JAMES
Advantage Funds

4TH QUARTER
2024

4th Quarter Recap

The 2025 U.S. market outlook is shaped by a combination of economic resilience, robust corporate earnings, elevated valuations, transformative Trump administration policies, and uncertainty surrounding the Federal Reserve's monetary stance.

Labor market indicators reveal late-cycle risks such as declining job openings, rising layoffs, and longer unemployment durations. However, resilience remains evident in many areas. Manufacturing shows improvement, with certain sub-industries transitioning from late- to mid-cycle growth. The housing market reflects a mixed picture, with late-cycle trends in building permits and appliance production balanced by mid-cycle strength in construction and furniture sales. Consumer spending remains strong in services but weaker in goods and restaurants, reflecting broader uncertainty.

President Trump's policy agenda, encompassing tariffs, deregulation, spending cuts, tax reductions, and restrictive immigration policies, presents significant opportunities and risks. The economy's return to mid-cycle dynamics supports cyclical sectors. Corporate earnings momentum is impressive, driven by robust revenue growth and stable margins, yet elevated stock valuations suggest future gains may hinge on earnings exceeding expectations.

Scan QR code to read full Economic Outlook Update

We believe investment success will require a balanced strategy that combines targeted sector exposure with disciplined risk management. Financials, industrials, energy, and select healthcare and technology companies are well-positioned, but investors should prioritize company-specific analysis over broad sector bets. Firms with strong fundamentals, pricing power, and domestic supply chains are better equipped to navigate policy challenges.

Internationally, Europe and Japan offer compelling opportunities, while emerging markets, though attractive long-term, may face near-term volatility. Across regions, an emphasis on quality, value, and effective policy response is prudent.

The fixed-income market offers a nuanced outlook. While steady growth and anchored inflation are supportive, potential monetary policy surprises and volatility necessitate a dynamic approach to duration and credit risk. We believe investors should focus on quality, maintain ample liquidity, and resist the temptation to reach for yield.

While the 2025 market presents a complex path, it also holds significant potential. By combining judicious positioning with vigilant risk management, investors can navigate the interplay of economic trends, policy transformations, and valuation challenges, seizing opportunities while managing risks in this dynamic environment.

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Fund Highlight: James Aggressive Allocation Fund

The James Aggressive Allocation Fund posted another strong return, 19.13% for 2024. As stocks continued to set new highs, the fund maintained a relatively high level of equites, often times over 80%, to take advantage of those upward movements.

Much like 2023, the big winner for the year was NVIDIA (4.5% of fund), showing an impressive 170% advance for 2024. The fund did not pay any capital gains but did post a dividend of $0.0947 per share which paid out on 12/31/24. The two largest sectors at the end of the year were Information Technology and Financials with a weighting of 18.5% and 13% respectively.

With back to back year of favorable returns for stocks, the challenge will be to keep invested in stocks should things continue with favorable momentum, yet have the flexibility to trim back should the markets begin to slow.

Morningstar Rating™

Overall Rating	★★★
3 Year Rating	★★★★
5 Year Rating	★★

The Morningstar Star Rating™ for the James Aggressive Allocation Fund (JAVAX) is based on risk-adjusted returns as of 12/31/2024 in the Moderetly Aggressive Allocation category out of 296 funds overall and in the last 3 years, and 268 funds in the last 5 years.

Mutual Fund Performance

	Total Expense Ratio*	4Q2024**	1yr	3yr	5yr	10yr	SI	Inception Date
James Balanced: Golden Rainbow (No Load)	1.23%	-1.28%	12.27%	2.98%	4.56%	3.24%	6.82%	7/1/91
James Small Cap (No Load)	1.50%	-0.42%	18.17%	9.32%	12.39%	6.53%	7.93%	10/2/98
James Micro Cap (No Load)	1.50%	-5.37%	5.97%	4.90%	8.54%	7.22%	9.53%	7/1/10
James Aggressive Allocation (No Load)	1.02%	0.38%	19.13%	6.17%	6.63%	–	4.48%	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 11/01/2024 prospectus. **The most recent quarter numbers are not annualized. (All other numbers are average annual returns.)*

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The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10- year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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.*