Focused Small Cap Quarterly Commentary

2023: First Quarter

Argent

Performance Summary

In the first quarter of 2023, the Argent Focused Small Cap strategy returned 5.82% versus 2.74% for the Russell 2000 Small Cap Index, outperforming the benchmark by 308 basis points net of fees.

Performance Summary as of March 31, 2023*		1Q23	Since Inception
Argent Focused Small Cap	Net (%)	5.82	0.84
Russell 2000		2.74	-3.93
Excess Return		**3.08**	**4.77**

*Annualized for periods longer than one (1) year. Strategy inception date is 11/30/2022
For comparison purposes, the strategy is measured against the Russell 2000 Index. Past performance is no guarantee of future results. Data is as of 3/31/2023 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.

It is the intention of the strategy to generate outperformance through bottom up, fundamental stock selection. Relative outperformance in the first quarter was driven by stock selection.

The liquidity issues leading to the failure of Silicon Valley Bank and Signature Bank weighed on the Russell 2000 Financial sector in general and the banking industry in particular in the first quarter of 2023. The Argent Focused Small Cap strategy holds a single regional bank position and has been significantly underweight exposure to banks for some time, well before the recent turmoil, and thus selection in the financial sector was the top contributor to outperformance. Leading the gains was OneMain Holdings (OMF), a consumer finance company focused on the low-end borrower. Management has executed well through the economic slowdown. Contrary to expectations, credit conditions have not deteriorated at the rate expected while loan growth has remained stable despite tighter lending standards. The company has a solid balance sheet and ample liquidity allowing for favorable capital allocation between reinvesting in growth initiatives, share repurchases, and paying dividends.

The strategy's Consumer Discretionary exposure outperformed via stock selection. The rapid increase in mortgage rates weighed heavily on the housing market but housing-related stocks have continued to exhibit relative strength. Home affordability and lack of supply are real issues, but demand is resilient and traffic trends of potential buyers remains buoyant. Homebuilder Green Brick Partners, Inc. (GRBK), led the gains with an additional contribution from manufactured home supplier, Skyline Champion (SKY). Both companies are run by capable management teams that have executed well through the down cycle while maintaining fundamentals above expectations. These companies are in a position to thrive as the housing market recovers.

Increasing interest rates weighed heavily on the Russell 2000 Real Estate sector dominated by real-estate investment trusts (REITs) that tend to struggle when rates rise. The strategy's real estate exposure significantly outperformed on selection. Real estate service providers FirstService Corp (FSV) and Colliers International Group (CIGI) contributed to the gains. The companies have proven themselves over time as enduring businesses with strong track records of proficient capital allocation. They generate a lot of cash that is reinvested into active merger & acquisition pipelines and are led by proven management teams executing their strategic growth plans.

Argent Focused Small Cap Industrial sector exposure lagged the Russell 2000 Industrial sector performance due to selection. Heavy equipment rental company Herc Holdings (HRI) led the downside. The company has some debt on the balance sheet as cash flow is deployed into growing its fleet of equipment at a time when investors are concerned regarding the stability of the construction market. In the short-term, the investment cycle is weighing on cash flow. At the same time, the company is benefiting from resilient demand that has translated into strong rental rates. We believe the company continues to be well-positioned for the long-term, with accelerating growth in an attractive industry.

The Russell 2000 Healthcare sector was weak in the first quarter and Argent Focused Small Cap Healthcare was not immune to Healthcare's challenges. Stock selection weighed negatively, led by medical device holding Globus Medical (GMED). Globus announced a large acquisition that raised investor concerns about the strategic and cultural fit of the deal. While the pending acquisition is a potential overhang, the company is generating above-market spine implant and trauma growth while expanding its product portfolio with new launches in knee robotics amongst others.

Focused Small Cap Technology exposure was the largest detractor from performance in the first quarter. Both an underweight allocation and stock selection weighed negatively. Financial technology provider Envestnet (ENV) was pressured by the continued impact of an investment cycle that is weighing on margins.

Quarterly Attribution Analysis, March 31, 2023
Argent Focused Small Cap Strategy vs. Russell 2000 Index*

	Argent Focused 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	1.67	6.28	0.10	2.72	6.81	0.19	-1.05	-0.53	-0.09	-0.03	-0.01	-0.04
Cons. Discretionary	14.12	24.04	2.92	11.02	11.95	1.19	3.10	12.10	1.73	0.25	1.56	1.81
Consumer Staples	2.37	32.61	0.68	3.57	5.92	0.22	-1.20	26.69	0.47	-0.03	0.56	0.54
Energy	2.82	-6.21	-0.17	6.36	-4.32	-0.29	-3.54	-1.89	0.12	0.26	-0.08	0.18
Financials	20.67	3.19	0.78	17.28	-8.51	-1.50	3.39	11.71	2.28	-0.42	2.59	2.17
Health Care	12.34	-7.93	-0.77	16.29	-1.93	-0.21	-3.95	-6.01	-0.56	0.15	-0.87	-0.71
Industrials	21.31	3.91	0.76	16.80	7.30	1.07	4.51	-3.39	-0.31	0.22	-0.71	-0.49
Technology	10.33	7.24	0.59	11.81	14.19	1.56	-1.48	-6.95	-0.97	-0.18	-0.72	-0.91
Materials	2.24	3.58	0.08	4.51	8.54	0.38	-2.27	-4.96	-0.30	-0.13	-0.11	-0.24
Real Estate	7.07	14.96	0.95	6.38	0.56	0.06	0.69	14.40	0.89	-0.01	0.96	0.95
Utilities	1.88	8.76	0.17	3.26	1.47	0.08	-1.38	7.28	0.09	0.03	0.13	0.16
Cash	3.19	1.14	0.04	--	--	--	3.19	1.14	0.04	-0.04	--	-0.04
Total	100.00	6.12	6.12	100.00	2.74	2.74	--	3.38	3.38	0.08	3.31	3.38

*This analysis is based on the holdings history of a representative portfolio of the Argent Focused 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 investing world is very quickly being reminded of the power of interest rates. While investors were already grappling with conflicting opinions about the current state of the economy, the failure of Silicon Valley Bank (SIVB) and contagion concerns at several other financial institutions rightfully grabbed the headlines. Sometimes in the stock market risk happens fast, but the seeds for the current Banking sector issues were sown a long-time ago.

Market prognosticators spent much of the first quarter hypothesizing on the future path of Federal Reserve's interest rate decisions. The impact of continued increases, a pause, or even interest rate cuts were being considered. The stock market response was expected to be pronounced in each circumstance. Clearly, Fed decisions on interest rates are important.

For the last forty years investment management has operated under an environment of low to declining interest rates. The Zero Interest Rate Policy (ZIRP) implemented in response to the Great Financial Crisis accelerated the trend. COVID and the subsequent monetary and fiscal responses represented the nadir for interest rates. It is clearly going to take time for many companies to adjust their operating models to a higher rate world.

Interest rates have been moving higher since March 2020 during the height of pandemic worry. The rate on the 10-year US Treasury is now near its median of the last thirty years. Assumptions that had become accepted wisdom – including permanently low and declining interest rates – are now being fundamentally challenged. We have gone from TINA – there is no alternative – to TARA – there is a reasonable alternative in the deposit and investment world. A clear example of this is what occurred at Silicon Valley Bank, where depositors pulled their money, seeking higher interest rates, thus creating a classic run on the bank.

Predicting where interest rates might be at any given time in the future is a fool's errand. What we do know is interest rates are now higher than they have been for many years. As a result, access to low-cost funding and cheap credit has morphed into something more traditional and discerning. While painful in the short-term, there are benefits, as easier is not always better, and can lead to inefficient and unproductive capital allocation decisions.

The Argent approach to stock selection should benefit from a more stringent interest rate environment. Our investment team looks for high quality, enduring businesses. High quality for us is defined by several key tenets: It is a business that has growing cash flows, has a durable competitive advantage and allocates capital wisely led by a shareholder friendly management team. An additional defining characteristic of Argent portfolios is that our companies generate returns above their cost of capital.

In a declining interest rate world, the cost of capital (borrowing) declines as well. When interest on debt declines, the returns needed to justify business investments in plants, people and equipment also go down. In a low interest environment, lower quality business can appear attractive because the cost required to generate a positive return is so low. Thus, low interest rates can distort the evaluation of the characteristics of truly high-quality businesses. At its most extreme a low interest rate environment allows for the proliferation of business models that work only with depressed interest rates and siphons capital from more worthy enterprises.

The unintended consequences of artificially suppressed interest rates, such as those ultimately leading to the demise of Silicon Valley Bank, are unfortunate. However, business casualties should not be unexpected on the path to normalization. Rising rates have forced enormous change and are transformational to the previous investment landscape of the last four decades. This seismic shift will not be pain free.

In a world of monetary tightening, truly exceptional businesses can more readily distinguish themselves by earning high returns on invested capital. There are elements to the ZIRP unwind that make for a more stable and healthy investment environment in the future.

Top Contributors

Green Brick Partners, inc. (GRBK) operates as a homebuilding and land development company. Although housing data including single-family starts has declined precipitously, the overall residential construction market has been more favorable than many were expecting last fall. Green Brick has recently observed a positive pace of improvement in housing demand, lower cancellations, and decreasing construction costs. In addition, the company has less competition than in prior decades given 75% of its developments are in areas with limited open land (in-fill). This means existing home sales are more important contributors to housing availability in those areas, while existing homeowners have little incentive to move in this mortgage rate environment.

Skyline Champion Corp. (SKY) designs and produces manufactured homes. Although housing data including single-family starts has declined precipitously, the overall residential construction market has been more favorable than many expected last fall. Management recently noted the demand environment as improving and the company reiterated its reasons for why it believes its margin profile will be more sustainable generally than in past years. Cancellations have reversed 70% from earlier in the full year, foot traffic is improving, management expects retailer destocking will be done by early spring, and there are some reasons to think that demand will be reasonably strong come the June quarter selling season.

BellRing Brands, Inc. (BRBR) is a nutrition company selling protein, dymatize, and powerbar products. BellRing has strong brand name recogntion in the growing convenient nutrition category while its asset-light manufacturing model drives free cash flow generation. Pricing power has beeen driving strong topline growth but there is increased volume potential as supply expands. In addition, there is margin recovery potential as input costs contract.

FirstService Corp (FSV) is a leader in residential property management and other essential property services to both residential and commercial customers. The company has two operating segments: Residential and Brands, that have similar highly attractive financial profiles characterized by a high proportion of recurring revenue streams, low capital needs, high free cash flow generation, and significant financial strength to grow both organically and through consolidation of highly fragmented end markets. Acquisition activity has recently re-accelerated while the Residential segment has benefitted from a strong pricing environment.

Colliers International (CIGI) operates globally in the real estate services sector. The company is led by an impressive capital allocator operating in an attractive industry that is very large, highly fragmented, and likely to provide a nice runway for growth well into the future. Colliers runs an asset-light business model that generates substantial free cash flow. In addition, Colliers began to change its business mix with the mid-2018 acquisition of Harrison Street which gave it a nice sized entry into the high margin, investment management piece of the industry. Despite a record year for mergers & acquisitions in 2022, the balance sheet remains in excellent shape and the opportunity set for future deals remains strong.

Top Detractors

Halozyme Therapeutics, Inc (HALO) is a biotech company developing products for the diabetes, cancer, dermatology, and drug delivery markets. The company was pressured by concerns of an out-year patent cliff impact on growth without success from multiple products still in trial. However, the upside of success is significant and Halozyme is still currently growing at a 20% compound annual growth rate.

Medpace Holdings, Inc (MEDP) is a clinical research organization serving a fast-growing segment of the drug development industry. The clinical research industry was pressured by decelerating Request for Proposals (RFPs) and higher cancellation rates in addition to negative investor sentiment over a peer's ongoing investigation related to the import of non-human primates (NHPs). However, management is notoriously cautious and the company's ability to drive organic growth is stellar.

Glacier Bancorp, Inc (GBCI) is a multi-bank holding company. The company operates in geographies growing faster than the U.S. average but is not immune to the deposit flight and pressure on earnings most banks are experiencing in light of higher yielding alternatives provided by higher interest rates.

Herc Holdings, Inc (HRI) is a heavy equipment rental company. Herc is investing its free cash flow to grow its fleet, but investors are concerned that equipment utilization has peaked for this cycle and that both rental rates and margins on used equipment sales will come down as equipment availability improves. There are additional concerns that banks are tightening lending standards and will be less willing to make loans for construction projects. However, demand for the equipment rental industry remains very strong, the outlook for megaprojects and public infrastructure remains positive, and valuation is attractive.

Globus Medical Inc (GMED) is a medical device company focused on products that promote healing in spinal disorders. While Globus has continued to execute on its fundamental growth strategy, the company announced a merger with spinal medical products peer, NuVasive (NUVA). Investor skepticism was pronounced on the risks associated with integration, product overlap and culture differences. While the pending acquisition is a potential overhang, the company is generating above-market spine implant and trauma growth while expanding its product portfolio with new launches in knee robotics amongst others.

Argent Focused Small Cap Strategy Top Contributors and Detractors for Quarter Ending March 31, 2023*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
Green Brick Partners, Inc.	3.41	1.19	Halozyme Therapeutics, Inc.	0.92	-0.30
Skyline Champion Corp.	3.20	1.14	Medpace Holdings, Inc.	2.97	-0.43
BellRing Brands, Inc.	2.37	0.61	Glacier Bancorp, Inc.	2.36	-0.44
FirstService Corp	3.54	0.42	Herc Holdings, Inc.	2.75	-0.44
Colliers International Group Inc.	3.53	0.39	Globus Medical Inc Class A	1.83	-0.81

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

Buys

Descartes Systems Group (DSGX) provides technology platforms to manage its global logistics network for the execution of supply chain management. It is a market leader in logistics technology. With over twenty thousand customers and processing over eighteen billion transactions annually, the company can drive organic growth through adding new customers, cross selling services that are increasingly in demand, and acquiring additional capabilities providing further client penetration opportunities. Margins have pushed higher as its subscription model builds and there is an opportunity for additional scale to move margins higher over time. Plus, the attractive free cash flow profile combined with its unlevered balance sheet provides a lot of flexibility for capital allocation.

RBC Bearings Inc. (RBC) is an international manufacturer of highly engineered precision bearings and other products that are used in machines, aircraft, and mechanical systems. The primary growth strategies are developing innovative new products, geographic expansion, growing its aftermarket business, penetrating new OE end markets, and acquisitions. RBC generates most of its revenue from the attractive Aerospace industry with a focus on the aftermarket. It is benefitting from continued end market demand strength including the production ramp in commercial aerospace, continues to see margin expansion potential while the DODGE acquisition will add to the thru cycle resilience of the operating model.

Sells

There were no full position sells in the first quarter of 2023.

Argent

Portfolio Positioning

The Argent Focused Small Cap strategy invests in high quality, enduring businesses. To us, a good business generates exceptional profitability and cash flow, compounds returns above its cost of capital, and is run by a management team that has proven itself a capable steward of capital. We apply a rigorous, bottom up investment research process that generates a consistent pipeline of companies under review and a healthy watchlist, but ultimately low portfolio turnover is purposeful and the result of high barriers to entry. There were two additions to the portfolio but no full position sales in the first quarter. Several new ideas were added to the watchlist awaiting further confirmation of the investment thesis. Fundamental pressure from volatile capital markets, higher costs and slowing loan growth had the portfolio underweight banks well before the SVB collapse.

In early 2023, the market rewarded higher economic sensitivity and higher quality, aligning well with the Focused Small Cap portfolio exposure. The lower beta often associated with a higher quality portfolio was not a detriment as it sometimes can be if an economic recovery is led by lower quality companies and a rising tide that lifts all boats.

Sector performance disparity has been wide to start the year and allocation guardrails have contributed positively to Focused Small Cap by limiting the impact of zero exposure. Stock selection drives portfolio construction but diversification helps limit detrimental allocation effects. The opportunity to upgrade the portfolio, with a focus on new Healthcare and Materials ideas, is driving our current investment research efforts.

Sincerely,
Argent Focused Small Cap Team

Argent

Argent Capital Management, LLC

ARGENT FOCUSED SMALL CAP COMPOSITE

November 30, 2022 through March 31, 2023

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 2500 3-Yr St. Dev (%)	Number of Composite Accounts	Composite Assets ($ millions)	Firm Assets ($ millions)	Internal Dispersion (%)
2022 (11-30-22 to 12-31-22)	-4.63	-4.71	-6.49	NA	NA	4	1	2,828	0.02
Information for period(s) March 31, 2023									
1st Quarter 2023	6.09	5.82	2.74	NA	NA	10	6	3,113	
Since Inception Annualized	1.17	0.84	-3.93						

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. As of October 2022, Argent was redefined to include the wrap division. 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, 2022. 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 Focused Small Cap Composite has initiated the performance examination process for the year ending December 31, 2022. 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 within the Russell 2000 index for which Argent has sole investment discretion. Portfolios will include approximately 35 – 45 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 November 2022. 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, 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 fees returns are calculated by applying a model fee of 0.25% on a quarterly basis. This equates to a model fee of 1.00% which is the highest tier of the standard fee schedule. During 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. Focused Small Cap Portfolios are also available under a performance based fee which include a Hurdle Rate of 10% (Blended), Carried Interest of 10.0% and a High Water Mark. Additional performance fee schedule information is located in our ADV Disclsoure Brochure.

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 since the composite inception date of 11/30/22 does not provide historical data to calculate a 3-year formula.