



TORRAY LLC

Investment management since 1972

Torrrey Large Value

Investment Results

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

	QTD %	YTD %
Large Value Equity Composite (gross)	-12.76	-9.89
Large Value Equity Composite (net)	-12.85	-10.24
S&P 500	-13.52	-4.38
Russell 1000 Value Index	-11.72	-8.27

Portfolio Activity

There were no new purchases or full sales for the period. At the close of the quarter, the portfolio held 30 positions, the top ten consisting of 49.3% of the portfolio with a cash position of 7%.

Market Comments

The S&P 500 Index in 2018 suffered its first annual decline since 2008. A sharp fourth quarter loss more than erased prior gains for the year, reversing market trends which had resulted in all-time highs for the averages. The latter part of the year saw several market trends worth mentioning, including a 40% drop in crude oil, a 5 year high in the 10-year US Treasury yield and a widening of the spread between high yield bonds (those rated below investment grade) and investment grade bonds. In connection with ongoing trade tensions, many market participants saw these trends as signs of a weakening economy which would impact industrial, financial and energy share prices.

We are skeptical of such forecasts and don't believe they are reliable or helpful to investors with long-term perspectives. Currently, the Large Value Equity Composite earnings yield (earnings divided by price) of 9% compares favorably to annual inflation and 10-year US Treasury yields, both of which are below 3%. The combination of attractive valuation and modest earnings growth should produce satisfactory returns for long-term investors, in our view.

We thank you for your continued support.

Shawn Hendon
January 15, 2019

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Brian Zaczynski

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. Torrey LLC is an independent registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Torrey LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Torrey LLC and/or a GIPS® compliant presentation, please contact Hugh Tawney or Breck Scalise at 855.753.8174 or email tawney@torrey.com. For additional information about Torrey 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.

Source: Factset and Torrey LLC.