



Croft Value Fund

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Croft Income Fund

ANNUAL REPORT

April 30, 2010

CROFT VALUE FUND

MANAGERS COMMENTARY
APRIL 30, 2010 (UNAUDITED)

June 30, 2010

Dear Shareholder:

The Croft Value Fund continues to be managed under the same value-oriented philosophy in combination with contrarian idea generation. For the fiscal year ended April 30, 2010, the Croft Value Fund's outperformance compared to the S&P 500 Index was in part due to our exposure to the industrial, energy and commodity sectors which benefitted from a year of returning demand and tightening supply. Our investment strategy is to seek perceived undervalued stocks with long term stock price appreciation potential along with low portfolio turnover. In seeking to find these investments, we look for companies that have underappreciated potential catalysts, relatively low price-to-earnings (P/E) ratios with superior long term earnings growth, and contrarian ideas that have fallen out of favor with the market but still have good underlying prospects.

Diversification is as important as ever. We feel it is necessary to keep exposure to companies that will benefit from a domestic and global economic turnaround. At the same time, we believe good long term value can be found in traditional large capitalization, stable demand companies that are selling at very reasonable valuations.

At this point, the domestic economy has somewhat stabilized but still has a lot of room for improvement. Unemployment has remained under 10%, housing starts are returning, consumer confidence is rising, and manufacturing indices are increasing. With the first quarter of 2010 under our belt, companies continue to beat earnings estimates and raise their outlooks for the future. Strongly managed companies were able to cut costs, strip down inventories, and weather the downturn fairly well. Despite the vast majority of our holdings being incorporated in the United States, many have large international divisions, making our understanding of international situations an integral part of our portfolio construction.

While things have certainly taken a turn for the better, there is still plenty of economic uncertainty in the world. This is why we will stick to our strategies and look for opportunities, as stock selection is crucial to our efforts to provide above-average returns for our shareholders.

Thank you for your investment in the Croft Value Fund.

Sincerely,



Kent Croft
President

CROFT INCOME FUND

MANAGERS COMMENTARY
APRIL 30, 2010 (UNAUDITED)

June 30, 2010

Dear Shareholder:

During a full year of widespread speculation surrounding interest rates, inflation, deflation, mortgage defaults, and municipal struggles, we focused on maintaining our philosophy of sticking to what we *do* know, rather than attempting to time the actions taken by the government and other policy makers. Throughout the year ended April 30, 2010, we largely saw an improving domestic economy along with an improving domestic currency. This is why we opportunistically added U.S. Treasuries to the Fund, as international worries had foreign investors fleeing to the safety of U.S. backed securities. Our holdings in U.S. Treasuries increased to approximately 9.5% from 0%, mostly occurring in the second half of the fiscal year.

On the other hand, domestic economic indicators have improved for the most part since the start of the fiscal year. We took the opportunity to add to both existing corporate positions as well as new corporate debt. We concentrated on companies that we know well, seeking shorter term bonds with higher coupons to minimize the effect of an inevitable increase in interest rates. By narrowing our focus to these types of investments, we were able to outperform the Barclays Capital Intermediate U.S. Government/Credit Bond Index in the fiscal year. At this point, the Fund has a balanced portfolio of U.S. Treasuries, FDIC-guaranteed issues, and corporate bonds.

As of April 30, 2010, the Income Fund had the following characteristics: SEC yield of approximately 4%, weighted average duration of 3.9 years (a measure of sensitivity to interest rates and down from 5.1 years last year), and weighted average maturity of 5 years (down from 7.3 years last year). We continue to manage our credit risk through industry diversification and individual company analysis. As of May 31, 2010, we held 102 corporate bond issues in 21 different sectors.

Thank you for your investment in the Croft Income Fund.

Sincerely,

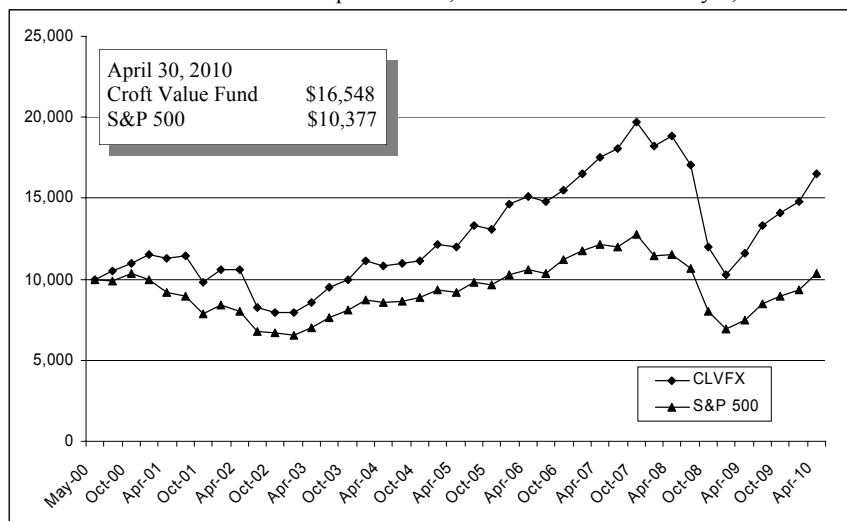


Kent Croft
President

CROFT VALUE FUND

GRAPHICAL ILLUSTRATION APRIL 30, 2010 (UNAUDITED)

Cumulative Performance Comparison \$10,000 Investment Since May 1, 2000*



Average Annual Total Returns For the Periods Ended April 30, 2010

	<u>Croft Value Fund</u>	<u>S&P 500 Index</u>
1 Year	42.63%	38.84%
3 Year	-1.93%	-5.10%
5 Year	6.69%	2.50%
10 Year	5.16%	0.37%

*This chart assumes an initial investment of \$10,000 made on May 1, 2000.

** The Advisor has agreed to waive its advisory fees and/or reimburse fund expenses (excluding brokerage, commissions, underlying fund fees and expenses or extraordinary expenses) through August 30, 2010 to limit total annual fund operating expenses for the Value Fund to 1.32%. The Fund's total gross annual operating expenses, including underlying funds is 1.34%.

Past Performance does 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.

Returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares.

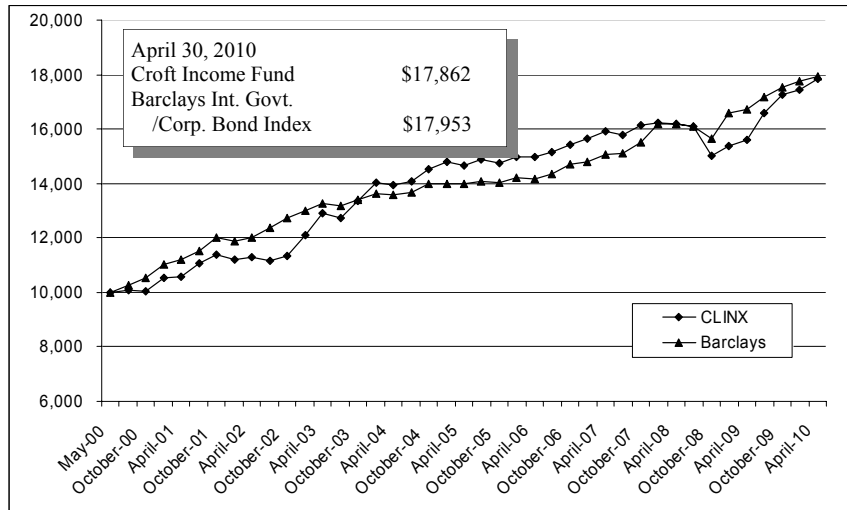
Current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month end, please call (800) 746-3322.

Annual Fund Operating Expenses: **	
Operating Expenses	1.32%
Less Waivers/Reimbursements	<u>0.00%</u>
Net Annual Fund Operating Expenses	1.32%

CROFT INCOME FUND

GRAPHICAL ILLUSTRATION APRIL 30, 2010 (UNAUDITED)

Cumulative Performance Comparison \$10,000 Investment Since May 1, 2000*



Average Annual Total Returns
For the Periods Ended April 30, 2010

	<u>Croft Income Fund</u>	<u>Barclays Int. Govt./ Corp. Bond Index</u>
1 Year	14.39%	7.37%
3 Year	3.87%	6.02%
5 Year	4.06%	5.10%
10 Year	5.97%	6.05%

*This chart assumes an initial investment of \$10,000 made on May 1, 2000.

** The Advisor has agreed to waive its advisory fees and/or reimburse fund expenses (excluding brokerage, commissions, underlying fund fees and expenses or extraordinary expenses) through August 30, 2010 to limit total annual fund operating expenses for the Income Fund to 1.10%. The Fund's total gross annual operating expenses, including underlying Funds is 1.99%. Past Performance does 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.

Returns shown do not reflect taxes that a shareholder would pay on fund distributions or on the redemption of fund shares.

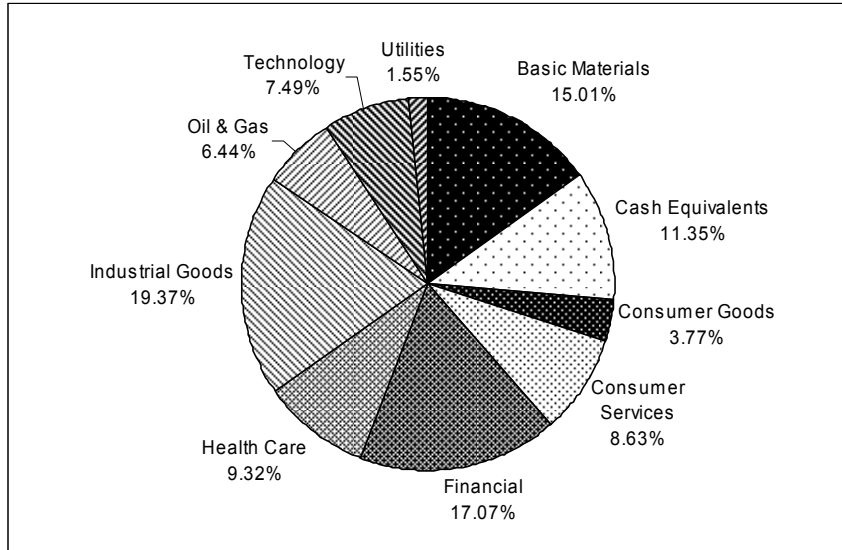
Current performance may be lower or higher than the performance data quoted. To obtain performance data current to the most recent month end, please call (800) 746-3322.

Annual Fund Operating Expenses: **	
Operating Expenses	1.94%
Less Waivers/Reimbursements	<u>(0.84)%</u>
Net Annual Fund Operating Expenses	1.10%

CROFT VALUE FUND

PORTFOLIO ILLUSTRATION
APRIL 30, 2010 (UNAUDITED)

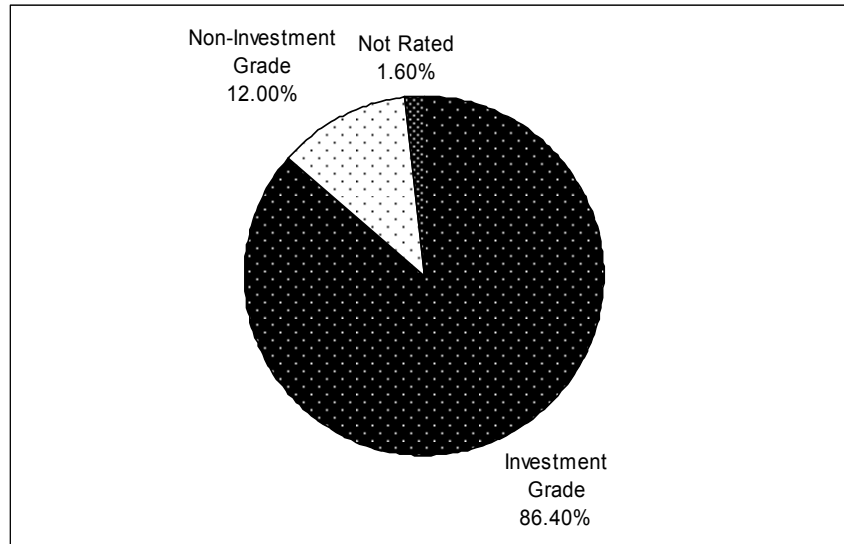
The following chart gives a visual breakdown of the Fund by the industry sectors the underlying securities represent as a percentage of the portfolio of investments.



CROFT INCOME FUND

PORTFOLIO ILLUSTRATION
APRIL 30, 2010 (UNAUDITED)

The following chart gives a visual breakdown of the Fund by the investment grade as a percentage of the portfolio of investments.



CROFT VALUE FUND

SCHEDULE OF INVESTMENTS
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
COMMON STOCKS - 87.86%	
Agricultural - 1.65%	
22,202 Monsanto Company	\$1,400,058
34,133 Potash Corp. of Saskatchewan, Inc.	<u>3,771,697</u>
	5,171,755
Banks, S&Ls and Brokers - 2.98%	
306,816 Bank of America Corp.	5,470,529
124,033 Bank of New York Mellon Corp.	<u>3,861,147</u>
	9,331,676
Building & Construction - 2.43%	
37,580 Jacobs Engineering Group, Inc. *	1,812,108
25,816 Fluor Corp.	1,364,117
148,338 Foster Wheeler Ltd. *	<u>4,447,173</u>
	7,623,398
Business Services - 0.49%	
120,239 Convergys Corp. *	<u>1,519,821</u>
Capital Equipment - 5.98%	
80,919 Baldor Electric Co.	3,108,099
56,516 Caterpillar, Inc.	3,848,174
78,285 Deere & Co.	4,683,009
22,987 Flowsolve Corp.	2,633,850
59,461 United Technologies Corp.	<u>4,456,602</u>
	18,729,734
Chemicals - 1.10%	
86,385 E.I. du Pont de Nemours & Co.	<u>3,441,578</u>
Consumer Non-Durables - 3.38%	
105,731 Philip Morris International, Inc.	5,189,277
87,091 Procter & Gamble Co.	<u>5,413,577</u>
	10,602,854
Energy - 0.27%	
24,763 Suncor Energy, Inc.	<u>846,152</u>

* Non-income producing securities during the period.
The accompanying notes are an integral part of these financial statements.

CROFT VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Financial Services - 2.11%	
287,711 Invesco Ltd. ADR	<u>6,614,476</u>
Forester Products - 3.12%	
38,974 Potlatch Corp.	1,459,966
54,663 Plum Creek Timber Co., Inc.	2,175,587
123,874 Weyerhaeuser Co.	<u>6,134,240</u>
	9,769,793
Gas & Gas Transmission - 1.11%	
146,642 Williams Companies, Inc.	<u>3,462,218</u>
Healthcare - 4.72%	
43,237 Aetna, Inc.	1,277,653
46,829 Baxter International, Inc.	2,211,265
37,514 Becton Dickinson & Co.	2,864,944
25,205 CVS Caremark Corp.	930,569
13,299 Edwards Lifesciences Corp. *	1,370,861
96,473 Qiagen N.V. *	2,204,408
40,573 Stryker Corp.	2,330,513
52,354 Unitedhealth Group, Inc.	<u>1,586,850</u>
	14,777,063
Industrial Goods - 2.55%	
160,124 ABB Ltd. ADR *	3,067,976
46,034 Allegheny Technologies, Inc.	2,461,438
29,649 Valmont Industries, Inc.	<u>2,469,465</u>
	7,998,879
Insurance Agents & Brokers - 0.75%	
97,350 Marsh & McLennan Companies, Inc.	<u>2,357,817</u>
International Oil & Gas - 4.33%	
13,895 Chevron Corp.	1,131,609
43,999 Crescent Point Energy Corp. *	1,863,624
65,946 Nexen, Inc.	1,601,169
178,356 Petrobank Energy & Resources Ltd.	<u>8,977,381</u>
	13,573,783

ADR - American Depositary Receipt

* Non-income producing securities during the period.

The accompanying notes are an integral part of these financial statements.

CROFT VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Life Insurance - 3.23%	
127,187 MetLife, Inc.	5,797,183
68,203 Prudential Financial, Inc.	<u>4,334,983</u>
	10,132,166
Media & Entertainment - 2.67%	
95,187 Cablevision Systems Corp. - NY Group - Class A	2,611,931
91,239 Directv Group, Inc. - Class A *	3,306,501
43,370 Time Warner Cable, Inc.	<u>2,439,563</u>
	8,357,995
Metals & Mining - 3.38%	
29,130 BHP Billiton Ltd. ADR	2,120,373
62,127 Freeport McMoran Copper & Gold, Inc.	4,692,452
138,850 Quadra Mining Ltd. *	2,103,623
84,794 Silver Wheaton Corp. *	<u>1,655,179</u>
	10,571,627
Multi-Industry - 6.43%	
237,426 General Electric Co.	4,477,854
114,541 Honeywell International, Inc.	5,437,261
95,961 ITT Corp.	5,332,553
126,339 Tyco International, Inc.	<u>4,900,690</u>
	20,148,358
Natural Gas - 3.09%	
56,693 Atlas Energy, Inc. *	2,042,649
94,510 Southwestern Energy Co. *	3,750,157
81,545 Ultra Petroleum Corp. *	<u>3,895,404</u>
	9,688,210
Oil - 2.70%	
52,932 Baker Hughes, Inc.	2,633,900
122,495 Brigham Exploration Co. *	2,389,878
41,034 Hess Corporation	2,607,711
55,239 Venoco, Inc. *	<u>823,061</u>
	8,454,550

ADR - American Depositary Receipt

* Non-income producing securities during the period.

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CROFT VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Pharmaceuticals - 6.01%	
21,861 Cephalon, Inc. *	1,403,476
96,630 ICON PLC. ADR *	2,818,697
66,080 Johnson & Johnson	4,248,944
90,448 Merck & Co., Inc.	3,169,298
242,744 Pfizer, Inc.	4,058,680
114,174 Pharmaceutical Product Development, Inc.	<u>3,140,927</u>
	18,840,022
Property & Casualty Insurance - 3.60%	
130,674 Allstate Corp.	4,269,120
131,527 Ace Ltd.	<u>6,995,921</u>
	11,265,041
Real Estate - 0.83%	
149,525 CB Richard Ellis Group, Inc. - Class A *	<u>2,589,773</u>
Retail Stores - 3.36%	
52,613 Best Buy Company, Inc.	2,394,944
118,878 Collective Brands, Inc. *	2,787,689
197,222 Lowes Companies, Inc.	<u>5,348,661</u>
	10,531,294
Specialty Chemicals - 4.56%	
36,973 3M Co.	3,278,396
37,018 Albemarle Corp.	1,690,242
99,181 FMC Corp.	6,311,879
121,686 Nalco Chemical Co.	<u>3,009,295</u>
	14,289,812
Technology - 4.85%	
90,776 Altera Corp.	2,302,079
6,215 Apple Computer Inc. *	1,622,674
152,441 Applied Materials, Inc.	2,100,637
217,846 Cisco Systems, Inc. *	5,866,593
110,653 Corning, Inc.	2,130,070
149,740 Flextronics International Ltd. *	<u>1,158,988</u>
	15,181,041

ADR - American Depositary Receipt

* Non-income producing securities during the period.

The accompanying notes are an integral part of these financial statements.

CROFT VALUE FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Telecommunications - 3.01%	
54,745 Amdocs Ltd. *	1,748,555
193,268 General Cable Corp. *	5,521,667
55,829 Qualcomm Inc.	<u>2,159,466</u>
	9,429,688
Transportation - 1.59%	
19,823 Canadian National Railway Co.	1,185,217
64,137 Norfolk Southern Corp.	<u>3,805,248</u>
	4,990,465
Utilities - 1.58%	
57,386 FPL Group, Inc.	2,986,941
45,032 PG&E Corp.	<u>1,972,402</u>
	4,959,343
TOTAL FOR COMMON STOCKS (Cost \$248,046,404) - 87.86%	<u>\$275,250,382</u>
U.S. Government Obligations - 2.79%	
2,000,000 U.S. Treasury Notes, 2.000%, 9/30/2010	\$ 2,014,296
3,000,000 U.S. Treasury Notes, 0.875%, 2/28/2011	3,011,835
700,000 U.S. Treasury Notes, 0.875%, 3/31/2011	702,843
3,000,000 U.S. Treasury Notes, 0.875%, 2/29/2012	<u>2,999,190</u>
	8,728,164
TOTAL FOR U.S. GOVERNMENT OBLIGATIONS (Cost \$8,735,602) - 2.79%	<u>\$ 8,728,164</u>
SHORT TERM INVESTMENTS - 11.60%	
36,354,630 AIM Short-term Investment Company Prime Portfolio 0.13% **	<u>36,354,630</u>
TOTAL FOR SHORT TERM INVESTMENTS (Cost \$36,354,630) - 11.60%	<u>\$36,354,630</u>
TOTAL INVESTMENTS (Cost \$293,136,636) - 102.25%	\$320,333,176
LIABILITIES IN EXCESS OF OTHER ASSETS - (2.25)%	<u>(7,045,863)</u>
NET ASSETS - 100.00%	<u>\$313,287,313</u>

* Non-income producing securities during the period.

** Variable rate security; the coupon rate shown represents the yield at April 30, 2010.

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
CLOSED END MUTUAL FUNDS - 1.96%	
Taxable Bond Funds - 1.96%	
6,200 Alliance Bernstein Global High Income Fund *	\$ 88,970
9,600 Templeton Emerging Markets Income Fund *	145,248
4,500 Western Asset Worldwide Income Fund *	<u>59,265</u>
	<u>293,483</u>
TOTAL FOR CLOSED END MUTUAL FUNDS (Cost \$227,527) - 1.96%	<u>\$ 293,483</u>
CORPORATE BONDS - 77.65%	
Accident & Health Insurance - 0.15%	
22,000 Unumprovident Corp., 7.625%, 3/1/11	<u>\$22,832</u>
Building Materials & Housing - 2.97%	
115,000 Plum Creek Timber Co., 5.875%, 11/15/15	122,585
300,000 Weyerhaeuser Co., 6.75%, 3/15/12	<u>322,946</u>
	445,531
Business Equipment - 4.13%	
80,000 Goodyear Tire & Rubber Co., 7.857%, 8/15/11	84,500
182,000 Hewlett-Packard Co., 5.500%, 3/1/18	202,415
45,000 Hewlett-Packard Co., 6.125%, 3/1/14	51,144
160,000 Pitney Bowes, Inc., 4.750%, 5/15/18	165,281
105,000 United Technology Corp., 5.375%, 12/15/17	<u>115,753</u>
	619,093
Business Services - 1.07%	
145,000 United Parcel Services, 5.50%, 1/15/18	<u>160,657</u>
Cable TV & Cellular Telephone - 0.76%	
100,000 Tele-Communications, Inc. Senior Debentures, 7.875%, 8/1/13	<u>113,775</u>

* Closed-end security

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Capital Goods - 1.71%	
150,000 Caterpillar, Inc., 7.00%, 12/15/13	174,384
75,000 General Dynamics Corp., 5.25%, 2/1/14	<u>82,987</u>
	257,371
Chemicals - 1.92%	
75,000 Agrium, Inc. Debentures (Yankee), 7.800%, 2/1/27	87,993
150,000 Dupont EI De Nemours, 6.000% 7/15/18	168,989
30,000 IMC Global, Inc. Senior Debentures, 9.450%, 12/15/11	<u>31,692</u>
	288,674
Education - 0.29%	
40,000 Duke University, 5.15%, 4/1/19	<u>42,920</u>
Electric & Gas Utilities - 4.59%	
125,000 American Electric Power Corp., 5.250%, 6/1/15	135,137
100,000 Dominion Resources, Inc., 6.250%, 6/30/12	109,515
160,000 Duke Energy Corp., 6.30%, 2/1/14	179,612
67,000 El Paso Corp. Senior Notes, 7.000%, 5/15/11	69,245
185,000 Exelon Corp., 4.90%, 6/15/15	<u>195,325</u>
	688,834
Electronic Instruments and Controls - 0.71%	
40,000 Arrow Electronics, Inc. Senior Debentures, 6.875%, 6/1/18	43,382
60,000 Arrow Electronics, Inc. Debentures, 7.500%, 1/15/27	<u>63,650</u>
	107,032
Energy and Energy Services - 10.37%	
120,000 Anadarko Petroleum, 7.625%, 3/15/14	139,759
140,000 BP Capital Markets PLC, 5.25%, 11/7/13	154,562
100,000 Baker Hughes, Inc., 7.5%, 11/15/18	121,764
30,000 Baker Hughes, Inc., 6.5%, 11/15/13	34,463
60,000 Tosco Corp., 7.80%, 1/1/27	72,410
30,000 Conocophillips Corp., 4.75%, 2/1/14	32,683
100,000 Conocophillips Corp., 5.20%, 5/15/18	107,742
65,000 Global Marine, Inc., 7.000%, 6/1/28	72,800
135,000 Occidental Petroleum, 6.75%, 1/15/12	147,230
125,000 Pepco Holdings, Inc., 6.45%, 8/15/12	136,072
60,000 Petrohawk Energy Corp., 9.125%, 7/15/13	62,700

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS (CONTINUED) APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Energy and Energy Services (Continued) - 10.37%	
100,000 Shell International Finance BV, 4.00%, 3/21/14	105,961
185,000 Sunoco, Inc., 4.875%, 10/15/14	190,086
105,000 Weatherford International, Inc., 5.95%, 6/15/12	113,385
60,000 Weatherford International, Inc., 6.625%, 11/15/11	<u>64,421</u>
	1,556,038
Environmental Service/Pollution Control - 0.35%	
50,000 Waste Management, Inc. Debentures, 7.650%, 3/15/11	<u>52,572</u>
Financial Services - 10.40%	
145,000 Allstate Corp., 6.20%, 5/16/14	162,821
130,000 American Express Credit Co., 5.125%, 8/25/14	139,778
160,000 Berkshire Hathaway Financial Corp., 4.625%, 10/15/13	173,451
100,000 Charles Schwab Corp., 4.95%, 6/1/14	107,515
60,000 CIGNA Corp. Debentures, 7.875%, 5/15/27	68,082
200,000 CIGNA Corp., 6.375%, 10/15/11	212,912
55,000 General Electric Capital Corp., 3.00%, 12/9/11	56,844
55,000 Goldman Sachs Group, 3.25%, 6/15/12	57,409
55,000 JP Morgan Chase & Co., 3.125%, 12/1/11	56,936
120,000 Marsh & McLennan Co., 5.750%, 9/15/15	128,752
137,000 Merrill Lynch & Co., 6.875%, 4/25/18	147,544
70,000 Merrill Lynch & Co., 6.15%, 4/25/13	75,748
55,000 Wells Fargo & Co., 3.00%, 12/9/11	56,862
110,000 Wells Fargo & Co., 4.375%, 1/31/13	<u>116,280</u>
	1,560,934
Food & Drug Producers - 4.10%	
100,000 Archer-Daniels Midland Co., 5.45%, 3/15/18	109,935
70,000 Bunge, Ltd., 5.35%, 4/15/14	74,052
100,000 Glaxosmithkline PLC., 4.375%, 4/15/14	107,256
160,000 Pepsico, Inc., 7.90%, 11/1/18	201,824
110,000 Pfizer, Inc., 5.35%, 3/15/15	<u>122,344</u>
	615,411
Gas & Gas Transmission - 2.27%	
100,000 KN Energy, Inc. Senior Debentures, 7.250%, 3/1/28	76,000
150,000 Sonat, Inc., 7.625%, 7/15/2011	156,183
100,000 Panhandle Eastern Pipeline., 6.05%, 8/15/2013	<u>108,669</u>
	340,852

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Home Improvement Stores - 0.21%	
30,000 Home Depot, Inc., 5.20%, 3/1/11	<u>31,054</u>
Home Lawn & Garden Equipment - 0.70%	
100,000 Toro Company Debentures, 7.800%, 6/15/27	<u>105,736</u>
Industrial Goods - 6.79%	
75,000 Cummins Engine Company, Inc. Debentures, 6.750%, 2/15/27	74,766
136,000 General Electric Co., 5.25%, 12/6/17	144,650
90,000 Honeywell International, Inc., 4.25%, 3/1/13	96,266
115,000 Johnson Controls, Inc., 7.70%, 3/1/15	134,362
235,000 Nalco Company., 8.875%, 11/15/13	242,050
160,000 Tyco International, Ltd., 6.75%, 2/15/11	167,202
150,000 Xerox Corp., 6.875%, 8/15/11	<u>159,613</u>
	1,018,909
International Gas & Oil - 1.26%	
175,000 Nexen, Inc., 5.05%. 11/20/13	<u>188,744</u>
Life Insurance - 2.50%	
40,000 Prudential Financial, Inc., 3.625%, 9/17/12	41,169
160,000 Prudential Financial, Inc., 4.5%, 7/15/13	167,616
160,000 United Health Group, Inc., 5.25%, 3/15/2011	<u>165,605</u>
	374,390
Media & Entertainment - 3.33%	
150,000 Liberty Media, Corp., 5.700%, 5/15/13	150,750
170,000 Time Warner, Inc. Debentures, 9.150%, 2/1/23	222,562
110,000 Washington Post Co., 7.25%, 2/1/19	<u>125,996</u>
	499,308
Metal & Mining - 6.02%	
270,000 Arch Western Finance, 6.75%, 7/1/13	272,025
165,000 BHP Finance USA, 5.5%, 4/1/14	183,337
75,000 Freeport McMoran, 8.375%, 4/1/17	84,094
100,000 Nucor Corp., 5.75%, 12/1/17	110,367
125,000 Peabody Energy Corp., 6.875%, 3/15/13	126,563
125,000 U.S. Steel Corp., 7.000%, 2/1/18	<u>127,188</u>
	903,574

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
Miscellaneous Consumer Goods & Services - 2.10%	
90,000 Brown-Forman Corp., 5.00% 2/1/14	98,073
90,000 Proctor & Gamble Co., 4.60% 1/15/14	97,416
100,000 Tenneco Packaging, Inc. Debentures, 8.125%, 6/15/17	<u>119,129</u>
	314,618
Plastic Materials, Synthetic Resins & Nonvulcan Elastomers - 1.79%	
150,000 Albemarle Corp., 5.100%, 2/1/15	159,244
100,000 Potash Corp. of Saskatchewan, 5.25%, 5/15/14	<u>109,505</u>
	268,749
Printing & Publishing - 1.33%	
165,000 News America Holdings, Inc. Senior Debentures, 7.750%, 2/1/24	<u>199,808</u>
Retail Stores - 1.54%	
55,000 Albertson's Medium-Term, Inc. Notes, 6.520%, 4/10/28	41,085
70,000 Auto Zone, Inc., 6.95%, 6/15/16	80,325
90,000 Staples, Inc., 9.75%, 1/15/14	<u>110,241</u>
	231,651
Semiconductors - 0.20%	
30,000 Flextronics International, 9.875%, 7/1/10	<u>29,528</u>
Steel & Iron - 1.29%	
185,000 Carpenter Technology, 7.625%, 8/15/11	<u>193,122</u>
Telephones & Communications - 1.71%	
186,000 AT&T Corp. Liberty Media, LLC., 8.25%, 2/1/30	173,678
75,000 AT&T Corp., 4.85%, 2/15/14	81,339
1,589 Nynex Corp Amort Debentures, 9.55%, 5/1/10	<u>1,589</u>
	256,606
Technology - 1.09%	
145,000 Cisco Systems, Inc., 5.50%, 2/22/16	<u>163,540</u>
TOTAL FOR CORPORATE BONDS (Cost \$10,688,351) - 77.65%	<u>\$11,651,863</u>

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

SCHEDULE OF INVESTMENTS (CONTINUED)
APRIL 30, 2010

<u>Shares/Principal</u>	<u>Fair Value</u>
CONVERTIBLE BONDS - 1.62%	
150,000 General Cable Corp., 0.875%, 11/15/13	134,813
130,000 General Cable Corp., 1.00%, 10/15/12	<u>108,550</u>
	243,363
TOTAL FOR CONVERTIBLE BONDS (Cost \$225,338) - 1.62%	<u>\$243,363</u>
U.S. GOVERNMENT AGENCIES AND OBLIGATIONS - 11.22%	
100,000 Fannie Mae, 4.50%, 12/18/17	\$100,063
43,000 Fannie Mae, 4.50%, 6/11/18	43,027
125,000 Federal Farm Credit Bank, 5.41%, 11/7/16	132,695
400,000 U.S. Treasury Notes, 0.875%, 1/31/2012	400,203
1,000,000 U.S. Treasury Notes, 2.000%, 9/30/2010	<u>1,007,148</u>
	1,683,136
TOTAL FOR U.S. GOVERNMENT AGENCIES AND OBLIGATIONS (Cost \$1,667,927) - 11.22%	<u>\$ 1,683,136</u>
MUNICIPAL BONDS - 0.73%	
105,000 State of California Taxable Build Am, 5.45%, 4/1/15	<u>110,274</u>
TOTAL FOR MUNICIPAL BONDS (Cost \$108,393) - 0.73%	<u>\$110,274</u>
SHORT TERM INVESTMENTS - 5.49%	
823,656 AIM Short-term Investment Company Prime Portfolio 0.13% **	<u>823,656</u>
TOTAL FOR SHORT TERM INVESTMENTS (Cost \$823,656) - 5.49%	<u>\$ 823,656</u>
TOTAL INVESTMENTS (Cost \$13,741,192) - 98.67%	\$14,805,775
OTHER ASSETS LESS LIABILITIES - 1.33%	<u>199,530</u>
NET ASSETS - 100.00%	<u>\$15,005,305</u>

** Variable rate security; the coupon rate shown represents the yield at April 30, 2010.
The accompanying notes are an integral part of these financial statements.

CROFT FUNDS

STATEMENT OF ASSETS AND LIABILITIES APRIL 30, 2010

	Value Fund	Income Fund
Assets:		
Investments in Securities, at Fair Value (Cost \$293,136,636 and \$13,741,192, respectively)	\$ 320,333,176	\$ 14,805,775
Cash	333,905	35,000
Receivables:		
Fund Shares Sold	2,270,544	-
Dividends and Interest	161,611	191,454
Prepaid Expenses	7,280	6,399
Total Assets	323,106,516	15,038,628
Liabilities:		
Payables:		
Fund Shares Redeemed	486,947	171
Accrued Management Fees	8,152	105
Distribution Fees Payable to the Advisor	2,168	205
Dividends Payable	-	14,602
Other Accrued Expenses	28,510	18,240
Securities Purchased	9,293,426	-
Total Liabilities	9,819,203	33,323
Net Assets	\$ 313,287,313	\$ 15,005,305
Net Assets Consist of:		
Paid In Capital	\$ 297,551,817	\$ 14,732,764
Accumulated Undistributed Net Investment Income	-	25,553
Accumulated Realized Loss on Investments	(11,461,044)	(817,595)
Unrealized Appreciation/(Depreciation) in Value of Investments	27,196,540	1,064,583
Net Assets (30,000,000 shares authorized, \$0.001 par value for the Croft Funds Corporation, which includes the Value Fund and the Income Fund), for 14,324,159 and 1,520,201 Shares Outstanding.	\$ 313,287,313	\$ 15,005,305
Net Asset Value and Offering Price Per Share	\$ 21.87	\$ 9.87
Short-term Redemption Price Per Share (\$21.87 x 0.98 and \$9.87 x 0.98) *	\$ 21.43	\$ 9.67

* The Funds will deduct a 2% redemption fee from redemption proceeds if you purchase shares and then redeem those shares within 30 days.
The accompanying notes are an integral part of these financial statements.

CROFT FUNDS

STATEMENT OF OPERATIONS
For the year ended APRIL 30, 2010

	Value Fund	Income Fund
Investment Income:		
Dividends (net of foreign withholding taxes of \$23,484 and \$0, respectively)	\$1,930,286	\$21,605
Interest	<u>29,403</u>	<u>640,779</u>
Total Investment Income	1,959,689	662,384
Expenses:		
Advisory Fees (Note 4)	1,372,586	100,815
Distribution Fees	365,049	31,904
Transfer Agent and Fund Accounting Fees	67,580	30,252
Custody Fees	37,596	7,731
Registration Fees	23,385	23,716
Audit Fees	14,499	16,501
Insurance Fees	12,501	10,701
Legal Fees	11,988	12,020
Miscellaneous Fees	4,039	3,100
Printing and Mailing Fees	21,826	9,825
Director Fees	<u>1,326</u>	<u>1,475</u>
Total Expenses	1,932,375	248,040
Fees Waived and Reimbursed by the Advisor (Note 4)	<u>-</u>	<u>(107,665)</u>
Net Expenses	<u>1,932,375</u>	<u>140,375</u>
Net Investment Income	<u>27,314</u>	<u>522,009</u>
Realized and Unrealized Gain on Investments:		
Realized Gain (Loss) on Investments	(222,137)	48,045
Net Change in Unrealized Appreciation/(Depreciation) on Investments	<u>45,120,705</u>	<u>1,053,926</u>
Net Realized and Unrealized Gain on Investments	44,898,568	1,101,971
Net Increase in Net Assets Resulting from Operations	<u>\$44,925,882</u>	<u>\$1,623,980</u>

The accompanying notes are an integral part of these financial statements.

CROFT VALUE FUND

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended <u>4/30/2010</u>	For the Year Ended <u>4/30/2009</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Income	\$ 27,314	\$ 210,698
Net Realized Gain (Loss) on Investments	(222,137)	(11,189,644)
Net Change in Unrealized Appreciation/(Depreciation) on Investments	<u>45,120,705</u>	<u>(23,415,610)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	44,925,882	(34,394,556)
Distributions to Shareholders from:		
Net Investment Income	(164,140)	(216,487)
Realized Gains	<u>-</u>	<u>(384,866)</u>
Net Change in Net Assets from Distributions	(164,140)	(601,353)
Capital Share Transactions:		
Proceeds from Sale of Shares	231,794,739	85,642,758
Proceeds from Shares Issued from Transfers In-Kind	1,830,113	-
Shares Issued on Reinvestment of Dividends	162,811	589,865
Cost of Shares Redeemed	<u>(34,678,974)</u>	<u>(43,200,771)</u>
Net Increase from Shareholder Activity	199,108,689	43,031,852
Net Assets:		
Net Increase in Net Assets	243,870,431	8,035,943
Beginning of Period	<u>69,416,882</u>	<u>61,380,939</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$0 and \$20,350, respectively)	<u>\$313,287,313</u>	<u>\$ 69,416,882</u>
Share Transactions:		
Shares Sold	11,529,098	4,644,266
Shares Issued from Transfers In-Kind	91,827	-
Shares Issued on Reinvestment of Dividends	7,977	40,906
Shares Redeemed	<u>(1,825,935)</u>	<u>(2,602,702)</u>
Net Increase in Shares	9,802,967	2,082,470
Outstanding at Beginning of Period	<u>4,521,192</u>	<u>2,438,722</u>
Outstanding at End of Period	<u>14,324,159</u>	<u>4,521,192</u>

The accompanying notes are an integral part of these financial statements

CROFT INCOME FUND

STATEMENTS OF CHANGES IN NET ASSETS

	For the Year Ended <u>4/30/2010</u>	For the Year Ended <u>4/30/2009</u>
Increase (Decrease) in Net Assets From Operations:		
Net Investment Income	\$ 522,009	\$ 443,649
Net Realized Gain (Loss) on Investments	48,045	(726,101)
Net Change in Unrealized Appreciation/(Depreciation) on Investments	<u>1,053,926</u>	<u>(71,587)</u>
Net Increase (Decrease) in Net Assets Resulting from Operations	1,623,980	(354,039)
Distributions to Shareholders:		
Net Investment Income	<u>(527,064)</u>	<u>(437,520)</u>
Net Change in Net Assets from Distributions	(527,064)	(437,520)
Capital Share Transactions:		
Proceeds from Sale of Shares	5,580,012	1,745,067
Shares Issued on Reinvestment of Dividends	463,594	390,189
Cost of Shares Redeemed	<u>(2,730,005)</u>	<u>(1,199,443)</u>
Net Increase from Shareholder Activity	3,313,601	935,813
Net Assets:		
Net Increase in Net Assets	4,410,517	144,254
Beginning of Period	<u>10,594,788</u>	<u>10,450,534</u>
End of Period (Including Accumulated Undistributed Net Investment Income of \$25,553 and \$30,608, respectively)	<u>\$15,005,305</u>	<u>\$10,594,788</u>
Share Transactions:		
Shares Sold	575,052	193,554
Shares Issued on Reinvestment of Dividends	47,875	42,982
Shares Redeemed	<u>(282,008)</u>	<u>(130,870)</u>
Net Increase in Shares	340,919	105,666
Outstanding at Beginning of Period	<u>1,179,282</u>	<u>1,073,616</u>
Outstanding at End of Period	<u>1,520,201</u>	<u>1,179,282</u>

The accompanying notes are an integral part of these financial statements.

CROFT VALUE FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	For the Years Ended April 30,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Asset Value, at Beginning of Period	<u>\$15.35</u>	<u>\$25.17</u>	<u>\$24.27</u>	<u>\$21.94</u>	<u>\$18.57</u>
Income (Loss) From Investment Operations:					
Net Investment Income *	0.00 **	0.06	0.08	0.13	0.03
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>6.54</u>	<u>(9.72)</u>	<u>1.72</u>	<u>3.27</u>	<u>4.80</u>
Total from Investment Operations	6.54	(9.66)	1.80	3.40	4.83
Distributions:					
Net Investment Income	(0.02)	(0.06)	(0.08)	(0.11)	(0.06)
Realized Gains	<u>-</u>	<u>(0.10)</u>	<u>(0.82)</u>	<u>(0.96)</u>	<u>(1.40)</u>
Total from Distributions	(0.02)	(0.16)	(0.90)	(1.07)	(1.46)
Proceeds from Redemption Fees	- **	- **	-	-	-
Net Asset Value, at End of Period	<u>\$21.87</u>	<u>\$15.35</u>	<u>\$25.17</u>	<u>\$24.27</u>	<u>\$21.94</u>
Total Return ***	42.63%	(38.35)%	7.28%	15.86%	26.77%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands) Before Waivers	\$313,287	\$69,417	\$61,381	\$21,969	\$11,024
Ratio of Expenses to Average Net Assets	1.32%	1.46%	1.57%	1.66%	1.76%
Ratio of Net Investment Income (Loss) to Average Net Assets	0.02%	0.33%	0.22%	0.43%	(0.12)%
After Waivers					
Ratio of Expenses to Average Net Assets	1.32%	1.46%	1.48%	1.50%	1.50%
Ratio of Net Investment Income to Average Net Assets	0.02%	0.33%	0.31%	0.59%	0.13%
Portfolio Turnover	10.72%	15.49%	24.20%	19.46%	21.97%

* Per share net investment income has been determined on the basis of average shares outstanding during the period.

** Amount less than \$0.005 per share.

*** Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

The accompanying notes are an integral part of these financial statements.

CROFT INCOME FUND

FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout the period:

	For the Years Ended April 30,				
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Net Asset Value, at Beginning of Period	<u>\$ 8.98</u>	<u>\$9.73</u>	<u>\$10.07</u>	<u>\$ 9.98</u>	<u>\$10.21</u>
Income (Loss) From Investment Operations:					
Net Investment Income *	0.39	0.41	0.50	0.53	0.49
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>0.89</u>	<u>(0.76)</u>	<u>(0.34)</u>	<u>0.08</u>	<u>(0.24)</u>
Total from Investment Operations	1.28	(0.35)	0.16	0.61	0.25
Distributions:					
Net Investment Income	(0.39)	(0.40)	(0.50)	(0.52)	(0.48)
Realized Gains	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total from Distributions	(0.39)	(0.40)	(0.50)	(0.52)	(0.48)
Proceeds from Redemption Fees	- **	-	-	-	-
Net Asset Value, at End of Period	<u>\$ 9.87</u>	<u>\$8.98</u>	<u>\$ 9.73</u>	<u>\$10.07</u>	<u>\$ 9.98</u>
Total Return ***	14.39%	(3.58)%	1.63%	6.27%	2.43%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$15,005	\$10,595	\$10,451	\$11,021	\$10,040
Before Waivers and Reimbursements					
Ratio of Expenses to Average Net Assets	1.94%	2.04%	1.97%	1.66%	1.67%
Ratio of Net Investment Income to Average Net Assets	3.24%	3.50%	4.17%	4.71%	4.28%
After Waivers and Reimbursements					
Ratio of Expenses to Average Net Assets	1.10%	1.10%	1.10%	1.10%	1.10%
Ratio of Net Investment Income to Average Net Assets	4.09%	4.43%	5.04%	5.27%	4.85%
Portfolio Turnover	12.73%	16.70%	5.03%	15.04%	14.61%

* Per share net investment income has been determined on the basis of average shares outstanding during the period.

** Amount less than \$0.005 per share.

*** Total return in the above table represents the rate that the investor would have earned or lost on an investment in the Fund assuming reinvestment of dividends.

The accompanying notes are an integral part of these financial statements.

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS APRIL 30, 2010

Note 1. Organization

The Croft Value Fund (the "Value Fund") and the Croft Income Fund (the "Income Fund") were organized as managed portfolios of the Croft Funds Corporation (the "Corporation") under the laws of the State of Maryland pursuant to Articles of Incorporation dated July 20, 1994, and are registered under the Investment Company Act of 1940, as amended ("the Act"), as diversified, open-end investment companies. The Funds commenced operations on May 4, 1995. The Value Fund's investment objective is growth of capital. It invests primarily in common stocks of companies believed by Croft-Leominster, Inc. (the "Advisor") to be undervalued and have good prospects for capital appreciation. The Income Fund's investment objective is to achieve a high level of current income with moderate risk to principal. The Advisor seeks to achieve this by investing primarily in a diversified portfolio of U.S. traded investment grade fixed-income securities.

Note 2. Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements. These policies are in conformity with accounting principles generally accepted in the U.S. ("GAAP").

Security Valuations: All investments in securities are recorded at their estimated fair value, as described in Note 3.

Federal Income Taxes: Each Fund's policy is to continue to comply with requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income as dividends to its shareholders. The Funds intend to distribute their net long-term capital gains and their net short-term capital gains at least once a year. Therefore, no provision for federal income taxes is required. Federal income tax loss carryforwards generated in prior years will be used to offset a portion of current year's net realized gains.

The Funds recognize the tax benefits of certain tax positions only where the position is "more likely than not" to be sustained assuming examination by tax authorities. Management has analyzed the Funds' tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on returns filed for open tax years (2006-2008), or expected to be taken in the Funds' 2009 tax returns. The Funds identify its major tax jurisdictions as U.S. Federal and State tax authorities; however, the Funds are not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next twelve months. The Funds recognize interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the statement of operations. During the period, the Funds did not incur any interest or penalties.

Distributions to Shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income taxes purposes. These differences are caused primarily by differences in the timing of the recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassifications will have no effect on net assets, results of operations or net asset value per share of the Funds. For the year ended April 30, 2010, the Value Fund reclassified distributions in excess of net investment income in the amount of \$116,476 to paid in capital. For the year ended April 30, 2010, the Income Fund reclassified expired capital loss carryforwards in the amount of \$139,760 to paid in capital.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Other: The Funds record security transactions on the trade date. The highest cost method is used for determining gains or losses for financial statement and income tax purposes. Dividend income is recognized on the ex-dividend date. Interest income is recognized on an accrual basis. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Withholding taxes on foreign dividends have been provided for in accordance with the Funds' understanding of the appropriate country's rules and tax rates. The ability of issuers of debt securities held by the Funds to meet their obligations may be affected by economic and political developments in a specific country or region.

Subsequent Events: Subsequent events have been evaluated through the date the financial statements were issued.

Note 3. Security Valuations – As described in Note 2, all investments in securities are recorded at their estimated fair value. The Funds utilize various methods to measure the fair value of most of its investments on a recurring basis. GAAP establishes a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Funds have the ability to access.

Level 2 - Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Funds' own assumptions about the assumptions a market participant would use in valuating the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements: A description of the valuation techniques applied to the Funds' major categories of assets and liabilities measured at fair value on a recurring basis follows.

Equity securities (common stock including ADRs, closed end mutual funds, and real estate investment trusts) - Equity securities are valued by using market quotations furnished by a pricing service when the Advisor believes such prices accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is valued by the pricing service at its last bid price. Securities traded in the NASDAQ over-the-counter market are valued by the pricing service at the NASDAQ Official Closing Price. Generally, if the security is traded in an active market and is valued at the last sale price, the security is categorized as a level 1 security. When the security position is not considered to be part of an active market or when the security is valued at the bid price, the position is generally categorized as a level 2 security. When market quotations are not readily available, when the Advisor determines that the market quotation or the price provided by the pricing service does not accurately reflect the current market value or when restricted or illiquid securities are being valued, such securities are valued at fair value as determined by the Advisor in good faith, in accordance with guidelines adopted by and subject to review of the Board of Directors and are categorized as level 3.

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

Money market mutual funds, are generally priced at the ending NAV provided by service agent of the funds. These securities will be classified as level 1 of the value hierarchy.

Fixed income securities - Fixed income securities such as corporate bonds, municipal bonds, convertible notes and U.S. government agencies and obligations when valued using market quotations in an active market, will be categorized as level 1 securities. However, they may be valued on the basis of prices furnished by a pricing service when the Advisor believes such prices more accurately reflect the fair value of such securities. A pricing service utilizes electronic data processing techniques based on yield spreads relating to securities with similar characteristics to determine prices for normal institutional-size trading units of debt securities without regard to sale or bid prices. These securities will generally be categorized as level 2 securities. If the Advisor decides that a price provided by the pricing service does not accurately reflect the fair value of the securities, when prices are not readily available from a pricing service, or when restricted or illiquid securities are being valued, securities are valued at fair value as determined in good faith by the Advisor, in conformity with guidelines adopted by and subject to review of the Board of Directors. These securities will be categorized as level 3 securities.

Short term investments in fixed income securities with maturities of less than 60 days when acquired, or which subsequently are within 60 days of maturity, are valued by using amortized cost which approximates fair value and would be categorized as level 2.

The following table summarizes the inputs used to value the Value Fund's assets measured at fair value as of April 30, 2010:

Valuation Inputs of Assets	Level 1	Level 2	Level 3	Total
Common Stock	\$275,250,382	\$0	\$0	\$275,250,382
U.S. Government Obligations	0	8,728,164	0	8,728,164
Money Market Fund	<u>36,354,630</u>	<u>0</u>	<u>0</u>	<u>36,354,630</u>
Total	\$311,605,012	\$8,728,164	\$0	\$320,333,176

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

The following table summarizes the inputs used to value the Income Fund's assets measured at fair value as of April 30, 2010:

Valuation Inputs of Assets	Level 1	Level 2	Level 3	Total
Closed End Mutual Funds	\$293,483	\$0	\$0	\$293,483
Corporate Bonds	0	11,651,863	0	11,651,863
Municipal Bonds	0	110,274	0	110,274
Convertible Bonds	0	243,363	0	243,363
U.S Government Obligations	0	1,683,136	0	1,683,136
Money Market Fund	<u>823,656</u>	<u>0</u>	<u>0</u>	<u>823,656</u>
Total	\$1,117,139	\$13,688,636	\$0	\$14,805,775

Neither Fund held any level 3 assets during the year ended April 30, 2010. For more detail on the investments, please refer to the Schedule of Investments. The Funds did not hold any derivative instruments at any time during the year.

Note 4. Investment Advisory Fee and Other Transactions with Affiliates

The Funds retain the Advisor as their investment advisor. Under the terms of the management agreement, subject to such policies as the Board of Directors of the Corporation may determine, the Advisor, at its expense, will continuously furnish an investment program for the Funds, will make investment decisions on behalf of the Funds, and place all orders for the purchase and sale of portfolio securities subject always to applicable investment objectives, policies and restrictions. Pursuant to the management agreement and subject to the general oversight of the Board of Directors, the Advisor also manages, supervises and conducts the other affairs and business of the Funds, furnishes office space and equipment, provides bookkeeping and certain clerical services and pays all fees and expenses of the officers of the Funds. For the Advisor's services, the Funds pay a fee, computed daily and payable monthly at the annual rate of 0.94% of the Value Fund's average daily net assets and at the annual rate of 0.79% of the Income Fund's average daily net assets.

For the year ended April 30, 2010, the Advisor earned fees from the Value Fund of \$1,372,586. Through August 30, 2010, the Advisor has contractually agreed to waive management fees and/or reimburse expenses to the Value Fund to limit the overall expense ratio to 1.47% (excluding brokerage commissions, underlying fund fees and expenses and extraordinary expenses) of the Value Fund's average net assets. The Advisor was not required to waive or reimburse fees for the year ended April 30, 2010. At April 30, 2010, the Value Fund owed the Advisor \$8,152.

For the year ended April 30, 2010, the Advisor earned fees from the Income Fund of \$100,815 before the waiver/reimbursement described below. Through August 30, 2010, the Advisor has contractually agreed to waive management fees and/or reimburse expenses to the Income Fund to limit the overall expense ratio to 1.10% (excluding brokerage commissions, underlying fund fees and expenses and extraordinary expenses) of the Income Fund's average net assets. The Advisor waived and reimbursed fees in the

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

amount of \$107,665 for the year ended April 30, 2010. At April 30, 2010 the Income Fund owed the Advisor \$105.

Pursuant to a plan of distribution, the Funds may pay a distribution fee of up to 0.25% of the average daily net assets to broker-dealers for distribution assistance and to financial institutions and intermediaries such as banks, savings and loan associations, insurance companies and investment counselors as compensation for services rendered or expenses incurred in connection with distribution assistance. For the year ended April 30, 2010, the Value Fund and the Income Fund incurred distribution fees of \$365,049 and \$31,904, respectively. At April 30, 2010 the Value Fund and Income Fund owed the Advisor \$2,168 and \$205, respectively.

A director and certain officers of the Corporation are also officers and owners of the Advisor. Each "non-interested" Director is entitled to receive an annual fee of \$2,500 plus expenses for services related to the Corporation.

Note 5. Capital Share Transactions

At April 30, 2010, there were 30,000,000, \$0.001 par value shares of capital stock authorized for the Croft Funds Corporation (which includes the Value Fund and the Income Fund), and paid in capital amounted to \$297,551,817 for the Value Fund and \$14,732,764 for the Income Fund.

Note 6. Investments

Value Fund

For the year ended April 30, 2010, the cost of purchases and the proceeds from sales, other than U.S. Government Securities and short-term securities, aggregated \$178,836,074 and \$14,374,398, respectively. For the year ended April 30, 2010, the cost of purchases and the proceeds from sales of U.S. Government securities aggregated \$8,742,779 and \$0, respectively. For federal income tax purposes, as of April 30, 2010, the gross unrealized appreciation for all securities totaled \$30,593,821 and the gross unrealized depreciation for all securities totaled \$4,686,620, for a net unrealized appreciation of \$25,907,201. The aggregate cost of securities for federal income tax purposes at April 30, 2010 was \$294,425,975.

During the year ended April 30, 2010, the Value Fund accepted securities eligible for investment for fund shares issued (Transfers In-Kind) at a market value of \$1,830,113.

Income Fund

For the year ended April 30, 2010, the cost of purchases and the proceeds from the sales, other than U.S. Government securities and short-term securities, aggregated \$3,613,223 and \$1,393,843, respectively. For the year ended April 30, 2010, the cost of purchases and the proceeds from sales of U.S. Government securities aggregated \$1,409,637 and \$0, respectively. For federal income tax purposes, as of April 30, 2010, the gross unrealized appreciation for all securities totaled \$1,101,981 and the gross unrealized depreciation for all securities totaled \$27,326, for a net unrealized appreciation of

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

\$1,074,655. The aggregate cost of securities for federal income tax purposes at April 30, 2010 was \$13,731,120.

Note 7. Distributions to Shareholders

VALUE FUND

The Value Fund makes distributions annually. During the year ended April 30, 2010, distributions of \$0.02 per share, or \$164,140 in the aggregate, were declared and paid from net investment income.

The tax character of distributions paid during the fiscal year ended April 30, 2010 and 2009 were as follows:

Distributions paid from:	<u>4/30/2010</u>	<u>4/30/2009</u>
Ordinary Income	\$164,140	\$216,487
Long Term Capital Gain	<u>0</u>	<u>384,866</u>
	<u>\$164,140</u>	<u>\$601,353</u>

As of April 30, 2010, the components of distributable earnings/(accumulated losses) on a tax basis are as follows:

Undistributed Ordinary Income	\$ 0
Capital Loss Carryforward	(10,171,705)
Unrealized Appreciation/(Depreciation)	<u>25,907,201</u>
	\$15,735,496

The difference between book and tax-basis unrealized appreciation (depreciation) is attributable primarily to the tax deferral of losses of wash sales and post October losses. The Value Fund elected to defer post October losses in the amount of \$1,209,819.

INCOME FUND

The Income Fund makes quarterly income distributions. During the year ended April 30, 2010, distributions of \$0.39 per share, or \$527,064 in the aggregate, were declared and paid from net investment income.

The tax character of distributions paid during the fiscal year ended April 30, 2010 and 2009 were as follows:

Distributions paid from:	<u>4/30/2010</u>	<u>4/30/2009</u>
Ordinary Income	<u>\$527,064</u>	<u>\$437,520</u>
	<u>\$527,064</u>	<u>\$437,520</u>

CROFT FUNDS

NOTES TO FINANCIAL STATEMENTS (CONTINUED) APRIL 30, 2010

As of April 30, 2010, the components of distributable earnings/(accumulated losses) on a tax basis are as follows:

Undistributed Ordinary Income	\$	25,553
Capital Loss Carryforward		(819,932)
Unrealized Appreciation/(Depreciation)		<u>1,074,655</u>
	\$	280,276

The difference between book and tax-basis unrealized appreciation (depreciation) is attributable to the difference in original cost and market value of securities at the time of conversion from a partnership to a regulated investment company on May 4, 1995.

Note 8. Control Ownership

The beneficial ownership, either directly or indirectly, or more than 25% of the voting securities of a fund creates a presumption of control of the fund, under Section 2 (a) (9) of the Act. As of April 30, 2010, Charles Schwab, Inc. held in omnibus accounts for the benefit of others approximately 84% of the voting securities of the Value Fund and may be deemed to control the Value Fund. As of April 30, 2010 SEI Private Trust Company held in omnibus accounts for the benefit of others approximately 25% of the voting securities of the Income Fund and may be deemed to control the Income Fund

Note 9. Capital Loss Carryforwards

At April 30, 2010, the Income Fund had available for federal tax purposes an unused capital loss carryforward of \$819,932, of which \$21,085 expires in 2011, \$120,791 expires in 2016, \$136,470 expires in 2017 and \$541,586 expires in 2018. Capital loss carryforwards in the amount of \$139,760 expired during the year ended April 30, 2010. At April 30, 2010, the Value Fund had available for federal income tax purposes an unused capital loss carryforward of \$10,081,912 which \$4,448,809 expires in 2017 and \$5,633,103 expires in 2018. To the extent that these carryforwards are used to offset future capital gains, it is possible that the amount which is offset will not be distributed to shareholders.

Note 10. Loan Agreement

The Value Fund has a \$5,750,000 Loan Agreement with U.S. Bank Borrowings under this agreement are secured by investments held in the Value Fund's portfolio and bear interest at the Prime Rate in effect on the day the loan is made. As of April 30, 2010, there was no outstanding balance and there were no outstanding borrowings made during the fiscal year then ended.

Note 11. Change of Ownership of Advisor

On May 17, 2010, the Board of Directors approved a new management agreement, subject to shareholder approval. The Special Meeting of Shareholders is scheduled for August 16, 2010. Subject to shareholder approval, L. Gordon Croft will redeem his 60% interest in the Advisor, and Kent and G. Russell Croft will each own 50% of the Advisor's outstanding voting shares.

CROFT FUNDS

AUDITOR'S OPINION
APRIL 30, 2010

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Shareholders and Board of Directors
Croft Funds Corporation

We have audited the accompanying statements of assets and liabilities, including the schedules of investments, of Croft Funds Corporation (the "Funds"), comprising Croft Value Fund and Croft Income Fund as of April 30, 2010, and the related statements of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of April 30, 2010, by correspondence with the Funds' custodian and brokers. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of each of the Funds constituting Croft Funds Corporation as of April 30, 2010, the results of their operations for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

COHEN FUND AUDIT SERVICES, LTD.
Westlake, Ohio
June 28, 2010

CROFT FUNDS

EXPENSE ILLUSTRATION APRIL 30, 2010 (UNAUDITED)

Expense Example

As a shareholder of the Croft Funds, you incur two types of costs: (1) transaction costs which consist of redemption fees; and (2) ongoing costs which consist of management fees, distribution and /or Service (12b-1) fees and other Fund expenses. This Example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, November 1, 2009 through April 30, 2010.

Actual Expenses

The first line of the tables below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. 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 in the first line under the heading entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

The second line of the tables below provides information about hypothetical account values and hypothetical expenses based on each Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not such Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in these Funds and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

CROFT FUNDS

EXPENSE ILLUSTRATION (CONTINUED)
 APRIL 30, 2010 (UNAUDITED)

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value	Value Fund Ending Account Value	Expenses Paid During the Period*
	<u>November 1, 2009</u>	<u>April 30, 2010</u>	<u>November 1, 2009 to April 30, 2010</u>
Actual	\$1,000.00	\$1,174.55	\$7.12
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,018.25	\$6.61

* Expenses are equal to the Value Fund's annualized expense ratio of 1.32%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

	Beginning Account Value	Income Fund Ending Account Value	Expenses Paid During the Period*
	<u>November 1, 2009</u>	<u>April 30, 2010</u>	<u>November 1, 2009 to April 30, 2010</u>
Actual	\$1,000.00	\$1,035.80	\$5.55
Hypothetical (5% Annual Return before expenses)	\$1,000.00	\$1,019.34	\$5.51

* Expenses are equal to the Income Fund's annualized expense ratio of 1.10%, multiplied by the average account value over the period, multiplied by 181/365 (to reflect the one-half year period).

CROFT FUNDS

TRUSTEES AND OFFICERS
APRIL 30, 2010 (UNAUDITED)

Information about Directors who are “interested persons” of the Corporation as defined under the 1940 Act, including their principal occupations during the past five years, is as follows:

Name, Address ¹ and Age	Principal Occupation(s) During last five years and Position held with Corporation	Number of Portfolios overseen by Director	Other Directorships held by Director or Officer during last five years	Length of Time Served
Kent G. Croft ² Age: 47	Director, President, CCO, and Secretary of the Corporation. President, Croft-Leominster, Inc. since 1989.	2	Croft-Leominster Inc., Wildfowl Trust of North America, St. Paul’s School	15 years
L. Gordon Croft ² Age: 77	Vice President of the Corporation. Vice President, Chief Investment Officer and Director of Croft-Leominster, Inc. since 1989.	N/A	Croft-Leominster Inc.	15 years
Phillip Vong Age: 35	Assistant Vice President, Treasurer and Chief Financial Officer of the Corporation. Employee of Croft-Leominster, Inc. since 1997.	N/A	None	6 years
George Russell Croft ² Age: 36	Vice President of the Corporation, Vice President of Croft Leominster, Inc. since 2001.	N/A	Croft Leominster Inc.	3 years

¹ The mailing address of each officer and Director is: c/o Croft Funds Corporation, Canton House, 300 Water Street, Baltimore, Maryland 21202.

² L. Gordon Croft is the father of Kent G. Croft and Russell G. Croft. They are “interested persons” of the Corporation because they are a director and/or officers of the Corporation. In addition, they may be deemed to be “interested persons” of the Corporation because they are officers of the Fund’s adviser.

CROFT FUNDS

TRUSTEES AND OFFICERS (CONTINUED)
APRIL 30, 2010 (UNAUDITED)

Information about Directors who are not “interested persons” of the Corporation as defined under the 1940 Act, including their principal occupations during the past five years, is as follows:

Name, Address ¹ and Age	Principal Occupation(s) During last five years and Position held with Corporation	Number of Portfolios overseen by Director	Other Directorships held by Director or Officer during last five years	Length of Time Served
George D. Edwards, II Age: 72	Director (and Chairman) of the Corporation. Past Chairman of the Board of the Omega Organization Inc., a financial services consulting firm, from 1995-2003. President and Chief Executive Officer, Hottman Edwards Advertising, Inc., 1971-1995.	2	None	15 years (Chairman 8 years)
Charles Jay McLaughlin Age: 47	Director of the Corporation. President, Orion Safety Products as of January 1999. Attorney, Oppenheimer Wolff & Donnelly (law firm, 1989-1995).	2	Orion Safety Products	11 years

¹ The mailing address of each officer and Director is: c/o Croft Funds Corporation, Canton House, 300 Water Street, Baltimore, Maryland 21202.

CROFT FUNDS

ADDITIONAL INFORMATION
APRIL 30, 2010 (UNAUDITED)

Information Regarding Proxy Voting

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities and information regarding how the Funds voted proxies during the most recent 12-month period ended June 30, are available without charge upon request by (1) calling the Funds at (800) 746-3322 and (2) from Fund documents filed with the Securities and Exchange Commission ("SEC") on the SEC's website at www.sec.gov.

Information Regarding Portfolio Holdings

The Funds file a complete schedule of investments with the SEC for the first and third quarter of each fiscal year on Form N-Q. The Funds' first and third fiscal quarters end on July 31 and January 31. The Funds' Form N-Q's are available on the SEC's website at <http://sec.gov>, or they may be reviewed and copied at the SEC's Public Reference Room in Washington, DC (call 1-800-732-0330 for information on the operation of the Public Reference Room). You may also obtain copies by calling the Funds at 1-800-746-3322.

Information Regarding Statement of Additional Information

The Statement of Additional Information includes additional information about the Directors and is available without charge upon request, by calling toll free at 1-800-746-3322.



1-800-746-3322

This report is provided for the general information of the shareholders of the Croft Value Fund and Croft Income Fund. This report is not intended for distribution to prospective investors in these Funds, unless preceded or accompanied by an effective Prospectus.