

THE ADVANTAGE

3RD QUARTER 2020

How We See It

Historically, September tends to be a weak month for stocks, and September 2020 was no different as all major indices declined. A few factors played a role in this decline. The rapid rise in the stock market in August, especially in the technology sector, was perceived as unsustainable. The presidential election uncertainty, the conflicting vaccine headlines, and the lack of another fiscal stimulus package weighed on the markets.

The dark cloud remains the labor market, even though the unemployment rate has ticked down to 7.9%, 9,648,000 jobs have been lost over the last 12 months.

This persistent unemployment is likely to push both sides in Congress to pass another fiscal package. The July 31 expiration of the federal portion of unemployment insurance and the August 8 expiration of the Payroll Protection Program and the lack of agreement between the political parties may result in stalling the economic recovery.

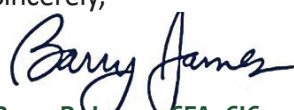
On the positive side, the tailwind from the massive monetary and fiscal stimulus enacted in the wake of the Covid-19 pandemic continues to keep the recovery on the right track.

The recent decision of the Federal Reserve to let inflation run higher before tightening credit conditions was a strong signal lower interest rates will be around for the foreseeable future. Low interest rates are good news for stocks.

Furthermore, resilient corporate earnings and the weaker dollar have been beneficial.

In these headline-driven markets, where our value approach to investing may not be rewarded, we suggest avoiding excessive equity positioning and favoring companies with strong balance sheets.

Sincerely,



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Total Returns After Expenses as of September 30, 2020

	**Operating expenses	3Q2020	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.08%	3.15%	0.68%	0.15%	1.66%	4.39%	6.95%	7/1/91
James Small Cap (No Load)	1.54%	2.55%	-15.95%	-10.08%	-2.34%	4.40%	5.50%	10/2/98
James Micro Cap (No Load)	1.57%	1.34%	-17.84%	-5.47%	1.28%	6.46%	6.66%	7/1/10
James Aggressive Allocation (No Load)	1.03%	4.77%	-4.05%	-1.53%	2.01%	-	0.10%	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. JAF000614.

James Balanced: Golden Rainbow

Your James Balanced: Golden Rainbow Fund advanced 3.15% during the past quarter. That includes a dividend that was paid on September 30th in the amount of 5.23 cents per share. Your Fund continues to operate with approximately an equal weighting to stocks and bonds with a majority of those stocks having large capitalizations. The fixed income holdings are high quality bonds which often show low correlation to stocks, potentially providing good diversification. As of quarter end, the largest sector allocation was to technology stocks and healthcare stocks. Both of these sectors held up as Covid-19 shut down the economy; however, tech was the true winner in the V-shaped stock market rebound. We have maintained lower weightings in energy and real estate, two of the harder hit sectors. At the same time, we have been slowly lowering the allocation to U.S. Treasury bonds as they may have had their day in the sun, and adding to corporate bonds, which offer a slightly higher yield.

James Small Cap

The rally from the March lows continued as the market gained ground during the third quarter and small cap stocks advanced. Your James Small Cap Fund gained 2.55% while the Russell 2000® index advanced 4.93%. The road to recovery is trending in the right direction as jobs return and companies recover. We believe small business optimism is recovering, while hiring plans recover to pre-pandemic levels. Going forward, the major headwinds for small cap stocks will be centered on fiscal stimulus and the elections. Small companies want certainty, as they often don't have the economies of scale which larger companies enjoy. We will look for prospects in the small cap area as the economy continues to improve and as opportunities arise around the election.

James Micro Cap

Your James Microcap Fund gained 1.34% during the third quarter. Your Fund continues to focus on stocks with small capitalizations. Most of the stocks in the Fund have a market capitalization (value of a company that is traded on the stock market) under \$1 billion. We continue to look for bargain securities; those with what we believe have good relative value, profitability potential and relative strength. Presently, this has the Fund concentrated in the Industrial sector. These stocks may benefit from an economic recovery from Covid-19.

James Aggressive Allocation

Your James Aggressive Allocation Fund earned 4.77% during the 3rd quarter of 2020. As of month end, your Fund was carrying 65% in common stocks with the remainder in high quality bonds. We believe this positioning should be able to take advantage of any future market advance, yet still have some defensive positions that may hold up should trouble arise. Your fund is carrying a healthy weighting of technology stocks as this sector has been the best performing not only year to date, but also over the past few years. Conversely, we have very few positions in energy stocks as the volatility in the price of oil has made this a difficult sector to have investments.

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. Dividends are not guaranteed and the Fund's abilities to pay dividends may be limited.

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.*