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TorrRay Resolute Small/Mid Cap Growth

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

For the fourth quarter, the composite gained 8.01% (7.85% net of fees) versus 10.57% for the Russell 2500 Growth Index and 8.54% for the Russell 2500 Index. For the year, the composite gained 30.43% (29.68% net of fees) versus 32.65% for the Russell 2500 Growth Index and 27.77% for the Russell 2500 Index. Sector allocation effect for the quarter was positive and security selection was negative. The portfolio's overweight position in Health Care had the greatest positive impact on performance. Some moderation of debate on the political front and a series of drug approvals at the FDA helped improve sentiment and drive the sector higher, making it the portfolio's and benchmark's best performing sector. Top portfolio contributors were Teladoc Health (TDOC), Copart (CPRT) and ANSYS (ANSS). The largest detractors were Hexcel (HXL), Church & Dwight (CHD) and Dunkin' Brands (DNKN).

There were two changes made in the portfolio during the quarter, both in the Health Care sector. Shares of Genmab (GMAB) were sold following a significant increase in its share price which reflected the positive clinical progress and financial results of the company's treatment for multiple myeloma. While we remain confident about Genmab's prospects, valuation and market capitalization reached the high end of what we believe is appropriate for the company and strategy. Proceeds from the sale were

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redeployed into Rocket Pharmaceuticals (RCKT), a clinical-stage gene therapy company developing treatments for several rare diseases with high unmet medical needs. We are enthusiastic about the efficacy and market opportunities that gene therapies have demonstrated, particularly over the past few years. The FDA and strategic buyers such as large pharmaceutical companies have also taken note and are increasingly active in this field. With four ongoing clinical programs, Rocket's basket approach to gene therapy is appealing from a risk management perspective. Recent data presented on two of Rocket's programs led us to initiate a position in the company.

At the close of the quarter, the portfolio held 28 positions, the top 10 constituting 42.7% of the portfolio with a cash position of 3.3%. The average cash position over the period was 2.4%. Information Technology and Health Care were the two largest sector weights at 32.0% and 27.7%, respectively. Compared to the benchmark, the largest sector

overweights were Information Technology and Financials, the largest sector underweights were Consumer Discretionary and Industrials. Turnover for the year was 21%, just below the 5-year average of 26%.

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.



Nicholas C. Haffenreffer

January 23, 2020

Top Contributors & Detractors

Security	Sector	% Weight	% Contribution
Teladoc Health, Inc.	Health Care	3.2	+0.7
Copart, Inc.	Industrials	5.1	+0.7
ANSYS, Inc.	Info Tech	4.2	+0.7
BioMarin Pharmaceutical Inc.	Health Care	2.6	+0.6
Catalent Inc	Health Care	3.6	+0.6
Hexcel Corporation	Industrials	5.1	-0.6
Church & Dwight Co., Inc.	Cons Stpls	2.7	-0.2
Dunkin' Brands Group, Inc.	Cons Disc	3.6	-0.2
Aspen Technology, Inc.	Info Tech	4.8	-0.1
Verra Mobility Corp. Class A	Info Tech	2.7	-0.1

Top 10 Holdings

Security	% of Holdings
Copart, Inc.	5.2
Aspen Technology, Inc.	5.0
ANSYS, Inc.	4.4
Webster Financial Corporation	4.2
Catalent Inc.	4.2
Pool Corporation	4.0
ICF International, Inc.	3.9
Hexcel Corporation	3.9
SBA Communications Corp Cl A	3.9
Qualys, Inc.	3.8
Percentage of total portfolio	42.7

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.

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.