Performance Report

Returns - June 30, 2013	YTD	1 Year	3 Years	5 Years	10 Years
TCVA Equity Composite	8.11%	15.87%	13.26%	4.38%	7.75%
TCVA Strategic Equity ETF	6.92%	16.06%	14.69%	N/A	N/A
Lipper Global Multi Cap Core Benchmark	8.84%	20.40%	14.19%	4.78%	6.88%
TCVA Fixed Income Taxable Composite	-0.58%	0.77%	2.24%	3.71%	4.29%
Lipper Short-Interm Investment Grade Debt Benchmark	-1.08%	1.20%	3.18%	4.49%	3.60%
TCVA Strategic Fixed Income ETF	-1.72%	-0.57%	2.02%	N/A	N/A
Barclays U. S. Aggregate Benchmark	-2.44%	-0.69%	3.51%	5.19%	4.52%

*10yr Benchmark Return applies to Lipper Large Cap Value Index. Performance data should always be shown in conjunction with disclosure information.

Indexed and Fund Returns - June 30, 2013	YTD	1 Year	3 Years	5 Years	10 Years
iShares Russell 2000 Index (IWM)	15.36%	23.81%	18.51%	8.67%	9.50%
iShares Russell Mid Cap Index (IWR)	15.21%	25.05%	19.33%	8.10%	10.42%
iShares MSCI EAFE Index (EFA)	2.80%	18.25%	10.58%	-0.57%	7.50%
Vanguard International Growth Fund (VWILX)	0.90%	15.39%	10.41%	1.18%	8.98%
Vanguard Emerging Markets ETF (VWO)	-11.62%	0.81%	3.33%	-0.97%	13.22%
Vanguard REIT ETF (VNQ)	6.19%	8.96%	18.11%	7.98%	10.85%
S&P500/Citigroup Value Index	15.74%	25.13%	18.17%	6.51%	7.40%
S&P 500 Index	13.82%	20.59%	18.44%	7.01%	7.29%

PERFORMANCE COMPOSITE NOTES

The Trust Company of Virginia Composites
The Trust Company of Virginia composite performance data were calculated and are being presented in compliance with the standards set forth by the CFA Institute. The returns shown represent averages of discretionary portfolios or segments of portfolios, which are managed in accordance with The Trust Company of Virginia's investment style and philosophy. Figures represent time-weighted rates of return before the deduction of management fees and include all dividends and interest, accrued income and realized and unrealized gains and losses. The composites shown include only those accounts of at least $300,000 in market value and segments from qualified accounts. Accounts must have been under management for six months before qualifying for one or more composites. Returns are calculated monthly, weighted by market value and geometrically linked for periods exceeding one month. Cash available for particular asset classes has been allocated according to individual account guidelines. Returns will be reduced by the applicable management fees.

Index and Benchmarks
All indexes and benchmarks are provided for general comparison purposes. Any performance quoted indicates past performance and should not be viewed as a representation or forecast of future results. The performance results represented by the Lipper Benchmarks reflect deduction of management fees and expenses. The Lipper Global Multi Cap Core Funds Benchmark is comprised of managed funds which invest in domestic and international equity securities, further allocating among large, small, and mid cap companies and emerging markets. The Morgan Stanley Capital International (MSCI) EAFA is an index, with dividends reinvested, representative of the securities markets of twenty developed countries in Europe, Australia and the Far East. The Lipper Short-Intermediate Investment Grade Debt is an index, representative of managed funds investing in short to intermediate-term government bonds and investment grade corporate debt securities.

Additional Information
A full description of all of The Trust Company of Virginia's performance composites, including the number of accounts and the total market value of assets comprising each composite, is available upon request. Historical returns are no guarantee of future results. This information is intended for use in a one-on-one setting and is not intended in any way, shape or form to be an advertisement. Composite Benchmarks are calculated by weighting the appropriate equity benchmark (Lipper Global Multi Cap Core Funds Benchmark) and the fixed income benchmark (Lipper Short-Int Investment Grade Debt Benchmark) according to the asset allocation.

Investor Disclosure
Investments are not insured by the FDIC and are not a deposit or other obligation of, or guaranteed by The Trust Company of Virginia, and are subject to investment risk, including possible loss of principal.

The Trust Company of Virginia

June 30, 2013

2Q By the **Numbers**

Fixed Income Commentary

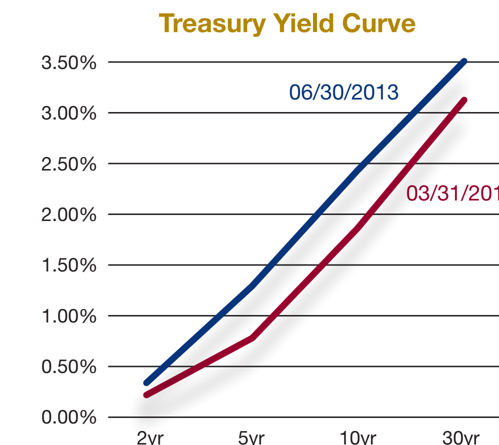
~ Elizabeth D. Swartz, Senior Vice President - Manager of Investment Services

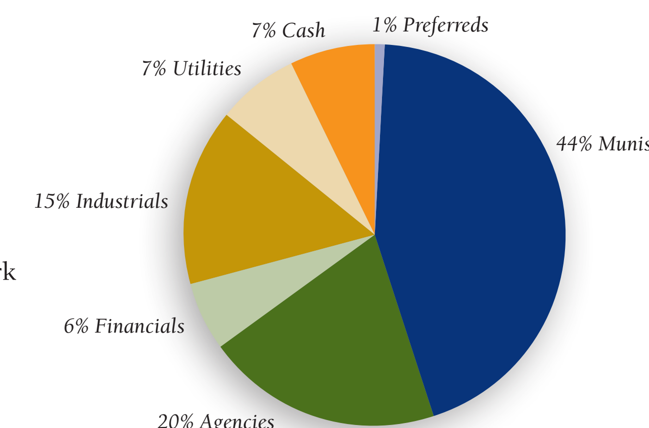
Fixed Income Market Comments

Comments made by Ben Bernanke and the Federal Reserve Board threw the markets into a tailspin during the later portion of the second quarter. Although the Fed did not reveal any changes to their well publicized strategy, the bond market's interpretation sent interest rates higher across the curve. The view remains that the economic environment has improved, but not at the rate that would be optimal. The housing market has gained momentum and the labor market shows signs of improvement, but the unemployment rate remains elevated. The types of jobs that are being created is of concern; as we are not seeing the expansion in areas that sustain economic grow, such as manufacturing. Wage growth is expanding moderately, but potentially higher levels of inflation do not appear problematic. The Fed reiterated that until the unemployment rate reaches 6.5% and inflation reaches 2.5%, they will not contemplate policy change. That means, at this point, there will be no tapering of their asset purchase program ($85 billion per month) and definitely no changes to the Fed Funds rate target. Any premature reduction in the Fed's balance sheet could lead to a further rise in interest rates which could interrupt a tentative recovery. If there should be any change to monetary policy, it would be gradual and the result of economic data that deviates from the Fed's forecasts. An increase in bond yields can be seen as positive for the economy, if they are rising for the right reasons. An economy which is expanding at an appropriate and methodical rate and wages and profits that are improving is what the Fed has been working toward. As the year progresses, any upward movement in bond yields due to an improving economy, not run-away inflation, will be seen as positive. The degree of movement, however may be more volatile than we have experienced for some time, but are confident in a resilient economy and a continued expansion.

Taxable Fixed Income Performance Composite

The TCVA taxable, fixed income composite outperformed its benchmark for the quarter ending June 30, 2013. The composite has maintained an average weighted maturity and duration shorter than the Lipper Benchmark. Characteristics of the composite included a large exposure to investment grade, corporate bonds and higher overall credit quality. The supply of quality securities continued to be light and yield spreads tightened during the quarter. The composite's exposure in the taxable municipal bond arena remains strong; while maintaining a high degree of credit quality. Investing in shorter maturing bonds with higher coupons is the best defensive strategy in a historically 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.





Portfolio Characteristics:

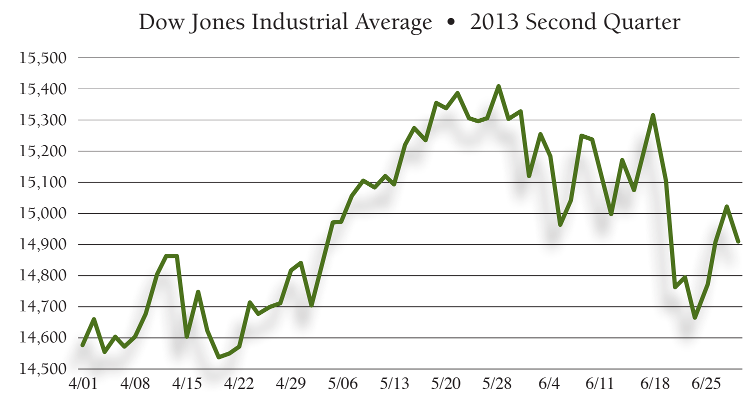
Average Maturity	2.9 yrs
Average Duration	2.6 yrs
Average Yield to Maturity	2.88%
Average Coupon	4.68%
Average Quality	AA

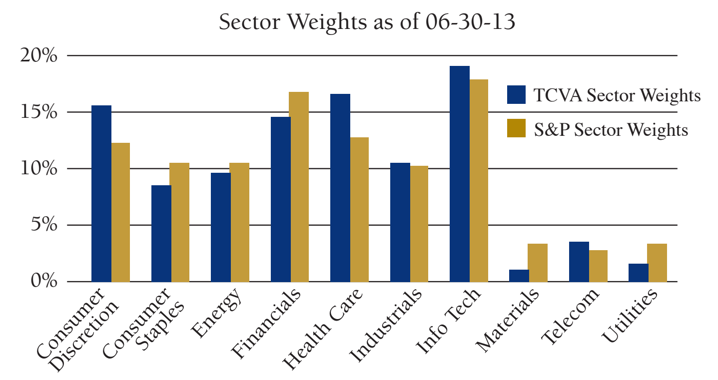
Credit Quality:

AAA	31%
AA	34%
A	28%
BBB	7%

Equity Commentary

~ Richard L. Ware, CFA, Senior Vice President, Equity Manager





Market Comments

The second quarter started off well with the Dow, S&P 500 and NASDAQ all gaining ground in April and May. The Dow set 12 new record highs and gold plunged as investors dumped the safe haven metal to take advantage of the market's surge. June was a different story. Fed Chairman Bernanke's comments on the tapering of the stimulus program roiled both the stock and bond markets. The Dow had 100 point swings in 15 of the 20 trading days and the bond market saw the 10 year Treasury rise to 2.65%. This was its highest yield since August of 2011 and well off May's 1.6%. The CBOE Volatility Index (VIX) rose 37% for the quarter.

Performance Attribution

For the second quarter, we slightly underperformed our benchmark, the Lipper Global Multi-Cap Index .19% vs. .84%. Our large cap portfolio did beat the S&P 500 by 3.21% vs. 2.90%, but the diversifiers we use to spread risk pulled down our over-all results.

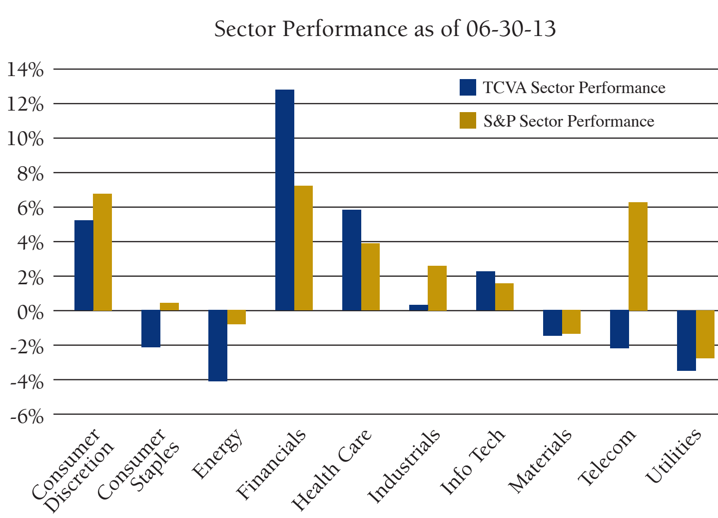
Sector Weighting

Sector weighting helped our portfolios this quarter in that we overweighted three sectors that outperformed, Consumer Discretion, Health Care and Telecom and underweighted four sectors that underperformed, Consumer Staples, Energy, Materials and Utilities. Unfortunately, we underweighted one outperforming sector, Financials and overweighted two underperformers, Industrials and Info Tech, but the over-all effect of these misses was eclipsed by our winners.

Security Selection

Security selection slightly hurt our portfolios this quarter. We outperformed the S&P 500 in 3 sectors, Financials, Health Care and Info Tech and indexed one sector, Materials. Regrettably, we underperformed in Consumer Discretion, Consumer

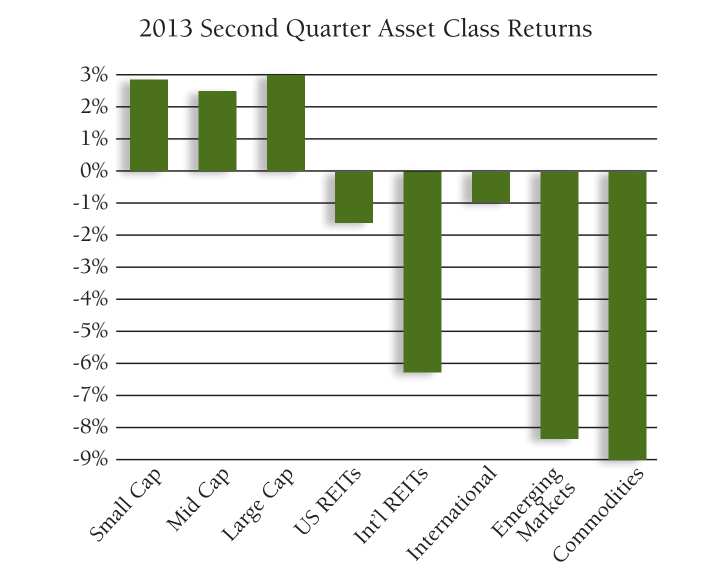
Best Performers		Worst Performers	
Prudential	24.49%	Marathon Petroleum	-20.36%
Microsoft	21.56%	IBM	-9.99%
VF Corp.	15.62%	Intuit	-6.78%
United Health	14.95%	Hormel	-6.29%
Western Union	14.59%	Mondelez	-5.99%



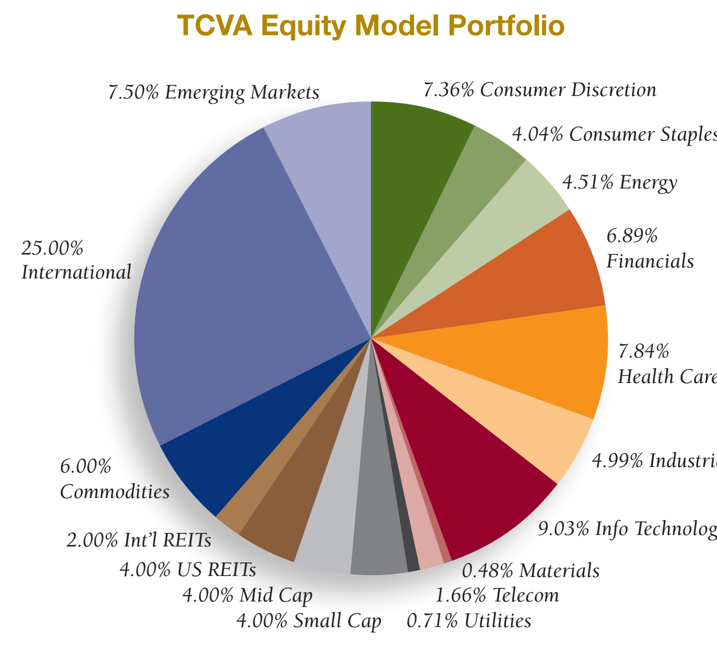
Staples, Energy, Industrials, Telecom and Utilities, but usually by slim margins. Much of the damage was done to our high dividend stocks, where investors pulled money out in anticipation of the Fed's withdrawal from the bond market.

Asset Allocation

Asset Allocation slightly hurt our portfolios this quarter in that several of the alternative asset classes that we added for diversification underperformed our large cap core. Since we are very close to the benchmark weights in these areas, the effect was not that profound.



TCVA Equity Model Portfolio



Summary

This was the fourth consecutive year where the second quarter equity results lagged. In the prior three years, 2010-2012, market downturns were fueled by weak economic data and fears of a global recession. As a result, money came out of stocks and went into bonds and gold. This year, money came out of stocks, bonds and gold. In essence, the market drop was not due to fear of economic collapse, but rather increased confidence. Investors are simply worried the Fed will pare back on its economic stimulus.

With the markets so infatuated with quantitative easing, it is hard to take a one sided approach. As is often said, we would rather be approximately right rather than exactly wrong. While many of the signs of financial recovery are present (Financial stocks doing well, housing improving and unemployment shrinking) how investors will react to them is still unpredictable. In times like these, diversification is the best insurance.

Insurance is a difficult topic for some. One buys it hoping to never use it. In this case, Emerging Markets, International and Commodities are hedges against the US slipping out of recovery (or other areas doing better). We believe the US is on the road to recovery, but see enough troubling signs to be cautious. For instance, while unemployment is dropping, the job creation has been greatest in leisure/entertainment and retail rather than manufacturing. Sequestration will mean fewer government jobs and companies are still not making major capital expenditures. The trade deficit increased in April and May, so exports are not saving us yet. That leaves the US consumer to spend us into 3% GDP growth. Admittedly housing and auto sales have been good, but not that good.

We are not saying the recovery is in jeopardy. On the contrary, we feel good about the prospects for the US, we just feel investors need to be well diversified, avoid market timing and stick with high quality companies that consistently increase their earnings and dividends. In the long run, this discipline should pay off with higher returns and lower volatility.