

September 30, 2016

TorrRayResolute Small/Mid Cap Growth

Market Overview

Equities delivered exceptional gains in the third quarter, steadily building on the late June Brexit recovery. Volatility returned in early September as investors continued to search for leadership beyond central bank stimulus and struggled to calculate risks associated with the unusual course of the U.S. presidential election. While these events contributed to a period of elevated uncertainty, economic conditions gradually improved, creating a positive backdrop for stocks, particularly in cyclical businesses.

Portfolio Commentary

During the third quarter, the TorrRayResolute Small/Mid Cap Growth Composite gained 4.58% (4.39% net of fees), underperforming the Russell 2500 Growth's gain of 6.98%. While the underperformance for the quarter was somewhat of a disappointment, the strategy has had an excellent year on an absolute and relative basis, gaining 10.85% (10.27% net of fees) compared to 6.95% for the benchmark. Security selection in Information Technology and Industrials was the primary source of underperformance for the quarter, while selection in Health Care had the largest positive impact. At the security level, top contributors included Medivation (MDVN), Halozyme (HALO) and Qualys (QLYS); primary detractors included Tractor Supply (TSCO), Stericycle (SRCL) and HD Supply (HDS). It was an active period for the portfolio with the addition of Advisory Board (ABCO), Synchronoss (SNCR) and IPG Photonics (IPGP), the sale of Quanta Services (PWR) and Stericycle (SRCL), and the acquisitions of Medivation (MDVN) and FEI (FEIC).

...the primary challenge we see for gains in the equity markets is a bridging of the gap between central bank policies, fiscal policies and sustainable economic growth.

Shares of the Advisory Board Company (ABCO) were purchased during the quarter based on our positive outlook for its core market, healthcare consulting. Increasing complexity and pressure to lower costs are spurring demand for ABCO's services. Importantly, the industry is transitioning from "fee for service" to "value-based" medicine, a payment model that seeks to improve health outcomes at lower costs. Advisory Board is at the center of helping its clients manage the challenges this transition presents. We also purchased shares of Synchronoss Technologies (SNCR), a company that provides cloud

services, device activation and data transfer solutions to the telecommunications industry. Synchronoss enjoys high levels of recurring revenue and opportunities for continued growth as it develops new services and expands into international markets. Finally, we purchased IPG Photonics (IPGP), a \$4.5bn company and leader in the production of fiber lasers. Fiber lasers have cost and power advantages over traditional lasers, and are taking share in traditional laser end markets such as cutting and welding. IPG Photonics benefits from both a first-mover advantage (scale), as well as vertical integration that enables a low-cost advantage and a strong intellectual property position. IPG Photonics is actively pursuing entrance into several new end markets which we believe should support long-term growth.

Outlook

Looking out to the fourth quarter and beyond, the primary challenge we see for gains in the equity markets is a bridging of the gap between central bank policies, fiscal policies and sustainable economic growth. In effect, earnings need to resume and sustain a positive trajectory in order to support current valuations. From this perspective, our expectations have improved over the past few months as economic building blocks such as employment, wage growth, commodity prices and housing demand have increased. It is, as it has been since the beginning of the year, an environment where fundamentals are becoming relevant again.

As ever, we appreciate your interest and trust.

Nicholas Haffenreffer

Nicholas C. Haffenreffer
October 24, 2016



Top Contributors & Detractors

| Security | Sector | Contribution |
|-----------------|-------------|--------------|
| Medivation | Health Care | +1.4 |
| Halozyme | Health Care | +1.0 |
| Qualys | Info Tech | +0.8 |
| Mettler-Toledo | Health Care | +0.5 |
| LKQ Corporation | Cons Disc | +0.5 |
| Tractor Supply | Cons Disc | -0.7 |
| Stericycle | Industrials | -0.5 |
| HD Supply | Industrials | -0.3 |
| Manhattan | Info Tech | -0.3 |
| Church & Dwight | Cons Stpls | -0.2 |

Top 10 Holdings

| Security | % of Holdings |
|--------------------------------------|---------------|
| LKQ Corporation | 4.7 |
| Medivation | 4.6 |
| Jack Henry & Associates | 4.6 |
| Hexcel Corporation | 4.3 |
| Copart | 4.1 |
| Omniceil | 4.0 |
| SBA Communications | 3.9 |
| Mettler-Toledo | 3.9 |
| Monotype | 3.8 |
| Cooper | 3.7 |
| Percentage of total portfolio | 41.7 |

Holdings are subject to change and are not recommendations to buy or sell a security

Disclosures

This commentary is for informational purposes only and should not be viewed as a recommendation to buy or sell any security. There is no guarantee that the views expressed will come to pass. TorrayResolute, LLC is an independent registered investment adviser and is a majority owned subsidiary of Montage Investments, LLC. Registration of an investment adviser does not imply any level of skill or training. TorrayResolute, LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of TorrayResolute, LLC and/or a GIPS® compliant presentation, please contact Hugh Tawney or Breck Scalise at 855.753.8174 or email info@torrayresolute.com. For additional information about TorrayResolute, including fees and services, please contact us or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov).

The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2500™ Growth Index measures the performance of the small to mid-cap growth segment of the U.S. equity universe. It includes those Russell 2500 companies with higher growth earning potential. You cannot invest directly in an index.

Investing involves risk; principal loss is possible. Past performance is not indicative of future results.