

The Torray Institutional Fund

Letter to Shareholders

July 31, 2009

Dear Fellow Shareholders,

The Torray Institutional Fund gained 2.07% during the first half of 2009, compared to a 3.16% advance for the Standard & Poor's 500. In a continuation of last year's miserable showing, the market collapsed an additional 25% before bottoming March 9th. At that point, stocks had lost a staggering 57% from the top reached October 9, 2007. At mid-year, even after a 36% rally, they were still 41% below the old high.

When stocks recover from a crash, speculative issues often perform best, and last quarter's rally proved no exception. In fact, it may have been a record-setter in that regard. Shares priced under \$5 out-ran stocks trading above \$50 by 91%. Those of companies losing money or breaking even beat profitable ones by 24%, and, belying the notion investors crave income, stocks paying dividends trailed those that didn't. These are truly extraordinary statistics.

As we write, these trends have reversed, with higher-quality stocks taking the lead. There are signs the economy and financial system are stabilizing, and reported earnings, so far, have been running ahead of expectations. All of this is encouraging. While one can never know the future, we think there's more room for optimism now than at any time since the financial crisis began. In saying this, we're talking longer term, not just a few months or quarters.

In response to the tremendous beating they've taken, desperate investors are looking for cures in what we see as all the wrong places. Stocks of the best companies have been sold and the proceeds put into money market funds, CDs, savings accounts and bonds. Huge sums have also moved to overseas markets, especially those in lesser-developed countries. Sooner or later, we believe this money is bound to end up back where it started, but probably not until stock prices are much higher. We've seen it happen too many times to think otherwise.

Despite our economy's ups and downs, and the market's unpredictable erratic gyrations, patient long-term holders of stocks have fared very well. In fact, stocks are the only widely available option that has directly tracked America's prosperity. Fixed income options have run far behind. Yet, as noted, people have been buying them anyway, largely in response to punishing losses they fear may only get worse. Ironically, at the top in October 2007, they were doing just the opposite. The national savings rate was negative, and investors chased stocks, many at twice today's levels, often on margin. They also bid up houses and commodities. This is the only business we can think of where the customer goes into a frenzy over a rising price. Think about

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Letter to Shareholders (continued)

July 31, 2009

it. Who would reject a new car at \$10,000 only to buy two at \$30,000? But, that's what people tend to do when it comes to investing.

Unfortunately, in the present circumstance, we think investors sitting on 2% CDs and five and ten-year government bonds yielding 2½% - 3½% are once again heading for disappointment. Taxes aside, long experience suggests these choices, net of inflation, will return little or nothing. Beyond that, it's even more foolish to be selling quality stocks after they've dropped 30% - 50% to buy speculative ones just because they're going up.

We believe stocks like those in our Fund are bargains today. The price/earnings ratio on the S&P 500 is roughly 30% below its 20-year trailing average; its current dividend yield is 2.6%, compared to 1.8% over the same period. Furthermore, yields on a lot of stocks are even higher, exceeding returns on intermediate bonds, not to mention money funds and CDs. More importantly, as earnings and dividends grow, share prices will follow suit. This is an unbeatable combination. Over the 70 years ending June 30, the nominal return on stocks was 10.6%, and on bonds, 5.5%. After inflation, averaging 4% a year, the real returns were 6.6% and 1.5%, respectively. In a testimony to the miracle of compounding, \$1 in stocks, *net of inflation*, grew to \$87.70, in bonds, to only \$2.84. Given today's low interest rates and the government's unprecedented deficit spending funded by record bond issuance, fixed income buyers may do even worse than usual going forward.

Finally, we want to re-emphasize our commitment to the investment philosophy that has guided our Company for nearly 37 years. Regretfully, the benefits that flow from these timeless precepts have been lost in waves of bubbles and crashes that have plagued serious investors for over 10 years. Commodities, futures contracts, leveraged exchange-traded funds, high-frequency trading programs and more have diverted attention from the values building in quality companies with above-average economic prospects. While the performance of these alternatives is hard to assess, highly publicized reports of occasional spectacular gains on them tend to leave the impression that all of the players are being enriched while everyone else is left behind.

This speculative circus, along with the discouraging results achieved through sound investment policies, has caused some observers to declare long-term, buy-and-hold investing dead. Do not believe it. A game in which the participants are simply betting against each other will never create value. Sooner or later this is bound to sink in, and when it does, we think the public will

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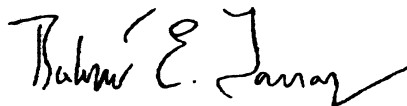
Letter to Shareholders (continued)

July 31, 2009

once again embrace the fundamental investment principles that have proven so successful throughout history.

In closing, we want to assure you of our dedication to your best interests, and thank you for your continued confidence in our management of your money.

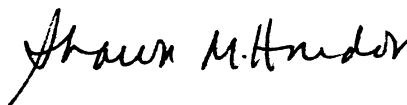
Sincerely,



Robert E. Torray



Fred M. Fialco



Shawn M. Hendon

The Torray Institutional Fund

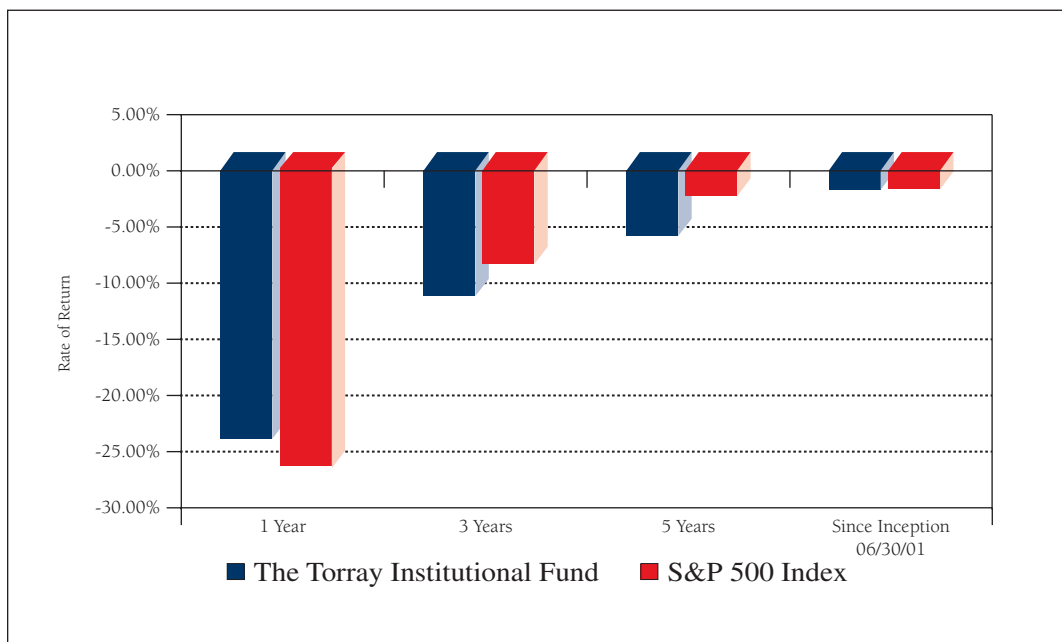
PERFORMANCE DATA

As of June 30, 2009 (unaudited)

Average Annual Returns on an Investment in The Torray Institutional Fund vs. the S&P 500 Index

For the periods ended June 30, 2009:

	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>Since Inception 06/30/01</u>
The Torray Institutional Fund	-23.59%	-11.04%	-5.76%	-1.70%
S&P 500 Index	-26.21%	-8.22%	-2.24%	-1.66%



Cumulative Returns for the 8 years ended June 30, 2009

The Torray Institutional Fund	-12.79%
S&P 500 Index	-12.56%

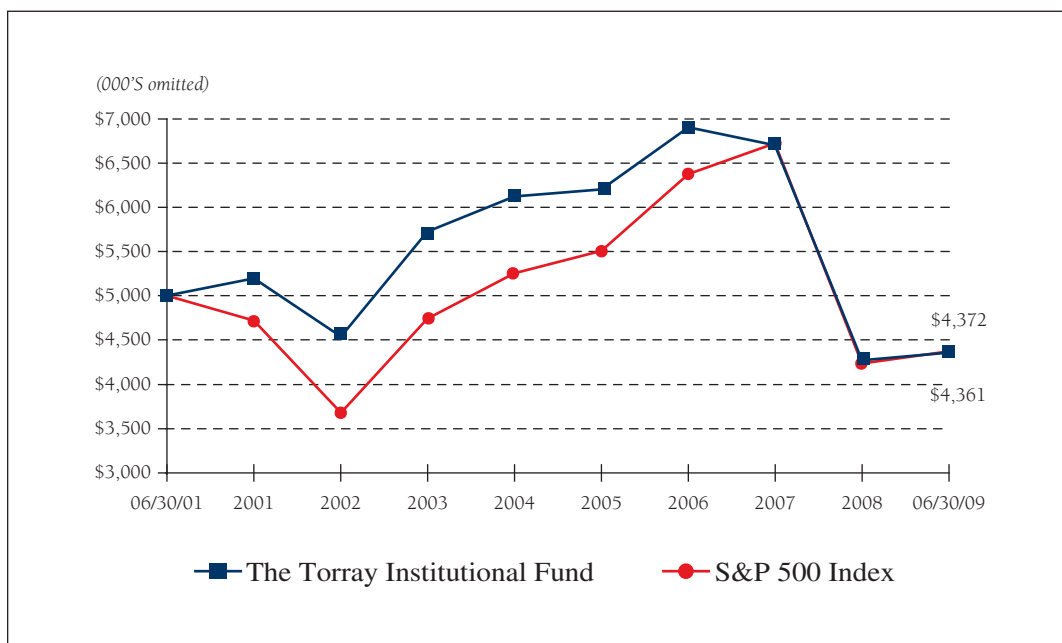
The Torray Institutional Fund

PERFORMANCE DATA (continued)

As of June 30, 2009 (unaudited)

Change in Value of \$5,000,000 Invested on June 30, 2001 (commencement of operations) to:

	<u>12/31/01</u>	<u>12/31/03</u>	<u>12/31/05</u>	<u>12/31/07</u>	<u>06/30/09</u>
The Torray Institutional Fund	\$5,199,000	\$5,725,000	\$6,201,500	\$6,701,000	\$4,360,500
S&P 500 Index	\$4,723,000	\$4,739,000	\$5,507,000	\$6,726,000	\$4,372,000



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 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 gross annual operating expense ratio, as stated in the current prospectus, is 0.85%. Returns on both The Torray Institutional 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.

The Torray Institutional Fund

FUND PROFILE

As of June 30, 2009 (unaudited)

DIVERSIFICATION (% of net assets)

Information Technology	22.16%
Industrials	15.79%
Health Care	15.76%
Financials	11.40%
Consumer Discretionary	9.03%
Consumer Staples	6.38%
Materials	3.67%
Telecommunications	3.22%
Energy	3.00%
Short-Term Investments	9.59%
Other Liabilities Less Assets	<u>0.00%</u>
	100.00%

TOP TEN EQUITY HOLDINGS (% of net assets)

1.	3M Co.	3.58%
2.	Loews Corp.	3.57%
3.	WellPoint, Inc.	3.53%
4.	EMC Corp.	3.47%
5.	Illinois Tool Works, Inc.	3.46%
6.	Automatic Data Processing, Inc.	3.42%
7.	Intel Corp.	3.41%
8.	Walt Disney Co. (The)	3.29%
9.	Cisco Systems, Inc.	3.29%
10.	Johnson & Johnson	<u>3.27%</u>
		34.29%

PORTFOLIO CHARACTERISTICS

Net Assets (million)		\$17
Number of Holdings		32
Portfolio Turnover		16.14%
P/E Multiple (forward)		12.6x
Portfolio Yield		2.40%
Market Capitalization (billion)	Average	\$43.4
	Median	\$20.9

The Torray Institutional Fund

SCHEDULE OF INVESTMENTS

As of June 30, 2009 (unaudited)

<u>Shares</u>		<u>Market Value</u>
COMMON STOCK	90.41%	
22.16% INFORMATION TECHNOLOGY		
43,942	EMC Corp. *	\$ 575,640
16,016	Automatic Data Processing, Inc.	567,607
34,156	Intel Corp.	565,282
29,300	Cisco Systems, Inc. *	546,152
5,100	International Business Machines Corp.	532,542
29,400	Western Union Co. (The)	482,160
37,193	Applied Materials, Inc.	<u>408,007</u>
		3,677,390
15.79% INDUSTRIALS		
9,900	3M Co.	594,990
15,400	Illinois Tool Works, Inc.	575,036
22,692	Cintas Corp.	518,285
30,319	General Electric Co.	355,339
7,800	Eaton Corp.	347,958
17,918	Owens Corning, Inc. *	<u>228,992</u>
		2,620,600
15.76% HEALTH CARE		
11,500	WellPoint, Inc. *	585,235
9,564	Johnson & Johnson	543,235
21,100	UnitedHealth Group, Inc.	527,078
6,800	Becton Dickinson & Co.	484,908
10,100	Abbott Laboratories	<u>475,104</u>
		2,615,560
11.40% FINANCIALS		
21,600	Loews Corp.	591,840
25,617	Marsh & McLennan Cos., Inc.	515,670
109,875	LaBranche & Co., Inc. *	472,463
13,423	American Express Co.	<u>311,951</u>
		1,891,924

See notes to the financial statements.

The Torray Institutional Fund

SCHEDULE OF INVESTMENTS (continued)

As of June 30, 2009 (unaudited)

<u>Shares</u>		<u>Market Value</u>
9.03% CONSUMER DISCRETIONARY		
23,410	Walt Disney Co. (The)	\$ 546,155
16,700	McGraw-Hill Cos., Inc. (The)	502,837
8,525	O'Reilly Automotive, Inc. *	324,632
35,100	Gannett Co., Inc.	<u>125,307</u>
		1,498,931
6.38% CONSUMER STAPLES		
21,200	Kraft Foods, Inc., Class A	537,208
10,200	Procter & Gamble Co. (The)	<u>521,220</u>
		1,058,428
3.67% MATERIALS		
13,000	E.I. du Pont de Nemours & Co.	333,060
17,100	Dow Chemical Co. (The)	<u>275,994</u>
		609,054
3.22% TELECOMMUNICATIONS		
21,500	AT&T, Inc.	534,060
3.00% ENERGY		
93,793	USEC, Inc. *	<u>498,979</u>
TOTAL COMMON STOCK 90.41%		15,004,926
(cost \$19,544,643)		
<u>Principal Amount (\$)</u>		
SHORT-TERM INVESTMENTS 9.59%		
1,592,194	PNC Bank Money Market Account, 0.05% ⁽¹⁾	1,592,194
(cost \$1,592,194)		
TOTAL INVESTMENTS 100.00%		<u>16,597,120</u>
(cost \$21,136,837)		
LIABILITIES LESS OTHER ASSETS (0.00%)		<u>(53)</u>
NET ASSETS 100.00%		<u><u>\$16,597,067</u></u>

* Non-income producing securities

⁽¹⁾ Represents current yield at June 30, 2009.

See notes to the financial statements.

The Torray Institutional Fund

STATEMENT OF ASSETS AND LIABILITIES

As of June 30, 2009 (unaudited)

ASSETS

Investments in securities at value (cost \$21,136,837)	\$16,597,120
Interest and dividends receivable	<u>25,674</u>
TOTAL ASSETS	<u>16,622,794</u>

LIABILITIES

Payable for fund shares redeemed	14,134
Payable to advisor	<u>11,593</u>
TOTAL LIABILITIES	<u>25,727</u>

NET ASSETS

	<u>\$16,597,067</u>
Shares of beneficial interest (\$1 stated value, 331,684 shares outstanding, unlimited shares authorized)	\$ 331,684
Paid-in-capital in excess of par	25,970,721
Accumulated undistributed net investment income	160
Accumulated net realized loss on investments	(5,165,781)
Net unrealized depreciation of investments	<u>(4,539,717)</u>
TOTAL NET ASSETS	<u>\$16,597,067</u>
Net Asset Value, Offering and Redemption Price Per Share	<u>\$ 50.04</u>

See notes to the financial statements.

The Torray Institutional Fund

STATEMENT OF OPERATIONS

For the six months ended June 30, 2009 (unaudited)

INVESTMENT INCOME	
Dividend income	\$ 188,267
Interest income	<u>171</u>
Total income	<u>188,438</u>
EXPENSES	
Management fees	<u>67,989</u>
Total expenses	<u>67,989</u>
NET INVESTMENT INCOME	<u>120,449</u>
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	
Net realized loss on investments	(1,788,975)
Net change in unrealized appreciation (depreciation) on investments	<u>1,887,702</u>
Net realized and unrealized gain on investments	<u>98,727</u>
NET INCREASE IN NET ASSETS FROM OPERATIONS	<u><u>\$ 219,176</u></u>

See notes to the financial statements.

The Torray Institutional Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods indicated:

	Six months ended 06/30/09 (unaudited)	Year ended 12/31/08
Increase (Decrease) in Net Assets from Operations:		
Net investment income	\$ 120,449	\$ 324,302
Net realized loss on investments	(1,788,975)	(2,874,312)
Net change in unrealized appreciation (depreciation) on investments	<u>1,887,702</u>	<u>(10,021,539)</u>
Net increase (decrease) in net assets from operations	<u>219,176</u>	<u>(12,571,549)</u>
Distributions to Shareholders from:		
Net investment income (\$0.354 and \$0.770 per share, respectively)	(120,289)	(325,807)
Net realized gains (\$0.000 and \$1.889 per share, respectively)	—	(806,861)
Return of Capital (\$0.000 and \$0.092 per share, respectively)	<u>—</u>	<u>(39,970)</u>
Total distributions	<u>(120,289)</u>	<u>(1,172,638)</u>
Shares of Beneficial Interest		
Decrease from share transactions	<u>(1,195,248)</u>	<u>(15,250,909)</u>
Total decrease	(1,096,361)	(28,995,096)
Net Assets — Beginning of Period	<u>17,693,428</u>	<u>46,688,524</u>
Net Assets — End of Period	<u>\$16,597,067</u>	<u>\$ 17,693,428</u>
Undistributed Net Investment Income	<u>\$ 160</u>	<u>\$ —</u>

See notes to the financial statements.

The Torray Institutional Fund

FINANCIAL HIGHLIGHTS

For a share outstanding throughout each period presented:

PER SHARE DATA

	Six months ended 06/30/09 (unaudited)	Years ended December 31:				
		2008	2007	2006	2005	2004
Net Asset Value, Beginning of Period	\$49.400	\$ 80.800	\$108.640	\$111.920	\$116.290	\$ 110.520
Income/(loss) from investment operations:						
Net investment income	0.350 ⁽³⁾	0.687 ⁽³⁾	0.896	0.720	0.616	0.588
Net gains (losses) on securities (both realized and unrealized)	0.644	(29.336)	(4.074)	11.587	0.748 ⁽²⁾	7.025
Total from investment operations	0.994	(28.649)	(3.178)	12.307	1.364	7.613
Less: distributions						
Dividends (from net investment income)	(0.354)	(0.770)	(0.716)	(0.790)	(0.616)	(0.588)
Distributions (from capital gains)	—	(1.889)	(23.946)	(14.797)	(5.118)	(1.255)
Distributions (from return of capital)	—	(0.092)	—	—	—	—
Total distributions	(0.354)	(2.751)	(24.662)	(15.587)	(5.734)	(1.843)
Net Asset Value, End of Period	\$50.040	\$ 49.400	\$ 80.800	\$108.640	\$111.920	\$ 116.290
TOTAL RETURN⁽¹⁾	2.07%**	(36.24%)	(3.01%)	11.40%	1.28%	6.96%

RATIOS/SUPPLEMENTAL DATA

Net assets, end of period (000's omitted)	\$16,597	\$ 17,693	\$ 46,689	\$205,851	\$400,665	\$1,012,566
Ratios of expenses to average net assets	0.85%*	0.85%	0.85%	0.85%	0.85%	0.85%
Ratios of net investment income to average net assets	1.51%*	1.00%	0.66%	0.60%	0.59%	0.56%
Portfolio turnover rate	16.14%**	32.00%	44.32%	24.26%	53.66%	16.12%

* Annualized

** Not Annualized

(1) Past performance is not predictive of future performance.

(2) The amount shown for the year ended December 31, 2005 for a share outstanding throughout the year does not accord with the aggregate net losses on investments reported in the statement of operations for the year because of the timing of sales and repurchases of Fund shares in relation to fluctuating market value of the investments of the Fund.

(3) Calculated based on the average amount of shares outstanding during the period.

See notes to the financial statements.

The Torray Institutional Fund

NOTES TO FINANCIAL STATEMENTS

As of June 30, 2009 (unaudited)

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Torray Institutional Fund (“Fund”) is a separate series of The Torray Fund (“Trust”). The Trust is registered under the Investment Company Act of 1940, as amended, as a no-load, diversified, open-end management investment company. The Trust was organized as a business trust under Massachusetts law and the Fund commenced operations on June 30, 2001. The Fund’s primary investment objective is to provide long-term total return. The Fund seeks to meet its objective by investing its assets in a diversified portfolio of common stocks. In order to accomplish these goals, the Fund intends to hold stocks for the long term, as opposed to actively buying and selling. There can be no assurances that the Fund’s investment objectives will be achieved.

The following is a summary of accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America.

Securities Valuation Portfolio securities for which market quotations are readily available are valued at market value, which is determined by using the last reported sale price, or, if no sales are reported, the last reported bid price. For NASDAQ traded securities, market value is determined on the basis of the NASDAQ official closing price instead of the last reported sales price. Other assets and securities for which no quotations are readily available or for which Torray LLC (the “Advisor”) believes do not reflect market value are valued at fair value as determined in good faith by the Advisor under the supervision of the Board of Trustees (the “Board” or “Trustees”) in accordance with the Fund’s Valuation Procedures. Short-term obligations having remaining maturities of 60 days or less are valued at amortized cost, which approximates market value.

Statement of Financial Accounting Standards No. 157 “Fair Value Measurements” (“FAS 157”) This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosures about the use of fair value measurements. The three levels of the fair value hierarchy under FAS 157 are described below:

- Level 1 — quoted prices in active markets for identical securities
- Level 2 — other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 — significant unobservable inputs (including the Fund’s own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Torray Institutional Fund

NOTES TO FINANCIAL STATEMENTS (continued)

As of June 30, 2009 (unaudited)

The summary of inputs used to value the Fund's net assets as of June 30, 2009 is as follows:

Valuation Inputs

Level 1 — Quoted Prices *	\$16,597,120
Level 2 — Other Significant Observable Inputs	—
Level 3 — Significant Unobservable Inputs	—
Total Market Value of Investments	<u>\$16,597,120</u>

* Security types and industry classifications as defined in the Schedule of Investments

Securities Transactions and Investment Income Securities transactions are recorded on a trade date basis. Realized gains and losses from securities transactions are recorded on the specific identification basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date. Interest income, including amortization of discount on short-term investments, and expenses are recorded on the accrual basis. Premium and discount are amortized using the effective yield to maturity method.

Federal Income Taxes The Fund intends to continue to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income, including any net realized gain on investments to its shareholders. Therefore, no Federal income tax provision is required.

Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years (current and prior three tax years), and has concluded that no provision for federal income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Net Asset Value The net asset value per share of the Fund is determined daily as of the close of trading on the New York Stock Exchange by dividing the value of the Fund's net assets by the number of shares outstanding.

Interest Expense When cash balances are overdrawn in the Fund's custody account, the Fund is charged an overdraft fee equal to 1.25% above the Federal Funds Rate. Such overdraft fees are paid by the Advisor under the comprehensive management fee arrangement described in Note 4. In addition, in December 2006, the Trust entered into a line of credit facility with PNC Bank. Under the terms of the line of credit, the separate series of the Trust (including the Fund) may borrow up to \$20,000,000 on a short-term basis with interest accruing at the Federal Funds Rate plus 0.75%. Any interest expense on the line of credit is paid by the Advisor under the comprehensive management fee arrangement described in Note 4. As of June 30, 2009, the Fund had no outstanding borrowings under this line of credit facility.

Use of Estimates In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the

The Torray Institutional Fund

NOTES TO FINANCIAL STATEMENTS (continued)

As of June 30, 2009 (unaudited)

reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

NOTE 2 — SHARES OF BENEFICIAL INTEREST TRANSACTIONS

Transactions in shares of beneficial interest were as follows:

	Six months ended 06/30/09		Year ended 12/31/08	
	Shares	Amount	Shares	Amount
Shares issued	5,744	\$ 259,016	28,742	\$ 2,018,803
Reinvestments of dividends and distributions	2,586	120,057	17,899	1,169,772
Shares redeemed	(34,789)	(1,574,321)	(266,338)	(18,439,484)
	<u>(26,459)</u>	<u>\$(1,195,248)</u>	<u>(219,697)</u>	<u>\$(15,250,909)</u>

As of June 30, 2009, the Trust's officers, Trustees and affiliated persons and their families directly or indirectly controlled 208,241 shares or 62.78% of the Fund.

NOTE 3 — INVESTMENT TRANSACTIONS

Purchases and sales of investment securities, other than short-term investments, for the six months ended June 30, 2009, aggregated \$2,360,105 and \$2,766,347, respectively.

NOTE 4 — MANAGEMENT FEES

Pursuant to the Management Contract, the Advisor provides investment advisory and administrative services to the Fund. The Fund pays the Advisor a management fee, computed daily and payable monthly at the annual rate of 0.85% of the Fund's average daily net assets. For the six months ended June 30, 2009, the Fund paid comprehensive management fees of \$67,989. The Fund pays the Advisor a single comprehensive management fee which covers all operating expenses of the Fund including the investment advisory and administrative services provided by the Advisor as well as all miscellaneous costs incurred in connection with the ongoing operation of the Fund including transfer agency, custody, professional, and registration fees.

Certain officers and Trustees of the Fund are also officers and/or shareholders of the Advisor.

NOTE 5 — TAX MATTERS

Distributions to shareholders are determined in accordance with United States Federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America.

The Torray Institutional Fund

NOTES TO FINANCIAL STATEMENTS (continued)

As of June 30, 2009 (unaudited)

The tax character of distributions paid during the year ended December 31, 2008 was as follows:

Distributions paid from:	
Ordinary income	\$1,132,668
Long-term capital gain	—
Non-taxable return of capital	<u>39,970</u>
	<u>\$1,172,638</u>

The primary difference between book basis and tax basis distributions is differing book and tax treatment of short-term capital gains.

At December 31, 2008 the Torray Institutional Fund had net capital loss carry forward for federal income tax purposes of \$342,098, which are available to reduce future required distributions of net capital gains to shareholders through 2016.

At December 31, 2008, the Torray Institutional Fund had deferred post-October losses of \$2,666,279.

The following information is based upon the book basis of investment securities as of June 30, 2009:

Gross unrealized appreciation	\$ 580,149
Gross unrealized depreciation	<u>(5,119,866)</u>
Net unrealized depreciation	<u>\$ (4,539,717)</u>
Cost	<u>\$21,136,837</u>

NOTE 6 — COMMITMENTS AND CONTINGENCIES

The Fund indemnifies its officers and Trustees for certain liabilities that may arise from their performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties, which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred.

NOTE 7 — SUBSEQUENT EVENTS

Management has evaluated the impact of all subsequent events on the Fund through August 31, 2009, the date the financial statements were issued, and has determined that there were no subsequent events requiring recognition or disclosure in the financial statements.

The Torray Institutional Fund

PORTFOLIO HOLDINGS, PROXY VOTING AND PROCEDURES

As of June 30, 2009 (unaudited)

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the “Commission”) for the first and third quarters of each fiscal year on Form N-Q. The Fund’s Forms N-Q are available on the Commission’s website at <http://www.sec.gov>. The Fund’s Form N-Q may be reviewed and copied at the Commission’s Public Reference Room in Washington, D.C. Information on the operation of the Commission’s Public Reference Room may be obtained by calling 1-800-SEC-0330.

A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-443-3036; and on the Commission’s website at <http://www.sec.gov>.

Information regarding how the Fund voted proxies relating to portfolio securities is available without charge, upon request, by calling 1-800-443-3036; and on the Commission’s website at <http://www.sec.gov>.

The Torray Institutional Fund

ABOUT YOUR FUND'S EXPENSES

As of June 30, 2009 (unaudited)

We believe it is important for you to understand the impact of costs on your investment. All mutual funds have operating expenses. As a shareholder of the Fund, you incur ongoing costs, including management fees, and other Fund expenses. Operating expenses, which are deducted directly from the Fund's gross income, directly reduce the investment return of the Fund.

A mutual fund's expenses are expressed as a percentage of its average net assets. This figure is known as the expense ratio. The following examples are intended to help you understand the ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds. The examples below are based on an investment of \$1,000 made at the beginning of the period shown and held for the entire period.

The table on the next page illustrates the Fund's cost in two ways:

Actual Fund Return This section helps you estimate the actual expenses that you paid over the period. The "Ending Account Value" shown is derived from the Fund's actual return, and the third column shows the operating expenses that would have been paid by an investor who started with \$1,000 in the Fund. You may use the information here, together with the amount invested, to estimate the expenses that you paid over the period.

To do so, simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = 8.6), then multiply the result by the number given for the Fund under the heading "Expenses Paid During Period" on the next page.

Hypothetical 5% Return This section is intended to help you compare your Fund's costs with those of other mutual funds. It assumes that the Fund had an annual return of 5% before expenses, and that the expense ratio is unchanged. In this case, because the return used is not the Fund's actual return, the results do not apply to your investment. The example is useful in making comparisons because the Commission requires all mutual funds to calculate expenses based on a 5% return. You can assess the Fund's costs by comparing this hypothetical example with the hypothetical examples that appear in shareholder reports of other funds.

Note that expenses shown in the table are meant to highlight and help you compare ongoing costs only. The Fund does not charge transactions fees, such as purchase or redemption fees, nor does it carry a "sales load."

The calculation assumes no shares were bought or sold during the period. Your actual costs may have been higher or lower, depending on the amount of your investment and the timing of any purchases or redemptions.

The Torray Institutional Fund

ABOUT YOUR FUND'S EXPENSES (continued)

As of June 30, 2009 (unaudited)

More information about the Fund's expenses, including recent annual expense ratios, can be found in this report. For additional information on operating expenses and other shareholder costs, please refer to the Fund's prospectus.

	<u>Beginning Account Value January 1, 2009</u>	<u>Ending Account Value June 30, 2009</u>	<u>Expenses Paid During Period*</u>
Based on Actual Fund Return	\$1,000.00	\$1,020.70	\$4.26
Based on Hypothetical 5% Return (before expenses)	\$1,000.00	\$1,020.58	\$4.26

* Expenses are equal to the Fund's annualized expense ratio of 0.85% for the period, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

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The TORRAY INSTITUTIONAL FUND

SEMI-ANNUAL REPORT

June 30, 2009

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