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Torrays Resolute Concentrated Large Growth

Market Overview

Equities continued to move higher in the third quarter following the lead of an economic recovery that continues to exceed expectations. The question at the top of most investors' minds concerns the disconnect between the market's performance and the state of the economy. To date, markets have proved to be reasonable discounting mechanisms. They have reflected a positive view of the future, a view largely supported by the unprecedented scale of fiscal stimulus delivered by Congress, and the Federal Reserve's aggressive monetary policy. While there is no shortage of risks for the market to wrestle with in the immediate future, what began as a "liquidity-driven" recovery has made good progress over the past six months and begun to show signs of a sustainability.

Portfolio Commentary

The Large Growth Composite returned 8.97% (8.80% net) for the quarter and 35.02% (34.14% net) for the trailing 12 months. The benchmark Russell 1000 Growth Index gained 13.22% for the quarter and 37.53% for the trailing 12 months. While relative performance is an important measure of our value as active managers, we are pleased with these returns, particularly considering the current economic environment and extreme market volatility. Strong returns from the portfolio's Information Technology and Consumer Discretionary holdings were top sector contributors for the quarter. Real Estate was the sole detractor for the period. At the security level, top contributors included Apple (AAPL), Danaher (DHR) and Amazon.com (AMZN). Apple and Amazon continue to benefit from resilient consumer spending and Danaher's leadership in the medical device industry was demonstrated by the timely delivery of a combination test for Covid-19 and Flu. Primary detractors for the period included BioMarin Pharmaceuticals (BMRN), American Tower (AMT) and Centene (CNC). BioMarin experienced a delay in the development of a key pipeline drug, customer consolidation tempered American Tower's intermediate-term outlook and the contentious political debate surrounding the future of the Affordable Care Act (ACA) weighed on Managed Care provider Centene's stock price. There were no new purchases or sales during the quarter. The portfolio concluded the period with 26 holdings and 1% cash.

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Outlook

Despite the market's impressive recovery, the economy is not out of the woods yet. The impact of Covid-19 is devastating, leaving sections of the U.S. and global economy severely, if not permanently, damaged. Unemployment remains high at just under 8% with payrolls more than 10 million below pre-pandemic levels. Additional fiscal stimulus is caught in political limbo and election uncertainty continues to weigh on investor and business confidence. There is a sense the easy work has been done. What remains unclear is how the pandemic will reshape industries in the future. These dislocations will certainly present risks and opportunities. As we consider the remainder of the year and beyond,

we continue to position the portfolio in what we believe is balanced exposure to “quarantine” or secular growth businesses, and “recovery” or more economically sensitive businesses.

As ever, we appreciate your interest and trust.



Nicholas C. Haffenreffer

October 15, 2020

Top Contributors & Detractors

Security	Sector	% Avg. Weight	% Contribution
Apple	Info Tech	5.9	+1.4
Danaher	Health Care	4.5	+0.9
Amazon.com	Cons Disc	6.7	+0.9
Lonza Group	Health Care	5.1	+0.9
Nike	Cons Disc	3.0	+0.8
BioMarin	Health Care	3.0	-1.2
American Tower	Real Estate	4.2	-0.3
Centene	Health Care	3.2	-0.3
Roche	Health Care	2.8	-0.0
Roper Technologies	Industrials	3.8	+0.1

Top 10 Holdings

Security	% of Holdings
Amazon.com	6.6
Apple	6.2
Microsoft	5.2
Adobe	5.1
Lonza Group	5.0
Danaher	4.7
Alphabet	4.6
Visa	4.0
American Tower	3.9
Verisk	3.8
Percentage of total portfolio	49.1

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 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values. 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.

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.