The Torray Fund

Letter to Shareholders

January 12, 2022

Dear Fellow Shareholders:

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.

For full year 2021, the Torray Fund ("Fund") rose 21.39%, compared to 25.16% and 28.71% for the Russell 1000 Value Index and the Standard and Poor's 500 Index ("S&P500"), respectively. The Fund was led by its exposure to financials, which we discussed in our semi-annual letter. Covid news in the fourth quarter continued to produce volatility in shares of economically sensitive companies, and this held back the Fund's relative returns.

The second half of 2021 was active as we took profits in Intel Corporation (INTC), Loews Corporation (L), Oracle Corporation (ORCL), Royal Dutch Shell Class A (RDS.A) and SEI Investments Company (SEIC). Intel and Loews were both long term holdings, but were sold as we judged better opportunities existed for improved capital allocation and growth in free cash flow. We enhanced portfolio diversification and increased the Fund's exposure to several secular themes. New investments included Alphabet Inc. Class A (GOOGL), Applied Materials, Inc. (AMAT), EOG Resources, Inc. (EOG), General Motors Company (GM), Phillips 66 (PSX), Renaissance Re Holdings LTD (RNR) and T. Rowe Price Group (TROW).

- Alphabet, Inc. Class A is the parent holding company of Google, Inc. the dominant internet search engine. Other important growth areas include YouTube (streaming content), Waymo (autonomous driving) and Google Cloud (enterprise cloud). CFO Ruth Porat is implementing a more disciplined capital expenditure program with better visibility into "other bets". We expect cash flow to expand as platform investments mature and R&D is reduced.
- Applied Materials, Inc. is a large, broadly diversified supplier of equipment and services to the semiconductor industry, and we believe it should benefit from a digital transformation boosting demand for wafer fab equipment. This demand is accelerated by the global chip shortage and funded by companies and governments around the globe.
- EOG Resources, Inc. is a leading independent exploration and production company whose assets are primarily in the U. S. The company is a low-cost operator, and has historically produced strong cash flow and dividend growth. Increased demand and depleted supply set the stage for a global energy imbalance which we believe should accelerate revenue and earnings growth.
- General Motors Company is the nation's largest auto manufacturer, bringing scale to electric vehicle production and autonomous driving. Software-enabled services provide opportunities for a new revenue stream over the life of the vehicle.
- Phillips 66 is a downstream energy company with interests in refining, marketing, chemicals and midstream assets. The company has a conservative balance sheet with a focus on cash flow and operational efficiency. We think it should be a beneficiary of an improving economy and refined product demand.
- Renaissance Re Holdings LTD provides property, casualty and specialty reinsurance predominantly to insurance companies globally. The company's risk modeling is widely considered a competitive advantage, and the company has a growing income base from its capital management business which provides diversification from traditional underwriting.
- T. Rowe Price Group is a financial-services holding company with $1.6 trillion in assets under management. The company has strong brands, competitive proprietary mutual funds and a long history of conservative financial management. The dividend has been raised for 35 consecutive years.

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For more than a decade, a glaring aspect of the U.S. Treasury market has been the absence of price discovery, i.e., the process by which investors attempt to balance value, price and risk. The largest buyer of U.S. Treasuries has been the Federal Reserve whose objective is not risk adjusted returns, but rather stimulation of financial markets and the real economy. While the size of these purchases has garnered all the attention, the prices paid have the bigger impact financially and psychologically. Imagine trying to purchase any good or service where one buyer (your competition for that good or service) has unlimited funds and does not care one bit where the price is set. This has driven yields on the 10- year U.S. Treasury, for example, below the Federal Reserve's long term 2% inflation target (with the Consumer Price Index rising 7% in 2021). This mispricing has contributed to the advance in equity markets, particularly since the onslaught of the pandemic in 2020. In particular, shares of companies deemed to benefit from lockdowns and "disruptive" technologies did very well, and 2021 saw the largest increase in initial public offerings ("IPOs") since the 1990s. According to Dealogic, 1,006 offerings raised $315.6 billion, surpassing the 1996 record of 848 offerings which raised $78.7 billion.

Price discovery has, however, returned to portions of the equity market cited above. As this is being written, 64% of the 2021 IPOs are below their offering price, and 19% are down at least 50% from 2021 highs. Some are richly valued, and many have no earnings. We make no forecast as to the outlook for any of these companies, but interest rates appear likely to rise as the Federal Reserve reacts to strong economic growth and worrisome inflation trends. This would continue to depress valuations for companies whose profitability is a distant expectation. Importantly, investors appear to be reassessing value, price and risk. We believe this will result in higher valuations for our portfolio companies which are generally profitable over time and include leaders in our largest portfolio sectors, i.e., financials, health care, industrials and energy.

As always, we thank you for your investment and continued support.

Sincerely,

Shawn M. Hendon   Jeffrey D. Lent   Brian R. Zaczynski

***Free cash flow** is the cash a company generates after taking into consideration cash outflows that support its operations and maintain its capital assets.*

***Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.*

As of December 31, 2021, the percentage of the Fund's net assets for the following were: Alphabet Inc. Class A (GOOGL) 2.3%, Applied Materials, Inc. (AMAT) 2.9%, EOG Resources, Inc. (EOG) 2.9%, General Motors Company (GM) 3.1%, Phillips 66 (PSX) 2.6%, Renaissance Re Holdings LTD (RNR) 0.7% and T. Rowe Price Group (TROW) 3.0%.

Intel Corporation (INTC), Loews Corporation (L), Oracle Corporation (ORCL), Royal Dutch Shell Class A (RDS.A) and SEI Investments Company (SEIC) are no longer held in the portfolio.

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As of December 31, 2021	*1 Year*	*5 Years*	*10 Years*	*Since Inception (12/31/90)*
The Torray Fund	21.39%	7.29%	9.96%	9.63%
Russell 1000 Value	25.16%	11.16%	12.97%	10.67%
S&P 500 Index	28.71%	18.47%	16.55%	11.24%

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/. 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 net 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 Cap Value segment of the U. S. Equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected and historical growth rates. 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.

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