

EQUITY FUND

BALANCED FUND

**TAX EXEMPT
VIRGINIA FUND**

Jamestown Mutual Funds

2011 Third Quarter Review

THE ECONOMY

Several reputable economists believe the probability of a US recession has increased. Though most economic data indicates slowing growth, there are some offsetting signs of improving economic conditions. The Commerce Department announced that the US economy expanded at a 1.3% rate in the second quarter after a 0.4% pace in the first quarter. At the end of September, the Economic Cycle Research Institute, a business cycle forecasting firm, reported that "the most reliable forward-looking indicators are now collectively behaving as they did on the cusp of full-blown recessions, not 'soft landings'."

Unemployment remains above 9%, but weekly unemployment claims fell to just 391,000 in the last week of September, which was the lowest level since early April. ADP Employer Services reported that private employers added 91,000 employees in September and 89,000 in August.

The September ISM Manufacturing survey unexpectedly rose 1.0 point to 51.6 - indicating sluggish growth - outperforming more modest expectations of 50.4. The September reading was also slightly higher than both the August reading of 50.6 and the July reading of 50.9. Likewise, the September ISM Non-Manufacturing survey showed a slightly better-than-expected reading of 53.0 versus expectations of 52.8.

Light vehicle sales rose 8.3% in September to a 13.1 million unit annual pace, the highest level since April. An aging US fleet drove pent-up demand higher, as consumers took advantage of richer discounts and low-rate financing terms.

The ICSC/Goldman Sachs Retail Chain Store Sales Index gained 0.1% in the last week of September, as gasoline prices edged lower and shopper traffic increased. On a year-over-year basis, the index is up 3.7%. The group still expects September sales will rise 4% to 5% for the year.

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JAMESTOWN FUNDS 2011 THIRD QUARTER REVIEW

FINANCIAL MARKETS

Around the world, markets adjusted violently in the third quarter, as the European sovereign debt crisis and the US debt downgrade rattled investors' confidence and raised the probability of a global recession. During the third quarter, the S&P 500 Index fell 13.9%, the Dow Industrials dropped 11.5% and the NASDAQ declined 12.7%. Gold jumped 7.9% during the quarter despite plunging 11.4% in September.

Defensive sectors outperformed for the quarter, including Utilities, Consumer Staples, Healthcare and Telecom. Surprisingly, Technology also performed relatively well. Cyclical sectors performed poorly, including Materials, Financials, Industrials and Energy.

As markets adjusted to the increasing uncertainty in European sovereign debt markets, yields on European debt rose dramatically. Europe was the worst performing region in the world; German and French equity markets were down as much as 25%. The MSCI EAFE Index of developed international markets dropped 19.0%, while the MSCI Emerging Markets Index fell 22.6%. The MSCI China Index fell more than 25% and the Russian Index dropped nearly 22%.

Despite the downgrade from a Triple-A credit rating, Treasury bonds enjoyed the biggest rally since 2008, with yields plunging to historical lows. Fears of global recession and angst over European sovereign debt prompted investors to shed risky assets and flee to safe havens such as U.S. government debt.

JAMESTOWN EQUITY FUND

The Jamestown Equity Fund underperformed the S&P 500 during the quarter with a return of -14.68% compared to the S&P 500 Index return of -13.86%. The Fund was helped by building a larger than normal cash position during the quarter, but this was offset by stock selection. We made significant adjustments during the quarter as concerns over the European debt crisis escalated, and we remain somewhat defensively positioned heading into the last quarter of the year.

For the first nine months of the year, the Fund returned -7.98 versus -8.67% for the S&P 500. The outperformance was driven by holding some cash and good stock selection during the year. Stock selection has been the strongest in the Consumer Discretionary and Finance sectors.

The evolution of the European crisis will likely dictate the direction of global markets for the remainder of the year. While investors keep a close eye on policies out of Europe, sentiment has become so negative that a sharp rally in the markets may occur at any time. The spread between the bulls and bears in the Investors Intelligence survey is back at levels seen at the lows in March 2009. Sentiment actually bottomed in late 2008, which led to a bounce in the market before the ultimate lows in March. We also track the sentiment composite survey from Ned Davis Research, which also suggests a potential for a near term rally.

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 FUNDS 2011 THIRD QUARTER REVIEW

JAMESTOWN BALANCED FUND

The Jamestown Balanced Fund fell 10.17% during the third quarter compared to a decline of 9.62% for the Lipper Balanced Fund Index. For the year to date, the Fund returned -4.88% versus -5.41% for the Lipper Index. We reduced the allocation to equities in the Fund throughout the quarter as concerns over the global impact of the European debt crisis escalated. At the end of the quarter the Fund had 12% in cash, 57% in equities, and 31% in fixed income.

The Federal Reserve Bank announced a program of buying \$400 billion of longer-dated Treasury debt while selling shorter-dated debt, an attempt to lower long-term interest rates. Real interest rates remain negative as the Fed intends to keep short-term interest rates at zero until 2013.

Corporate bond credit spreads widened to the highest levels since 2009, with financial companies the weakest sector. Particularly with the widening in spreads that took place during the quarter, we find corporate securities more attractive than Treasuries and remain overweight corporate bonds in the Fund.

JAMESTOWN TAX EXEMPT VIRGINIA FUND

The Jamestown Tax Exempt Virginia Fund posted a total return of 2.05% in the third quarter, compared to 1.97% for the Barclays 5-Year Muni Bond Index. The Fund remains positioned in high grade, intermediate-term bonds with a weighted average stated maturity of 6.2 years and a weighted average effective duration of 4.1 years. As of September 30, the Fund's SEC 30-day yield was 1.72%, which results in a taxable equivalent yield of 2.65% for investors in the 35% federal tax bracket.

Municipal bonds extended the rally that began in early April as yields were pulled lower by the extraordinary gains in US Treasuries. Issuance of new municipal debt remained below average; however, by the end of the quarter market conditions favored issuers, and some increase in primary market activity is expected in the fourth quarter. Intermediate maturities saw tax-exempt yields decline by 30 to 50 basis points in the 5 to 10-year maturity range. Yields on 30-year maturities fell as much as 80 basis points, led by demand from banks and dealers, and long maturity bonds had the strongest performance during the quarter. The slope of the tax-exempt yield curve flattened significantly in the quarter, following the lead of the Treasury curve. With the Federal Reserve pledging to keep short-term interest rates near zero until 2013, the short end of the yield curve is anchored at extremely low yields and yield curve slope will be determined by the direction of long maturity yields. Ratios of tax-exempt yields versus Treasuries are above 100%, near the highs seen in 2008, yet this is an artifact of the exceptionally low yields on Treasury debt.

Municipal bond investors have to pay attention to increasing political risk that could affect the value of tax exemption. The Administration's proposal to limit the benefits of tax-exempt bonds to an effective 28% tax rate for high income taxpayers would diminish the value of tax-exempt income. Likewise, any tax reform proposal that reduces federal income tax rates and institutes a VAT or national sales tax would be detrimental to values of existing muni bonds and could raise financing costs of state and local government issuers. There is increasing likelihood that tax exemption will be on the table as part of tax reform considerations, although state and local officials have fended off previous attempts that threatened to disrupt the status quo of public finance.

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Performance Periods Ended September 30, 2011

	----- ANNUALIZED -----					
	QTR	1 Year	3 Years	5 Years	7 Years	10 Years
Jamestown Equity Fund	-14.68%	0.41%	-1.35%	-1.16%	1.42%	2.15%
Lipper Large Cap Core Index	-14.35	-0.70	0.50	-1.42	1.86	2.10
Jamestown Balanced Fund	-10.17%	0.67%	1.24%	1.18%	2.63%	3.23%
Lipper Balanced Fund Index	-9.62	0.30	3.94	1.53	3.62	4.13
Jamestown Tax Exempt Virginia Fund	2.05%	2.64%	5.45%	4.21%	3.55%	3.75%
Barclays 5-Year Municipal Bond Index	1.97	3.76	6.76	5.55	4.59	4.68
Lipper Intermediate Muni Fund Index	2.68	3.22	6.63	4.31	3.91	4.12

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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: 1.20%

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 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 indices may have somewhat different investment policies or objectives.

Jamestown Tax Exempt Virginia Fund: Inception 9/1/93. Gross Expense Ratio: 0.76%. 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.