



Firm		Strategy		
Founded	1972	The objectives are to generate consistent excess returns and effectively manage risk.	Inception	12/31/07
Headquarters	Bethesda, Maryland		Benchmark	Russell 2500® Growth
Ownership	100% Employee Owned	The strategy employs a concentrated, low-turnover approach investing in predominantly small and mid-capitalization companies with proven records of increasing revenues, earnings, and cash flows on a consistent and sustainable basis.	Portfolio Managers	Jeffrey Lent James Bailey, CFA
Firm Assets ¹	\$757M		Investment Committee	James Bailey, CFA Shawn Hendon, CFA Jeffrey Lent Brian Zaczynski, CFA
Firm AUM	\$556M			
Employees	10			

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

Small/Mid Cap Growth Composite

The Small/Mid Cap Growth Composite outperformed its primary benchmark, the Russell 2500 Growth Index, over the quarter (-9.55% gross, -9.69% net of fees vs -19.55% for the Index) and the trailing twelve months (-15.54% gross, -16.04% net of fees vs -31.81% for the Index). The strong relative outperformance is attributed to two factors: a few good stock picks in the portfolio and not owning as many of the extremely weak stocks as the Index does. These conditions are the result of our philosophy of investing in companies generating consistent growth, while avoiding high valuation, momentum stocks. Long-held Aspen Technology (AZPN) deserves a brief mention given a corporate action that closed earlier than anticipated. The deal from acquirer Emerson Electric (EMR) allows public investors to remain minority shareholders in this solid business, run by the original, respected management team – a rare yet attractive outcome, in our view.

Market

What strikes us about the current situation is how much it reads like a textbook: (1) Policy makers respond to acute event (pandemic) with large, coordinated stimuli; (2) demand surges but supply does not, instead suffering through lockdowns, low investment, logistical bottlenecks, and war; (3) inflation is the predictable result, first in financial assets and then in real assets. The surprise has been the speed and depth of the deflation in financial prices. The S&P 500's quarterly return is -16.10% and -10.62% over trailing year. Through 6/30, the S&P 500 lost a staggering \$8 trillion of value in 2022. Behind the benchmarks, many individual stocks are down more than 50% and damage in higher risk assets like crypto currencies is worse. Bonds have not been safe havens either.

How bad will the resulting economy be? We believe a broad slowdown is moving rapidly, like it has already with financial assets; seemingly everyone acts in sync and quickly, as news does not 'trickle out' anymore. Weakness is already apparent. Our most important forecast is that inflation will moderate over the next six months or so, reducing the need for dangerously high interest rates. If so, we expect volatility will decline, and conditions should normalize with underlying demand and employment remaining solid if not strong.

In the meantime, we are busy evaluating our portfolios, using large price moves as opportunities to upgrade to what we consider to be better relative opportunities and/or reduce portfolio risk. It is important to remember that volatility is a normal and necessary part of owning long-term investments, and that good businesses tend to emerge from downturns in strong shape, sometimes better than the way they went in. We remain focused on investing in these types of outcomes.

Risk Adjusted Growth

We employ several quantitative tools in our fundamental research process. One of the more important tools we use is called Risk Adjusted Growth (RAG). RAG helps us identify companies offering consistent growth. In turn, we believe stocks of these companies potentially produce consistent returns over the long-term. The tool allows us to evaluate large numbers of stocks rapidly and repeatedly, over multiple time periods and using different financial metrics. Stocks with favorable profiles are then evaluated more extensively for introduction into any of the firm's four strategies. While the past never guarantees future performance, our RAG process helps us focus analysis on the financial characteristics important to investment returns, especially in challenging moments like the present.

Annualized Total Returns (%)							
	MRQ ²	YTD ²	1-Year	3-Year	5-Year	10-Year	ITD
TSMID Comp. (gross)	-9.6	-20.4	-15.5	10.3	11.4	12.1	10.2
TSMID Comp. (net)	-9.7	-20.7	-16.0	9.6	10.7	11.3	9.5
Russell 2500 Growth	-19.6	-29.4	-31.8	3.7	7.5	10.9	8.4
Russell 2500	-17.0	-21.8	-21.0	5.9	7.0	10.5	8.1

² Most Recent Quarter (MRQ) and Year-to-Date (YTD) not annualized.
As of 06/30/22. Torray Small/Mid Cap Growth Inception: 12/31/07.

Calendar Year Returns (%)										
Year End	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TSMID Comp. (gross)	11.8	41.4	30.4	-7.2	24.6	9.2	-4.1	5.0	42.1	14.2
TSMID Comp. (net)	11.1	40.5	29.7	-7.8	23.7	8.4	-4.8	4.0	40.9	13.2
Russell 2500 Growth	5.0	40.5	32.7	-7.5	24.5	9.7	-0.2	7.1	40.7	16.1
Russell 2500	18.2	20.0	27.8	-10.0	16.8	17.6	-2.9	7.1	36.8	17.9

Portfolio Characteristics							
Portfolio Statistics	Portfolio	Russell 2500 Growth	Sector Allocation	% Portfolio	% Russell 2500 Growth	Top 10 Holdings	% of Portfolio
Holdings	28	1371	Info. Tech.	33	25	Ryan Specialty Group Cl A	4.8
Avg. Mkt. Cap. \$B (wtd)	12	5	Health Care	33	18	SBA Communications Cl A	4.8
ROE (1 yr)	18%	11%	Industrials	13	17	Catalent Inc.	4.6
Turnover	28%	19%	Financials	5	8	Jack Henry & Associates	4.5
EPS Growth (est.)	12%	20%	Real Estate	5	3	Verra Mobility Corp Cl A	4.3
EPS Variability	41%	51%	Cons. Disc.	4	12	RBC Bearings Inc.	4.3
Standard Deviation	18%	22%	Cons. Stpls.	3	4	Pool Corporation	4.1
Alpha	5.1%		Comm. Svcs	0	1	Halozyme Therapeutics	3.8
Beta	0.78		Energy	0	4	ICF International, Inc.	3.7
Up Market Capture	79%		Materials	0	6	AMN Healthcare Services	3.5
Down Market Capture	82%		Utilities	0	2	Total	42.2
			Cash	4	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. Investments in smaller companies typically exhibit higher volatility. **Past performance is not indicative of future results. See performance footnotes.** Source: FactSet and Torray, LLC.

The Torray Small/Mid Cap Growth Composite includes all discretionary fee paying portfolios over \$100 thousand managed under the Torray Small/Mid Cap strategy. For comparison purposes, the Composite is measured against the Russell 2500 Growth and the Russell 2500 indices. The Russell 2500 Index is the Composite's secondary benchmark. The Russell 2500™ Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. 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 as defined by Russell's leading style methodology. You cannot invest directly in an index.

Performance presented between December 1, 2014 and October 31, 2016 was achieved while the portfolio management team was affiliated with TorrayResolute, LLC. Performance presented prior to July 1, 2010 was achieved while the portfolio management team was affiliated with Resolute Capital Management LLC.

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. Composite performance is presented gross or net of foreign withholding taxes on dividends, interest income, and capital gains depending on the custodian. Withholding taxes may vary according to the investor's domicile. 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. The management fee schedule is as follows: 1.00% on assets up to \$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 Composite was created December 31, 2007 and has an inception date of January 1, 2008. Prior to January 1, 2022, the composite was known as the TorrayResolute Small/Mid Cap Growth Composite.

On October 1, 2021, the portfolio manager responsible for managing the composite left the firm. The composite has subsequently been managed by co-portfolio managers who have been members of the strategy's investment committee, and involved in all portfolio research and investment decisions, since 2007.

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