



YOUR FUTURE. OUR PURPOSE.



THE ADVANTAGE

How We See It

4TH QUARTER 2019

All asset classes have posted remarkable returns in 2019. The S&P 500 was up over 30 percent while the 10-year U.S. Treasury yield has declined by more than 30 percent, driving bond prices up. The last time we saw similar returns for both stocks and bonds was in 1998 when the Federal Reserve Bank (FED) cut rates three times to avoid a recession. Perhaps this is why investors “Party Like It’s 1999” in 2019.

This last year we saw a divergence between confident consumers and wary businesses. However, we believe the business concerns will lessen due to the truce in trade disputes with China and the thought manufacturing may pick up in the next few months. Christmas sales show the consumer remains upbeat as the shopping spree rolls on.

On the stock market front, valuations are extremely elevated which makes the market vulnerable to some volatility. Fortunately, the momentum of the stock market is still positive. Overall, we anticipate modest gains in the market and we may see some rotation into finance and energy sectors.

In the bond market, we may see a pickup in yield as economic growth improves. We don’t see the FED tightening in an election year, but rather see an expansion of the FED balance sheet to help take care of the Repo (repurchase) market liquidity issues.

During the last few months of 2019 we saw value investing closing the gap on the growth style. We believe this will continue as the late economic cycle progresses. We also saw a revival in small stocks which we think will carry forward into 2020. Furthermore, we see some opportunities in overseas markets.

We wish you a Happy and Prosperous New Year.

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Total Returns After Expenses as of December 31, 2019

	**Operating expenses	4Q2019	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.08%	3.04%	12.10%	2.08%	1.93%	5.58%	7.23%	7/1/91
James Small Cap (No Load)	1.54%	7.19%	17.82%	-1.73%	0.98%	8.33%	6.91%	10/2/98
James Micro Cap (No Load)	1.57%	5.42%	26.49%	2.80%	5.92%	-	10.05%	7/1/10
James Aggressive Allocation (No Load)	1.03%	4.98%	14.18%	3.32%	-	-	2.14%	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. JAF000592.

James Balanced: Golden Rainbow

As we look back with 20/20 vision, we see your James Balanced: Golden Rainbow Fund advanced 3.04% for the 4th quarter of 2019 giving it an annual return of 12.10%. This included a 4th quarter dividend of 5.01 cents per share and a year end capital gain of 15.22 cents per share. As we ended the year, stocks were reaching their highs and consumers appeared to be spending, showing a strong holiday season. As such, we concluded the year with the equity allocation just above 50%, to take advantage of the surge in prices. Technology and Large Cap stocks led the way showing the strongest returns for the year. One area that lagged was Energy, due to the price of oil. This is one sector we have targeted to increase due to its recent weakness. With prices being depressed and the sector showing the early stages of strength, this addition will hopefully allow us to buy some cheaply priced names which may prosper in the New Year.

James Small Cap

Your James Small Cap Fund returned 7.19% during the 4th quarter of 2019. The Fund ended the year gaining 17.82%. There was no dividend or capital gain for 2019. We are optimistic for 2020 regarding small caps, especially in the areas of Energy and Finance. The uncertainty surrounding the trade tensions with China is falling as "Phase 1" of the deal is set to be signed this month. Additionally, the consumer is strong and we believe growth should continue in the U.S. into the New Year. Small caps have been out of favor relative to larger companies, and we see 2020 as a year small caps rebound relative to large caps.

James Micro Cap

On a total return basis your James Micro Cap Fund ended the year gaining 5.42% during the 4th quarter. A dividend of 3.88 cents per share was paid on December 30, 2019 and a capital gain of 50.58 cents per share was paid on December 10, 2019.

Presently, the Fund has its highest concentration in the Financial and Industrial sectors as we continue to look for bargain opportunities. "Bargain" stocks are those with good relative valuations, profitability and price momentum.

Many of the stocks in the portfolio have strong value characteristics with Price-Earnings, Price-Book and Price-Cash at relatively cheap levels, especially compared to larger stocks like those of the S&P 500.

We will continue to look for securities offering attractive prospects.

James Aggressive Allocation

Your Fund finished the year with a strong 4th quarter, earning 4.98% on a total return basis while paying a dividend of 10.70 cents per share on December 30, 2019. This in turn allowed the Fund to grow by 14.18% for 2019. As a 'balanced' fund with an aggressive stance, it ended the year with an allocation to stocks just north of the 75% level in an effort to take advantage of the advancing stock market. The Fund kept considerable assets in the areas of Technology, Finance and Consumer Discretionary as those areas had momentum behind them, but also a favorable outlook. At year end, the James Aggressive Allocation Fund held a majority of its equity positions in large cap stocks. We may look to add to mid and small cap stocks as opportunities present themselves throughout the New Year.

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The S&P 500 is a stock market index that tracks the stocks of 500 large-cap U.S. companies. Price/Earnings ratio is a valuation of a company's current share price compared to its per-share earnings. Price/Book ratio compares a firm's market to book value. Price/Cash ratio measures the value of a stock's price relative to its operating cash flow per share. 10 Year U.S. Treasury is a debt obligation issued by the U.S. government with a maturity of 10 years upon initial issuance. 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.