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TorrRayResolute Small/Mid Cap Growth

Market Overview

In spite of escalating US-China trade tensions and signs of moderating economic growth, second quarter equity markets added to strong first quarter gains, producing some of the best first half returns in decades. Much of this can be attributed to the Federal Reserve's policy reversal, which transitioned from tightening last October, to a pause in January, and finally indicating a willingness to cut rates in the coming months following the May meeting. From this perspective, it remains a liquidity-driven market with momentum carrying markets to new highs.

Portfolio Commentary

During the second quarter, the TorrRayResolute Small/Mid Cap Growth composite outperformed its benchmark, returning 7.99% (7.83% net of fees) compared to the Russell 2500 Growth Index's gain of 4.14%. Security selection and sector allocation were both positive. Real Estate, Industrials, and Consumer Discretionary were the strategy's best performing sectors; Financials and Consumer Staples were the laggards. Relative to the benchmark, the portfolio's selection in Health Care and Industrial sectors made the largest contributions to returns, while selection in the Financial sector detracted the most from relative returns. At the security level, top contributors included Catalent (CTLT), Copart (CPRT), and Hexcel (HXL). Primary detractors were MKS Instruments (MKS), Healthcare Services Group (HCSG), and Webster Financial (WBS). There were no new purchases or complete sales for the period. For the trailing twelve months, the composite gained 7.15% (6.49% net of fees), outperforming the benchmark's gain of 6.13%.

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At the close of the quarter, the composite held 28 positions, the top 10 constituting 46% of the portfolio with a cash position of 1%. The average cash position over the period was 2.8%. Information Technology and Health Care were the two largest sector weights at 26.9% and 26.8%, respectively. Compared to the benchmark, the largest sector overweights were Health Care and Industrials; the largest underweights were Consumer Discretionary and Materials.

Outlook

Market commentators question the sustainability of the outsized gains made in the first half of the year, but expanding the time horizon paints a more benign picture; the 24% gain of the Russell 2500 Growth Index in the first half of the year might give investors pause, but the second quarter's close was 3% below the index's prior September high and just 5% above the close one year ago. Given the benchmark's 7% decline in May and 20% decline in the fourth quarter of 2018, it is clear volatility has returned to the equity markets.

Recent economic data has been mixed. Job growth and consumer sentiment have remained positive, wages have been rising and inflation has remained tame, but consumer spending has been somewhat disappointing. After 3.1%

growth in Q1'19 GDP, estimates have slipped below 2% for the balance of the year. As we look forward, we expect additional periods of volatility as trade talks progress and the Federal Reserve responds to late cycle dynamics. In this market environment, our focus remains on identifying compelling long-term opportunities and effectively managing risk.

As ever, we appreciate your interest and trust.



Nicholas C. Haffenreffer

July 15, 2019

Top Contributors & Detractors

Security	Sector	% Weight	% Contribution
Catalent Inc.	Health Care	3.7	+1.1
Copart, Inc.	Industrials	4.8	+1.1
Hexcel Corporation	Industrials	6.0	+1.0
Aspen Technology, Inc.	Info Tech	5.5	+1.0
Pool Corporation	Cons Disc	4.3	+0.7
MKS Instruments, Inc.	Info Tech	2.2	-0.4
Healthcare Services Group, Inc.	Industrials	3.3	-0.2
Webster Financial Corporation	Financials	3.9	-0.2
BioMarin Pharmaceutical Inc.	Health Care	3.6	-0.2
ICF International, Inc.	Industrials	3.6	-0.2

Top 10 Holdings

Security	% of Holdings
Hexcel Corporation	6.4
Aspen Technology, Inc.	5.6
Copart, Inc.	5.0
Pool Corporation	4.3
Catalent Inc.	4.3
Qualys, Inc.	4.2
Webster Financial Corporation	4.0
Mettler-Toledo Int'l Inc.	4.0
SBA Communications Corp Cl A	3.9
Dunkin' Brands Group, Inc.	3.9
Percentage of total portfolio	45.7

Holdings are subject to change and are not recommendations to buy or sell a security. To obtain information about the calculation methodology used to select the largest contributors to and detractors from performance or to obtain a list showing every holding's contribution to performance during the measurement period, contact bscalise@torray.com.

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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.

Source: Factset and Torray LLC.