

## THE ADVANTAGE

### How We See It

1ST QUARTER 2022

Two major shocks dominated the first quarter of the 2022 narrative: the sharp hawkish turn of the Federal Reserve (Fed), increasing the risk of a recession, and the war between Russia and Ukraine, fueling an already runaway inflation.

The equity markets saw increased volatility in March. After hitting an all-time high on January 4, the stock market had its most significant drop in two years. Between the quarter record high on January 4 and the low on March 14, the Russell 3000 Index, a broad measure of the stock market, dropped by 13.29%. The tech-heavy NASDAQ index lost 20.07%.

However, a decreased fear of a broader war in Europe and a clearer Federal Reserve tightening path buoyed the market in the last two weeks of the quarter. The Russell 3000 Index ended with a gain of 3.24% for March.

Fueled by the geopolitical tensions in Europe, supply chain bottlenecks, wage growth, and strong consumer demand, the Consumer Price Index (CPI) surged 7.9% year-over-year, a level not seen since 1982. It also marked the seventh straight month of inflation above 5%. The gasoline prices have climbed 48% since this time last year. The average hourly wage increased by 5.6% year-over-year, about twice the historical average, raising the specter of a wage spiral not seen since the '70s.

Despite the headwinds mentioned above, we believe the U.S. economic fundamentals remain sound with healthy consumer and corporate sectors. In addition, the positive earnings news from corporations and a strong labor market should help mitigate the impact of these issues. A higher stock market concentration and elevated valuations are a concern. We continue to favor quality companies with strong balance sheets and favorable pricing power.

Sincerely,



**Barry R. James, CFA, CIC**

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Total Returns After Expenses as of March 31, 2022

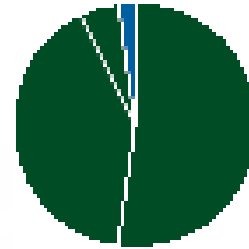
	**Operating expenses	1Q2022	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.18%	-5.16%	3.66%	4.83%	2.67%	4.12%	6.96%	7/1/91
James Small Cap (No Load)	1.78%	-3.17%	12.22%	11.92%	5.58%	6.94%	7.52%	10/2/98
James Micro Cap (No Load)	1.50%	-10.75%	1.83%	8.24%	5.95%	8.83%	9.47%	7/1/10
James Aggressive Allocation (No Load)	1.06%	-6.55%	3.60%	4.61%	3.23%	-	2.54%	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](http://www.jamesinvestment.com). ALPS Distributors, Inc. is not affiliated to James Investment Research, Inc. \*\*Indicates total annual fund operating expenses. Barry James and Brian Culpepper are registered representatives of ALPS Distributors, Inc. JAF000691.

## FINANCIAL WELLNESS

## Plan a Legacy!

Many financial planners and attorneys spend their time selecting investments and drafting estate planning documents that minimize taxes or control how the money is used after their client passes. Turns out that 70% of wealth transfers fail by the third generation. This concept is known as the family goes from shirtsleeves to shirtsleeves in three generations. The first generation rolls up their shirtsleeves and works hard to create wealth to be transferred to their children. But, by the time the grandchildren inherit the wealth, they are back to struggling and rolling up their shirtsleeves to make ends meet. What a terrible thought! All your hard work and sacrifice can disappear within three generations. Why do 70% of wealth transfers fail? The results might surprise you.



- Trust & Communication Breakdown 60%
- Failure to Prepare Heirs 25%
- No Family Mission 10%
- All Other Causes 5%

## Should I Pay Down My Debt?

A 2020 study by Experian shows that the average Boomer has \$97,290 in debt. As Boomers head into retirement, the question becomes should they be paying that debt off? Well, the safest answer is: it depends. That's a cute answer, but what does it depend on?

- The type of debt
- Where the funds are coming from to reduce debt
- Taxes

One of the best parts of working with a financial planner is their expertise in this area. We can look at the impact on your finances if we pay off the debt or keep the money invested, or we may be able to suggest other ways to use the extra dollars you were thinking about putting towards your debt. Maybe those dollars are better used making contributions to a retirement account. With professional guidance there may be more strategic ways to use those extra dollars, and

these are generally only suggested after a review of your specific situation and crunching a lot of numbers. Whether you want a simple payoff strategy or a strategic way to use debt to your advantage, we have the right tools and expertise to get you the right answer!



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**Your Future. Our Purpose.**

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