market have deteriorated, Lithia has continued its aggressive acquisition strategy including expansion in Europe, calling into question the risk profile of the business.

**Masco Corporation** manufactures and sells home improvement and building products. Masco sales and margins in its paint and plumbing segments are under pressure from weaker housing-related demand.

**Omniceil, Inc.** saw significant headwinds in its Point of Care products (automated medication dispensing and supply chain management products). The company experienced a very large shift in its customers as many health systems implemented capital budget freezes and extra budget approval processes which have made sales cycles much longer. In addition, labor constraints resulted in a higher than usual number of customers requesting to temporarily defer Point of Care implementations.

**Victoria's Secret & Co.** is an apparel retailer. The macro slowdown has made a significant impact on sales and inventory. Increased promotional activity and continued consumer uncertainty have weighed on the business.

### Portfolio Positioning

The end of the most stimulative monetary policy in history has had major implications for stocks. Valuation has moved out of the shadows and into the light, a meaningful change, especially for the mega-cap companies that have received a premium multiple for a significant period of time while interest rates were low.

The Argent SMID Cap strategy invests in high quality, enduring businesses that can thrive in an ever-changing world. Finding the type of company we like (high cash flow generators with durable competitive positions that allocate capital wisely at attractive valuations) has been a more difficult exercise over the last several years. The market volatility in 2022 reset the valuation on a large universe of stocks that otherwise fit our criteria. Nonetheless, questions concerning the right price for company earnings are top of mind.

The Argent SMID Cap strategy intends to position itself two-thirds for the current market cycle and one-third for the next market cycle. The market cycle is currently in the contraction phase. Historically, the market bottoms several months ahead of the economy during times of stress and over time, we are building the pipeline for the coming transition to the recovery phase.

While the contraction phase tends to reward higher growth and higher quality businesses, the recovery phase moves to the opposite end of the spectrum favoring companies with higher value exposure and economic sensitivity.

The Argent SMID Cap team continues to identify excellent investment opportunities.

Sincerely,

**Argent SMID Cap Team**

# SMID Cap Quarterly Commentary

## 2022: Fourth Quarter

Argent

### Argent Capital Management, LLC

#### ARGENT SMID CAP COMPOSITE

January 1, 2020 through December 31, 2022

For the period ending December 31.	Composite Return % Gross-of-Fees	Composite Return % Net-of-Fees	Russell 2500 Return (%)	Composite 3-Yr St. Dev (%)	Russell 2500 3-Yr St. Dev (%)	Number of Composite Accounts	Composite Assets (\$ millions)	Firm Assets (\$ millions)	Internal Dispersion (%)
2022	-22.82	-23.49	-18.37	26.04	25.16	7	2	2,828	0.13
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
Three -Year Annualized	6.55	6.15	5						
<b>Information for period(s) December 31, 2022</b>									
4th Quarter 2022	9.11	8.88	7.43	26.04	25.16	7	2	2,828	
Since Inception Annualized	6.55	6.15	5.00						

#### Disclosures:

1. Argent Capital Management, LLC ("Argent") is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Argent claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Argent 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.

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 list of composite descriptions and broad distribution pooled funds are 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, including but not limited to dividends received). Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Past performance is no guarantee of future results. There is no guarantee that strategies, systems, indicators, or signals will result in profits or that they will not result in a full loss or losses. All investors are advised to fully understand all risks associated with any kind of investing they choose to do.

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 - 2022, 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 79% 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.