

THE ADVANTAGE

3RD QUARTER 2021

How We See It

September was marked by an increase in market volatility, a spike in oil prices, and a slide in equities returns.

The volatility was mainly driven by debt ceiling brinkmanship and infrastructure wrangling in an evenly divided U.S. Senate and the news that the Evergrande, China's second-largest property developer, may go bankrupt.

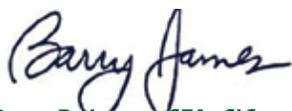
More important is the U.S. Federal Reserve (Fed) announcement that its widely anticipated reduction in the bond-buying program may happen sooner than expected, ushering in the end of the pandemic easy money era. The bond market took note, and the 10-year Treasury rose to 1.45%, a 28% rise from its year-to-date low of 1.13% set in August.

Even though it has moderated in August, inflation has broadened to core non-pandemic items because of supply chain bottlenecks and rising labor costs.

There are several reasons why both the University of Michigan Consumer Sentiment Index and the Conference Board Consumer Confidence are trending down. The fear of Fed tapering, the deceleration of economic momentum due to the Delta variant, the high stock valuations, and China regulatory crackdown are increasing investors' nervousness.

However, there is a revival in certain market segments like cyclical stocks that tend to do well in an environment characterized by economic growth and rising inflation trends. Higher earnings growth estimates and cheaper valuations are also a plus for the cyclical sector (Energy, Materials, and Industrials.)

Sincerely,



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Total Returns After Expenses as of September 30, 2021

	**Operating expenses	3Q2021	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.13%	-0.30%	11.53%	3.60%	3.34%	5.25%	7.10%	7/1/91
James Small Cap (No Load)	1.51%	-0.69%	57.72%	3.44%	5.19%	8.64%	7.36%	10/2/98
James Micro Cap (No Load)	1.51%	-1.43%	50.30%	6.39%	7.15%	12.20%	9.96%	7/1/10
James Aggressive Allocation (No Load)	0.99%	-2.45%	16.51%	1.86%	3.97%	-	2.56%	7/1/15

Investors should consider the investment objectives, risks, and charges and expenses of the James Advantage Funds (the Funds) carefully before investing; this and other information about the Funds is in the prospectus, which can be obtained by calling 1-800-99-JAMES. Read the prospectus carefully before you invest. The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund's current performances may be lower or higher than the performance data quoted. Investors may obtain performance information current to the last month-end, within 7 business days, at www.jamesinvestment.com. ALPS Distributors, Inc. is not affiliated to James Investment Research, Inc. **Indicates total annual fund operating expenses. Barry James is a registered representative of ALPS Distributors, Inc. JAF000652.

James Balanced: Golden Rainbow

The James Balanced: Golden Rainbow Fund declined during the most recent three month period, falling 0.30% while paying a dividend of 3.23 cents per share on September 30th, striving to meet the objectives of current income and preserving capital in declining markets. Due to its conservative objectives, the Fund finished the quarter with 53.5% invested in common stock, 6.2% in cash and cash equivalents, and the remaining allocated to fixed income, or bonds. By carrying a higher cash balance, the Fund was able to avoid some of the downturn we saw in stock and bond prices. Bonds made an abrupt change and rose in yield (declined in price) during much of September. The Fund continues to be diversified, holding stocks of many different sizes: large, mid and small. In addition to size levels, the Fund is invested in many different sectors and industries, providing diversification within the equity investments. Our bond holdings continue to remain high quality, investment grade positions with a lower duration than the benchmark averages.

James Small Cap

The James Small Cap Fund lost 0.69% during the third quarter ending September 30th while the Russell 2000® Index fell 4.36%. Even with the small pullback during the prior three months the James Small Cap Fund is up 25.05% through the first three quarters of the year. As we head into the end of the year, we think the reopening should favor cyclically sensitive sectors such as Financials, Industrials and Basic Materials. We are positioning the Fund with a tilt towards value and believe the economy should remain strong while we look for rates to move higher to end the year. This should benefit the Financial sector and is an area we are favoring, while we are lightening up our allocation to the growth leaning Information Technology sector.

James Micro Cap

It was a challenging quarter ending September 30th for the microcap universe. Overall, the Russell Microcap® Index was down 4.98% while your James Microcap Fund fell 1.43%. While the quarter was challenging, we find 2021 overall to be much more favorable as your Fund is up over 20% during this time frame. What of the future? Smaller stocks, like microcaps, seem to be greatly influenced by the state of the economy and COVID-19. When COVID-19 cases in the U.S. are falling and the economy is re-opening, smaller stocks have historically performed relatively well. However, when cases are on the rise and talk of shutdowns rule, then larger issues have shown leadership. Thus, we believe the declining number of confirmed COVID-19 cases may prove beneficial.

James Aggressive Allocation

After an extremely strong run, the markets finally took a bit of a breather in the third quarter of 2021. As such, the James Aggressive Allocation Fund was down a slight 2.45%. Year-to-date the Fund is up 8.03% and has advanced 16.51% over the past 12 months. As we head towards the end of 2021, we are reminded November through February have historically been decent months for stocks. Keeping that in mind, the Fund currently carries a 73% exposure to stocks, with the remaining in fixed income and cash. If 're-opening' stocks do well, we believe our slightly higher allocation to Energy, Financials and Industrials may help. At the same time, we are just a little under in Technology, which recently has lagged in periods where interest rates increase.

Your Future. Our Purpose.

Fund holdings and sector weightings are subject to change without notice. The average annual total returns assume reinvestment of income, dividends and capital gains distributions and reflect changes in net asset value. The principal value and investment return will vary with market conditions so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Russell 2000® Index is a small-cap stock market index of the smallest 2,000 stocks in the Russell 3000® Index. The Russell Microcap Index measures the performance of the microcap segment of the U.S. equity market. Dividends are not guaranteed and the Fund's abilities to pay dividends may be limited. Indices are not actively managed and do not reflect any deduction for fees, expenses or taxes. An investor may not invest directly in an index.

Important Risk Disclosures: *Small Cap and Micro Cap investing involves greater risk not associated with investing in more established companies, such as greater price volatility, business risk, less liquidity and increased competitive threat. You should note that the James Advantage Funds are professionally managed mutual funds while the indices are unmanaged, do not incur expenses and are not available for direct investment. Diversification does not eliminate the risk of experiencing investment losses. The James Advantage Funds are distributed by ALPS Distributors, Inc., 1290 Broadway, Suite 1000, Denver, CO 80203.*