



Investment management since 1972

TorrRayResolute Equity Income Commentary

Market Overview

First quarter equity returns were among the best in a decade, delivering a welcome recovery from the prior quarter's sharp correction. A key source of the market's rebound was an unusual policy reversal from the Federal Reserve in which the Board indicated it would return to a data dependent stance rather than continue to raise rates in a programmatic manner. While economic growth remained moderate and geopolitical uncertainty high, investors celebrated the policy reversal, recovering most of the prior quarter's losses. Late cycle forecasts and caution remain the consensus view, but there are few signs a recession is imminent.

Portfolio Commentary

During the first quarter, our Equity Income composite gained 11.97% (11.84% net of fees). While a welcome rebound from the 4th quarter of 2018, this underperformed the benchmark S&P 500 Index's increase of 13.65%.

During the quarter we purchased shares of Las Vegas Sands (LVS) and Interpublic Group (IPG) while removing holdings in MGM Growth Properties (MGP) and General Motors (GM). Given the volatility around trade negotiations with China, we took the opportunity to sell our position in MGP and purchase LVS in its place. Originated from the Sands Hotel in Las Vegas, LVS now owns flagship properties across the United States, Singapore and Macau, with 90% of the profits coming from Asia. The Marina Bay Sands (Singapore) is widely recognized as the most profitable casino property worldwide.

While economic growth remained moderate and geopolitical uncertainty high, investors celebrated the policy reversal, recovering most of the prior quarter's losses.

Interpublic Group is the fourth-largest of the Big Five advertising companies (IPG, WPP, Publicis, Omnicom, and Dentsu). We expect IPG to generate competitive organic growth, continue to make acquisitions, and increasingly focus on faster-growing emerging markets and the digital ad market.

Dividend changes during the quarter were as follows:

Company	Ticker	Dividend Δ
Enterprise Products Partners	EPD	Increased
Prudential Financial	PRU	Increased
Cisco Systems	CSCO	Increased
SLM Corp Pfd B	SLMBP	Increased

Outlook

Though the 10 Year U.S. Treasury yield continues to struggle to rise above 2.5% we maintain our belief that rising global debt burdens must engender higher interest rates at some point. As such we remain defensively minded and positioned for higher interest rates.

As ever, we appreciate your interest and trust.



Jeffrey Lent

April 17, 2019

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. Torray LLC is an independent registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. Torray LLC claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of Torray LLC and/or a GIPS® compliant presentation, please contact Breck Scalise at 855.753.8174 or email bscalise@torray.com. For additional information about Torray 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 measures the value of stocks of the 500 largest corporations by market capitalization listed on the New York Stock Exchange or Nasdaq Composite.

Dividend changes represent past activity and there is no guarantee dividends will continue to be paid.

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

Source: Factset and Torray LLC.