



The James Advantage Funds, Inc.

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Advised by James Investment Research, Inc.

We have some important news to pass along on the James Advantage Market Neutral Fund (JAMNX). We have decided to close the Fund before June 30, 2011. While it was one of the first Market Neutral mutual funds to come out in 1998, times have changed and the investment approach has not been accomplishing what we originally intended.

We intend to continue to run the Fund as we have in the past until we give you notice that we will begin to liquidate the portfolio. This will allow the Fund to continue to operate normally to try to take advantage of current market volatility. You can, of course, redeem or exchange your shares at any time, consistent with the prospectus.

As you may know, my business, my family and I, all have made investments in the Market Neutral Fund. While disappointed with recent results, I have never lost confidence in the concept. Fortunately, we expect to have a new series of the James Advantage Funds available that will have strategies that may be appropriate for investors that are currently shareholders of the Market Neutral Fund. We believe the new fund will give us the added flexibility we need to deal with today's investment environment, one that is far different from the environment back in 1998.

We believe the new fund will be an opportunity my business, my family and I will be taking advantage of. We will alert shareholders and the public about the new fund when the details are finalized. We will be moving the assets we had in the Market Neutral Fund into our new fund when it is available.

We appreciate the confidence you have shown us in the past years and we hope you will consider the other Funds we manage. We believe the future holds great opportunities if we have the wisdom to develop the proper approaches to unlocking them.

A handwritten signature in blue ink that reads "Barry James".

Barry James

President / CEO

*The Funds' prospectus and/or summary prospectus contains important information about the Funds' investment objectives, potential risks, management fees, charges and expenses, and other information and should be read and considered carefully before investing. You may obtain a current copy of the Funds' prospectus and/or summary prospectus by calling 1-800-99-JAMES. The James Advantage Funds are distributed by Unified Financial Securities, Inc. 2960 N. Meridian Street, Indianapolis, IN 46208 (Member FINRA). **Past performance does not guarantee future results.***