



Firm

Founded	1972
Headquarters	Bethesda, Maryland
Ownership	100% Employee Owned
Firm Assets ¹	\$859M
Firm AUM	\$655M
Employees	10

¹ Firm assets includes non-discretionary UMA assets under advisement.

Strategy

The objectives is to build wealth over time by investing in a limited number of large-capitalization companies, using a value-oriented approach to security selection.

The strategy focuses on companies with demonstrated records of profitability, conservative financial structures and shareholder-oriented management.

Inception	12/31/72
Benchmark	Russell 1000® Value
Portfolio Manager	Shawn Hendon Jeffrey Lent
Investment Committee	James Bailey, CFA Shawn Hendon, CFA Jeffrey Lent Brian Zaczynski, CFA

Large Value Composite

The Large Value Equity Composite's first quarter return was 2.54% (2.53% net of fees) compared to -0.74% for the Russell 1000 Value Index and -4.60% for the S&P500. Over the past twelve months the Composite's return was 12.49% (12.43% net of fees) versus 11.67% for the Russell 1000 Value Index and 15.65% for the S&P500. The quarter marked a continuing shift among investors away from highly valued growth names as both commodity prices and interest rates rose. Without eliminating any holdings, profits were taken in financial and energy names to maintain more appropriate position sizes. Proceeds were reinvested into other portfolio names to increase weights on market weakness. Texas Instruments (TXN) was the only new investment.

TXN is a global manufacturer of semiconductors and electronic products, with leading positions in analog and embedded processing chips. The company is a low-cost supplier (a major advantage, in our opinion) and its capital management execution is considered the industry's gold standard. We believe the company is well-positioned to participate in the growing global demand for semiconductors as digital transformation broadens and accelerates.

Market

Often, the first quarter of a new calendar year is marked by volatility, as investors question old assumptions and rebalance portfolios. 2022 certainly started this way, with the COVID pandemic giving way to violence in Ukraine. Inflation, broadly impacting the entire global economy, threatens to force interest rates higher, slow demand and change public policy in unknown ways. As the quarter continued and war ground on, the market began to digest these factors, aided by a Federal Reserve road map that investors are seemingly able to live with. At the quarter's conclusion, this relief produced upward pressure on stock prices, especially those of beaten down aggressive growth companies. The S&P 500's quarterly return was -4.60%.

Looking ahead, our concern is that global central banks do not cooperatively act to reduce inflationary pressures. If the U.S. goes solo, it will likely leave the Dollar exposed and produce further unsatisfactory inflation. On the other hand, if central banks can coordinate policy, this will increase the probability of a "soft-landing" (reduced inflationary pressures without the associated recession) and the outlook for 2023 could be solid. The latter case is Torrays's operating forecast right now.

Correlation

We attempt to build concentrated portfolios diversified to many risks, but sometimes capital markets get run over by macro events. Our work utilizes correlation coefficients, a by-product of linear regression, and like most quantitative methods, relies on historical data as inputs. As such, it suffers from the possibility that future outcomes may differ from the past. The analysis can also fail during strong negative markets, exactly when the value of diversification is most beneficial. Examples include the oil crash of 2015 and the inflation worries impacting financial markets in the quarter just finished. Despite these more short-term limitations, we maintain the tool is valuable over time. It helps us to construct portfolios with far fewer stocks than peers and benchmarks while still addressing the need to manage risk. This means we invest only in our highest conviction ideas, owning more of each, and avoid dilution by what we consider lower quality prospects. Our job as active analysts is to balance the elements of judgment, prudence and aggressiveness, striving to optimize this process and your risk-adjusted return.

Annualized Total Returns (%)							
Rolling Returns	MRQ ²	YTD ²	1-Year	3-Year	5-Year	10-Year	ITD
TLCV Comp. (gross)	2.5	2.5	12.5	12.6	9.8	11.2	11.9
TLCV Comp. (net)	2.5	2.5	12.4	12.2	9.4	10.7	11.3
Russell 1000 Value	-0.7	-0.7	11.7	13.0	10.3	11.7	N/A
S&P 500	-4.6	-4.6	15.6	18.9	16.0	14.6	10.8

² Most Recent Quarter (MRQ) and Year-to-date (YTD) not annualized.
As of 03/31/22. Torray Large Value Inception: 12/31/72.

Calendar Year Returns (%)										
Year End	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TLCV Comp. (gross)	22.1	1.3	25.7	-9.9	16.7	15.9	-0.5	12.6	32.4	9.2
TLCV Comp. (net)	22.0	1.1	25.3	-10.2	16.2	15.1	-0.9	12.0	31.7	8.6
Russell 1000 Value	25.2	2.8	26.5	-8.3	13.7	17.3	-3.8	13.5	32.5	17.5
S&P 500	28.7	18.4	31.5	-4.4	21.8	12.0	1.4	13.7	32.4	16.0

Portfolio Characteristics							
Portfolio Statistics	Portfolio	Russell 1000 Value	Sector Allocation	% Portfolio	Russell 1000 Value	Top 10 Holdings	% Portfolio
Holdings	29	848	Financials	30	21	Berkshire Hathaway Inc. Cl B	6.1
Avg. Mkt. Cap. \$B (wtd)	236	169	Health Care	12	18	General Dynamics Corp.	4.9
ROE (1 yr)	22%	18%	Industrials	11	11	Marsh & McLennan Cos., Inc.	4.7
Dividend Yield	1.8%	1.9%	Info. Tech.	11	10	UnitedHealth Group Inc.	4.4
Turnover	20%	10%	Energy	9	7	Johnson & Johnson	4.2
EPS Growth	9%	13%	Comm Services	8	7	Altria Group Inc.	4.1
EPS Variability	49%	53%	Cons. Staples	8	7	American Express Company	3.7
Standard Deviation	16%	16%	Cons. Disc.	5	5	Kraft Heinz Company	3.6
Alpha	-0.2%		Materials	3	4	Bristol-Myers Squibb	3.5
Beta	0.98		Real Estate	0	5	T. Rowe Price Group	3.5
Up Market Capture	98%		Utilities	0	5	Total	42.8
Down Market Capture	101%		Cash	3	0		

Figures are dollar-weighted averages, unless noted. Shaded Portfolio Statistics are 5-yr averages. Strategy holdings and sector allocations are subject to change and should not be considered a recommendation to buy or to sell any security. **Past performance is not indicative of future results. See performance footnotes.** Source: FactSet and Torray, LLC.

The Large Value Equity Composite includes all discretionary portfolios managed under the Torray large cap value strategy. For comparison purposes, the composite is measured against the Russell 1000® Value and the S&P 500 indices. The primary benchmark is the Russell 1000® Value. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values. Prior to June 30, 2020, the S&P 500 Index was the Composite's primary benchmark and was replaced with the Russell 1000® Value because it is more relevant. This decision was made based on an analysis and comparison of characteristics data and review of other similar products. Effective June 30, 2020, the S&P 500 Index is the Composite's secondary benchmark. 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. Prior to January 1, 2019, the name of the composite was Equity Composite. Torray LLC claims compliance with the Global Investment Performance Standards (GIPS®).

Torray LLC is an independent registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The firm maintains a complete list and description of composites and broad distribution pooled funds, which is available upon request. To obtain a GIPS Report for the strategy presented, please contact the firm using the phone number listed below. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. GIPS® is a registered trademark of the CFA Institute. The CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees since 2015. Net of fee performance prior to 2015 was calculated using highest annual fee of 0.50% applied quarterly. The management fee schedule is as follows: 1.00% on 1st \$5 million; 0.75% on next \$20 million; 0.50% on next \$175 million; 0.375% on next \$100 million; and 0.25% on balance. Actual investment advisory fees incurred by clients may vary. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request.

The Large Value Equity Composite was created on December 31, 1997 and has an inception date of December 31, 1972. Performance presented prior to October 1, 2005 occurred while the Portfolio Management Team was affiliated with Robert E. Torray & Co. Inc. and the Portfolio Management Team members were the only individuals responsible for selecting the securities to buy and sell. An independent verification firm performed an examination of this track record; an Independent Verifier's Report is available upon request.

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