QUARTERLY REVIEW

LOWE, BROCKENBROUGH & COMPANY, INC.

INVESTMENT COUNSEL

Jamestown Mutual Funds

Equity Fund

Balanced Fund

Tax Exempt Virginia Fund

Second Quarter 2010

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The Financial Markets

As concerns of a waning global recovery mounted at the close of the second quarter, financial markets weakened. All sectors declined in Q2 with the defensive Utilities, Telecom and Consumer Staples falling the least. The S&P 500 finished the quarter down 11.4%, while the Nasdaq dropped 11.8%. International markets were also weak with the MSCI EAFE Index falling 13.7% and the MSCI Emerging Markets Index down 8.2%.

Many commodity prices declined in the second quarter though most commodities indices still remain in an upward long-term trend. The Dow Jones UBS Futures Commodities Index declined 5.0% during the second quarter. Fears of a global slowdown contributed to weaker metals prices. Copper prices fell 18.0% in Q2 and aluminum fell 16.0%. Crude oil declined 11.0% in the second quarter. Corn declined a modest 1.0% while gold rose 12.0% in the quarter.

Treasury bond yields declined sharply as equity markets tumbled. The 10-year Treasury note yield ended the quarter below 3.0%. Corporate bonds lagged as yield spreads widened. The municipal bond market ended the quarter with price momentum but lagged the rally seen in Treasuries. Credit concerns and low absolute yields remain a challenge.

Concerns about European sovereign debt issues and economic growth led the Euro to depreciate 9.0% and the US Dollar to appreciate 6.0% in Q2.

The Economy

Recent economic reports from the US, Europe, and China have turned mixed after fairly consistently beating expectations over the past year. Over the past couple of weeks, reports on US unemployment and Leading Economic Indicators were below expectations, fueling concerns about a slowdown. At this point, we believe that signs still point to a modest global recovery. It is normal for leading indicators to begin peaking at this point in the cycle and that usually coincides with a bout of increased market volatility.

We are faced with a number of issues that may lead to more muted growth than is typical after severe economic recessions. However, the only double-dip recession this early in an economic cycle in post-war US history occurred in 1981, when Paul Volker raised rates dramatically to combat inflation. The current steep yield curve suggests that the risk of this happening in the near future is modest without a major shock, such as a geopolitical event or Europe spinning out of control.

Several economic indicators we track closely continue to signal economic growth and fairly easy financial conditions. The Ned Davis Research Economic Model is describing the best economic environment since 2003. Goldman Sachs' measures of financial stress show very different conditions than existed in 2008. The Weekly Leading Index from Economic Cycle Research Institute shows growth that is likely to slow going forward but is not yet signaling anything more severe.

International economies are mixed. The European Union is facing significant economic challenges – the risk of default is looming for countries such as Greece - as they attempt to shore up sovereign debt to avoid further damage. A bright spot is Germany, which is seeing strong increases in exports. In Asia, China is now forecasting growth this year of 10%, resulting in its central bank reigning in increases in bank reserves and tightening lending standards.

Jamestown Equity Fund

The Jamestown Equity Fund declined 11.56% during the quarter compared to a decline of 11.42% for the S&P 500. One of the surprises we have seen in the market, especially given a difficult quarter, is that despite attractive valuations, we have not begun to see the stock of companies we consider to be higher quality begin to outperform. During the quarter, sector selection was slightly positive as the impact of our cash position in a declining market was only partially offset by our underweighting in Utilities and Telecommunications (two defensive areas of the markets that held up better than the overall market). Stock selection was slightly negative as strong selection among Consumer Discretionary and Healthcare stocks was offset by weaker selection in the Finance and Energy sectors.

Market sentiment has become more pessimistic in recent weeks. As a contrarian indicator, it reflects a more favorable near-term outlook for the equity market. As well, the equity markets are more oversold than at any time since March of 2009.

In our opinion, the market's current valuation of roughly 12.5x next year's earnings estimates compares very well to the longer term average valuation range of 15-16x. We believe that analysts' estimates for next year are optimistic, and would peg the market at about 13X. Our research indicates that European and emerging market valuations are even more attractive than US valuations currently. We believe the equities in the Jamestown Equity Fund continue to trade at an attractive discount to the valuation levels of the S&P 500.

Jamestown Balanced Fund

The Jamestown Balanced Fund declined 7.34% during the quarter compared to a decline of 5.78% for a mix of 60% S&P 500 and 40% Barclays Government Credit Intermediate Index. One of the surprises we have seen in the market, especially given a difficult quarter, is that despite attractive valuations we have not begun to see the stock of companies we consider to be higher quality begin to outperform. During the quarter, sector selection was slightly positive as the impact of our cash position in a declining market was only partially offset by our underweighting in Utilities and Telecommunications (two defensive areas of the markets that held up better than the overall market). Stock selection was slightly negative as strong selection among Consumer Discretionary and Healthcare stocks was offset by weaker selection in the Finance and Energy sectors. Bond performance was hurt by a shorter duration in the portfolio as rates declined significantly during the quarter.

We maintain our overweight stance on corporate bonds, though credit spreads have already normalized for many segments of the high grade corporate market. Rates are likely to remain low until we see signs of inflation or faster economic growth. However, with bond yields at the lowest levels in over a year, caution is warranted in fixed income portfolios. Any increase in the overnight interest rate by the Fed has probably been postponed to 2011, yet markets will likely discount such moves well in advance if the economic recovery proves sustainable.

Jamestown Tax Exempt Virginia Fund

The Jamestown Tax Exempt Virginia Fund posted a total return of 1.89% in the second quarter, compared to 1.68% for the Barclays 5-Year Muni Bond Index. The Fund remained positioned in intermediate-term bonds with a weighted average effective maturity of 5.2 years and a weighted average effective duration of 4.6 years. As of June 30, 2010, the Fund's SEC 30-day yield was 2.15%, which results in a tax equivalent yield of 3.31% for investors in the 35% federal tax bracket.

The municipal bond market posted gains during the quarter as municipal bonds rallied steadily except for a brief pullback in early June. Negative headlines on state budgetary woes and worries over long-term pension obligations seemed to have little impact on market prices for most high grade paper, including that of Virginia issuers. Intermediate maturities saw the greatest drop in yields during the second quarter, as AAA-rated general obligations saw yields decline by about 30 basis points in the 7 to 10-year range. Longer maturities rallied to a lesser extent but still led in total return due to longer duration. The Fund's emphasis on intermediate maturities and the resulting price gains from lower yields contributed to its performance during the quarter.

Municipal bond prices lagged the strength exhibited by U.S. Treasuries. With yields on Treasuries falling more than those of tax-exempts, cross-market yield ratios approached the highest seen since early 2009. The tax-exempt / Treasury yield ratio for the 5-year maturity moved to 88% while the 10-year ratio increased to 95%. While yield ratios seem to indicate relative value, tax-exempt bonds may be hindered by the low absolute yields for high grade issues that stand near the lows reached in September 2009. Nevertheless, municipal bonds ended the quarter with price momentum, and the anticipated July reinvestment from maturing and called bonds is likely to exceed new tax-exempt issuance, which is tracking significantly lower this year compared to the past several years.

JAMESTOWN FUNDS PERFORMANCE

Performance Periods Ended June 30, 2010

			ANNUALIZED			
	QTR	1 Year	3 Years	5 Years	10 Years	Since Inception
Jamestown Equity Fund	-11.56%	7.09%	-9.56%	-1.05%	-3.07%	5.23%
Lipper Large Cap Core Index	-11.91	12.33	-9.56	-0.78	-2.17	6.08
Jamestown Balanced Fund	-7.34%	6.57%	-4.05%	1.26%	0.00%	6.29%
Lipper Balanced Fund Index	-6.26	13.33	-3.70	1.98	2.34	7.29
Jamestown Tax Exempt Virginia Fund	1.89%	5.38%	5.02%	3.67%	4.31%	4.25%
Barclays 5-Year Municipal Bond Index	1.68	6.88	6.75	4.85	5.20	4.99
Lipper Intermediate Muni Fund Index	1.67	8.19	4.78	3.75	4.62	4.50

Current performance may be higher or lower than the performance quoted above. You may obtain performance data current to the most recent month-end by calling our toll free telephone number: 1-800-787-7414. Any performance data quoted represents past performance and the investment return and principal value of an investment in the Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance does not guarantee future results.

Jamestown Equity Fund: Inception 12/1/92. Gross Expense Ratio: 1.16%.
Investing in any mutual fund involves risk, including the risk that you may lose all or part of the money you invest. The Jamestown Equity fund invests in equity securities which carry the potential for unpredictable drops in value and periods of lackluster performance. For additional information on these risks and other related risks (non-principal), please review the full prospectus.

The Lipper Large Cap Core Index is a registered trademark of Lipper, Inc. It is an unmanaged index comprised of 30 funds that are generally similar to the Fund, although some funds in the respective index may have somewhat different investment policies or objectives.

Jamestown Balanced Fund: Inception 7/3/89. Gross Expense Ratio: 1.15%
Investing in any mutual fund involves risk, including the risk that you may lose all or part of the money you invest. The Jamestown Balanced fund invests in equity securities which carry the potential for unpredictable drops in value and periods of lackluster performance. The Fund's investments in fixed-income securities are subject to such risks as: interest rate risk, call risk, default risk, high-yield (junk bond) risk and unrated bond risk. For additional information on these risks and other related risks (non-principal), please review the full prospectus.

The Lipper Balanced Index are registered trademark of Lipper, Inc. It is an unmanaged index comprised of 30 funds that are generally similar to the Fund, although some funds in the respective indices may have somewhat different investment policies or objectives.

Jamestown Tax Exempt Virginia Fund: Inception 9/1/93. Gross Expense Ratio: 0.78%. Net Expense Ratio: 0.69% (Advisor has voluntarily agreed to cap Total Annual Fund Operating Expenses at 0.69% of average net assets.)
Investing in any mutual fund involves risk, including the risk that you may lose all or part of the money you invest. The Jamestown Tax Exempt Virginia Fund is a non-diversified fund which may present greater risks than investing in a diversified fund. The Fund concentrates its investments in Virginia municipal securities, and as such may be adversely affected by factors impacting the Virginia economy. The Fund's investments in fixed-income securities are subject to such risks as: interest rate risk, call risk, default risk, liquidity risk and rating risk. For additional information on these risks and other related risks (non-principal), please review the full prospectus.

The Barclays 5-Year Municipal Bond Index is an unmanaged index generally representative of 5-year tax-exempt bonds. Because The Jamestown Virginia Tax Exempt Fund is typically classified as an intermediate-term fund (with an average duration of between 2 and 10 years), this Index is believed to be the most appropriate broad-based securities market index against which to compare the Fund's performance.

The Lipper Intermediate Municipal Fund Index is a registered trademark of Lipper, Inc. and is an unmanaged index of 30 funds that are generally similar to the Fund, although some Funds in the index may have somewhat different investment policies or objectives.