SMID Cap Quarterly Commentary
2025: First Quarter

Argent

Performance Summary

In the first quarter of 2025, the Argent SMID Cap strategy returned -5.38% versus the Russell 2500 index -7.50% return, outperforming the benchmark by 212 basis points net of fees.

Performance Summary as of March 31, 2025		1Q25	1 Year	3 Year*	5 Year*	Since Inception*
Argent SMID Cap	Net (%)	-5.38	-4.25	6.96	19.03	9.99
Russell 2500		-7.50	-3.11	1.78	14.91	6.74
Excess Return		**2.12**	**-1.14**	**5.18**	**4.11**	**3.25**

*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 03/31/25 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.

Despite early hopes that smaller, domestically focused companies would thrive under a pro-business administration, the market narrative shifted dramatically when the new administration's initial priorities differed from expectations. The opposite of uncertainty in the stock market is not certainty, which is impossible in this business, but confidence. It was rattled in the first quarter.

The second Trump administration began with fiscal austerity and a strong stance on trade policy and immigration. It has been a long time since populism took such a prominent role in the executive branch, and there is little historical precedent for assessing its potential outcomes. Investor sentiment declined rapidly, and business owners reacted similarly as survey data weakened throughout the quarter.

The resilient economic growth of recent years has been supported by a steady macroeconomic foundation: respectable GDP and earnings growth, a robust labor market, and an accommodative Federal Reserve that reduced interest rates by 100 basis points in the latter half of 2024. However, sentiment has since been dampened by concerns over a government-led slowdown coupled with persistent inflation. This environment dampened the outlook for additional rate cuts and created headwinds for small and mid-cap companies.

The implications for the labor market, economic indicators, and corporate earnings remain uncertain. These concerns have prompted a notable shift toward safe-haven assets and typically defensive equities, exemplified by utilities as the only sector in the Russell 2500 to end in positive territory.

We remain confident that the Argent SMID Cap portfolio's high-quality attributes and Enduring Business framework provides defensive protection during volatile market conditions. These strengths were apparent in the early part of the year when portfolio outperformance was driven solely by stock selection.

We are confident in the durability of our exposure in the current market environment. SMID cap valuation has contracted well below the 10-year median and is back to historically low levels versus the S&P 500.

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Quarterly Attribution Analysis, March 31, 2025
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	--	--	--	3.21	-4.72	-0.17	-3.21	4.72	0.17	-0.09	--	-0.09
Cons. Discretionary	19.39	0.28	-0.03	12.16	-11.77	-1.49	7.23	12.04	1.46	-0.34	2.35	2.02
Consumer Staples	--	--	--	3.45	-1.02	-0.03	-3.45	1.02	0.03	-0.23	--	-0.23
Energy	3.20	8.26	0.30	5.20	-1.86	-0.04	-2.01	10.12	0.33	-0.11	0.30	0.19
Financials	19.86	-6.46	-1.27	18.07	-3.39	-0.66	1.80	-3.07	-0.61	0.07	-0.60	-0.53
Health Care	11.03	-2.74	-0.33	11.98	-8.38	-1.03	-0.94	5.64	0.69	0.01	0.61	0.62
Industrials	21.67	-10.43	-2.15	18.84	-10.15	-1.87	2.82	-0.28	-0.29	-0.08	-0.06	-0.14
Technology	18.12	-6.36	-1.27	12.24	-16.59	-2.03	5.88	10.23	0.76	-0.58	1.92	1.34
Materials	--	--	--	5.53	-4.98	-0.26	-5.53	4.98	0.26	-0.14	--	-0.14
Real Estate	5.85	-9.41	-0.54	6.63	-1.50	-0.12	-0.78	-7.90	-0.42	-0.06	-0.46	-0.52
Utilities	--	--	--	2.70	8.37	0.20	-2.70	-8.37	-0.20	-0.41	--	-0.41
Cash	0.88	0.99	0.01	--	--	--	0.88	0.99	0.01	0.08	--	0.08
Total	**100.00**	**-5.30**	**-5.30**	**100.00**	**-7.50**	**-7.50**	**--**	**2.20**	**2.20**	**-1.86**	**4.07**	**2.20**

*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.

Attribution Commentary

Russell 2500 consumer discretionary declined by nearly 12%, but stock selection drove significant outperformance in the Argent SMID portfolio. Concerns about softer spending pressured consumer retail stocks, and our lack of exposure was a benefit. In addition, housing stocks were weak in the fourth quarter but found stability early in 2025, though affordability has not been resolved. Prices and mortgage rates remain elevated and are putting a damper on activity. That has allowed inventory to grow, raising some red flags in specific geographies. For a long time, there has been a mismatch between the lack of homes for sale and buyer demand. Despite the supply increase, secular housing shortages are still in place. Homebuilders have increased the use of incentives, with several choosing to prioritize volume over margin. Still, much of that depends on the local market and target customer. Green Brick Partners and Champion Homes have unique business models and advantages that have fueled fundamental improvement. Even in a challenging housing market, both companies gave optimistic outlooks heading into 2025.

Technology was the worst-performing sector in the Russell 2500. Momentum swings both ways, and the most speculative leaders in quantum computing and artificial intelligence experienced substantial declines. Across various market caps, technology led the downturn, caught in the crosshairs of trade policy, cautious corporate spending, and uncertainties regarding the AI infrastructure buildout in light of more efficient and cheaper models (Deep Seek). Our broader diversified exposure proved beneficial, and stock selection drove outperformance. Cybersecurity holding Fortinet delivered excellent results fueled by the latest equipment upgrades, acquisitions, and robust customer growth.
Stock selection led to SMID cap outperformance in the healthcare sector. Molina's strong first-quarter performance resulted from solid enrollment trends, especially in Medicaid, along with disciplined cost management and

favorable rate adjustments, all of which helped counter rising utilization costs. Meanwhile, Concentra (spun off from Select Medical) experienced healthy revenue per visit, margin expansion from recent acquisitions (such as Nova), and ongoing improvements in free cash flow. Collectively, both companies benefited from growth opportunities, maintained operational efficiency, and delivered robust earnings, leading to their outperformance early in 2025.

Investor preference for more defensive characteristics impacted the performance of SMID cap financials in the first quarter. Asset managers Victory Capital and The Carlyle Group benefit from positive capital markets activity, and both firms encountered challenges that overshadowed their strengths in early 2025. Victory Capital continued to suffer from persistent net outflows, particularly in its higher-fee equity products, which hindered revenue growth even as it managed to keep expenses under control. Meanwhile, Carlyle Group experienced slower fundraising in private equity and underwhelming fee-related earnings growth compared to peers, despite slightly better performance in certain credit strategies. These issues, including negative flow trends at Victory and weaker-than-expected fee momentum at Carlyle, led to SMID cap financials underperformance on stock selection.

Market Commentary

While it was widely assumed to expect the unexpected when President Trump took office, investors were confident that a platform that stimulated the domestic economy with U.S.-first nationalist policies, deregulation, tax cuts, and a generally pro-business environment would benefit mid and small cap stocks. Instead, from the highs reached in December, the Russell 2500 index fell nearly 18% to the lows reached in mid-March, again trailing the large cap benchmark and finishing the first quarter down 7.5%.

That Trump would bring immediate changes from the previous administration was no surprise, but austerity measures, a trade war, and the assertion that the economy and stock market required some medicine were hardly the expected start. With consumer confidence shaken and uncertainty heightened, investors followed the traditional playbook by rotating to lower volatility, more defensive stocks, and asset classes.

Utilities and consumer staples led performance as the price of gold surpassed $3,000 per ounce for the first time. Although the Argent SMID portfolio intentionally underweights those types of businesses, its focus on higher quality and lack of exposure to more volatile, speculative stocks in the SMID cap universe contributed positively.

There was a significant deterioration in mood, but the data remains mixed. Surveys and other “soft” data fell precipitously, while “hard” data showed some cracks but maintained more stability. The impact of the tariff policy, Department of Government Efficiency (DOGE) initiatives, and other cuts to government programs are unknown. Inflation is still marginally trending in the right direction or worsening depending on the measure utilized. Federal Reserve Chairman Powell’s comments during the post-FOMC decision press conference in March were telling:

"The new Administration is in the process of implementing significant policy changes in four distinct areas: trade, immigration, fiscal policy, and regulation. It is the net effect of these policy changes that will matter for the economy and for the path of monetary policy….Making projections was an admittedly challenging exercise at this time, in light of considerable uncertainty...While these individual forecasts are always subject to uncertainty, as I noted, uncertainty today is unusually elevated...What would you write down? I mean, it's just, it's really hard to know how this is going to work out."

It is safe to assume that, at minimum, management teams would pause to reassess spending, investment, hiring, and other capital expenditure priorities until there is more clarity. Numerous companies expressed those concerns when giving forward earnings guidance. Still, the fourth quarter reporting season was decent, with 4.5% earnings growth for the Russell 2500 and 10.5% excluding energy, where earnings fell massively. Negative revisions, especially for the first quarter, have brought down full-year 2025 expectations to 17%, but that is still notable and well ahead of the 8.5% expected in the S&P 500. The earnings growth rebound for smaller companies is delayed rather than canceled for now.

With the continued underperformance of SMID caps compared to the S&P 500, relative valuation has once again fallen to historical lows. On an absolute basis, SMID caps are trading at 2x below the 10-year median multiple. It is not far-fetched to view the SMID cap universe as inexpensive and oversold, marked by extremely negative sentiment.

The risk-reward setup for positive surprises is skewed favorably.

Argent SMID Cap Strategy Top Contributors and Detractors for Quarter Ending March 31, 2025*					
Top Contributors	Avg. Weight	Total Effect	Top Detractors	Avg. Weight	Total Effect
Fortinet, Inc.	5.38	0.47	Gartner, Inc.	3.31	-0.19
Champion Homes, Inc.	3.48	0.47	Booz Allen Hamilton	1.85	-0.21
Molina Healthcare, Inc.	2.23	0.45	ASGN Incorporated	1.24	-0.22
Somnigroup International Inc.	3.12	0.37	ICF International, Inc.	1.36	-0.32
Green Brick Partners, Inc.	3.51	0.36	TFI International Inc.	1.59	-0.67

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Top Contributors

Fortinet, Inc. (FTNT), a leading cybersecurity software provider, outperformed in the first quarter of 2025, largely due to sustained product revenue momentum bolstered by a hardware refresh cycle contributing to higher services revenue. Recent acquisitions, combined with the complete integration of Linksys, fueled robust billings growth and helped expand Fortinet's addressable market. Meanwhile, margin performance remained a highlight, driven by normalizing inventory costs, disciplined operating expenses, and favorable currency movements. Fortinet also added a record number of new clients, underscoring its competitive positioning and reinforcing investor confidence in the company's long-term growth trajectory.

Champion Homes, Inc. (SKY) outperformed by capitalizing on lower input costs, effectively managing capacity utilization, and leveraging its expanding captive retail channel. The company's acquisition of Regional Homes has continued to exceed synergy targets, enhancing margins more rapidly than anticipated. Management's emphasis on higher-value offerings within the builder, developer, and community channels also increased average selling prices and supported more substantial operating leverage. Although minor weather-related disruptions occurred in certain regions, a healthier order flow and stable margins heading into 2025 largely offset these challenges.

Molina Healthcare, Inc. (MOH) is a managed care organization whose strong first-quarter performance was driven by effective management of its Medicaid redetermination process, where the company secured rate adjustments in most key states and successfully integrated new contract wins. Meanwhile, disciplined operating expenses supported margins. Investors also responded favorably to management's reaffirmation of 2025 guidance and its track record of meeting targeted profitability milestones, highlighting the company's ability to sustain profitable growth despite sector-wide cost pressures.

Somnigroup International Inc. (SGI), formerly Tempur-Sealey International, completed its Mattress Firm acquisition, which provides the company an expanded retail footprint, strong synergy prospects, and immediate scale advantages. Fundamentally, the company generated improved earnings and sales, demonstrating its ability to thrive even in a slower consumer spending environment. It also announced at least $100 million in anticipated annual run-rate cost synergies by 2028. Analysts and investors were encouraged by Somnigroup's capacity to quickly execute the integration, showing early operational alignment and conservative synergy targets that excluded any potential revenue gains.

Green Brick Partners, Inc. (GRBK), a homebuilder, benefited from a focused strategy on infill and near-infill submarkets, particularly in Dallas–Fort Worth, where housing demand remained stable despite higher mortgage rates. Record Q4 deliveries, strong year-over-year order growth, and relatively modest incentive offerings all contributed to margins that exceeded expectations. Management's disciplined land bank model helped control lot costs while targeting higher-income customers reduced the need for aggressive discounts. Additionally, the company's expanding count of active selling communities and success in rapidly completing homes (short cycle times) supported continued revenue momentum.

Top Detractors

Gartner, Inc. (IT) provides research and insight across the information technology industry. Underperformance stemmed primarily from management's plan to hire new sales talent aggressively, pushing margins lower and near-term earnings below investors' initial expectations, even though the company exited 2024 with a decent finish. While tech vendor spending showed signs of normalizing and contract value (CV) acceleration is projected to gather momentum by year-end, investors grew cautious about the near-term profitability hit tied to expanded headcount. Despite healthy demand trends and a longer-term target of double-digit CV growth, Gartner's conservative 2025 guidance weighed on the stock's early-year performance.

Booz Allen Hamilton Holding (BAH) underperformed with other government service providers as the newly established Department of Government Efficiency (DOGE) initiated a broad cost-cutting campaign that subjected federal contracts to intense scrutiny. With approximately 98% of its revenue linked to government work, Booz Allen was particularly vulnerable to abrupt terminations and renegotiations prompted by DOGE's mandate to justify or eliminate consulting projects deemed nonessential. These reforms introduced significant uncertainty regarding future budgets and contract structures. Nonetheless, Booz Allen excels in areas that continue to be priorities: defense, cybersecurity, and advanced technology for government. If agencies reduce full-time staff, firms like Booz may encounter additional contract opportunities to fill the gap, albeit with likely pressure to deliver value at a reduced cost. Despite the challenges, Booz Allen's scale, long-term contracts, and strong client relationships position it well to adapt to the efficiency mandate driven by DOGE.

ASGN Inc. (ASGN), an IT staffing and solutions provider, encountered persistent growth challenges due to constrained IT budgets in its core commercial segment. **C**onsultants exposed to government spending were under pressure and the peer group re-rated lower. Its recent results were mixed, with Q4 revenue falling short of expectations and a weak Q1 outlook prompting estimate cuts. Despite some areas of strength (e.g., consulting services), ASGN's near-term earnings momentum stagnated, and a recent acquisition (TopBloc) was executed with no valuation arbitrage relative to the stock, suggesting limited upside.

ICF International, Inc. (ICFI) is a consulting and technology services provider focused on government and commercial clients. ICF underperformed as investors focused on the company's lowered 2025 guidance that contemplates a steeper-than-expected decline in federal government work related to President Trump's DOGE and other austerity measures. Management pointed to ongoing uncertainties around new government budgets, including lost USAID work and possible further cutbacks, even though commercial and state/local segments continued to grow at a double-digit rate. Still, as the federal workforce faces reductions under austerity measures, agencies will lean on trusted contractors like ICF to fulfill their missions. ICF's backlog sits near record levels, supported by multi-year government contracts in healthcare, energy, and defense.

TFI International Inc. (TFII) is a leading trucking and logistics company operating across North America. The stock underperformed primarily due to soft demand across freight markets, which weakened revenue growth and pressured margins. Additionally, lingering inflationary pressures on fuel and labor costs constrained the company's profitability more than anticipated, magnifying the impact of overall reduced shipment volumes. Although management continued to pursue acquisitions and operational efficiencies, these initiatives did not counterbalance the near-term headwinds.

Portfolio Positioning

No portfolio changes were made in the first quarter.

Our bench is intended to provide competition and alternatives to existing holdings, and several new names were presented for discussion. The scrutiny on existing positions is pronounced, and though low turnover is a priority and output of our process, if the opportunity for portfolio upgrades presents itself, we will act on it.

Our measured approach to risk balances the benefits of diversification and Argent's intention to deploy a concentrated portfolio of our best ideas with increasing cash flows, durable competitive position, and investor-friendly capital allocation. If our in-depth, bottoms-up research process proves the enduring business characteristics are not only in effect but growing stronger, then we are confident in increasing our exposure accordingly.

Argent SMID Cap portfolio turnover was 0% in the first quarter and 7% in the trailing twelve months.
Sincerely,
Argent SMID Cap Team

Argent

Argent Capital Management, LLC

ARGENT SMID CAP COMPOSITE
January 1, 2020 through March 31, 2025

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 (%)
2024	13.88	13.51	12.00	22.72	21.70	17	4	3,710	0.09
2023	28.91	28.50	17.42	21.40	20.11	8	2	3,269	0.21
2022	-22.82	-23.10	-18.37	26.04	25.16	7	2	2,828	0.13
2021	35.10	34.64	18.18	NA	NA	5	2	3,517	0.46
2020	15.71	15.32	19.99	NA	NA	4	2	2,874	NA
Information for period(s) March 31, 2025									
1st Quarter 2025	-5.29	-5.38	-7.50	22.38	21.72	20	5	3,382	
Rolling 1 – Year	-3.91	-4.25	-3.11						
Rolling 3 – Year	7.32	6.96	1.78						
Rolling 5 - Year	19.43	19.03	14.91						
Since Inception Annualized	10.36	9.99	6.74						

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 exclude 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, 2023. 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, 2023. 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. The composite included portfolios where commissions were waived representing approx. 100% (2020 - 2024) of composite assets.

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 are reduced by a model fee derived by applying the standard fee schedule in effect for the respective period.

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 December 31, 2019 does not provide historical data to calculate a 3-year formula.