



Markets were strong to start the year. Large cap stocks, those in the S&P 500, gained nearly 3% for the month of January, a healthy beginning coming off two very good years for the stock market. Part of the positive results were attributable to the Trump halo. With the new administration, investors expect a more business-friendly environment, with less regulation and a favorable tax system. While the Trump administration certainly hit the ground running with a flurry of actions in the first few days of his presidency, investors also reacted to what was *not* said.

During that flurry of activity, President Trump's favorite word – tariffs – was not uttered. Some investors took that to mean that perhaps tariffs may be postponed or even avoided altogether. That optimism, however, was short-lived, as the President slapped tariffs on our three largest trading partners, Canada, Mexico and China, on the 1st of February. While the tariffs on Canada and Mexico appear to be leverage in ongoing negotiations, the tariffs on China seem more definitive. Regardless of intent, markets generally react negatively to trade restrictions. Stay tuned.

Another fly in the market's ointment occurred in the latter half of January. DeepSeek, based in China, an organization few had ever heard of, shook the tech world to its foundation when it announced it had developed an artificial intelligence (AI) model that rivaled OpenAI's ChatGPT, at a cost of \$6MM.

Tech stocks, and especially those connected to AI, have been driving the market upward for the past two years. While these companies offer the possibility of transforming every aspect of our daily lives with the development of AI, the costs of that transformation have required considerable investment, with spending only expected to increase in the future. Companies like Amazon, Google, Microsoft, Meta and the poster child of AI – Nvidia, have literally been spending billions of dollars each quarter building what they deemed the necessary infrastructure to realize the benefits of artificial intelligence. DeepSeek's AI model and its staggeringly low investment of \$6MM rippled through the tech titans and called into question the billions those companies had invested as well as what would be required in the future. The immediate effect of DeepSeek's news was to erase \$500B of market capitalization from Nvidia on Monday, January 27th in an AI-tech blood bath.

From there, questions about what DeepSeek really spent, what is needed to be an AI player and what cost advantages the next iteration of AI models are realizing became all the rage for the market. For now, there are more questions than answers, especially as the leading tech companies reported earnings and, for the most part, reiterated their considerable spending intentions for the future.

We will continue to monitor the changes to the AI landscape and any changes the new administration may bring to the markets. As always, we look for enduring businesses, those companies that have a competitive edge, the ability to fund and retain that edge, that are led by savvy management. As a reminder, Argent Capital is 100% employee-owned and we thank you for your business and your interest. In addition, if you like these market letters in addition to the videos by Ward Brown, we hope you will share them with friends. For information on our five successful equity strategies—Large Cap U.S., Dividend Select, Mid Cap U.S, Small Cap U.S. and SMID Cap U.S., please contact clientservices@argencapital.com.

Sincerely,

A handwritten signature in blue ink that reads "Ken Crawford". The signature is fluid and cursive, written in a professional style.

Ken Crawford, Portfolio Manager (kcrawford@argencapital.com)

Investment advisory services are offered through Argent Capital Management LLC a SEC registered investment adviser. Access to Argent is only available to clients pursuant to an Investment Advisory Agreement and acceptance of Argent's Brochure. Views expressed herein represent the opinion of the portfolio manager as of the date above and are subject to change. 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.

Performance returns cited represent past performance, which does not guarantee future results. Returns assume reinvestment of dividend and interest but returns do not reflect the effect of taxes and/or fees that an investment would incur. Please see the Large Cap Fact Sheet on our website for additional performance details and disclaimers.

Please visit argentetfs.com for prospectus information and disclaimers for the Argent Mid Cap ETF.