

## The Torray Fund

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### Letter to Shareholders

July 15, 2020

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Dear Fellow Shareholders:

The Torray Fund fell 18.12% in the first half of the year, compared to declines of 16.26% and 3.08% for the Russell 1000 Value Index and Standard & Poor's 500 Index, respectively. The ongoing pandemic dramatically altered the business outlook, and market weakness was most evident in economically sensitive industries, especially financials, industrials and energy. The Fund has exposure to these areas, and while the near-term outlook is uncertain, we believe long-term prospects for portfolio holdings are favorable and that current valuations reflect low expectations.

*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.*

On February 19, 2020, the longest stock market advance in U.S. history came to an end. Halted in its tracks by the coronavirus and government restrictions which curtailed economic activity, the S&P 500 fell 33.8% in a sell-off which appears (so far) to have bottomed March 23, 2020. In what seems like the blink of an eye, unemployment rose from an historic low of 3.5% in February to 14.7% in April, and industrial production fell over 16% during March and April. The current consensus expects operating earnings for the S&P 500 to fall more than 20% this year. In response, the Federal Reserve provided sizeable liquidity, growing its balance sheet from \$4.2 trillion to \$7 trillion, while this year's fiscal deficit will likely exceed \$3.5 trillion. These measures, in part, supported a strong second quarter advance of 20.54% in the S&P 500.

The pandemic reinforced investor interest in shares of growth companies which has persisted in an environment of evolving technologies, moderate economic growth and low interest rates. One measure of this is the performance of the Russell 1000 Growth Index which advanced 9.81% year-to-date through June and has a generous price earnings ratio (share price divided by trailing twelve months earnings per share) of 33.8 times earnings. To further illustrate the appetite for growth shares, over the last three years this Growth Index has compound annualized returns of 19.00%, compared to 1.82% for the Russell 1000 Value Index, an exceptionally wide disparity. During this time \$10,000 invested in the Growth Index would have become \$16,852, compared to \$10,560 for the Value Index. As long-time shareholders know, rather than pay high prices for above-average growth, our preference is to invest in sound companies when we believe they are modestly valued relative to earnings, cash flow or assets. Over the long term, this approach, in our view, has resulted in satisfactory total returns for shareholders, and while our approach is not likely to keep pace in growth-oriented markets such as those of recent years, we are confident it is the right course. In the Fund's very first letter to shareholders in 1992, Bob Torray addressed this issue, stating: "Our job is to bring your financial ship home from a long voyage, with no leaks and cargo intact. We cannot do that applying full power in high seas or racing other vessels on a course we believe is poorly charted."

In response to heightened economic challenges associated with the virus, we took steps during market weakness which we feel enhance the quality and financial strength of the portfolio. Specifically, we sold General Motors (GM), General Electric (GE), Stanley Black & Decker (SWK), TEGNA (TGNA) and Wells Fargo (WFC) to fund new investments in Bristol Myers Squibb (BMY), Honeywell International (HON), Sysco Corporation (SYY) and Walt Disney

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*As of June 30, 2020, the percentage of the Fund's net assets for the following were: Bristol Myers Squibb (BMY) 3.0%, Honeywell International (HON) 2.9%, Sysco Corporation (SYY) 3.2%, Walt Disney Company (DIS) 2.6%.*

*General Motors (GM), General Electric (GE), Stanley Black & Decker (SWK), TEGNA (TGNA) and Wells Fargo (WFC) are no longer held in the portfolio.*

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Company (DIS). We think the outlook is better for these new positions, which we believe were purchased at modest valuations and significant discounts from prices earlier in the year.

In closing, we want to share with you that after nearly 30 years of managing the Fund which he started, Bob decided to step down from his Fund responsibilities, effective June 30. Bob continues to provide advice and support as Chairman of Torray LLC, which he founded in 1972 and is the advisor to the Fund. Shawn Hendon, current co-manager of the Fund, is joined by Jeff Lent who became co-manager July 1. Jeff has over 30 years of portfolio management experience, and also serves as portfolio manager for certain separate account strategies at Torray. Brian Zaczynski remains the Fund's lead analyst.

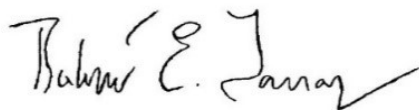
Through the ups and downs of many markets, Bob has always acted in the best interest of shareholders – maintaining an independence of thought, advising shareholders to ignore short-term “noise” and to think long term. His letters encouraged shareholders to be realistic about their expectations, pointing out that no investment approach can protect against the inevitable bear markets, and expressing his belief that “staying the course” is the best practice for satisfactory results over time. Again, in his inaugural letter to shareholders, Bob outlined the principles that guide our investment approach:

- Reasonable diversification of equity investments so that no inordinate dependence is placed on narrow concepts of corporate and economic performance;
- Investment in stocks only if the price is fair relative to our assessment of the value we are purchasing; and
- A focus on companies we think have staying power, even if the economy continues to be lethargic.

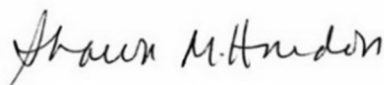
We continue to apply these time-tested guidelines, and there will be no change to the approach which has been the hallmark of the Fund since its inception in 1990.

Thank you for your trust and support.

Sincerely,



Robert E. Torray



Shawn M. Hendon



Jeffrey D. Lent



Brian Zaczynski

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<u>As of June 30, 2020</u>	<u>1 Year</u>	<u>5 Years</u>	<u>10 Years</u>	<u>Since Inception (12/31/90)</u>
The Torray Fund	-14.68%	2.22%	8.18%	8.78%
Russell 1000 Value	-8.84%	4.64%	10.41%	9.64%
S&P 500 Index	7.51%	10.73%	13.99%	10.14%

*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. Returns for the most recent quarter end are available at [funds.torray.com/fund-performance/](https://funds.torray.com/fund-performance/). Please call 855.753.8174 to obtain performance data as of the most recent month end. 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 1.06%. Returns on The Torray Fund, the Russell 1000 Value Index, and the S&P 500 Index assume reinvestment of all dividends and distributions. The Russell 1000 Value Index measures the performance of the large capitalization Value segment of the U. S. Equity universe. The Russell 1000 Growth Index measures the performance of the large capitalization Growth segment of the U. S. Equity universe. The S&P 500 Stock Index measures the performance of 500 large capitalization U. S. companies. These indexes are unmanaged and do not reflect the fees and expenses typically paid by mutual funds. One cannot invest directly in an index.*

*This data illustrates the performance of a hypothetical \$10,000 investment made in the Russell 1000 Growth Index for the period noted, and it assumes reinvestment of dividends and capital gains. This hypothetical does not imply future performance.*

*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. **Diversification does not assure a profit nor protect against loss in a declining market.***

*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