



## PROSPECTUS

Croft Value Fund  
Croft Income Fund

September 1, 2011

- The Value Fund seeks capital growth.
- The Income Fund seeks a high level of current income with moderate risk of principal.

These securities have not been approved or disapproved by the Securities and Exchange Commission, nor has the Commission passed on the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

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## **FUND SUMMARY – THE VALUE FUND**

### **Investment Objective**

The Value Fund's investment objective is growth of capital.

### **Fees And Expenses**

<b>Shareholder Fees</b> (fees paid directly from your investment)	Redemption Fee (as a percentage of amount redeemed within 30 days of purchase)	2.00%
<b>Annual Fund Operating Expenses</b> (expenses that you pay each year as a percentage of the value of your investment)	Management Fees	0.94%
	Distribution (12b-1) Fees	0.25%
	Other Expenses	0.09%
	Acquired Fund Fees and Expenses *	<u>0.02%</u>
	Total Annual Fund Operating Expenses	1.30%

\*The operating expenses in this fee table will not correlate to the expense ratio in the Fund's financial highlights because the financial statements include only the direct operating expenses incurred by the Fund.

**Example:** This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

1 Year	3 Years	5 Years	10 Years
\$132	\$412	\$713	\$1,568

### **Portfolio Turnover**

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 19.97% of the average value of its portfolio.

### **Principal Investment Strategies**

The Fund invests primarily in common stocks of U.S. and foreign companies that Croft-Leominster, Inc. (the "Manager") believes are undervalued. The Manager's investment philosophy is value-oriented and at times somewhat contrarian to the marketplace. The Manager employs a disciplined, bottom-up approach to select securities for investment, but generally does not attempt to time the market, reach for speculative gains, or overly rely on top-down macro-economic trends. The Manager applies this philosophy toward its goal of capital appreciation and reduced risk.

The Manager aims to invest in a diversified portfolio of companies, without regard to capitalization, that collectively have a lower projected price to earnings ratio than the market, a higher projected rate of earnings growth relative to the market, and what the Manager believes to be reduced risk levels relative to the general averages. The Manager also takes into consideration other valuation measures such as price to cash flow and price to book value. In making investment decisions for the Fund, the Manager considers the underlying value of a company's assets, including resource reserves and land assets, and other factors. The Manager generally sells a security when it reaches its full potential value based on a fundamental analysis, or when the Manager perceives the risk return ratio has become unfavorable.

### **Principal Investment Risks**

Investing in common stocks involves risk and you may lose all or a substantial part of your investment. An investment in the Fund may be more suitable for long-term investors who can bear the risk of short-term fluctuations because the Fund's shares will fluctuate in value based on fluctuations in the value of the equity securities held in the Fund's portfolio.

The stocks in which the Fund invests may not be undervalued as expected. Because different types of stocks tend to shift in and out of favor depending on market and economic conditions, value-oriented funds may under perform when growth investing is in favor.

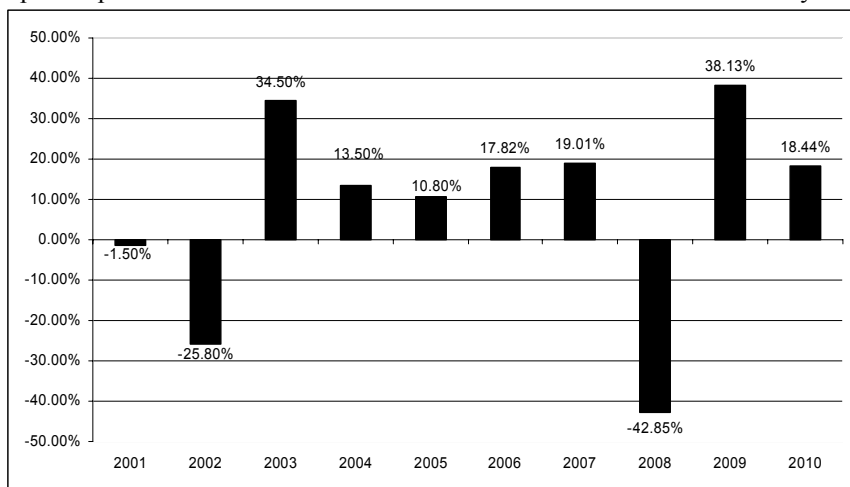
Many individual securities may be riskier than the market and experience abrupt short-term price movements and may result in possible loss of money on your investment.

The Fund's investments in smaller capitalization companies are subject to the risk that the earnings and prospects of smaller companies are more volatile than larger companies and may experience higher failure rates than do larger companies.

Foreign investing involves risks not typically associated with U.S. investments, including adverse fluctuations in foreign currency values, adverse political, social and economic developments, less liquidity, greater volatility, less developed or less efficient trading markets, political instability and differing auditing and legal standards.

**Fund Performance**

The performance information that follows illustrates the variability of the Fund's returns, which provides some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund's performance from year to year for each calendar year. The table shows how the Fund's average annual returns for 1, 5, and 10 years compare with those of a broad measure of market performance. Updated performance information is available at [www.croftfunds.com](http://www.croftfunds.com) or by calling 1-800-746-3322.



\*The year-to-date return as of June 30, 2011 was 3.17%.

During the years displayed in the bar charts, the highest and lowest return for an individual calendar quarter was as follows:

Highest Quarterly Return	For the Quarter Ended	Lowest Quarterly Return	For the Quarter Ended
21.66%	(6/30/09)	(25.40%)	(12/31/08)

**Average Annual Total Returns (for the periods ended December 31, 2010)**

	One Year	Five Years	Ten Years
Returns Before Taxes	18.44%	5.56%	4.95%
Returns after Taxes on Distributions	17.45%	5.04%	4.38%
Returns After Taxes on Distributions and Sale of Fund Shares	11.99%	4.48%	3.97%
S&P 500 (reflects no deductions for fees, expenses or taxes)	12.78%	2.27%	1.38%

After-tax returns were calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold shares of the Fund through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

**Investment Advisor**

Croft-Leominster, Inc.

## Portfolio Managers

Kent G. Croft, G. Russell Croft and L. Gordon Croft are portfolio managers for the Fund. Messrs. Kent G. Croft and L. Gordon Croft have managed the Fund's portfolio since 1989 and Mr. G. Russell Croft has managed the Fund's portfolio since 2006.

For important information about purchase and sale of fund shares, tax information, and financial intermediary compensation, please turn to the "Purchase and Redemption of Fund Shares," "Tax Information" and "Financial Intermediary Compensation" sections on page 10 of this Prospectus.

## FUND SUMMARY - THE INCOME FUND

### Investment Objective

The Income Fund's investment objective is high current income with moderate risk to principal.

### Fees And Expenses

<b>Shareholder Fees</b> (fees paid directly from your investment)	Redemption Fee (as a percentage of amount redeemed within 30 days of purchase)	2.00%
<b>Annual Fund Operating Expenses</b> (expenses that you pay each year as a percentage of the value of your investment)		
	Management Fees	0.79%
	Distribution (12b-1) Fees	0.25%
	Other Expenses	0.70%
	Acquired Fund Fees and Expenses *	<u>0.04%</u>
	Total Annual Fund Operating Expenses	1.78%
	Less Waivers/Reimbursements**	(0.64)%
	Total Annual Fund Operating Expenses After Waivers and Reimbursements	1.14%

\*The operating expenses in this fee table will not correlate to the expense ratio in the Fund's financial highlights because the financial statements include only the direct operating expenses incurred by the Fund.

\*\* The Manager has contractually agreed to waive its fees and/or reimburse Fund expenses through August 30, 2012 to limit Total Annual Fund Operating Expenses (excluding brokerage commissions, underlying fund fees and expenses or extraordinary expenses) to 1.10%. The agreement may be terminated only by the Corporation's Board of Directors on 60 days' written notice to the Adviser.

**Example:** This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of those periods. The Example also assumes that your investment has a 5% return each year and that the Fund's operating expenses remain the same. Although your actual costs may be higher or lower, based on these assumptions and taking into account the fee waiver for "1 Year" only your costs would be:

1 Year	3 Years	5 Years	10 Years
\$116	\$498	\$905	\$2,042

### Portfolio Turnover

The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. During the most recent fiscal year, the Fund's portfolio turnover rate was 16.21% of the average value of its portfolio.

## Principal Investment Strategies

The Fund invests primarily in U.S. corporate bonds and securities issued by the U.S. Government and its agencies that are considered investment grade or better. The Fund invests to a lesser but still significant extent in U.S.-traded fixed income securities that are rated below “investment grade” or that are not rated. These lower-rated securities are often referred to as “high yield securities” or “junk bonds.” The Fund may invest in bonds and U.S. Government and agency securities of any maturity. In making investment decisions for the Fund, the Manager considers the company’s projected future cash flow relative to debt service requirements, the underlying value of the company’s assets that may be monetized to service debt and other factors. The Manager selects U.S. Government and agency securities by identifying those that offer the highest yield or expected appreciation compared to other securities with similar structure and maturity. The Manager generally sells a security when it reaches its full potential value, based on a fundamental analysis, or when its risk return ratio becomes unfavorable.

## Principal Investment Risks

The Fund’s shares will fluctuate in value in response to interest rate changes and other factors, which may cause you to lose all or a substantial part of your investment.

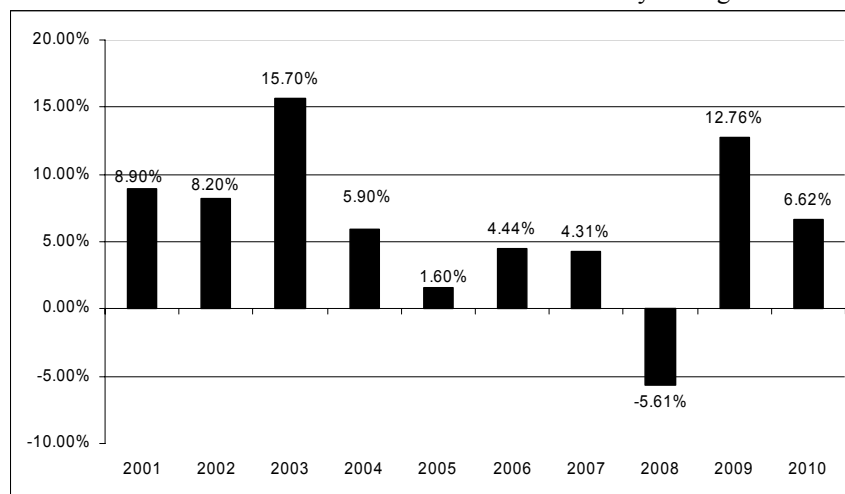
The Fund’s net asset value, yield and total return may be affected by a decline in the price of bonds held by the Fund or a default on an underlying obligation. Conversely, during periods of rising interest rates, the values of such securities generally decline. Generally, the longer the maturity of the fixed-income security, the more the value will decline when interest rates rise. High-yield junk bonds are especially sensitive to changes in interest rates.

Changes by recognized agencies in the rating of any fixed-income security and in the ability of an issuer to make payments of interest and principal will affect the value of the Fund’s investment. The prices of below investment grade securities are likely to be heavily affected by changes in levels of economic activity and issuer creditworthiness.

The Fund’s investments in high-yield junk bonds involves greater risk of default or price decline than investments in investment grade securities because high-yield junk bonds may have greater price volatility and limited liquidity in the secondary market.

## Fund Performance

The performance information that follows below illustrates the variability of the Fund’s returns, which provides some indication of the risks of investing in the Fund. The bar chart shows changes in the Fund’s performance from year to year for each calendar year. The table shows how the Fund’s average annual returns for 1, 5, and 10 years compare with those of a broad measure of market performance. The Fund’s past performance (before and after taxes) is not necessarily an indication of how the Fund will perform in the future. Updated performance information is available at [www.croftfunds.com](http://www.croftfunds.com) or by calling 1-800-746-3322.



\*The year-to-date return as of June 30, 2011 was 2.27%.

During the years displayed in the bar charts, the highest and lowest return for an individual calendar quarter was as follows:

Highest	For the	Lowest	For the
Quarterly	Quarter	Quarterly	Quarter
Return	Ended	Return	Ended
6.09%	(6/30/03)	(2.75%)	(12/31/08)

**Average Annual Total Returns (for the periods ended December 31, 2010)**

	One Year	Five Years	Ten Years
Returns Before Taxes	6.62%	4.33%	6.11%
Returns after Taxes on Distributions	5.23%	2.69%	4.23%
Returns After Taxes on Distributions and Sale of Fund Shares	4.29%	2.73%	4.08%
Barclays Aggregate Bond Intermediate Government Credit Index (reflects no deductions for fees, expenses or taxes)	5.89%	5.53%	5.51%

After-tax returns were calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor's tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold shares of the Fund through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

**Investment Advisor**

Croft-Leominster, Inc.

**Portfolio Managers**

Kent G. Croft, G. Russell Croft and L. Gordon Croft are portfolio managers for the Fund. Messrs. Kent G. Croft and L. Gordon Croft have managed the Fund's portfolio since 1989 and Mr. G. Russell Croft has managed the Fund's portfolio since 2006.

**PURCHASE AND REDEMPTION OF FUND SHARES**

The minimum initial investment to open an account is \$2,000 for regular accounts (\$500 for an IRA), and the minimum additional investment is \$100. You may purchase and redeem shares of the Funds on any day that the New York Stock Exchange is open. Purchases and redemptions may be made by mail to Croft Funds Corporation, c/o Mutual Shareholder Services, LLC, 8000 Town Centre Drive, Suite 400, Broadview Heights, OH 44147.

**TAX INFORMATION**

Dividends and capital gain distributions you receive from the Fund are taxable to you at either ordinary income or capital gains tax rates unless you are investing through a tax-deferred account such as an IRA or 401(k) plan.

**FINANCIAL INTERMEDIARY COMPENSATION****Payments to Broker-Dealers and Other Financial Intermediaries.**

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

**ADDITIONAL INFORMATION ABOUT PRINCIPAL INVESTMENT STRATEGIES AND RELATED RISKS****Investment Objective**

The Value Fund's investment objective is growth of capital. The Income Fund's investment objective is high current income with moderate risk to principal. The investment policies and objective of each Fund may be changed without shareholder approval upon 60 days' notice to shareholders.

**Croft Value Fund Principal Investment Strategies**

The Fund invests primarily in common stocks of U.S. and foreign companies that the Manager believes are undervalued. The Manager's investment philosophy that is value-oriented and at times somewhat contrarian to the marketplace. The Manager employs a disciplined, bottom-up approach in selecting securities for investment, but generally does not attempt to time the market, reach for speculative gains, or overly rely on top-down macro-economic trends. The Manager applies this philosophy toward its goal of capital appreciation and reduced risk.

The Manager aims to invest in a diversified portfolio of companies, without regard to capitalization, that collectively have a lower projected price to earnings ratio than the market, a higher projected rate of earnings growth relative to the market, and what the

Manager believes to be reduced risk levels relative to the general averages. The Manager also takes into consideration other valuation measures such as price to cash flow and price to book value. In making investment decisions for the Fund, the Manager considers the underlying value of a company's assets, including resource reserves and land assets, and other factors. The Manager generally sells a security when it reaches its full potential value based on a fundamental analysis, or when the Manager perceives the risk return ratio has become unfavorable.

### **Croft Value Fund Principal Investment Risks**

Investing in common stocks involves risk and you may lose all or a substantial part of your investment. An investment in the Fund may be more suitable for long-term investors who can bear the risk of short-term fluctuations.

The Fund's shares will fluctuate in value based on fluctuations in the value of the equity securities held in the Fund's portfolio. The stocks in which the Fund invests will normally exhibit the characteristic of a lower price to projected earnings ratio than the market and a somewhat higher level of "company-specific" risks than the market. As a result, these stocks may have higher earnings sensitivity to the business cycle or interest rates, high debt levels, potential for business restructuring or other special situations, and legal or regulatory risks and uncertainties.

The stocks in which the Fund invests may not be undervalued as expected. Because different types of stocks tend to shift in and out of favor depending on market and economic conditions, value-oriented funds may under perform when growth investing is in favor.

Many individual securities may be riskier than the market and experience abrupt short-term price movements and may result in possible loss of money on your investment. The Fund's net asset value, yield, and total return may be affected by such price movements.

To the extent the Fund invests in smaller capitalization companies, the Fund will be subject to additional risks. The earnings and prospects of smaller companies are more volatile than larger companies. Smaller companies may experience higher failure rates than do larger companies. The trading volume of securities of smaller companies is normally less than that of larger companies and, therefore, may disproportionately affect their market price, tending to make them fall more in response to selling pressure than is the case with larger companies. Smaller companies may have limited markets, product lines or financial resources and may lack management experience.

Foreign investing, including in securities traded in domestic securities markets in the form of American Depositary Receipts ("ADRs"), exposes the Fund to greater risks because the Fund's performance may depend on factors other than the performance of securities of U.S. issuers. Changes in foreign economies and political climates are more likely to affect the Fund than a mutual fund that invests exclusively in U.S. dollars and U.S. Issuers. The value of foreign currency denominated securities or foreign currency contracts is also affected by the value of the local currency relative to the U.S. dollar. There may also be less government supervision of foreign markets, resulting in non-uniform accounting practices and less publicly available information about issuers of foreign currency denominated securities. The value of foreign investments, including foreign currency denominated investments, may be affected by changes in exchange control regulations, application of foreign tax laws (including withholding tax), changes in governmental administration or economic or monetary policy (in this country or abroad) or changed circumstances in dealings between nations. In addition, foreign brokerage commissions, custody fees and other costs of investing in foreign securities are generally higher than in the United States. Investments in foreign issues, whether denominated in U.S. dollars or foreign currencies, could be affected by other factors not present in the United States, including expropriation, armed conflict, confiscatory taxation, and potential difficulties in enforcing contractual obligations.

### **Croft Income Fund Principal Investment Strategies**

The Fund invests primarily in U.S. corporate bonds and securities issued by the U.S. Government agencies and its agencies that are considered investment grade or better. The Fund invests to a lesser but still significant extent in U.S.-traded fixed income securities that are rated below "investment grade" or that are not rated. These lower-rated securities are often referred to as "high yield securities" or "junk bonds." In making investment decisions for the Fund, the Manager considers the company's projected future cash flow relative to debt service requirements, the underlying value of the company's assets that may be monetized to service debt and other factors. The Manager selects U.S. Government and agency securities by identifying those that offer the highest yield or expected appreciation compared to other securities with similar structure and maturity. Under normal circumstances, the Manager may sell a security when it reaches its full potential value, based on a fundamental analysis, or when its risk return ratio becomes unfavorable.

The Manager emphasizes current income when selecting securities. The Fund will generally hold a diversified portfolio of investments to help minimize the effects on the Fund in the event that the credit rating of any investment is downgraded or underlying obligations

are not repaid. When the Fund invests in high yield securities, it generally seeks to receive a correspondingly high return to compensate it for the additional credit risk and market risk it has assumed. The Fund may invest in bonds and U.S. Government and agency securities of any maturity.

The Manager also will attempt to minimize the effects on the Fund of early issuer redemptions by purchasing some bonds that are either selling at a discount to their call price (the price at which they can be redeemed by the issuer before their scheduled maturity) or are noncallable for life.

### **Croft Income Fund Principal Investment Risks**

The Fund's shares will fluctuate in value in response to interest rate changes and other factors, which may cause you to lose all or a substantial part of your investment.

The Fund's net asset value, yield and total return may be affected by a decline in the price of bonds held by the Fund or a default on an underlying obligation. Conversely, during periods of rising interest rates, the values of such securities generally decline. Generally, the longer the maturity of the fixed-income security, the more the value will decline when interest rates rise. High-yield junk bonds are especially sensitive to changes in interest rates.

Changes by recognized agencies in the rating of any fixed-income security and in the ability of an issuer to make payments of interest and principal will affect the value of the Fund's investment. The prices of below investment grade securities are likely to be heavily affected by changes in levels of economic activity and issuer creditworthiness.

The Fund's investments in high-yield junk bonds involves greater risk of default or price decline than investments in investment grade securities. High-yield junk bonds may have greater price volatility and limited liquidity in the secondary market. This may limit the ability of the Fund to sell such securities at their fair market value either to meet redemption requests or in response to changes in the economy or the financial markets. Prices may also be affected by investors' perception of credit quality and the outlook for economic growth, and may move independently of interest rates and the overall bond market.

### **Temporary Investments**

While the Manager generally intends to hold a carefully selected, diversified portfolio of securities, each Fund may from time to time, due to adverse investment conditions, take temporary defensive positions. These temporary positions may prevent the Fund from achieving its investment objective.

### **Borrowing**

Instead of or in addition to borrowing, the Fund may, from time to time, participate in a program offered by ReFlow, LLC. ReFlow operates an auction program (the "Auction Program") through which it makes an alternative source of capital available to the Fund to satisfy some or all of its daily redemption requests. ReFlow makes the Auction Program available on an investment-blind basis, meaning that ReFlow stands ready to purchase and redeem shares of the Fund if the Fund submits a successful bid. ReFlow will provide money to the Fund if the Fund submits a successful bid in the auction by purchasing shares of the Fund. There is no assurance in participating in such a program either that the Fund will be successful during the Auction, or that ReFlow will have sufficient funds available to meet the Fund's needs. The Fund's Board of Trustees has approved the use of the ReFlow program in addition to or in lieu of borrowing.

The Fund's participation in the Auction Program also is intended to facilitate portfolio management and minimize the need for the Fund to incur transaction costs. ReFlow is structured to redeem shares of the Fund when other investors are purchasing shares, which may occur during the redemption fee period. For that reason, the Fund, when participating in the Auction Program, will normally waive any redemption fee that otherwise would apply to shares redeemed by ReFlow.

### **Portfolio Holdings Disclosure**

The Funds' policies and procedures with respect to the disclosure of its portfolio securities are available in the Funds' Statement of Additional Information.

## **MANAGEMENT OF THE FUNDS**

### **Investment Manager**

Pursuant to an advisory agreement with the Corporation, the Manager provides investment advisory and portfolio management services and makes day-to-day investment decisions for the Funds. The Manager is registered as an investment advisor with the SEC

and has been in the investment management business for more than 19 years. On June 30, 2011, the Manager managed over \$1 billion in assets for pension plans, corporations, individuals, institutions and limited partnerships. The Manager's address is Canton House, 300 Water Street, Baltimore, Maryland 21202.

A discussion regarding the basis for the Board of Directors' approval of the advisory agreement is available in the Funds' Semi-Annual Report to Shareholders for the period ended October 31, 2010. For the fiscal year ended April 30, 2011, the Manager received a management fee, as a percentage of average net assets, equal to 0.94% from the Value Fund and 0.15% (after fee waiver of .64%) from the Income Fund.

### **Portfolio Managers**

Mr. Kent G. Croft, President of the Manager, Mr. Russell G. Croft, Vice President of the Manager and Mr. L. Gordon Croft, Vice President of the Manager, and have joint responsibility for overseeing the investments of each Fund's assets. The portfolio managers make investment decisions by consensus, each having equal authority and responsibility with respect to the portfolios.

Mr. Kent G. Croft holds an A.B. degree (1985) from Dartmouth College. From 1985 through May 1988, Mr. Croft was employed as a manager in the equity department at Salomon Brothers, Inc., New York. From 1988 to 1989, Mr. Croft was Vice President, Real Estate Investments for Bryans Road Corp. In 1989, he founded Croft-Leominster, Inc with L. Gordon Croft. Mr. Kent Croft along with his father, Mr. L. Gordon Croft, have been portfolio managers for each Fund since its inception. Mr. Kent Croft is a former board member for the Baltimore Securities Analysts Society and is a member of the CFA Institute. Lastly, he is FINRA and NYSE registered and completed work at Harvard University's Kennedy School of Government in behavioral finance. Mr. Kent Croft's other activities have included Trustee of Charles County Community College Foundation, President of Croft-Leominster, Inc. Foundation, Trustee of the Maryland Mentoring Partnership, Trustee of the Wildfowl Trust of North America and Trustee at St. Paul's School.

Mr. Russell G. Croft holds a B.A. degree (1996) from Washington and Lee University and obtained his M.B.A. (1998) from the University of London. Before coming to Croft-Leominster, Inc. in 2001, Mr. Croft had experience working for Gabelli & Company in New York. Mr. Russell G. Croft has been a portfolio manager for each Fund since 2006.

Mr. L. Gordon Croft holds a B.E.S. degree in Engineering from the Johns Hopkins University and an M.E.A. in Engineering from George Washington University. From 1967 through 1989, he held various positions with T. Rowe Price Associates, Inc., most recently as an investment counselor and director. Mr. L. Gordon Croft founded Croft-Leominster, Inc. with Kent Croft in 1989.

The Funds' Statement of Additional Information provides information about the portfolio managers' compensation, other accounts managed by the portfolio managers, and the portfolio managers' ownership of Fund shares.

### **HOW NET ASSET VALUE IS DETERMINED**

The price of Fund shares is the Fund's net asset value. The net asset value per share of each Fund is determined once on each day on which the New York

Stock Exchange (NYSE) is open (a "Business Day"), as of the close of the Exchange, usually 4:00 p.m. Eastern Time ("Valuation Time"). Portfolio securities for which market quotations are readily available are valued at market price. Short-term obligations having remaining maturities of 60 days or less are valued at amortized cost, which the Corporation's Directors have determined to approximate their market value. If market prices are not available or, in the Manager's opinion, market prices do not reflect fair value, or if an event occurs after the close of trading (but prior to the time the NAV is calculated) that materially affects fair value, the Manager may value a Fund's assets at their fair value according to policies approved by the Board of Directors. For example, if trading in a portfolio security is halted and does not resume before the Fund calculates its NAV, the Manager may need to price the security using the Corporation's fair value pricing guidelines. Without a fair value price, short term traders could take advantage of the arbitrage opportunity and dilute the NAV of long term investors. Fair valuation of a Fund's portfolio securities can serve to reduce arbitrage opportunities available to short term traders, but there is no assurance that fair value pricing policies will prevent dilution of a Fund's NAV by short term traders. If a Fund uses a fair value price, there is no assurance that the Fund will receive the fair value price when the security is sold.

Orders for the purchase of shares of a Fund are executed at the net asset value determined as of the next Valuation Time after an order is received in proper form. Shares will not be priced on days when the NYSE is closed. If any part of a Fund's assets is invested in other mutual funds, that portion of the Fund's net asset value is calculated based on the net asset value of that mutual fund. The prospectus for the other mutual fund explains the circumstances and effects of fair value pricing for that fund.

### **IMPORTANT INFORMATION ABOUT NEW ACCOUNTS**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to

obtain, verify and record information that identifies each person who opens an account. This means that, when you open an account, we will ask your name, address, date of birth, and other information that will allow us to identify you. We may also ask for identifying documents, and may take additional steps to verify your identity. We may not be able to open an account or complete a transaction for you until we are able to verify your identity.

## **HOW TO BUY SHARES**

You may purchase shares by mail, wire, or through broker-dealer firms that make shares available. The Funds do not charge any sales charges for purchases of Fund shares.

The minimum initial investment is \$2,000 (\$500 for an IRA), and the minimum additional investment is \$100. The Corporation reserves the right to reject any order for the purchase of shares in whole or in part.

Clients of the Manager may, under certain circumstances, purchase shares of a Fund “in-kind.” This means that the purchase price is paid with securities valued at fair market value.

### **Purchases by Mail**

You may open an account by mail or overnight delivery by sending a check or other negotiable bank draft (payable to: the Croft [Name of Fund]) for \$2,000 or more (\$500 minimum for IRAs), together with the completed Application Form to the Corporation at the following address (use for overnight delivery also).

Croft Funds  
c/o Mutual Shareholder Services, LLC  
8000 Town Centre Drive  
Suite 400  
Broadview Heights, OH 44147

All applications are available online at [www.croftfunds.com](http://www.croftfunds.com) or by calling 1-800-746-3322.

If you are making a subsequent investment, you should send a stub from a previous confirmation in lieu of the application form. If no stub is available, you should send a brief letter giving the name of the Fund(s), registered name(s) of the account and the account number along with a check indicating your account number on the face. Checks do not need to be certified but must be drawn on a U.S. bank.

Mutual Shareholder Services, LLC, the Funds’ transfer agent (“MSS”), will charge a \$20 fee against your account for any check returned to the Custodian. You will also be responsible for any losses suffered by a Fund as a result of a returned check.

### **Purchase by Wire**

You may purchase shares by wire. A purchase order will be effective as of the day received, if the order and payment are received before 4:00 P.M. Eastern Time. Your bank may charge a wire fee.

If you are establishing a new account or purchasing additional shares for an existing account by wire transfer, you should call MSS beforehand to provide account information. A properly completed and signed application marked “follow up” must be sent for all new accounts opened by wire, which are subject to acceptance by the Fund.

If you have an account with a commercial bank that is a member of the Federal Reserve System, you may purchase share of the Funds by requesting the bank to transmit funds by wire. Please contact the Funds’ transfer agent at 1-800-746-3322 to obtain wire instructions.

### **Tax-Deferred Retirement Plans**

You may purchase shares for virtually all types of tax-deferred retirement plans. Please contact the Funds’ transfer agent at 1-800-746-3322 to obtain plan forms and/or custody agreements for the following:

Individual Retirement Accounts – All Types. These are for individuals and their nonemployed spouses who wish to make a limited tax-deductible contribution to a tax-deferred account for retirement; and Simplified Employee Pension Plans US Bank, N.A. furnishes custodian services to the Funds’ shareholders for such tax-deferred retirement plans. Dividends and distributions

will be automatically reinvested without a sales charge. For further details, including fees charged, tax consequences and redemption information, see the specific plan documents, which can be obtained from the Corporation. You should consult with your tax advisor before establishing any tax-deferred retirement plans.

If you are interested in investing your IRA account in the Funds, you may have to establish an IRA or IRA Rollover account through US Bank, N.A. Please call the Funds' transfer agent at 1-800-746-3322 for further information.

## **HOW TO REDEEM SHARES**

You may redeem shares by sending written request or fax, signed by the record owner(s), to: Mutual Shareholder Services, LLC, the Fund's transfer agent, at 8000 Town Centre Drive, Suite 400, Broadview Heights, OH 44147. You may also make the request by e-mail. The request must specify the name of the Fund, the account number and the dollar or share amount to be redeemed.

- You may not redeem shares directly from the Funds by telephone. If you have purchased those shares through a broker, you may redeem those shares through such broker consistent with the broker's policies (which might permit telephone redemptions), the terms of any agreement with the broker governing the purchase and redemption of those shares, and the terms of any agreement governing the relationship between the broker and the Funds. Under these circumstances, redemptions may be effected by telephone through such brokers.
- The redemption price is the net asset value per share next computed after receipt of the redemption request in proper form, minus any applicable redemption fee. Payment on redemption will be made as promptly as possible and in any event, within seven days after the redemption order is received, provided, however, that redemption proceeds for shares purchased by check (including certified or cashier's checks) will be forwarded only upon collection of payment for the shares (collection of payment could take up to 15 days).
- The Funds reserve the right to redeem shares if the account has a value of less than \$2,000 due to redemptions. If a Fund exercises its right to redeem such shares, you will be given written notice and will be allowed 30 days to make an additional investment in an amount that will increase the value of the account to at least \$2,000.
- The Funds will pay cash for all shares redeemed, except under abnormal conditions that make payment in cash impractical. In such an instance, payment may be made wholly or partly in liquid portfolio

securities with a market value equal to the redemption price. You may incur brokerage costs and taxes in converting such securities to cash.

- The Funds will deduct a 2.00% redemption fee from your redemption proceeds if you purchase shares and then redeem those shares within 30 days. Redemption fees are paid to the Fund, and are designed to deter excessive short-term trading and offset commissions and other costs associated with fluctuations in Fund asset levels caused by short-term trading. To calculate the holding period, shares held the longest will be treated as being redeemed first, and shares held shortest as being redeemed last. The redemption fee does not apply to shares that were acquired through reinvestment of distributions (dividends and capital gains). The Funds may terminate or modify the terms of the redemption fee at any time, and may waive the redemption fee for special circumstances.

## **MARKET TIMING**

The Corporation discourages and does not accommodate market timing. Market timing is an investment strategy using frequent purchases, redemptions and/or exchanges in an attempt to profit from short term market movements. Market timing may result in dilution of the value of Fund shares held by long term shareholders, disrupt portfolio management and increase Fund expenses for all shareholders. The Board of Directors has adopted a redemption policy to discourage short term traders and/ or market timers from investing in the Funds. A 2.00% fee will be assessed against investment proceeds withdrawn within 30 days of investment. The proceeds collected from redemption fees will be used for the benefit of existing shareholders of the applicable Fund. The redemption fee is applied uniformly in all cases. While the Corporation attempts to deter market timing, there is no assurance that it will be able to identify and eliminate all market timers. For example, certain accounts called "omnibus accounts" include multiple shareholders. Omnibus accounts typically provide the Funds with a net purchase or redemption request on any given day where purchasers of Fund shares and redeemers of Fund shares are netted against one another and the identity of individual purchasers and redeemers whose orders are aggregated are not known by a Fund. The netting effect often makes it more difficult to apply redemption fees. However, the Funds' agreements with financial intermediaries that sell shares of the Funds require the intermediaries to provide shareholder identity and transaction information to the Funds, and obligate the intermediaries to carry out the Funds' instructions to enforce the Funds' market timing policies. In addition to the redemption fee, the Funds reserve the right to reject any purchase order for any

reason, including purchase orders that the officers do not believe are in the best interest of a Fund or its shareholders or if the officers believe that trading is abusive.

## **DISTRIBUTIONS**

The Funds distribute as dividends substantially all net investment income (which comes from dividends and interest received from investments) and net realized capital gains, if any. The Value and Income Funds generally will declare and pay dividends out of any investment income annually and quarterly, respectively, and distribute any net realized capital gains annually. Any distributions will be paid in Fund shares, unless you elect, in writing, at least 15 days prior to the date of distribution by written notice to the Funds' transfer agent, to receive them in cash. Such election will become effective for any future dividends.

## **TAXES**

Distributions you receive from the Funds may be subject to Federal, state and local taxation, depending on your tax situation. The tax treatment of dividends and distributions is the same whether or not you reinvest them. Dividends are taxable either as ordinary income or as qualified dividend income. Dividends that are qualified dividend income are eligible for the reduced tax rate to individuals of 15% (5% for individuals in lower tax brackets) to the extent that the Funds receive qualified dividend income. Capital gains distributions are taxed as long-term capital gains. The Funds will tell you annually how to treat dividends and distributions. If you redeem shares of a Fund, you may be subject to tax on any gains you earn based on your holding period for the shares.

## **DISTRIBUTION PLAN**

The Funds have adopted a distribution and shareholder services plan (the "Plan") pursuant to Rule 12b-1 of the Investment Company Act of 1940, as amended. As provided in the Plan, each Fund may pay a fee of up to 0.25% of the Fund's 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 distribution or shareholder services rendered or expenses incurred in connection with distribution assistance. The Plan also provides for payment of expenses relating to the costs of prospectuses, reports to Shareholders, sales literature and other materials for potential investors. Because these fees are paid out of a Fund's assets on an on-going basis, over time these fees will increase the cost of your investment and may cost you more than paying other types of sales charges.

## **FINANCIAL HIGHLIGHTS**

The financial highlights tables are intended to help you understand each Fund's financial performance for the past 5 years. Certain information reflects financial results for a single Fund share. The total returns in the table represent the rate that an investor would have earned (or lost) on an investment in the Fund (assuming reinvestment of all dividends and distributions). This information has been audited by Cohen Fund Audit Services, Ltd., the Funds' independent registered public accounting firm, whose report, along with each Fund's financial statements, are included in the Funds' 2011 Annual Report to Shareholders, which is available upon request.

### **Croft Value Fund**

	Years Ended				
	4/30/2011	4/30/2010	4/30/2009	4/30/2008	4/30/2007
Net Asset Value, at Beginning of Period	\$ 21.87	\$ 15.35	\$ 25.17	\$ 24.27	\$ 21.94
Income (Loss) From Investment Operations:					
Net Investment Income *	0.64	- **	0.06	0.08	0.13
Net Gain (Loss) on Securities (Realized and Unrealized)	3.69	6.54	(9.72)	1.72	3.27
Total from Investment Operations	4.33	6.54	(9.66)	1.80	3.40
Distributions:					
Net Investment Income	(0.58)	(0.02)	(0.06)	(0.08)	(0.11)
Realized Gains	-	-	(0.10)	(0.82)	(0.96)
Total from Distributions	(0.58)	(0.02)	(0.16)	(0.90)	(1.07)
Proceeds from Redemption Fees	- **	- **	- **	-	-
Net Asset Value, at End of Period	\$ 25.62	\$ 21.87	\$ 15.35	\$ 25.17	\$ 24.27
Total Return ***	20.04%	42.63%	(38.35)%	7.28%	15.86%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$438,815	\$313,287	\$ 69,417	\$61,381	\$21,969
Before Waivers					
Ratio of Expenses to Average Net Assets	1.28%	1.32%	1.46%	1.57%	1.66%
Ratio of Net Investment Income to Average Net Assets	2.88%	0.02%	0.33%	0.22%	0.43%
After Waivers					
Ratio of Expenses to Average Net Assets	1.28%	1.32%	1.46%	1.48%	1.50%
Ratio of Net Investment Income to Average Net Assets	2.88%	0.02%	0.33%	0.31%	0.59%
Portfolio Turnover	19.97%	10.72%	15.49%	24.20%	19.46%

\* 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.

## Croft Income Fund

	Years Ended				
	<u>4/30/2011</u>	<u>4/30/2010</u>	<u>4/30/2009</u>	<u>4/30/2008</u>	<u>4/30/2007</u>
Net Asset Value, at Beginning of Period	\$ 9.87	\$ 8.98	\$ 9.73	\$ 10.07	\$ 9.98
Income (Loss) From Investment Operations:					
Net Investment Income *	0.38	0.39	0.41	0.50	0.53
Net Gain (Loss) on Securities (Realized and Unrealized)	<u>0.12</u>	<u>0.89</u>	<u>(0.76)</u>	<u>(0.34)</u>	<u>0.08</u>
Total from Investment Operations	0.50	1.28	(0.35)	0.16	0.61
Distributions:					
Net Investment Income	(0.38)	(0.39)	(0.40)	(0.50)	(0.52)
Realized Gains	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total from Distributions	(0.38)	(0.39)	(0.40)	(0.50)	(0.52)
Proceeds from Redemption Fees	-	-**	-	-	-
Net Asset Value, at End of Period	\$ 9.99	\$ 9.87	\$ 8.98	\$ 9.73	\$ 10.07
Total Return ***	5.16%	14.39%	(3.58)%	1.63%	6.27%
Ratios/Supplemental Data:					
Net Assets at End of Period (Thousands)	\$14,052	\$15,005	\$10,595	\$10,451	\$11,021
Before Waivers and Reimbursements					
Ratio of Expenses to Average Net Assets	1.74%	1.94%	2.04%	1.97%	1.66%
Ratio of Net Investment Income to Average Net Assets	3.12%	3.24%	3.50%	4.17%	4.71%
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	3.76%	4.09%	4.43%	5.04%	5.27%
Portfolio Turnover	16.21%	12.73%	16.70%	5.03%	15.04%

\* 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.

## **CROFT FUNDS CORPORATION**

### Shareholder Inquiries

If you have questions about your account, you may contact the Funds' transfer agent at: 8000 Town Centre Drive, Suite 400, Broadview Heights, OH 44147 or by calling 1-800-746-3322.

You may obtain the following additional information about the Funds, free of charge, from your securities dealer or servicing agent, or by writing to: Croft Funds Corporation, Canton House, 300 Water Street, Baltimore, Maryland 21202 or by telephoning 1-800-746-3322 or on our website at [www.croftfunds.com](http://www.croftfunds.com):

- o A Statement of Additional Information (SAI) about the Funds contains detailed information on the Funds' policies and operations, including policies and procedures relating to disclosure of the Funds' portfolios which is incorporated by reference into this prospectus.
- o The Fund's most recent annual and semiannual reports, which contain detailed financial information. The annual report also contains a discussion of market conditions and investment strategies that significantly affected each Fund's performance during its last fiscal year.
- o Detailed information about purchasing and redeeming Fund shares, which is incorporated by reference into the Prospectus.
- o The Funds' most recent proxy voting policy.

In addition, you may review information about the Funds (including the SAI) at the Securities and Exchange Commission's ("SEC") Public Reference Room in Washington, DC (Call (202) 551-8090 to find out about the operation of the Public Reference Room). The SEC's Internet site at <http://www.sec.gov> has reports and other information about the Funds, and you may get copies of this information by writing the Public Reference Section of the SEC, 100 F Street N.E., Washington, DC 20549-1520 and by paying duplicating fees.

Investment Company Act File No. 811-08652

**PRIVACY NOTICE**

**CROFT FUNDS CORPORATION**

Rev. June 2011

**FACTS**

**WHAT DOES CROFT FUNDS CORPORATION DO WITH YOUR PERSONAL INFORMATION?**

**Why?** Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some, but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

**What?** The types of personal information we collect and share depends on the product or service that you have with us. This information can include:

- Social Security number and wire transfer instructions
- account transactions and transaction history
- investment experience and purchase history

When you are *no longer* our customer, we continue to share your information as described in this notice.

**How?** All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Croft Funds Corporation chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information:	Does Croft Funds Corporation share information?	Can you limit this sharing?
<b>For our everyday business purposes</b> - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus.	<b>YES</b>	<b>NO</b>
<b>For our marketing purposes</b> - to offer our products and services to you.	<b>NO</b>	<b>We don't share</b>
<b>For joint marketing with other financial companies.</b>	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes</b> - information about your transactions and records.	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates' everyday business purposes</b> - information about your credit worthiness.	<b>NO</b>	<b>We don't share</b>
<b>For our affiliates to market to you</b>	<b>NO</b>	<b>We don't share</b>
<b>For non-affiliates to market to you</b>	<b>NO</b>	<b>We don't share</b>

<b>QUESTIONS?</b>	Call 1-800-551-0990.
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What we do:	
<b>How does Croft Funds Corporation protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. Our service providers are held accountable for adhering to strict policies and procedures to prevent any misuse of your nonpublic personal information.
<b>How does Croft Funds Corporation collect my personal information?</b>	We collect your personal information, for example, when you <ul style="list-style-type: none"> <li>• open an account or deposit money</li> <li>• direct us to buy securities or direct us to sell your securities</li> <li>• seek advice about your investments</li> </ul> We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.
<b>Why can't I limit all sharing?</b>	Federal law gives you the right to limit only: <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes – information about your creditworthiness.</li> <li>• affiliates from using your information to market to you.</li> <li>• sharing for nonaffiliates to market to you.</li> </ul> State laws and individual companies may give you additional rights to limit sharing.

Definitions	
<b>Affiliates</b>	Companies related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> <li>• <i>Croft Funds Corporation has no affiliates.</i></li> </ul>
<b>Non-affiliates</b>	Companies not related by common ownership or control. They can be financial and non-financial companies. <ul style="list-style-type: none"> <li>• <i>Croft Funds Corporation does not share with non-affiliates so they can market to you.</i></li> </ul>
<b>Joint marketing</b>	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. <ul style="list-style-type: none"> <li>• <i>Croft Funds Corporation does not jointly market.</i></li> </ul>



**INVESTMENT MANAGER**

Croft-Leominster, Inc.  
Canton House, 300 Water Street  
Baltimore, Maryland 21202

**LEGAL COUNSEL**

Thompson Hine LLP  
312 Walnut Street  
14<sup>th</sup> Floor  
Cincinnati, OH 45202-4089

**INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Cohen Fund Audit Services, Ltd.  
800 Westpoint Parkway, Suite 1100  
Westlake, Ohio 44145

**CUSTODIAN**

US Bank, N.A.  
425 Walnut Street  
Cincinnati, Ohio 45202

**TRANSFER AGENT &  
FUND ACCOUNTANT**

Mutual Shareholder Services, LLC  
8000 Town Centre Drive  
Suite 400  
Broadview Heights, Ohio 44147