4Q'22

Concentrated Large Growth Strategy

Firm

Founded	1972
Headquarters	Bethesda, Maryland
Ownership	100% Employee Owned
Firm Assets[1]	$746M
Firm AUM	$581M
Employees	11

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

Objective

The objectives are to generate consistent excess returns and effectively manage risk.

The strategy employs a concentrated, low-turnover approach investing in predominantly large capitalization companies with proven records of increasing revenues, earnings, and cash flows on a consistent and sustainable basis.

Inception	3/31/98
Benchmark	Russell 1000® Growth
Portfolio Managers	Jeffrey Lent James Bailey, CFA
Investment Commitee	James Bailey, CFA Shawn Hendon, CFA Jeffrey Lent Brian Zaczynski, CFA

Concentrated Large Growth (CLG) Composite

The CLG Composite finished the quarter up 7.0% gross (6.8% net of fees) vs. 2.2% for the Russell 1000 Growth Index. In 2022, the Composite outperformed its Index, -23.9% gross (-24.5% net of fees) vs. -29.1% for the Index. One observation explaining the strategy's performance is the recovery in prices of many holdings punished by concerns over rising interest rates earlier in the year. This suggests to us the market is returning its focus to company fundamentals rather than macro risks, although this condition is always subject to short-term changes. We plan to opportunistically build positions in companies similarly impacted.

During the quarter, we added to existing names, funded by trimming less attractive stocks and realizing losses to reduce tax bills. Tyler Technologies (TYL) was sold earlier in the quarter for the latter reason. After reevaluating the company's merits, we repurchased TYL based on our belief that government technology modernization trends remain a favorable tailwind. This niche software company's prospects for future risk-adjusted growth look attractive, by our measure.

Market

Promising signs of economic healing helped the S&P 500 gain 7.6% in the fourth quarter. However, the S&P 500 closed the year in negative territory (-18.1%), making 2022 the worst stock market since 2008. This decline is not a disaster when viewed with a long-term orientation. Instead, it reflects necessary corrections in excess risk-taking across a few areas of financial markets. Part of the 'deal' of long-term equity ownership is that periods of success tend to stoke investor greed, which must be 'cleared' through periodic market correction to help prevent it from becoming a bigger problem (e.g., the 2008 Global Financial Crisis and the 2001/02 Internet Bust). Encouragingly, lots of greed was cleared in 2022 and so far, contagion into broader financial markets and the real economy has been limited. Cryptocurrencies and the FTX collapse have not locked up currency markets, nor has the dramatic pullback in demand for highly speculative stocks had much impact beyond the talking heads and internet pundits. Investors and capital users are still accessing the financial system to accomplish objectives, including earning a fair return and funding innovation and expansion.

As 2023 starts, global markets and economies still face significant challenges, including inflation, security threats and perhaps most significantly, an unclear free trade outlook, especially around China's long-term future. Despite these conditions, we are increasingly positive on equity markets. It's likely we are already in, or soon will be in, a recession, but we do not believe it will be deep. Central banks are seemingly close to moderating rate hikes. Regarding fiscal policy, it remains expansive with large deficits for the foreseeable future, but this is a factor against a deep recession. Most importantly, we continue to find many companies profitably innovating and increasing productivity. With the markdown in the prices of their stocks, we think select investments offer attractive return potential for long-term investors.

Creativity: an underappreciated aspect of our process

Every investment is subject to many risks, some affecting all or most investments and others only impacting the specific company. How can a portfolio of investments be constructed to improve the probability of achieving a desired return with the least risk possible? We have built and use quantitative tools to assist our process, but, like all models based on historical inputs, the future is rarely a perfect copy of the past. A degree of 'art' is also required. We think these challenges require creative problem solving fueled by intellectual curiosity.

Creativity in investment management entails a willingness to think differently than peers and the confidence to express our views through a portfolio of differentiated holdings. We believe hard work is the starting point for this process. Analysis must go beyond the one or two companies competing for capital to include researching the industry's structure, competitors, suppliers, and customers. Thinking creatively can enhance this research, which, in our view, may lead to better outcomes. For example, a measure of creativity in our process has allowed us to: uncover underappreciated insight about a larger company's subsidiary and apply that knowledge by investing in a smaller company; mitigate potential negative outcomes by swapping a holding for a similar one with a more attractive business model; purposefully buy an investment to offset another's risk. However, we will pass on potential opportunities when we cannot find acceptable solutions to effectively diversify particular risks. While market volatility cannot be eliminated and unknown risks occasionally surface, we believe our ability to think creatively is essential to successfully managing long-term portfolios.

New Name: a reflection of our heritage and purpose

We have a new name! Torray LLC is now Torray Investment Partners (TIP). The new name reflects our heritage (50 years in the business of managing client assets), what we do (concentrated investing with a long-term perspective), and how we strive to conduct business (as partners to those who value integrity, consistency, and client service excellence). We look forward to sharing more about this exciting evolution in the future.

Annualized Total Returns (%)

	MRQ[2]	YTD	1-Year	3-Year	5-Year	10-Year	ITD
CLG Composite (gross)	**7.0**	**-23.9**	**-23.9**	**8.7**	**10.8**	**12.6**	**8.3**
CLG Composite (net)	**6.8**	**-24.5**	**-24.5**	**8.0**	**10.2**	**12.0**	**7.5**
Russell 1000 Growth	2.2	-29.1	-29.1	7.8	11.0	14.1	7.1
S&P 500	7.6	-18.1	-18.1	7.7	9.4	12.6	7.2

[2] Most Recent Quarter (MRQ) not annualized.
As of 12/31/22. CLG Composite Inception: 3/31/98.

Calendar Year Returns (%)

Year End	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
CLG Composite (gross)	**-23.9**	**27.5**	**32.6**	**33.9**	**-3.0**	**25.3**	**7.3**	**-0.9**	**10.5**	**33.3**
CLG Composite (net)	**-24.5**	**26.7**	**31.8**	**33.4**	**-3.3**	**24.9**	**6.9**	**-1.2**	**9.8**	**32.3**
Russell 1000 Growth	-29.1	27.6	38.5	36.4	-1.5	30.2	7.1	5.7	13.1	33.5
S&P 500	-18.1	28.7	18.4	31.5	-4.4	21.8	12.0	1.4	13.7	32.4

Portfolio Characteristics

Portfolio Statistics	Portfolio	Index
Holdings	**26**	512
Avg. Mkt. Cap. $B (wtd)	**406**	627
ROE (1 yr)	**27%**	36%
Turnover	**21%**	10%
EPS Growth (est.)	**14%**	15%
EPS Variability	**24%**	28%
Standard Deviation	**19%**	21%
Alpha	**0.9%**	
Beta	**0.89**	
Up Market Capture	**88%**	
Down Market Capture	**96%**	

Sector Allocation	% Portfolio	% Index
Info. Tech.	**44**	44
Health Care	**19**	13
Cons. Disc.	**12**	14
Industrials	**7**	8
Comm. Services	**5**	6
Financials	**4**	3
Real Estate	**4**	2
Materials	**3**	2
Cons. Stpls.	**0**	6
Energy	**0**	2
Utilities	**0**	0
Cash	**2**	0

Top 10 Holdings	% Portfolio
Microsoft Corporation	**6.0**
Apple Inc.	**5.7**
Visa Inc. Class A	**5.0**
Alphabet Inc. Class A	**5.0**
O'Reilly Automotive, Inc.	**5.0**
Amazon.com, Inc.	**4.6**
Charles Schwab Corp.	**4.3**
Genmab A/S Spons. ADR	**4.0**
KLA Corporation	**4.0**
American Tower Corp.	**3.9**
Total	**47.5**

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 Investment Partners.

The Torray Concentrated Large Growth Composite includes all discretionary fee paying portfolios over $100 thousand managed under the Torray large capitalization strategy. Prior to December 31, 2017, the composite account minimum was $250 thousand. For comparison purposes, the composite is measured against the S&P 500 and the Russell 1000® Growth indices. 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. The strategy focuses on equity investments in primarily large cap companies which Torray believes have sustainable growth profiles. Prior to July 1, 2010, this composite was known as the Concentrated Large Growth Composite and was managed by Resolute Capital Management LLC (Resolute). Resolute joined Torray when Torray purchased a majority share of Resolute on July 1, 2010.

Torray Investment Partners 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.

Composite was created June 1, 1999 and has an inception date of April 1, 1998. Prior to January 1, 2001, the minimum was applied on a per relationship basis, i.e. if a group of accounts held by the same person or family exceeded the minimum, as few as one account within the group could be included in the 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 1999. Prior to January 1, 2022, the composite was known as the TorrayResolute Concentrated Large Growth Composite.

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