

# PROSPECTUS

May 1, 2010

## The Torray Institutional Fund

Ticker: TORRX

The Securities and Exchange Commission has not approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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## SUMMARY SECTION

### Investment Objective

The Torray Institutional Fund's (the "Fund") goal is to build investor wealth over extended periods.

### Fees and Expenses of the Fund

This table describes the fees and expenses that you may pay if you buy and hold shares of the Fund.

#### Shareholder Transaction Fees

(fees paid directly from your investment) . . . . . None

#### Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

Comprehensive Management Fee . . . . . 0.85%

Total Annual Fund Operating Expenses . . . . . 0.85%

### Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds.

The Example assumes that you invest \$5,000,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operation expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
\$43,382	\$135,621	\$235,676	\$524,485

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 18.60% of the average value of its portfolio.

## **Principal Investment Strategy**

Torray LLC's (the "Manager") strategy is to invest in high quality companies that have a record of increasing sales and earnings, and to hold them as long as their fundamentals remain intact. Capable management and sound finances are critical considerations in the selection process.

Ordinarily, 90% or more of the Fund's assets will be invested in common stocks, preferred stocks, and securities convertible into common stocks with the balance held in fixed-income securities, U.S. Treasury securities or other cash equivalents. The Fund usually holds between 25 and 40 stocks. Positions in individual issuers will generally not exceed 8% of assets and positions in industry groupings will generally not exceed 25% of assets. Investments are made when it is believed that a company's long-term outlook is sound and the shares are fairly priced.

## **Principal Risks of Investing in the Fund**

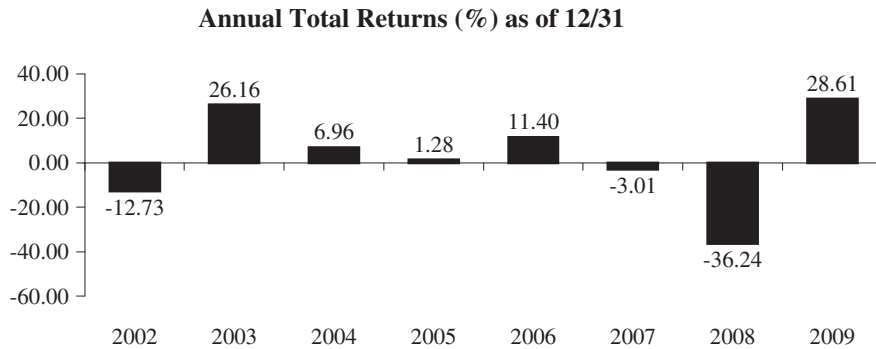
**General Risk.** All investments are subject to inherent risks, and an investment in the Fund is no exception. Accordingly, you may lose money by investing in the Fund.

**Market Risk.** The value of the Fund's investments will fluctuate as markets fluctuate and could decline over short- or long-term periods.

**No Guarantee.** An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

## Performance Information

Below is a bar chart and performance table that provide some indication of the risks of investing in the Fund. The bar chart illustrates how the Fund's annual total returns have varied from year to year. The performance table provides the Fund's average annual total returns both on a before-tax and an after-tax basis and compares the Fund's performance against the performance of an unmanaged market index. It is important to remember that the Fund's past performance (both before and after taxes) does not indicate how the Fund will perform in the future. Updated performance information may be obtained at the Fund's website [www.torray.com](http://www.torray.com).



During the period covered by this bar chart, the Fund's highest return for a calendar quarter was 18.82% in the third quarter of 2009, and the lowest return for a calendar quarter was (22.08)% in the fourth quarter of 2008.

### Average Annual Total Returns (For the periods ended December 31, 2009)

	<u>1 Year</u>	<u>5 Years</u>	<u>Since Inception June 30, 2001</u>
<b>The Torray Institutional Fund</b>			
Return Before Taxes . . . . .	28.61%	(2.14)%	1.11%
Return After Taxes on Distributions . . . . .	28.39%	(3.70)%	0.02%
Return After Taxes on Distributions and Sale of Fund Shares . . . . .	18.82%	(1.77)%	0.91%
<b>S&amp;P 500 Stock Index</b> (reflects no deduction for fees, expenses, or taxes) . . . . .	26.46%	0.42%	0.82%

After-tax returns are calculated using the historical highest individual federal marginal income tax rates (which for these purposes is 35% for the 1 year return) and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns

shown are not relevant to investors who hold their Fund shares through tax-deferred arrangements such as 401(k) plans or individual retirement accounts.

### **Investment Adviser**

The Fund's investment manager is Torray LLC.

### **Portfolio Managers**

Robert E. Torray is the Founder and Chairman of the Manager and founded the Manager's predecessor in 1972. Fred M. Fialco and Shawn M. Hendon, Vice Presidents with the Manager, serve as co-managers of the Fund along with Mr. Torray. Mr. Fialco has been with the Manager since 1997 and Mr. Hendon has been with the Manager since 2008.

### **Purchasing and Selling Fund Shares**

To purchase shares of the Fund for the first time, you must invest \$5,000,000.

You may purchase and sell shares on any day that the New York Stock Exchange is open.

You may sell Fund shares through your financial intermediary or by contacting the Fund: (i) by telephone at 1-800-626-9769; or (ii) in writing c/o PNC Global Investment Servicing (U.S.), Inc., P.O. Box 9803, Providence, RI 02940.

For more information about purchasing and redeeming fund shares, see "More Information About Purchasing and Redeeming Shares" on page 5 of this prospectus.

### **Tax Information**

The Fund intends to make distributions that may be taxed as ordinary income or capital gains. Distributions on, and redemptions of, shares held in an IRA (or other tax-qualified plan) will not be currently taxable.

### **Payments to Broker-Dealers and Other Financial Intermediaries**

If you purchase the Fund through a broker-dealer or other financial intermediary (such as a bank), the Fund and its related companies may pay the intermediary for the sale of Fund shares and related services. These payments may create a conflict of interest by influencing the broker-dealer or other intermediary and your salesperson to recommend the Fund over another investment. Ask your salesperson or visit your financial intermediary's website for more information.

## MORE INFORMATION ABOUT INVESTMENT OBJECTIVES, STRATEGIES AND RISKS

### Investment Objective

As noted earlier, the Fund's goal is to build investor wealth over extended periods. Since it is intended for use primarily by institutional investors that are tax-exempt organizations, the Fund, despite its emphasis on a buy and hold approach, may, for various reasons, elect to realize both short and long-term gains without regard to their potential impact on taxable investors. The Fund's investment objective may be changed without shareholder approval.

There is no guarantee that this objective will be achieved.

### Principal Investment Strategies

The Manager's strategy is to invest in high quality companies that have a record of increasing sales and earnings, and to hold them as long as their fundamentals remain intact. Capable management and sound finances are critical considerations in the selection process.

The Manager's primary focus is on business analysis. No attempt is made to forecast market trends or to time the Fund's investments based on prevailing opinions about the market's outlook. Ordinarily, 90% or more of the Fund's assets will be invested in common stocks, preferred stocks, and securities convertible into common stocks with the balance held in fixed-income securities, U.S. Treasury securities or other cash equivalents. The Fund usually holds between 25 and 40 stocks. Positions in individual issuers will generally not exceed 8% of assets and positions in industry groupings will generally not exceed 25% of assets. When adverse market or economic conditions occur, the Fund may temporarily invest all or a portion of its total assets in defensive instruments, including money market instruments, cash and cash equivalents. When following a defensive strategy, the Fund will be less likely to achieve its investment objective.

The Manager recognizes that economic value lies in businesses, not stocks. History shows that the shares of companies that generate rising earnings appreciate over time, and it is in these companies the Fund seeks to invest. Quality companies with successful track records that have fallen from investor favor can be of interest if the Manager determines the cause or causes of investor disaffection are temporary and that the share prices fail to reflect the Manager's assessment of their intrinsic value. However, companies with poor records or those that suffer reversals deemed likely to be permanent are avoided regardless of how "cheap" their shares may appear.

Investments are made when it is believed that a company's long-term outlook is sound and the shares are fairly priced.

Investors in search of unrealistically high returns or quick profits, or to whom quarterly performance is important, should not invest in the Fund.

The Fund's investment strategies can be changed without shareholder approval.

### **Principal Risks of Investing in the Fund**

The Fund's investors face the risk that the Manager's business analyses prove faulty. The Fund's portfolio is more concentrated than that of the typical mutual fund. If the fundamental prospects of a number of large holdings are misjudged, shareholders may suffer losses even during a time when the values of the general market and many other mutual funds are rising. Beyond that possibility, there is always a risk that money may be lost on investments in equity mutual funds, such as the Fund. This is so because stock prices fluctuate—sometimes widely—in response to many factors including, but not limited to, company-specific and industry-wide fundamentals, inflation, interest rates, investor psychology and so on. Investors that sell, whether through need or choice after prices have fallen, obviously, will realize less, and depending upon the original cost of their shares, may suffer a loss.

### **MORE INFORMATION ABOUT FUND MANAGEMENT**

The Fund's investment manager is Torray LLC, 7501 Wisconsin Avenue, Suite 1100, Bethesda, Maryland 20814. Robert E. Torray is the Founder and Chairman of the Manager. Mr. Torray was also President of The Torray Corporation, founded in 1990, the Fund's prior manager and the Chairman of Robert E. Torray & Co. Inc., a manager of large institutional portfolios that he founded May 1, 1972, each such entity having been succeeded to by the Manager. Fred M. Fialco and Shawn M. Hendon, Vice Presidents with the Manager, serve as co-managers of the Fund along with Mr. Torray and they share equally in the day-to-day management of the Fund's investment portfolio. Mr. Fialco has been with the Manager since 1997 and he has been involved with all aspects of research and portfolio management. Mr. Hendon has been with the Manager since 2008 and he has been involved in investment management for over 25 years. From 2004 through 2008, he served as principal of Rockledge Partners, LLC, an equity investment firm in Bethesda, Maryland. Prior to co-founding Rockledge Partners, LLC in 2004, Mr. Hendon was a Managing Director for Portfolio Management at Lockheed Martin Corporation and its predecessors. Additional information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of securities in the Fund is available in the Fund's Statement of Additional Information.

Subject to the oversight of the Board of Trustees of the Fund, the Manager provides investment advice and portfolio management services and oversees the administration of the Fund. The Fund pays the Manager a single comprehensive management fee which covers all operating expenses of the Fund including the investment advisory and management services provided by the Manager as well as all miscellaneous costs incurred in connection with the ongoing operation of the Fund,

including transfer agency, custody, professional and registration fees. The Manager received 0.85% of the Fund's average daily net assets as compensation for these services for the fiscal year ended December 31, 2009. A discussion regarding the basis for the Board of Trustees approving the investment advisory contract of the Fund is available in the Fund's Annual Report to Shareholders for the year ended December 31, 2009.

### Prior Performance of the Manager's Comparable Accounts

The table below sets forth data relating to the historical performance of (i) The Torray Fund, a no-load mutual fund advised and managed by the Manager which has substantially similar investment objectives, policies and strategies as the Fund and (ii) Torray LLC separate investment advisory accounts managed at all times under the supervision of Robert E. Torray, Chairman of the Manager, and other principals of the Manager, since May 1, 1972 and which have substantially similar investment objectives, policies and strategies as the Fund. These are the only two accounts other than the Fund that are managed in this investment strategy by the Manager and its principals.

The investment results presented below are not those of the Fund and are not intended to predict or suggest returns that might be experienced by the Fund or an individual investor having an interest in the Fund. These total return figures represent past performance and do not indicate future results, which will vary.

### Average Annual Total Return through December 31, 2009

	<u>Past One Year</u>	<u>Past Five Years</u>	<u>Past Ten Years</u>	<u>Past Thirty-Seven Years</u>
The Torray Fund <sup>(1)</sup> . . . . .	24.80%	(2.09)%	0.07%	N/A
Torray LLC Equity Separate Accounts <sup>(2)</sup> . . . . .	21.35%	(0.23)%	2.01%	12.05%
S&P 500 Stock Index <sup>(3)</sup> . . . . .	26.46%	0.42%	(0.95)%	9.62%

<sup>(1)</sup> The performance information for The Torray Fund reflects its actual fees and expenses which totaled 1.21% for its fiscal year ended December 31, 2009.

<sup>(2)</sup> The performance information for the Separate Accounts is the gross total return as adjusted to reflect all applicable account fees including the highest advisory fee charged to the Manager's private advisory accounts. The accounts in the Composite were not subject to the requirements of the Investment Company Act of 1940, as amended, or Subchapter M of the Internal Revenue Code, which, if imposed, could have affected their performance.

<sup>(3)</sup> The S&P 500 Stock Index measures the performance of 500 large-capitalization U.S. companies. This Index is unmanaged and does not reflect the fees and expenses typically incurred by mutual funds. Results include reinvested dividends.

## MORE INFORMATION ABOUT PURCHASING AND REDEEMING SHARES

### Pricing Fund Shares

Orders to buy or redeem shares that are received in good order prior to the close of the Fund (generally 4:00 PM Eastern time) will be processed at the net asset value next determined. Net asset value per share (“NAV”) is calculated by dividing the Fund’s net assets by the number of shares outstanding after the New York Stock Exchange (“NYSE”) closes for the day.

The Fund uses market quotes that are readily available to value its securities. In cases where quotes are not readily available, such as with respect to restricted securities, private placements or other types of illiquid securities, the securities will be valued using fair value guidelines approved by the Fund’s Board of Trustees.

### How To Buy Shares

You may buy shares of the Fund on a no-load basis on any day that the NYSE is open.

The minimum initial purchase is \$5,000,000. You should send your check payable to “The Torray Institutional Fund” with a completed account application to the Fund’s transfer agent:

**Regular Mail Address**

The Torray Institutional Fund  
c/o PNC Global Investment  
Servicing (U.S.) Inc.  
P.O. Box 9803  
Providence, RI 02940-8003

**Courier Address**

The Torray Institutional Fund  
c/o PNC Global Investment Servicing  
(U.S.) Inc.  
101 Sabin Street  
Pawtucket, RI 02860-1427

Additional purchases should be sent to the applicable address above. Please remember to include your account number on your check.

You may purchase shares of the Fund through an intermediary, such as an investment representative or a broker-dealer, who may charge additional fees and may require higher minimum investments or impose other limitations on buying and selling shares. If you purchase shares through an intermediary, that party is responsible for transmitting orders by close of business and may have an earlier cut-off time for purchase and sale requests. Purchase and redemption orders placed through an intermediary will be deemed to have been received and accepted by the Fund when the intermediary accepts the order. Customer orders will be priced at the Fund’s NAV next computed after they are accepted by an authorized broker or the broker’s authorized designee. Intermediaries may also designate other intermediaries to accept purchase and redemption orders on the Fund’s behalf. Consult your investment representative for specific information.

## Wire Instructions

In order to make a same day wire investment via Federal Wire, please call your bank with the instructions to transmit the funds as noted below. Please also note that an account must already be established to make a wire purchase.

PNC Bank, Philadelphia, PA  
ABA#: 031000053  
FFC: Account Number: 86-1559-7284  
Attn: The Torray Institutional Fund  
[Your institution's name]  
[Your account number]

Please make note that your bank may charge a wire fee.

## How to Redeem Shares

You may redeem your shares either in writing or by telephone if you elected the telephone redemption privilege on your application. You should submit your written redemption request directly to:

### Regular Mail Address

The Torray Institutional Fund  
c/o PNC Global Investment  
Servicing (U.S.) Inc.  
P.O. Box 9803  
Providence, RI 02940-8003

### Courier Address

The Torray Institutional Fund  
c/o PNC Global Investment Servicing  
(U.S.) Inc.  
101 Sabin Street  
Pawtucket, RI 02860-1427

If your account is held in the name of a corporation, as a fiduciary or agent, or as a surviving joint owner, you may be required to provide additional documents with your redemption request.

If your address of record has changed within the last 30 days of receipt of your redemption request, you will be required to obtain a medallion signature guarantee (see "Redemptions (including all IRA transfers) Sent to an Address Other Than the Address of Record" for more information on medallion signature guarantees).

The Fund and the transfer agent reserve the right to refuse any telephone transaction when they are unable to confirm to their satisfaction that a caller is the account owner or a person authorized by the account owner. Neither the Fund nor any of its service contractors will be liable for any loss or expense in acting upon telephone instructions that are reasonably believed to be genuine. The telephone transaction privilege may be suspended, limited, modified or terminated at any time without prior notice by the Fund or PNC Global Investment Servicing (U.S.) Inc.

To redeem by telephone you can call 1-800-626-9769.

Please remember that all redemption requests must include your name and account number. The Fund may take up to seven days to pay redemption proceeds. If you redeem by wire transfer, the Fund's transfer agent charges a fee (currently \$10) for each wire redemption. If you are redeeming shares that were recently purchased by check, the proceeds may be delayed until the check for purchase clears; this may take up to 15 business days from the date of purchase.

### **Redemption in Kind**

It is currently the Fund's policy to pay all redemptions in cash. The Fund retains the right, however, to alter this policy to provide for redemptions in whole or in part by a distribution in-kind of securities held by the Fund in lieu of cash. Shareholders may incur brokerage charges on the sale of any such securities so received in payment of redemptions.

### **Redemptions (including all IRA transfers) Sent to an Address Other Than the Address of Record**

For your protection, we will require an acceptable medallion signature guarantee (see below) for all fund redemptions that are sent to a different address than the address of record. **This includes all IRA transfers.** A redemption request bearing a non-medallion signature guarantee will be returned to you in accordance with the transfer agent's rejection procedures. This could significantly delay your redemption request as it will be returned to you via first class mail. The Fund will not be responsible for delays of this nature.

An acceptable medallion signature guarantee can be obtained from a domestic bank or trust company, broker/dealer, clearing agency, savings association, or other financial institution which is participating in any of the following three medallion programs: Securities Transfer Agents Medallion Program (STAMP), Stock Exchanges Medallion Program (SEMP), and New York Stock Exchange, Inc. Medallion Signature Program (NYSE MSP). **Signature guarantees from financial institutions which are not participating in one of these required programs will not be accepted.**

### **Additional Purchase and Redemption Information**

The Fund reserves the following rights as they relate to purchases and redemptions:

- To redeem your shares if your account balance falls below \$5,000,000 as a result of redemptions and not market performance. You will receive 30 days notice to increase the value of your account to \$5,000,000 before the account is closed.
- To refuse any purchase order.
- To refuse third-party checks, starter checks or cash equivalents for purchases of shares.

- To change or waive the Fund's investment minimums.
- To suspend the right to redeem and delay redemption proceeds during times when trading on the NYSE is restricted or halted, or otherwise as permitted by the SEC.
- To accept an initial order for less than \$5,000,000 upon the discretion of the Manager.

Shareholders should be aware that purchase and redemption requests mailed to the Fund's Maryland address will not be processed until they are received by the Fund's transfer agent (generally the next business day) at the address noted under "How to Buy Shares". You can avoid delays by mailing requests for purchases and redemptions directly to the Fund's transfer agent.

### **Frequent Trading Policy**

The Fund is intended for long-term investors and not for those who wish to trade frequently in Fund shares. Frequent trading into and out of the Fund can have adverse consequences for the Fund and for long-term shareholders in the Fund. The Fund believes that frequent or excessive short-term trading activity by shareholders of the Fund may be detrimental to long-term shareholders because those activities may, among other things: (a) dilute the value of shares held by long-term shareholders; (b) cause the Fund to maintain larger cash positions than would otherwise be necessary; (c) increase brokerage commissions and related costs and expenses, and (d) incur additional tax liability. The Fund therefore discourages frequent purchases and redemptions by shareholders and it does not make any effort to accommodate this practice. To protect against such activity, the Board of Trustees has adopted policies and procedures that are intended to permit the Fund to curtail frequent or excessive short-term trading by shareholders. At the present time the Fund does not impose limits on the frequency of purchases and redemptions, nor does it limit the number of exchanges into the Fund. The Fund reserves the right, however, to impose certain limitations at any time with respect to trading in shares of the Fund, including suspending or terminating trading privileges in Fund shares, for any investor whom it believes has a history of abusive trading or whose trading, in the judgment of the Fund, has been or may be disruptive to the Fund. It may not be feasible for the Fund to prevent or detect every potential instance of abusive or excessive short-term trading.

### **Customer Identification Information**

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person that opens a new account, and to determine whether such person's name appears on government lists of known or suspected terrorists and terrorist organizations.

As a result, the Fund must obtain the following information for each person that opens a new account:

- Name;
- Date of birth (for individuals);
- Residential or business street address (although post office boxes are still permitted for mailing); and
- Social security number, taxpayer identification number, or other identifying number.

You may also be asked for a copy of your driver's license, passport or other identifying document in order to verify your identity. In addition, it may be necessary to verify your identity by cross-referencing your identification information with a consumer report or other electronic database. Additional information may be required to open accounts for corporations and other entities.

Federal law prohibits the Fund and other financial institutions from opening a new account unless they receive the minimum identifying information listed above. After an account is opened, the Fund may restrict your ability to purchase additional shares until your identity is verified. The Fund may close your account or take other appropriate action if it is unable to verify your identity within a reasonable time. If your account is closed for this reason, your shares will be redeemed at the NAV next calculated after the account is closed.

## ACCOUNT STATEMENTS

The Fund provides you with:

- a confirmation statement after each transaction;
- an account statement reflecting your transactions for the calendar quarter;
- an account statement reflecting your annual transactions; and
- by February 15 of each year, certain tax information which is also filed with the Internal Revenue Service.

The Fund provides the above shareholder services without charge, but may charge for special services such as requests for historical transcripts of accounts. Also, you may view your quarterly and annual statements on the Fund's website at [www.torray.com](http://www.torray.com).

## DISCLOSURE OF FUND PORTFOLIO HOLDINGS

A complete list of the Fund's portfolio holdings is publicly available on a quarterly basis through applicable filings made with the SEC on Forms N-CSR and N-Q. Additional information is also available on the Fund's website at

www.torray.com. A description of the Fund's policies and procedures with respect to the disclosure of its portfolio securities is provided in the Statement of Additional Information.

## **TAXES AND DISTRIBUTIONS**

The Fund declares and pays dividends quarterly and net capital gains at least annually. All distributions will be invested in shares of the Fund unless you elect on your account application to receive distributions in cash. You can elect to cancel cash payments by notifying the Fund's transfer agent, in writing, prior to the date of distribution. Your choice will be effective for distributions paid after the Fund receives your written notice.

Currently effective tax legislation generally provides for a maximum tax rate for individual taxpayers of 15% on long-term gains from sales and from certain qualifying dividends on corporate stock. These rates are currently scheduled to increase after 2010. These rate reductions do not apply to corporate taxpayers. Distributions of earnings from dividends paid by certain "qualified foreign corporations" can also qualify for the lower tax rates on qualifying dividends. A shareholder will also have to satisfy a more than 60 day holding period with respect to any distributions of qualifying dividends in order to obtain the benefit of the lower tax rate. Distributions of earnings from non-qualifying dividends, interest income, other types of ordinary income and short-term capital gains will be taxed at the ordinary income tax rate applicable to the taxpayer.

The Fund will distribute substantially all of its investment income and capital gains, if any. The dividends and distributions you receive may be subject to federal, state and local taxation, depending upon your tax situation. Capital gains distributions may be taxable at different rates depending on the length of time the Fund holds its securities. Short-term capital gains are taxed as ordinary income. The Manager's buy and hold strategy may act to limit the realization of short-term gains, and defer the realization of long-term gains. Each redemption of Fund shares is a taxable event. You should consult a tax advisor regarding your investment in the Fund.

## **PAYMENTS TO THIRD PARTIES BY THE MANAGER**

The Manager may, out of its own resources, and without additional direct cost to the Fund or its shareholders, provide compensation to certain financial intermediaries, such as broker-dealers and financial advisers, in connection with sales of shares of the Fund. This compensation is generally made to those intermediaries that provide shareholder servicing, marketing support, broker education, and/or access to sales meetings, sales representatives and management representatives of the intermediary. Compensation may also be paid to intermediaries for inclusion of the Fund on a sales list, including a preferred or select sales list, in other sales programs or as an expense reimbursement in cases where the intermediary provides shareholder services to Fund shareholders.

Please be aware that the Fund may use brokers who sell shares of the Fund to effect portfolio transactions. The Fund does not consider the sale of Fund shares as a factor when selecting brokers to effect portfolio transactions. The Fund has adopted procedures which address these matters. You should note that if one mutual fund sponsor makes greater distribution assistance payments than another, your broker or financial adviser and his or her firm may have an incentive to recommend one fund complex over another.

## FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the past five years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Fund (assuming reinvestment of all dividends and distributions). The information has been audited by BBD, LLP, whose report, along with the Fund's financial statements, are incorporated by reference into the Statement of Additional Information, which is available upon request.

	<u>Year ended 12/31/09</u>	<u>Year ended 12/31/08</u>	<u>Year ended 12/31/07</u>	<u>Year ended 12/31/06</u>	<u>Year ended 12/31/05</u>
<b>PER SHARE DATA</b>					
<b>Net Asset Value, Beginning of</b>					
Year . . . . .	\$49.400	\$ 80.800	\$108.640	\$111.920	\$116.290
<b>Income/(Loss) From Investment</b>					
Operations:					
Net Investment Income . . . . .	0.605 <sup>(3)</sup>	0.687 <sup>(3)</sup>	0.896	0.720	0.616
Net Gains (Losses) on Securities					
(both realized and unrealized) . . . .	13.394	(29.336)	(4.074)	11.587	0.748 <sup>(2)</sup>
<b>Total from Investment</b>					
Operations . . . . .	13.999	(28.649)	(3.178)	12.307	1.364
<b>Less: Distributions</b>					
Dividends (from Net Investment					
Income) . . . . .	(0.609)	(0.770)	(0.716)	(0.790)	(0.616)
Distributions (from Capital Gains) . .	—	(1.889)	(23.946)	(14.797)	(5.118)
Distributions (from Return of					
Capital) . . . . .	—	(0.092)	—	—	—
<b>Total Distributions</b> . . . . .	(0.609)	(2.751)	(24.662)	(15.587)	(5.734)
<b>Net Asset Value, End of Year</b> . . . . .	<u>\$62.790</u>	<u>\$ 49.400</u>	<u>\$ 80.800</u>	<u>\$108.640</u>	<u>\$111.920</u>
<b>Total Return</b> <sup>(1)</sup> . . . . .	28.61%	(36.24%)	(3.01%)	11.40%	1.28%
<b>RATIOS/SUPPLEMENTAL DATA</b>					
<b>Net Assets, End of Year</b>					
(000's omitted) . . . . .	\$20,323	\$ 17,693	\$ 46,689	\$205,851	\$400,665
<b>Ratio of Expenses to Average Net</b>					
Assets . . . . .	0.85%	0.85%	0.85%	0.85%	0.85%
<b>Ratio of Net Investment Income to</b>					
Average Net Assets . . . . .	1.16%	1.00%	0.66%	0.60%	0.59%
<b>Portfolio Turnover Rate</b> . . . . .	18.60%	32.00%	44.32%	24.26%	53.66%

<sup>(1)</sup> Past performance is not predictive of future performance.

<sup>(2)</sup> 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 repurchase of Fund shares in relation to fluctuating market value of the investments of the Fund.

<sup>(3)</sup> Calculated based on the average amount of shares outstanding during the year.

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Pawtucket, RI 02860-1427

**UNDERWRITER**

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## HOW TO OBTAIN MORE INFORMATION

The Statement of Additional Information (SAI) contains additional information about the Fund including a more detailed discussion of its investment policies and the risks associated with various investments. The SAI is incorporated by reference into this prospectus. This means that the SAI is legally a part of the prospectus.

Additional information about the Fund's investments is available in the Fund's Annual and Semi-annual Reports to Shareholders. In the Fund's Annual Report, you will find a discussion of the market conditions and investment strategies that significantly affected the Fund's performance during its last fiscal year.

You may obtain a copy of the SAI or Reports to Shareholders by request and without charge by contacting the Fund at 1-800-443-3036, in writing to Torray LLC, 7501 Wisconsin Avenue, Suite 1100, Bethesda, Maryland 20814 or on the Fund's website at [www.torray.com](http://www.torray.com).

Information about the Fund (including the SAI) can be reviewed and copied at the Securities and Exchange Commission's Public Reference Room in Washington, D.C., or from the EDGAR Database on the SEC's website (<http://www.sec.gov>). Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8090. Copies of this information may be obtained upon payment of a duplicating fee by writing to: SEC, Public Reference Section, Washington, D.C. 20549-0102. You also may obtain this information upon payment of a duplicating fee, by e-mailing the SEC at the following address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov).

The Torray Fund - 811-06096

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# The TORRAY INSTITUTIONAL FUND

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PROSPECTUS

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May 1, 2010

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