

TORRAY LLC
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This Brochure provides information about the qualifications and business practices of **Torray LLC**. If you have any questions about the contents of this Brochure, please contact us at (301)-493-4600 or www.torray.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Torray LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about **Torray LLC** also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Torray LLC has not had any material changes since our last annual brochure dated March 31, 2011. Pursuant to SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other interim disclosure information about material changes as necessary.

Currently, our Brochure may be requested by contacting Barbara Warder, Chief Compliance Officer, at 301-493-4600. Our Brochure is also available on our web site, www.torray.com, also free of charge.

Additional information about [Torray LLC](#) is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with [Torray LLC](#) who are registered, or are required to be registered, as investment adviser representatives of [Torray LLC](#).

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Item 4 – Advisory Business

Torray LLC (“Torray”) was founded in 1972 by principal owner, Robert E. Torray, and provides investment supervisory services to private accounts and open-end registered investment companies (*i.e.*, mutual funds). Torray provides advice on equity and fixed-income securities based on fundamental research and independent analysis. These services are described in more detail below.

Mutual Funds. Torray serves as investment adviser to The Torray Fund (the “Trust”), an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”), consisting of three separate investment series: The Torray Fund, the Torray Resolute Fund and The Torray Institutional Fund (each a “Fund” and collectively, the “Funds”). In advising the Funds, Torray is subject to the supervision and direction of the Trust’s Board of Trustees.

Private Accounts. Torray provides investment supervisory services and discretionary portfolio management to individuals, corporations, pension and profit sharing plans, and non-profit organizations (“Private Accounts”). Torray formulates an investment program for the Private Accounts, and complies with limitations and guidelines established by each client, to the extent applicable.

As of 12/31/2011, Torray managed \$480,000,000 on a discretionary basis.

Item 5 – Fees and Compensation

Mutual Funds. For investment management services provided to The Torray Fund and The Torray Resolute Fund, Torray receives a fee, computed daily and payable monthly, at the annual rate of 1.00% of the average daily net assets of the Fund. For investment management services provided to The Torray Institutional Fund, Torray receives a comprehensive management fee, computed daily and payable monthly, at the annual rate of 0.85% of the average daily net assets of the Fund. Fees for the Funds are described in each Fund’s prospectus and statement of additional information. The advisory contracts between Torray and the Funds can be terminated without penalty by the Funds, generally upon sixty days’ notice, and terminate automatically upon assignment, as defined in the 1940 Act.

Private Accounts. Fees for the management of Private Accounts are based on an annual percentage of each account's assets under management. For Equity Accounts, the basic annual fee schedule is 1.0% on the first \$5 million, .75% on the next \$20 million, .50% on the next \$175 million, .375% on the next \$100 million and .25% on the balance. For Fixed Income Accounts, the annual fee rate is .50%.

Torray reserves the right, in its sole discretion, to negotiate and charge different fees for certain accounts based on the client's particular needs and other factors unique to the client's particular circumstances. There may also be differences in fees paid by certain clients based on account inception dates. Torray also reserves the right to waive or reduce the account minimum. Currently, Torray does not base its fees on a share of capital gains upon or capital appreciation of an advisory client's account (*i.e.*, a performance-based fee).

Fees are computed and payable quarterly, based on the market value on the last business day of each quarter. Initial fees are calculated based upon the number of days in the quarterly period the account came under Torray's management. All subsequent quarters are billed for the full quarter. However, Torray reserves the right to prorate its fees with respect to additions to and withdrawals from a client account during the period. If clients terminate the relationship prior to the end of the quarter, the fee is prorated for the number of days prior to termination.

If authorized by the client, fees may be billed directly to a client's account and paid from that account by the client's custodian. The custodian will send quarterly statements showing all transactions in the account, including fees paid to Torray, directly to such clients. Torray will receive either paper or electronic copies of custodians' statements.

In addition to Torray's investment advisory fees, clients whose uninvested assets are swept into money market mutual funds for short-term cash management purposes by their custodian will also bear the additional fees and expenses assessed by such money market mutual funds to the extent of their investment in such funds.

Torray's investment advisory agreements for Private Accounts are generally mutually revocable at any time without penalty and continue in effect until written notice of termination is given by either party. In the event of termination, any outstanding fees are charged or refunded on a *pro rata* basis.

Torray's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Torray's fee, and Torray shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Torray considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Item 6 – Performance-Based Fees and Side-By-Side Management

Torray LLC does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Torray LLC provides portfolio management services to individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments and registered mutual funds.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Torray uses fundamental methods of analysis that emphasize stock selection. Long-term secular themes and macroeconomic trends are incorporated into the process, as well. Torray's strength is in analyzing market themes and specific companies that are fundamentally strong and well-positioned to benefit from these themes.

Torray's investment strategy is to invest in a limited number of 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 firm's investment process. Investments are made when it is believed a company's long-term outlook is sound and the shares are fairly priced.

Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of Torray LLC or the integrity of Torray LLC's management. Torray LLC has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Torray LLC serves as investment adviser for, and is responsible for providing investment advisory and administrative services to, the Funds.

Item 11 – Code of Ethics

Torray has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Torray must acknowledge the terms of the Code of Ethics annually, or as amended.

Torray anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Torray has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which Torray, its affiliates and/or clients, directly or indirectly, have a position of

interest. Torray's employees and persons associated with Torray are required to follow Torray's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Torray and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Torray's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Torray will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of Torray's clients. In addition, the Code requires pre-clearance of certain transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored to reasonably prevent conflicts of interest between Torray and its clients.

Torray's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Barbara Warder.

It is Torray's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Torray will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

Generally, Torray is retained with respect to client accounts on a discretionary basis and is authorized to make the following determinations in accordance with clients' specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for client accounts are effected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

However, Torray may accept advisory accounts with limited discretion or where investments are client-directed pursuant to the management agreement.

Selection Criteria for Brokers and Dealers

Torray places orders for the purchase or sale of securities with the primary objective of obtaining the best price and execution from responsible broker-dealers at competitive commission rates. Torray insists on a high standard of quality regarding execution services and seeks to deal only with brokers that Torray believes can meet that standard. The commission rates paid by Torray and the quality of execution received are reviewed regularly by the portfolio managers and traders, and periodically by the CCO, in no event less frequently than annually.

Torray's objective in selecting brokers and dealers and in effecting portfolio transactions is to seek to obtain the best combination of price and execution with respect to its accounts' portfolio transactions. The best net price, giving effect to brokerage commissions, spreads and other costs, is normally an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant.

The factors include, but are not limited to: Torray's knowledge of negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold;

the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance and settlement capabilities as well as the reputation and perceived soundness of the broker-dealer selected and others which are considered; Torray's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads or commissions.

Torray may also use an Electronic Communications Network ("ECN") or Alternative Trading System ("ATS") to effect such over-the-counter trades when, in Torray's judgment, the use of an ECN or ATS may result in equal or more favorable overall executions for the transactions. Torray will pay a commission to an ECN or ATS that, when added to the price, is still better than the overall execution price that might have been attained trading "net" with a market maker.

In some cases, a broker may be recommended to an individual account to provide custodial or other services for the client. In those cases, transactions are effected for the account through the custodial broker while maintaining the primary objective noted above of obtaining the best price and execution at competitive commission rates.

Batch Transaction and Allocation Policy

When Torray decides to purchase or sell the same securities for several clients at approximately the same time, as part of the duty to seek best execution, Torray may, but is not required to, "bunch" or batch together purchases or sales for several clients, including the Funds and the Private Accounts. Batched trades are allocated, in a fair and equitable manner over time, across participating client accounts. Torray may include proprietary accounts in such aggregate trades subject to its duty to seek best execution and its Code of Ethics.

Directed brokerage clients may be unable to participate in batched transactions. However, Torray endeavors to include such clients in batched transactions through the use of "step-outs" when possible.

While Torray may effect batched trades to facilitate better execution, Torray may direct transactions to brokers based on both their ability to provide high quality execution and the nature and quality of research services, if any, such brokers provide to Torray. As a result, clients may not always pay the lowest available commission rates where their trades are effected in this manner, so long as Torray believes that it is nonetheless obtaining best price and execution.

Torray may also consider the following when allocating trades: (1) cash flow changes (including available cash, redemptions, exchanges, capital additions and capital withdrawals) may provide a basis to deviate from a pre-established allocation as long as it does not result in an unfair advantage to specific clients or types of clients over time; (2) clients with specialized investment objectives or restrictions emphasizing investment in a specific category of securities may be given priority over other clients in allocating such securities; (3) the desire to achieve “round lots”; (4) the client’s asset size; and (5) the client’s current holdings of the security.

Pro rata allocation is generally used when a batch order, which usually involves only non-directed accounts and seeks only liquid, actively traded securities, cannot be fully executed in a single day, unless the client has expressly directed otherwise. The partial fill is generally allocated among the participating client accounts based on the size of each account’s original order, subject to rounding in order to achieve “round lots”. Unexecuted orders will continue until the block order is completed or until all component orders have been cancelled. New orders for the same security will be aggregated with any remaining unexecuted orders and will continue in the same manner. Torray will generally apply a minimum order allocation amount of 100 shares, which may be adjusted based on market convention associated with the particular security. If remaining positions are too small to satisfy the minimum order amount, the Advisers may decide to allocate the remaining shares to those accounts seeking large positions which were unfilled. Torray may also decide to allocate remaining shares to those accounts whose orders would be completed as a result of the allocation. Other methods of allocation may be used where deemed by Torray to be appropriate. Random allocation is especially appropriate when the transaction size is too limited to be effectively allocated *pro rata* among all eligible managed accounts.

Client-Directed Brokerage Transactions

Clients may limit Torray’s discretionary authority in any or all of the situations described above. In particular, clients may direct Torray to use particular broker-dealers to execute portfolio transactions for their accounts. Where a client directs the use of a particular broker-dealer, or broker-dealers, Torray may not be in a position to negotiate commission rates or spreads or obtain volume discounts and best price may not be achieved.

In addition, transactions for a client that directs brokerage often may not be combined or “batched” for execution purposes with orders for the same securities for other accounts managed by Torray. However, Torray attempts to include such clients in batched transactions

through “step outs” if possible. Trades for a client that has directed use of a particular broker or dealer may be placed at the end of batched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Torray could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution.

Research/Execution Policy

In allocating brokerage, Torray may take into consideration the receipt of research services as long as such consideration does not jeopardize the objective of seeking best execution in connection with the transaction. When appropriate under its discretionary authority and consistent with the duty to seek best execution, Torray may direct brokerage transactions for client accounts to broker-dealers who provide Torray with research and brokerage products and services. The brokerage commissions used to acquire research in these arrangements are commonly known as “soft dollars.”

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). While Torray may use soft dollars to acquire either type of research, Torray currently receives only proprietary research.

SEC regulations provide a “safe harbor” which allows an investment adviser to pay for research and brokerage services with the commission dollars generated by client account transactions. Torray will use “soft dollars” only in a manner consistent with the SEC safe harbor, as interpreted by the SEC and its Staff. In determining whether to acquire a specific service or product with soft dollars, Torray evaluates whether the service or product: (1) is eligible research or brokerage under the safe harbor; (2) provides lawful and appropriate assistance to Torray in carrying out relevant responsibilities; and (3) is acquired for an amount of soft dollars reasonable in relation to the value deemed to be provided by the product or service, within the terms of the safe harbor.

The receipt of research pursuant to the safe harbor benefits Torray by allowing Torray, at no cost to it, to supplement their own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to

persons having special expertise on certain companies, industries, areas of the economy and market factors. Research and brokerage services so acquired generally may include reports on the economy, industries, sectors and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotation and trading; risk measurement; analyses of corporate responsibility issues; on-line news services; and financial and market database services.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Torray may select broker-dealers based on their assessment of each broker-dealer's ability to provide quality executions and their belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services Torray receives from dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Torray may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Torray determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Torray's overall duty to discretionary accounts.

Research obtained in connection with a client's trades is not always or exclusively utilized by Torray for the specific account that generated the commission. Because Torray routinely batches client transactions, brokerage commissions attributable to one or more client accounts may be allocated to brokers who provide statistical data and other research used by Torray in managing the accounts of other clients, and vice versa. Torray does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists Torray in fulfilling its overall duty to clients.

Torray will not enter into any agreement or understanding with any broker-dealer which would obligate Torray to direct a specific amount of brokerage transactions or commissions in return

for services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent.

Torray does not currently use brokerage commission credits to pay for any specific service or for any portion of its “mixed use” items (products or services that provide both research and non-research benefits). However, if Torray should choose to obtain a particular product, it may use available credits and pay cash to make up any difference. Further, if the product or service obtained by Torray is a mixed use item, Torray may use credits for the research portion and pay cash for the non-research portion. Although the allocation between credits and cash is not always capable of precise calculation, Torray will make a good faith effort to allocate such items reasonably. Records of any such allocations and payments will be prepared.

Item 13 – Review of Accounts

The Funds and the Private Accounts are reviewed on a regular basis. Torray provides Private Account clients with quarterly reports, which may include transaction summaries and asset values, as well as the performance of the client’s account against an agreed upon benchmark. Torray provides a quarterly valuation of assets and semi-annual and annual financial reports to each Fund’s shareholders.

Item 14 – *Client Referrals and Other Compensation*

Torray does not compensate any person or entity for client referrals.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Torray urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Torray usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Torray observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Torray's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to Torray in writing.

Item 17 – Voting *Client* Securities

Torray has written proxy voting policies and procedures as required by Advisers Act Rule 206(4)-6. Under these policies and procedures, Torray votes proxies relating to equity portfolio securities in the best interests of clients, unless the client contract specifies that Torray will not vote. Torray seeks to develop relationships with the management of portfolio companies to encourage transparency and improvements in the treatment of shareholders. Thus, Torray may engage in dialogue with the management of portfolio companies with respect to pending proxy voting issues. While Torray has written guidelines for certain issues on which votes may be cast, each vote is ultimately cast on a case-by-case basis, taking into consideration all relevant facts and circumstances at the time of the vote. Torray may cast proxy votes in favor of management proposals or seek to change the views of management, considering specific issues on their merits.

Torray acknowledges its responsibility for identifying material conflicts of interest relating to voting proxies. Senior Management and portfolio managers of Torray are expected to disclose to the proxy administrator any personal conflicts such as officer or director positions held by them, their spouses or close relatives in the portfolio company. Conflicts based on business

relationships with Torray will only be considered to the extent that Torray has actual knowledge of such relationships. When a material conflict of interest between Torray's interests and its clients' interests appears to exist, Torray may choose among the following options to eliminate such conflict: (1) vote in accordance with the policies and procedures if it involves little or no discretion; (2) vote as recommended by a third party service if Torray utilizes such a service; (3) "echo vote" or "mirror vote" the proxies in the same proportion as the votes of other proxy holders that are not clients; (4) if possible, erect information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict; (5) if practical, notify affected clients of the conflict of interest and seek a waiver of the conflict; or (6) if agreed upon in writing with the client, forward the proxies to affected clients allowing them to vote their own proxies.

Clients may obtain copies of Torray's written proxy voting policies and procedures as well as information on how proxies were voted for its account by requesting such information from Torray at the address and phone number listed on page 1 of Part II of this Form ADV. Torray will not disclose proxy votes for a client to other clients or third parties, other than as required for the Funds, unless specifically requested, in writing, by the client. However, to the extent that Torray may serve as a subadviser to another adviser to a client, Torray will be deemed to be authorized to provide proxy voting records on such client accounts to such other adviser.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about Torray's financial condition. Torray has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.