



Investment management since 1972

TorrRayResolute Equity Income Commentary

Market Overview

During the final quarter of 2019, equity markets applauded improving fundamentals and closed out the year and decade on a decisively high note. In stark contrast to a year earlier, global growth metrics broadly stabilized and improved, the Federal Reserve and other central banks around the world were uniformly accommodative and incremental progress was made on the trade dispute between the U.S. and China. It was a period where market bulls declared victory and skeptics capitulated.

Portfolio Commentary

During the fourth quarter, the Equity Income composite gained 7.77% (7.63% net of fees), underperforming the S&P 500 Index's gain of 9.07%. We did not eliminate or add any new positions during the quarter.

As the Federal Reserve indicated at their recent FOMC meeting, the Committee maintains its high bar to cut or raise interest rates. Simply put, Fed policy appears to be solidly on hold for the foreseeable future. The economic projections presented at the meeting continue to indicate growth of approximately 2.0% this year and an uncertain path for inflation given full employment and binary risks around trade and geopolitics. Regardless of the outcome, we believe the investable lows are in on interest rates and remain defensive seeking inflation protection when and where available.

Here, we remind ourselves that successful investing is not about timing markets, but what is done with volatility when it arrives.

Dividend changes during the quarter were as follows:

Company	Ticker	Dividend Δ
Las Vegas Sands	LVS	Increased
Lockheed Martin	LMT	Increased
Merck	MRK	Increased
AbbVie	ABBV	Increased
SLM Corp Pfd B	SLMBP	Decreased

Outlook

While we don't make market predictions, we do gain useful perspective from our fundamental work. Progress on the U.S.-China trade front, the resolution of Brexit, strong domestic employment, a healthy consumer, reaccelerating earnings growth, low interest rates and accommodative central banks all point to a constructive environment for equity investors. At the same time, we recognize much of this good news is reflected in current prices, leaving little margin

for error, and it's certainly reasonable to expect the current political cycle and continuing trade negotiations to be sources of market volatility. Here, we remind ourselves that successful investing is not about timing markets, but what is done with volatility when it arrives. As we have in the past, we remain disciplined and opportunistic, looking to manage risk by differentiating short-term uncertainties from long-term opportunities.

As ever, we appreciate your interest and trust.



Jeffrey Lent

January 23, 2020

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. 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. Total returns include the reinvestment of dividends and other earnings.

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

Source: Factset and Torray LLC.