



TORRAY LLC

Investment management since 1972

Torrrey Large Value

Investment Results

The Large Value Equity Composite returns for the second quarter and year-to-date are show below, with comparisons to both the S&P 500 and the Russell 1000 Value Index:

	QTD	YTD
Large Value Equity Composite (gross)	0.72%	-1.31%
Large Value Equity Composite (net)	0.62%	-1.49%
S&P 500	3.43%	2.65%
Russell 1000 Value Index	1.18%	-1.69%

Portfolio Activity

There were no changes to portfolio holdings during the quarter.

Market Comments

As has been widely noted, investment results in the recent past have been materially better for growth indices relative to value indices. Year-to-date 2018, for example, the Russell 1000 Growth return is 7.25% and the Russell 1000 Value Index is -1.69%. Additionally, the entire 2018 gain in the SP500 is attributable to just seven large capitalizations companies. These trends have led some to question the merits of value investing, but we remain committed to the wisdom of the approach.

Instead of paying high prices for distant growth prospects, we prefer to invest in what we consider to be good businesses when, in our judgement, valuations discount little or no growth. We believe this provides a measurable margin of safety. Additionally, we are more interested in how companies allocate capital. Our goal is to reduce the range of uncertainty by focusing on a company's demonstrated record instead of extended forecasts, and paying reasonable prices when expectations are modest. In that vein, the estimated forward price- earnings ratio for the Large Value Equity Composite is currently 12.6x, which compares to 16.3x for the Standard & Poor's 500 Index. With trade tensions, inflation and interest rates on the rise, we are very comfortable with this valuation discount relative to the market.

We thank you for your continued support.

Shawn Hendon
July 17, 2018

Jeff Lent

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. Torrrey LLC is an independent registered investment adviser. Registration of an investment adviser does not imply any level of skill of training. Torrrey LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Torrrey LLC and/or a GIPS® compliant presentation, please contact Hugh Tawney or Breck Scalise at 855.753.8174 or email tawney@torray.com. For additional information about Torrrey LLC, including fees and services, please contact us or refer to the Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov).

The S&P 500 Index is a widely recognized unmanaged index of equity prices and is representative of a broader market and range of securities than is found in the composite. The Index returns do not reflect the deduction of expenses, which have been deducted from the composite's returns. The Index return assumes reinvestment of all distributions and does not reflect the deduction of taxes and fees.

The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

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