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Torrays Resolute Small/Mid Cap Growth

Market Overview

The first anniversary of the pandemic ushered in the second phase of the Covid economic cycle. Widespread vaccine availability, additional fiscal stimulus, a persistently dovish Fed, and a rapidly improving economic backdrop produced a distinct change in market leadership. The yield curve steepened, market breadth improved, and value outperformed growth by a wide margin. Closing the first quarter 17% above the 2020 pre-pandemic high and 78% above the pandemic-low, the S&P 500, and equities in general, have demonstrated remarkable resilience and continue to reflect optimism as we emerge from one of the worst health crises and sharpest economic contractions in the last century.

Portfolio Commentary

The Small/Mid Cap Composite declined 0.82% (0.97% net) for the quarter but gained 62.43% (61.47% net) for the trailing twelve months. The benchmark Russell 2500 Growth Index gained 2.49% for the quarter and 87.50% for the trailing twelve months. The Composite's underperformance for the quarter was equally attributable to allocation and selection; being overweight Health Care and underweight Consumer Discretion impacted allocation negatively, as did relative performance in each of these two sectors. Top sector contributors included Industrials and Information Technology, reflecting an improving economic backdrop and positive secular trends that accelerated through the pandemic. At the security level, top contributors included Zebra Technologies (ZBRA), MKS Instruments (MKS) and ICF International (ICFI). The largest detractors were Myovant Sciences (MYOV), CyberArk Software (CYBR) and Copart (CPRT). The composite ended the quarter with 30 holdings and 2.8% cash.

The tug of war we are witnessing between higher interest rates, inflation, and a brighter, post-covid economic outlook is likely to produce additional volatility.

Blueprint Medicines (BPMC) was the sole purchase made during the quarter and there were no sales. Founded in 2008 and headquartered in Cambridge, Massachusetts, Blueprint is a commercial stage precision therapy company focused on genomically defined cancers. The company currently has two therapies on the market, a strong pipeline and is well capitalized. Following significant clinical advances in 2020, we believe Blueprint's discovery platform and therapeutic portfolio demonstrate the value and potential of precision medicine in the treatment of cancer.

Outlook

The second phase of this cycle is sure to present investors with new challenges as the recovery is unlikely to follow a typical post-recession path. The tug of war we are witnessing between higher interest rates, inflation, and a brighter, post-covid economic outlook is likely to produce additional volatility. We marvel at the scientific achievements that brought effective vaccines to market in such a timely manner, but we are realistic about the persistent nature of the virus, its variants, and its dampening effect on the world economy. The breathtaking amount of fiscal and monetary stimulus flooding global economies is clearly supporting a recovery, but we are mindful of the limitations of these

programs and the challenges they pose to long-term growth. In this context, we remain balanced in our strategy and continue to emphasize quality, pricing power, positive economic leverage, and rate correlation.

As ever, we appreciate your interest and trust.



Nicholas C. Haffenreffer

April 26, 2021

Q1 2021 Top Contributors & Detractors

Security	Sector	% Avg. Weight	% Contribution
Zebra Technologies	Info Tech	3.6	+0.8
MKS Instruments	Info Tech	3.2	+0.7
ICF International	Industrials	2.9	+0.5
Aspen Technology	Info Tech	4.8	+0.4
Hexcel	Industrials	2.9	+0.4
Myovant Sciences	Health Care	3.0	-0.9
CyberArk Software	Info Tech	2.6	-0.5
Copart	Industrials	3.2	-0.5
Rocket Pharmaceuticals	Health Care	3.5	-0.5
BioMarin	Health Care	2.5	-0.3

Q1 2021 Top 10 Holdings

Security	% of Holdings
Aspen Technology	4.8
Halozyme Therapeutics	4.2
Pool	4.1
Zebra Technologies	4.1
SBA Communications	3.8
Sapiens International	3.8
Omnicell	3.7
ANSYS	3.7
Teladoc Health	3.7
MKS Instruments	3.7
Percentage of total portfolio	39.6

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. Investments in smaller companies typically exhibit higher volatility. Past performance is not indicative of future results.**

Source: FactSet and Torray LLC.