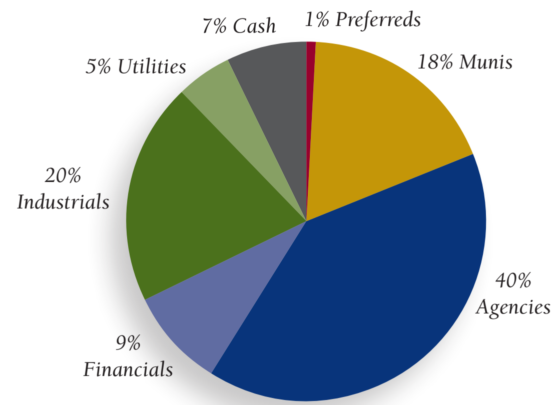
The Trust Company of Virginia
www.tcva.com

Taxable Fixed Income Performance Composite

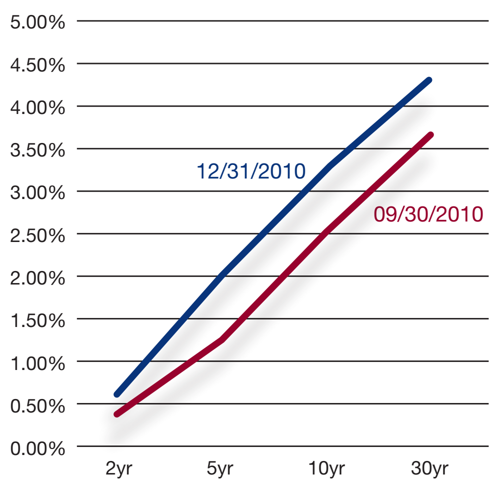
The last quarter of 2010 saw more activity than the previous three quarters put together. While economic growth showed signs of improvement, the rate was not sufficient to bring unemployment down or satisfy the Federal Reserve. Household spending has increased marginally, but remains constrained due to continued high levels of unemployment, modest income growth and tight credit. In a continued effort to promote a higher level of growth to the recovery, the Federal Reserve implemented another round of quantitative easing (QE2). The reasoning behind this move was an attempt at keeping bond yields low, hoping to spur spending and investment. However, since that time, the bond market has reacted with rising yields; the opposite of the FOMC's intentions. The increase in rates is not a reaction to QE2, but primarily due to a shifting to a more optimistic view of the economy. The attractiveness of bonds in a rising rate environment has been questioned, but investor sentiment shows a continued need for investing in lower volatility securities with a reliable and predictable income stream.

The TCVA taxable, fixed income composite outperformed its benchmark for the 4th quarter, but lagged for the year, ending December 31, 2010. The composite has maintained an average weighted maturity and duration shorter than the Lipper Benchmark. Characteristics of the composite included an increased exposure to government agency securities and higher overall credit quality. Lower quality securities outperformed higher quality over the quarter and yield spreads tightened. The composite continued to add exposure in the taxable municipal bond arena; while maintaining a high degree of credit quality. Investing in shorter maturing bonds with higher coupons is the best defensive strategy in an already low interest rate environment and no change in the composites configuration is expected. Concentrating on higher quality bonds with above average yield advantages over Treasuries will continue to be the focus.

Fixed Income Sector Breakdown



Treasury Yield Curve



Portfolio Characteristics:

Average Maturity	2.4 yrs
Average Duration	2.1 yrs
Average Yield to Maturity	2.37%
Average Coupon	5.50%
Average Quality	AA

Credit Quality:

AAA	46%
AA	18%
A	33%
BBB	3%