

The Turray Fund

Letter to Shareholders

January 15, 2018

Dear Fellow Shareholders,

The Turray Fund advanced 12.07% in 2017 compared to a gain of 21.83% on the Standard & Poor's 500 Index, the latter number reflecting particular strength in the shares of growth companies. According to the *Wall Street Journal*, almost 24% of the S&P 500 return last year can be attributed to just five stocks - Alphabet (parent of Google), Amazon, Apple, Facebook and Microsoft. The Russell 1000 Growth Index returned 30.21% while the Russell 1000 Value Index gained 13.66%. The unusually wide spread on this large group was last seen in the late 1990s. We believe these excessive valuations are unlikely to support reasonable, long-term outcomes and, in some cases, may cause punishing losses.

The returns quoted represent past performance and do not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher.

Much of the current situation sheds light on the significant flow of capital into index funds and an overwhelming number of exchange traded funds. In both cases, the capitalization size of companies determines where the money goes, explaining why prices of the largest, most inflated stocks continue to rise regardless of underlying fundamentals. Such patterns have occasionally surfaced in the past, producing painful results for those playing the game. As we said in our July letter, our objective remains the same – to invest in sound businesses using a value-oriented strategy that focuses on limiting risk while building shareholder wealth over time. Our Fund's portfolio matches this theme. Today's shortage of attractive examples explains the Fund's 11.7% cash reserve which will be used to take advantage of promising opportunities as they arise.

Portfolio activity was modest in the second half of the year. We trimmed three holdings, added to three others, and sold two positions along with one small spin-off. The only new investment was Royal Dutch Shell, a large integrated oil company with a conservative financial structure, modest valuation and a dividend yield in excess of 6%.

After more than eight years of aggressive monetary ease, fiscal deficits and steady economic growth, asset prices, as noted, seem high to us almost across the board - equities, real estate, tangible assets, cryptocurrencies, etc. (As skeptical as we are of equities in general, we find fixed income prices even more out of line.) Investors' recollections of past stock market booms and busts seem to have faded in the backdrop of surging prices. Our experience of nearly 50 years has consistently shown that a conservative approach to appraising investments is critical to long-term success. In that vein, we are more than comfortable with our Fund's estimated forward price-earnings ratio of 13.7, but leery of the 18.4 measure carried by the S&P 500.

The Torray Fund

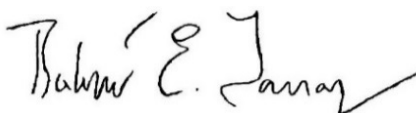
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Those of us who have devoted a lifetime to investment analysis with special emphasis on business fundamentals and the lessons of history have witnessed triumphs and tragedies, booms and busts, and the rise of countless grand theories only to see them toppled by reality. For us there is nothing new in the events of recent years, or in the pronouncements of “experts” along the way. We’ve seen it all, and we’ll see it again. This is the message our letters have conveyed from the start. We hope they have helped.

We are grateful for your support and the opportunity to manage your funds.

Sincerely,



Robert E. Torray



Shawn M. Hendon

As of December 31, 2017	Since Inception			
	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>(12/31/90)</u>
The Torray Fund	12.07%	13.46%	6.47%	10.16%
S&P 500 Index	21.83%	15.79%	8.50%	10.32%

Returns current to the most recent month-end are available at www.torray.com. The returns shown do not reflect the deduction of taxes a shareholder would pay on the redemption of fund shares and distributions. The Fund’s annual operating expense ratio, as stated in the current prospectus, is 1.10%. Returns on both The Torray Fund and the S&P 500 Index assume reinvestment of all dividends and distributions. The S&P 500 Index is an unmanaged index consisting of 500 U.S. large-cap stocks.

Mutual fund investing involves risk including the possible loss of principal value. At times, the Fund’s portfolio may be more concentrated than that of a more diversified fund subjecting it to greater fluctuation and risk.

You should consider the Fund’s investment objectives, risks, charges and expenses carefully before investing. The prospectus contains this and other information about the Fund. For more information about The Torray Fund, including fees and expenses, or to receive a prospectus, please call us toll free at 855.753.8174.

Shares of The Torray Fund are distributed by Foreside Funds Distributors LLC, Berwyn, PA.