



YOUR FUTURE. OUR PURPOSE.



THE ADVANTAGE

How We See It

1ST QUARTER 2020

Just one word has changed everything – Coronavirus. It came out of left field and our treatment plan so far is to essentially shut down our economy. Unless and until we find a cure/vaccine, the drastic measures are likely to stay in place and continue to cripple our economy. Indeed, things may well get worse before they get better. We trust you and your family will be safe and healthy.

The COVID-19 quarantines and social distancing are creating massive uncertainty for investors. Uncertainty causes investors fits, and the knee jerk reaction is to sell. Unfortunately, this has resulted in a swoon in stock prices while turbocharging bond prices. Volatility and the rapid downturn have since excessively scared investors which can lead to reversals. Indeed, we had a nice bounce at the end of March but it is not likely an indication of an all clear. Unfortunately, periodic bounces are typical in bear markets.

What do we recommend? When flying planes, I was taught the first rule in an emergency is to keep flying the plane. In this case, flying the plane would be threefold. First, it is important to review allocation levels. This may be a good time to raise or lower equity levels depending on your risk profile. Second, it would be wise to be sure you are well diversified. Fortunately, all of our Funds are diversified Funds. Lastly, we suggest using the opportunities as they arise. When prices are down, perhaps adding to portfolios; when prices have dramatically risen, perhaps trimming back as you normally would.

We have been trying to follow those concepts in overseeing your Funds. We know this situation will come to an end, and the economy and markets will rebound. It may take some time, but the situation will change. We are currently looking into opportunities in sectors and individual stocks we think will benefit as we recover. These volatile times can be viewed in two ways, with confidence or fear. We have seen many bear markets over the years and we are confident opportunities are available in many areas. We will try to take advantage of them on your behalf.

Barry R. James, CFA, CIC

President/CEO, James Investment Research, Inc.
President/Chairman, James Advantage Funds

David W. James, CFA

Senior Vice President/Director of Research,
James Investment Research, Inc.

IRA CHANGES

The new stimulus bill makes some changes in Required Minimum Distributions for IRAs. Please check with your tax professional to see if it applies to you.

Total Returns After Expenses as of March 31, 2020

	**Operating expenses	1Q2020	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.08%	-9.98%	-4.43%	-1.82%	-0.69%	4.25%	6.77%	7/1/91
James Small Cap (No Load)	1.54%	-35.01%	-31.45%	-13.76%	-7.70%	3.04%	4.71%	10/2/98
James Micro Cap (No Load)	1.57%	-37.18%	-31.63%	-10.38%	-4.19%	-	4.67%	7/1/10
James Aggressive Allocation (No Load)	1.03%	-20.42%	-15.37%	-4.67%	-	-	-2.76%	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. JAF000600.

James Balanced: Golden Rainbow

Your James Balanced: Golden Rainbow Fund proved to be a fine remedy to volatile and declining markets last quarter, and also for the 1 year ending March 31st. A mixture of bonds and stocks were especially timely this quarter. The Fund's bond position helped serve not only as mitigation in a down equity market, but also boosted the Fund's overall performance. Your Fund paid a dividend of 6.29 cents per share at the end of March. For the future, we will continue to stay with the discipline of focusing on bargain securities. While we are currently not actively buying stocks, we are researching names that enjoy good valuations, solid profitability and relative price appreciation to add when the time arises. We believe your Fund continues to offer a good mix between stocks and high-quality bonds.

James Small Cap

Smaller stocks were hurt more than larger stocks in the Coronavirus bear market. Your James Small Cap Fund felt this impact in the 1st quarter of 2020. Starting the year we were optimistic about the U.S. consumer and felt they would remain strong through the remainder of the year. The unfortunate events surrounding the COVID-19 outbreak has turned our outlook upside down and shifted us to be more defensive. In the Fund we have reduced the exposure to the Consumer Discretionary, Financials and Basic Materials sectors. Additionally, we increased our exposure to more defensive sectors such as; Consumer Staples, Health Care and Utilities. When the time comes, we will look to rotate back into cyclical sectors that could benefit from a recovering economy and stock market. Until then, we will favor a more defensive approach among the sectors.

James Micro Cap

Unfortunately, the Coronavirus bear market hit your Fund during the first quarter of 2020. There was no place to hide for equity funds investing in smaller companies. While these stocks have fallen much more than larger stocks, historically they have often risen faster when the economy starts to recover. Your Fund continues to focus on smaller sized stocks, with almost every holding having a market capitalization under \$1.5 billion. Presently, in the micro-cap arena we are finding a relatively high number of bargains in the Cyclical, Technology and Industrial sectors. We will continue to search for bargain names and hold true to our discipline.

James Aggressive Allocation

The Coronavirus, also known as COVID-19, greatly impacted the stock market in the first quarter of 2020. Your James Aggressive Allocation Fund felt the effects of this market sell-off, as it traditionally carries a higher equity level than the James Balanced: Golden Rainbow Fund. Even as it does carry a higher percentage of stocks, we have been active in cutting back the amount of stock we hold in favor of bonds or cash. While it may be too early to buy, we are actively formulating a list of names to purchase with what we believe to have strong balance sheets and are market leaders. When the opportunity presents itself, we will deploy cash and get back to equity levels we have used in the past.

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. Dividends are not guaranteed and the Fund's future abilities to pay dividends may be limited. The Fund may cease paying dividends at any time.

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.*