



Investment management since 1972

## TorrRay Large Value

### Investment Results

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

|                                      | QTD*  | YTD*  | 1 YR | 3 YR  | 5 YR  |
|--------------------------------------|-------|-------|------|-------|-------|
| Large Value Equity Composite (gross) | 11.69 | 11.69 | 2.71 | 9.97  | 8.30  |
| Large Value Equity Composite (net)   | 11.60 | 11.60 | 2.32 | 9.43  | 7.76  |
| S&P 500                              | 13.65 | 13.65 | 9.50 | 13.51 | 10.91 |
| Russell 1000 Value Index             | 11.93 | 11.93 | 5.67 | 10.45 | 7.72  |

\*Quarter-to-date (QTD) and Year-to-date (YTD) not annualized. Performance is as of 03/31/19.

### Portfolio Activity

There were no purchases or sales during the first quarter. At quarter end, financials remained the largest economic sector at 32.7% (which includes several diversified holding companies). The top ten positions represented 46.1% of the composite, and the cash position was 5.8%.

### Market Comments

In a sharp reversal from the fourth quarter's weakness, the S&P 500's strong first quarter left it just shy of the benchmark's all-time high recorded in September 2018. Not surprisingly, this occurred with improvement in several other markets as credit spreads tightened, oil prices improved and the 10-year US Treasury yield fell below 2.5%, a level last seen in 2017. The Federal Reserve signaled its intention to hold off on additional rate increases this year, and this seemed to alleviate concerns that monetary policy would become a headwind to economic growth. It can be argued that financial markets have become too reliant on the ability of central banks to maintain low interest rates. Perhaps the fourth quarter was an indication that market participants are beginning to factor this into valuations, the recent rally notwithstanding.

In security valuation, we place little emphasis on growth expectations that exceed historical results. We believe this can reduce the margin for error – and in combination with dividend income – result in reasonable long-term total returns. In that context, we are comfortable with the Large Value Equity Composite's estimated price earnings ratio of 11.5x and current yield of 2.4%, which compare favorably to the S&P 500 trading at 16.6x earnings and current yield of 2.0%.

We thank you for your continued support.

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April 15, 2019

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

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.**