

THE ADVANTAGE

How We See It

3RD QUARTER 2022

As we welcome the cooler temperatures, it can be hard to relax into the season during increased market volatility and uncertainty.

In September, renewed fears of slowing economic growth and Federal Reserve (Fed) aggressive tightening pushed the equity markets into their worst monthly rout since March 2020. The S&P 500 Index, a broad measure of the stock market, lost 9.2%. The technology-heavy NASDAQ tumbled 10.4% for the same period. Both indexes are now in a bear market, defined as losing 20% or more from their previous peak.

September saw a huge surge in yields, as the 10-year Treasury bond reached 3.94% and the 2-year note climbed to 4.34%. The 30-year mortgage surpassed 7%, a level not seen since 2008. The Bloomberg U.S. Aggregate Bond Index, a broad measure of the bond market, was down 4.10%.

With inflation staying stubbornly high, the Fed will likely remain on its aggressive tightening course, having started too late, and probably will tighten too much. With the economy in the late cycle expansion phase and economic growth fear rising, the financial markets will face significant challenges. We believe earnings growth deterioration will significantly impact stocks, and rising interest rates will likely be a headwind for the bond market.

Investors are bearish, and both stock and bond markets appear oversold. This is going to be a very volatile and risky market. We recommend staying with high-quality bonds and maintaining a low duration. We continue to favor quality companies with strong balance sheets and favorable pricing power for stocks.

Sincerely,



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Total Returns After Expenses as of September 30, 2022

	**Operating expenses	3Q2022	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.18%	-4.16%	-12.50%	-0.59%	-0.40%	2.54%	6.41%	7/1/91
James Small Cap (No Load)	1.78%	-4.08%	-11.13%	5.61%	0.38%	5.19%	6.51%	10/2/98
James Micro Cap (No Load)	1.50%	-5.23%	-15.97%	1.24%	1.30%	7.74%	7.57%	7/1/10
James Aggressive Allocation (No Load)	1.06%	-4.18%	-15.68%	-1.95%	-1.27%	-	-0.17%	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. Brian Culpepper is a registered representative of ALPS Distributors, Inc. JAF000711.

FINANCIAL WELLNESS

Strategies for Retirement

Now that you may need to tap into your savings, which account should funds be taken from first? This is one of the most popular questions new clients ask because it depends on many complicated factors, and it can cost hundreds of thousands of dollars if the wrong choice is made. Most retirees pull money from the wrong accounts at the wrong time. With better strategies, retirees can minimize their taxes and increase the inheritance they pass to their heirs.

For starters, most retirees take their first withdrawals from their tax-deferred retirement accounts, such as IRAs and 401(k) plans, when they retire. But conventional wisdom suggests that withdrawals be taken based on the account's taxability. First are accounts with taxable capital gains, dividends, and interest, then tax-deferred accounts (distributions taxed at ordinary rates), and the Roth accounts last (qualified distributions have no taxation). This is a good place to start, but it is an oversimplified rule of thumb, and the planning should not end there. Taking funds from only a taxable account would result in minimal taxation, but a great opportunity to minimize future taxes could also be missed.



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A **James Wealth Management** representative can help determine your ability to withstand market volatility, review your accounts, and provide you with potential options to help improve your situation.



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