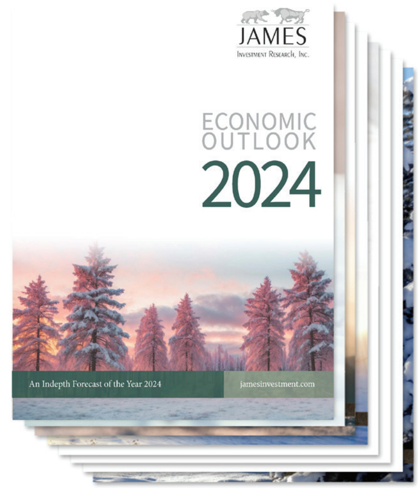
JAMES
Advantage Funds

Planning. Investing. Advice.

4TH QUARTER 2023

4th Quarter Recap



The 2024 U.S. economic outlook is cautiously optimistic, relying on a 'soft-landing' scenario where the economy slows but continues to grow, aided by Federal Reserve rate reductions as inflation moderates. Several factors are expected to contribute to this inflation moderation, including a decrease in shelter inflation, a normalization of supply chains, and controlled wage growth. Collectively, these elements increase the likelihood of inflation meeting its target and potentially triggering a Federal Reserve interest rate reduction.

The success of this scenario depends on the Federal Reserve's flexibility in adjusting policies, especially if early progress on inflation aligns with the target. The expected trajectory of the labor market, featuring a modest rise in unemployment, aligns with this 'soft-landing' scenario.

Consumer spending is predicted to decelerate but remain positive, with its direction contingent on the Fed's policy stance. The housing market may continue to stagnate due to high mortgage rates and prices unless there is a significant drop in mortgage rates. Signs of a manufacturing recovery offer hope, and in general, a gradual economic slowdown without recession is anticipated for 2024.

Globally, the economic outlook remains cautious, with concerns about slowing growth in the U.S., recessionary conditions in Europe, and challenges in China. Geopolitical events and upcoming elections introduce uncertainties that investors must navigate. However, the late business cycle stage poses potential challenges, including downward trends in earnings revisions and stress on consumer spending due to higher prices. A weakening labor market and low consumer confidence contribute to this challenging landscape. In terms of investment, intermediate and long-term indicators suggest neutrality with positive momentum for large-cap stocks, while small-caps remain attractively priced. We believe Cyclical sectors are gaining appeal over defensive sectors.

The Federal Reserve's pivot strategy has generated differing opinions on the timing and number of rate changes. While the hope for Fed easing replaces the earlier "higher for longer" sentiment, quantitative tightening continues. Concerns about debt sustainability, the impact of government spending on the economy, and bond markets persist. Lower investment-grade corporate bond spreads reflect increased confidence in the Fed's approach and reduced recession fears.

In fixed income, we favor bonds with intermediate and longer maturities, as we believe that interest rates have peaked in this cycle. Additionally, we see value in high-quality bonds and agency mortgage-backed securities.

Our economic forecast faces several potential risks. These include persistently higher-than-anticipated inflation, a reversal in the Fed's rate-cutting strategy, escalating geopolitical conflicts, surging oil prices, or economic data that significantly deviates from expectations. These factors introduce an element of uncertainty into the economic landscape in the coming year.

R. Brian Culpepper, CMFC, CKA
President, CEO
James Investment Research, Inc.
President James Advantage Funds

Fall Ainina, Ph.D., CFA
Director of Research
James Investment Research, Inc.

James Investment Research, Inc.
1349 Fairground Road, Xenia, OH 45385

Scan to read full
Economic Outlook Update

The James Advantage Funds are distributed by Ultimus Fund Distributors, LLC, Member FINRA. Call 1-800-995-2637 for a free copy of the prospectus or visit www.jamesinvestment.com. Investors should consider the investment objectives, risks and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the funds and should be read carefully before investing.

Fund Highlight: James Aggressive Allocation Fund

The James Aggressive Allocation Fund posted a solid return of 19.31% for 2023. This asset allocation based Fund averaged close to 75% in equities for a majority of the year with the remainder of assets invested in shorter term fixed income.

Some of the success of the Fund was due to the investments in the technology area. Much has been made in media about the "Magnificent Seven" stocks, of which the fund owned five. These stocks include Nvidia (4.06% of fund), Google parent Alphabet 3.88%, Apple 3.72%, Microsoft 3.72%, Meta Platforms 2.69%, Amazon 0% and Tesla 0%. While we look to continue to hold these positions, a small shift may occur into some smaller capitalized stocks in a more diverse sector configuration.

The investing landscape will look a bit different in the coming year due to the shift in rates as prescribed by the Federal Reserve (Fed). Last year was one in which the Fed was actively raising rates to fend off higher inflation as compared to this coming year, where they have suggested they may cut rates. This dovish stance should present opportunities for more debt burdened companies as well as for longer dated debt securities.

Should inflation remain on its path downward while jobs remain strong, the Fund would stay invested in higher levels of stocks. Conversely, if unemployment becomes an issue and the economy begins to cool, at that time we would take action and lower the level of stock holdings to temporarily preserve shareholder's capital.

	Total Expense Ratio*	4Q2023**	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.25%	7.16%	11.52%	3.11%	4.53%	2.75%	6.66%	7/1/91
James Small Cap (No Load)	1.51%	13.93%	25.16%	15.34%	12.32%	4.93%	7.55%	10/2/98
James Micro Cap (No Load)	1.50%	17.09%	31.72%	14.07%	12.46%	7.27%	9.80%	7/1/10
James Aggressive Allocation (No Load)	1.04%	9.62%	19.31%	5.49%	5.73%	–	2.88%	7/1/15

*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 Funds' 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. *Total Expense Ratio are expenses deducted from Fund assets. This ratio is as of the 11/01/2023 prospectus. **4th quarter numbers are not annualized. (All other numbers are average annual returns.)*

The James Advantage Funds are distributed by Ultimus Fund Distributors, LLC, Member FINRA. Call 1-800-995-2637 for a free copy of the prospectus or visit www.jamesinvestment.com. Investors should consider the investment objectives, risks and charges and expenses of the investment carefully before investing. The prospectus contains this and other information about the funds and should be read carefully before investing.

Risks: *Investing involves risk, including loss of principal. The value of the fund's shares, when redeemed, may be worth more or less than their original cost. There is no guarantee that any investment strategy will achieve its objectives, generate profits or avoid losses. Equity securities, such as common stocks, are subject to market, economic and business risks that may cause their prices to fluctuate. Fixed income investments are affected by a number of risks, including fluctuation in interest rates, credit risk, and prepayment risk. In general, as prevailing interest rates rise, fixed income prices will fall. Small-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. Micro-cap stocks may offer greater opportunity for capital appreciation than the stocks of larger and more established companies; however, they also involve substantially greater risks of loss and price fluctuations. Micro-cap companies carry additional risks because their earnings and revenues tend to be less predictable. ETF's are subject to specific risks, depending on the nature of the underlying strategy of the fund. These risks could include liquidity risk, sector risk, as well as risks associated with fixed income securities, real estate investments, and commodities, to name a few.* 17826929-UFD-1302024

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.

Services Include:

- Estate & Legacy Planning
- Transitioning Into Retirement
- Insurance Needs Planning
- Investment Planning & Portfolio Management
- Tax Planning
- Major Life Events

JAMES
Wealth

Contact a James Wealth Management Representative Today
937-426-7640