



YOUR FUTURE. OUR PURPOSE.



THE ADVANTAGE

How We See It

3RD QUARTER 2019

Many stock indices had set new highs in July but were down in the month of August. September saw things perk up a bit, and we have been inching closer to those previous highs. However, every time it comes close, some new hurdle gets in the way, whether it is Iran, trade wars or impeachment proceedings. Nonetheless, the longer term advance in stocks has remained in place, which we feel is a healthy sign.

When it comes to impeachment proceedings, the market fell significantly during the Nixon inquiry. However it rose strongly during the Clinton impeachment. In the end, the impeachment situation was overruled by the underlying economy. It was weak in 1974 and it was strong in 1998-1999. Its impact may have been exaggerated due to the likelihood of conviction. It became apparent Nixon would be impeached and removed from office while it was a forgone conclusion Clinton would not.

The Federal Reserve has cut rates again, and the slowdown in industrial production and the housing market appears to be reversing. The consumer continues to spend, and confidence remains high. Overall, economic reports are running better than most estimates but some areas of the economy are showing signs of stress.

We believe volatility will likely remain, but the upward trend in stocks could continue. We feel it is a better time to refresh portfolios than to aggressively change equity levels. Due to some signs of economic stress, we believe bonds look attractive and we think having a good portion of a balanced portfolio in bonds may prove beneficial.

Sincerely,

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Total Returns After Expenses as of September 30, 2019

	**Operating expenses	3Q2019	YTD	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.00%	1.24%	8.80%	-0.97%	1.63%	1.82%	5.39%	7.18%	7/1/91
James Small Cap (No Load)	1.50%	-1.21%	9.92%	-16.51%	-0.95%	0.75%	7.88%	6.64%	10/2/98
James Micro Cap (No Load)	1.51%	1.82%	19.99%	-2.49%	4.58%	6.91%	-	9.71%	7/1/10
James Aggressive Allocation (No Load)	1.01%	-0.20%	8.76%	-5.46%	2.81%	-	-	1.11%	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.jamesfunds.com. ALPS Distributors, Inc. is not affiliated to James Investment Research, Inc. **Indicates total annual fund operating expenses. Barry James and David James are registered representatives of ALPS Distributors, Inc. JAF000582

James Balanced: Golden Rainbow

Your James Balanced: Golden Rainbow Fund, which seeks to provide total return through a combination of growth and income while preserving capital in declining markets, did just that for the 3rd quarter of 2019. During the quarter, the Fund advanced 1.24% while the benchmark, 25% Russell 1000, 25% Russell 2000 and 50% Bloomberg Barclays Intermediate Government Credit, was only up 0.48%. When we look to see why the Fund outperformed its benchmark, several areas appear to have helped. The James Balanced: Golden Rainbow Fund maintained a slightly larger allocation to Large Capitalization stocks, which did well during the quarter. At the same time, the Fund also held longer term bonds than the index. These two positions helped increase the return, while at the same time, provided diversification and potential downside mitigation; as they often move in opposite directions. Lastly, and maybe significantly, the markets saw Value stocks advance at a faster rate than their Growth oriented counterparts. Our research shows Value investing has outperformed Growth going back to the Great Depression, and if these types of stocks continue to do well, we believe good things for the Fund may follow.

James Small Cap

During the 3rd quarter of 2019 your James Small Cap Fund fell 1.21% while the Russell 2000 Index fell 2.40%. The Fund continues to focus on stocks with good relative value, profitability and relative strength. Trade talks and a slowdown in the manufacturing sector have made headwinds for small companies. This leads to uncertainty and a lack of investment by these companies. We don't see a significant slow down on the horizon, but we are watching to see how trade and economic growth progress during the months ahead, and will adjust the Fund accordingly.

James Micro Cap

Your James Micro Cap Fund advanced 1.82% during the third quarter. Your Fund continues to focus on smaller sized stocks, with the average market capitalization under \$1 billion. As of today, your Fund has enjoyed strong earnings' growth and has had favorable strength levels. What of the future? From a seasonal and political calendar standpoint, we are entering a time that historically favors smaller stocks. Our research continues to show investing in bargain securities, those with good relative value, profitability and relative strength, can work long-term.

James Aggressive Allocation

Your James Aggressive Allocation Fund came on strong towards the end of the quarter, however it ended the quarter down 0.20%. The Fund employs a strategy that is not unlike that of the James Balanced: Golden Rainbow Fund, however with a larger allocation to equity positions. At the same time, the Fund often invests in stocks which may exhibit a little more volatility while maintaining the prescribed discipline of value, earnings and momentum. The Fund carried a slightly larger allocation to technology stocks and unfortunately, a couple of these stocks were in the middle of the discussions regarding China and the tariffs placed upon their goods. At quarter end, the James Aggressive Allocation Fund was 71% in stocks with the remainder in bonds and cash. This allocation can be easily adjusted to take advantage of a possible trade deal or to help mitigate in case of a slowing economy.

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The S&P 500 is a stock market index that tracks the stocks of 500 large-cap U.S. companies. The Russell 1000 is a subset of the Russell 3000 Index. It represents the top companies by market capitalization. The Russell 2000 Index is a small-cap stock market index of the bottom 2,000 stocks in the Russell 3000 Index. The Bloomberg Barclays Intermediate Government/Credit Bond Index is a broad-based flagship benchmark that measures the non-securitized component of the US Aggregate Index. Price/Earnings ratio is a valuation of a company's current share price compared to its per-share earnings. 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.

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, 10th Floor, Denver, CO 80203.