

## STATEMENT OF ADDITIONAL INFORMATION

**JAMES AGGRESSIVE ALLOCATION FUND (JAVAX)**  
**JAMES BALANCED: GOLDEN RAINBOW FUND (Institutional Class Shares: GLRIX; Retail**  
**Class Shares: GLRBX)**  
**JAMES LONG-SHORT FUND (JAZZX)**  
**JAMES MICRO CAP FUND (JMCRX)**  
**JAMES MID CAP FUND (JAMDY)**  
**JAMES SMALL CAP FUND (JASCX)**

November 1, 2018

Series of  
The James Advantage Funds  
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This Statement of Additional Information ("SAI") is not a prospectus and should only be read in conjunction with the Prospectus for the applicable Fund dated November 1, 2018. Prospectuses and an Annual Report can be obtained by writing the Transfer Agent at P.O. Box 786, Denver, CO 80201, by calling 800-99 JAMES (800-995-2637), or by visiting [www.jamesfunds.com](http://www.jamesfunds.com).

## DESCRIPTION OF THE TRUST

The James Aggressive Allocation Fund, James Balanced: Golden Rainbow Fund, James Long-Short Fund, James Micro Cap Fund, James Mid Cap Fund, and James Small Cap Fund (collectively the “Funds”) were organized as series of the James Advantage Funds (the “Trust”). The Trust is an open-end investment company established under the laws of Ohio by an Agreement and Declaration of Trust dated August 29, 1997 (the “Trust Agreement”). The Trust Agreement permits the Trustees to issue an unlimited number of shares of beneficial interest of separate series without par value. Each Fund is one of a series of Funds currently authorized by the Trustees. James Investment Research, Inc. serves as each Fund’s investment adviser (the “Adviser”). The Investment Company Act of 1940, as amended, classifies mutual funds as either diversified or non-diversified. The Funds are classified as diversified.

The James Balanced: Golden Rainbow Fund currently has two classes of shares, the Retail Class shares and the Institutional Class shares. Each share class represents an interest in the same assets of the Fund, has the same rights and is identical in all material respects except that each share class may bear different distribution fees, may have different sales charges, certain class specific expenses may be borne solely by each class and each class has exclusive voting rights with respect to matters relating to its own distribution arrangements.

Each share of a series represents an equal proportionate interest in the assets and liabilities belonging to that series with each other share of that series and is entitled to such dividends and distributions out of income belonging to the series as are declared by the Trustees. The shares do not have cumulative voting rights or any preemptive or conversion rights, and the Trustees have the authority from time to time to divide or combine the shares of any series into a greater or lesser number of shares of that series so long as the proportionate beneficial interest in the assets belonging to that series and the rights of shares of any other series are in no way affected. In case of any liquidation of a series, the holders of shares of the series being liquidated will be entitled to receive as a class a distribution out of the assets, net of the liabilities, belonging to that series. Expenses attributable to any series are borne by that series. Any general expenses of the Trust not readily identifiable as belonging to a particular series are allocated by or under the direction of the Trustees in such manner as the Trustees determine to be fair and equitable. No shareholder is liable to further calls or to assessment by the Trust without his or her express consent.

Any Trustee of the Trust may be removed by vote of the shareholders holding not less than two-thirds of the outstanding shares of the Trust. The Trust does not hold an annual meeting of shareholders. When matters are submitted to shareholders for a vote, each shareholder is entitled to one vote for each whole share he owns and fractional votes for fractional shares he owns. All shares of a Fund have equal voting rights and liquidation rights. The Declaration of Trust can be amended by the Trustees, except that any amendment that adversely affects the rights of shareholders must be approved by the shareholders affected.

For other information concerning the purchase and redemption of shares of the Funds, see “How to Purchase Shares” and “How to Redeem Shares” in the applicable Fund’s Prospectus. For a description of the methods used to determine the share price and value of the Funds’ assets, see “Pricing Your Shares” in the applicable Fund’s Prospectus.

Regarding the James Micro Cap Fund and James Aggressive Allocation Fund, if the amount a shareholder is redeeming during any 90-day period is over the lesser of \$250,000 or 1% of the Fund’s net asset value, pursuant to an election under Rule 18f-1 filed by the Trust on behalf of the Fund, the Fund has the right to redeem the shareholder’s shares by giving the shareholder the amount that exceeds the lesser of \$250,000 or 1% of the Fund’s net asset value in securities instead of cash.

## DEFINITIONS, POLICIES AND RISK CONSIDERATIONS

This section contains a more detailed discussion of some of the investments the Funds may make and some of the techniques they may use, as described in the Prospectuses.

### A. Asset-Backed and Receivable-Backed Securities.

The James Long-Short Fund, James Balanced: Golden Rainbow Fund and the James Aggressive Allocation Fund each may invest in asset-backed securities. These securities are undivided fractional interests in pools of consumer loans (unrelated to mortgage loans) held in a trust. Payments of principal and interest are passed through to certificate holders and are typically supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty or senior/subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed or receivable-backed security's par value until exhausted. If the credit enhancement is exhausted, certificate holders may experience losses or delays in payment if the required payments of principal and interest are not made to the trust with respect to the underlying loans. The value of these securities also may change because of changes in the market's perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing the credit enhancement. Asset-backed and receivable-backed securities are ultimately dependent upon payment of consumer loans by individuals, and the certificate holder generally has no recourse against the entity that originated the loans. The underlying loans are subject to prepayments that shorten the securities' weighted average life and may lower their return. As prepayments flow through at par, total returns would be affected by the prepayments; if a security were trading at a premium, its total return would be lowered by prepayments, and if a security were trading at a discount, its total return would be increased by prepayments.

### B. Borrowing and Leverage; Reverse Repurchase Agreements.

Each Fund may borrow from banks up to one-third of its total assets (including the amount borrowed), and may borrow from any person other than a bank for temporary purposes only, provided such temporary borrowings do not exceed 5% of the Fund's total assets at the time when the borrowing is made. A Fund may pledge assets in connection with such borrowings. Each Fund also may engage in reverse repurchase agreements in which the Fund sells a security to another party, such as a bank, broker-dealer or other financial institution, and simultaneously agrees to buy it back later at the same price plus interest. While a reverse repurchase agreement is outstanding, a Fund generally will direct its custodian to segregate cash and appropriate liquid assets to cover its obligations under the agreement, marked to market daily. The Funds will enter into reverse repurchase agreements only with parties whose creditworthiness has been reviewed and deemed satisfactory by the Adviser. A Fund aggregates reverse repurchase agreements with its borrowings for purposes of limiting all borrowings to one-third of its total assets.

If a Fund makes additional investments while borrowings and/or reverse repurchase agreements are outstanding, this may be construed as a form of leverage. The Fund's objective would be to pursue investment opportunities with returns that exceed the cost of the borrowings. Leverage magnifies a Fund's potential for gain or loss and, therefore, increases the possibility of fluctuation in the Fund's net asset value. Leverage also creates interest expenses that may exceed the return on investments made with the borrowings. In addition, reverse repurchase agreements involve the risk that the market value of the securities sold by a Fund may decline below the price at which the Fund is obligated to repurchase the securities.

### C. Open-End Investment Company Securities.

The Funds may invest in the securities of other open-end investment companies (i.e., another mutual fund, including a money market fund). When a Fund invests in other investment companies, it will indirectly bear its proportionate share of any fees and expenses payable directly by the underlying investment company, many of which may be duplicative. A Fund has no control over the investments and related risks taken by the underlying investment companies in which it invests.

#### D. Convertible Securities.

The Funds may invest in convertible securities. Convertible securities include fixed income securities that may be exchanged or converted into a predetermined number of shares of the issuer's underlying common stock at the option of the holder during a specified period. Convertible securities may take the form of convertible preferred stock, convertible bonds or debentures, units consisting of "usable" bonds and warrants or a combination of the features of several of these securities. Convertible securities are senior to common stocks in an issuer's capital structure, but are usually subordinated to similar non-convertible securities. While providing a fixed-income stream (generally higher in yield than the income derivable from common stock but lower than that afforded by a similar nonconvertible security), a convertible security also gives an investor the opportunity, through its conversion feature, to participate in the capital appreciation of the issuing company depending upon a market price advance in the convertible security's underlying common stock.

#### E. Corporate Debt.

The Funds may invest in investment grade corporate debt securities. Corporate debt securities are long and short-term debt obligations issued by companies (such as publicly issued and privately placed bonds, notes and commercial paper). The Funds (excluding the James Long-Short Fund) will limit their purchases of corporate debt securities (other than convertible securities) to issues of investment grade quality. The Adviser considers corporate debt securities to be of investment grade quality if they are rated "BBB" or higher by S&P or "Baa2" or higher by Moody's, or if unrated, determined by the Adviser to be of comparable quality. Investment grade debt securities generally have adequate to strong protection of principal and interest payments. In the lower end of this category, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal than in higher rated categories. The Funds may invest in both secured and unsecured corporate bonds. A secured bond is backed by collateral and an unsecured bond is not. Therefore an unsecured bond may have a lower recovery value than a secured bond in the event of a default by its issuer. The Adviser may incorrectly analyze the risks inherent in corporate bonds, such as the issuer's ability to meet interest and principal payments, resulting in a loss to the Funds.

#### F. Equity Securities.

The Funds may invest in equity securities, which include common stock, preferred stock and common stock equivalents (such as convertible preferred stock and convertible debentures). Convertible preferred stock is preferred stock that can be converted into common stock pursuant to its terms. Convertible debentures are debt instruments that can be converted into common stock pursuant to their terms. The Adviser intends to invest only in preferred stock rated "A" or higher by Standard & Poor's Corporation ("S&P") or by Moody's Investors Service, Inc. ("Moody's"). Equity securities also include investment company securities that invest primarily in equity securities.

#### G. Exchange-Traded Funds.

The Funds may invest in a range of exchange-traded funds ("ETFs"). ETFs may include, but are not limited to, S&P 500<sup>®</sup> ETF Trust ("SPDR<sup>®</sup>s"), SPDR<sup>®</sup> Dow Jones<sup>®</sup> Industrial Average<sup>SM</sup> ETF Trust ("DIAMONDS<sup>SM</sup>"), PowerShares QQQ Trust Series I ("QQQs"), iShares, HOLDRs, Fidelity<sup>®</sup> Select Portfolios, Select Sector SPDRs, Fortune e-50 and Fortune 50. Additionally, the Funds may invest in new exchange-traded shares as they become available.

SPDRs represent ownership in a unit investment trust that holds a portfolio of common stocks designed to closely track the price performance and dividend yield of the Standard & Poor's 500 Composite Stock Price Index<sup>TM</sup> ("S&P 500 Index"). SPDRs trade on the NYSE Arca Exchange under the symbol SPY. The value of SPDRs fluctuates in relation to changes in the value of the underlying portfolio of common stocks. A MidCap SPDR is similar to a SPDR except that it tracks the performance of the S&P MidCap 400 Index and trades on the NYSE Arca Exchange under the symbol MDY. DIAMONDS represent an investment in a unit investment trust that serves as an index to the Dow Jones Industrial Average (the "Dow") in that its holding consists of the 30 component stocks of the Dow. The DIAMONDS Trust is structured so that its shares trade at approximately 1/100 (one one-hundredth) of the value of the Dow Index. DIAMOND shares trade on the NYSE Arca Exchange under the symbol DIA. QQQs represent ownership in a unit investment trust that holds a portfolio of common stocks designed to track the price performance and dividend yield of the Nasdaq-100 Index by holding shares of all the companies on the Index. Shares trade on the NYSE Arca Exchange under the symbol QQQ. The iShares are managed by BlackRock Fund Advisors ("BFA"). They track 80 different indexes, including sector/industry indexes, bond indexes and international indexes. Each iShares international ETF represents a broad portfolio of publicly traded stocks in a selected country. Each iShares international ETF seeks to generate investment results that generally correspond to the market yield performance of a given Morgan Stanley Capital International ("MSCI") Index. ETFs (both stock and fixed income) are subject to all of the common stock risks, and the international iShares are subject to all of the foreign securities risks described above. Investments in SPDRs, DIAMONDS, QQQs and iShares are considered to be investment companies.

When a Fund invests in sector ETFs, there is a risk that securities within the same group of industries will decline in price due to sector-specific market or economic developments. If a Fund invests more heavily in a particular sector, the value of its shares may be especially sensitive to factors and economic risks that specifically affect that sector. As a result, the Fund's share price may fluctuate more widely than the value of shares of a mutual fund that invests in a broader range of industries. Additionally, some sectors could be subject to greater government regulation than other sectors. Therefore, changes in regulatory policies for those sectors may have a material effect on the value of securities issued by companies in those sectors. The sectors in which a Fund may be more heavily invested will vary.

The shares of an ETF may be assembled in a block (typically 50,000 shares) known as a creation unit and redeemed in-kind for a portfolio of the underlying securities (based on the ETF's net asset value) together with a cash payment generally equal to accumulated dividends as of the date of redemption. Conversely, a creation unit may be purchased from the ETF by depositing a specified portfolio of the ETF's underlying securities, as well as a cash payment generally equal to accumulated dividends of the securities (net of expenses) up to the time of deposit. A Fund may redeem creation units for the underlying securities (and any applicable cash), and may assemble a portfolio of the underlying securities and use it (and any required cash) to purchase creation units, if the Fund's Adviser believes it is in the Fund's interest to do so. A Fund's ability to redeem creation units may be limited by the Investment Company Act of 1940, as amended, which provides that the ETFs will not be obligated to redeem shares held by the Fund in an amount exceeding one percent of their total outstanding securities during any period of less than 30 days.

There is a risk that the ETFs in which a Fund invests may terminate due to extraordinary events that may cause any of the service providers to the ETFs, such as the trustee or sponsor, to close or otherwise fail to perform their obligations to the ETF. Also, because the ETFs in which the Fund intends to invest may be granted licenses by agreement to use the indices as a basis for determining their compositions and/or otherwise to use certain trade names, the ETFs may terminate if such license agreements are terminated. In addition, an ETF may terminate if its entire net asset value falls below a certain amount. Although the Funds believe that, in the event of the termination of an underlying ETF they will be able to invest instead in shares of an alternate ETF tracking the same market index or another market index with the same general market, there is no guarantee that shares of an alternate ETF would be available for investment at that time.

## H. Exchange-Traded Notes.

Each Fund may invest in exchange-traded notes (“ETNs”). ETNs are a type of debt security that is typically unsecured and that differs from other types of bonds and notes because ETN returns are based upon the performance of a market index minus applicable fees, but ETNs do not own the underlying index they are tracking and, typically, no periodic coupon payments are distributed and no principal protections exist, even at maturity. ETNs are traded on a major exchange, such as the New York Stock Exchange, during normal trading hours. However, investors such as the Fund can also hold the debt security until maturity. At that time, the issuer will pay the investor a cash amount that would be equal to a principal amount times the return of a benchmark index, less any fees or other reductions. Because fees reduce the amount of return at maturity or upon redemption, if the value of the underlying index decreases or does not increase significantly, the Fund may receive less than the principal amount of investment at maturity or upon redemption. ETNs are subject to credit risk. The value of an ETN may vary and may be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying markets, changes in the applicable interest rates, changes in the issuer’s credit rating, and economic, legal, political or geographic events. When a Fund invests in ETNs, it will bear its proportionate share of any fees and expenses borne by the ETN. In addition, the ETN may employ leverage that will make the value of the ETN more volatile by multiplying the effect of any decrease in the value of the index to which the ETN is linked, and thus subject the Fund to potentially greater losses. There may be restrictions on a Fund’s right to redeem its investment in an ETN, which is meant to be held until maturity. A Fund’s ability to sell its ETN holdings may be limited by the availability of a secondary market. Leveraged ETNs can, at times, be relatively illiquid, and thus may be difficult to purchase or sell at a fair price.

## I. Foreign Securities.

The Funds may invest, without limitation, in foreign securities, including ETFs that invest in foreign securities. Foreign fixed-income securities include corporate debt obligations issued by foreign companies and debt obligations of foreign governments or international organizations. Foreign securities may include floating rate obligations, variable rate obligations, Yankee dollar obligations (U.S. dollar denominated obligations issued by foreign companies and traded on U.S. markets) and Eurodollar obligations (U.S. dollar denominated obligations issued by foreign companies) and American depository receipts (“ADRs”). ADRs are certificates of ownership issued by a U.S. bank as a convenience to investors in lieu of the underlying shares which it holds in custody.

Foreign investing involves risks not typically associated with U.S. investments. These risks include, among others, adverse fluctuations in foreign currency values as well as adverse political, social and economic developments affecting a foreign country. There may be less information publicly available about a foreign company than about a U.S. company, and foreign companies may not be subject to accounting, auditing and financial reporting standards and practices comparable to those in the U.S. Other risks associated with investments in foreign securities include changes in the administrations or economic and monetary policies of foreign governments, the imposition of exchange control regulations, the possibility of expropriation decrees and other adverse foreign governmental action, the imposition of foreign taxes, less liquid markets, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, delays in settlement of securities transactions and greater price volatility. In addition, investing in foreign securities will generally result in higher commissions than investing in similar domestic securities, and owning foreign securities could cause a Fund’s performance to fluctuate more than if it held only U.S. securities.

Each Fund may invest in foreign securities of issuers in emerging markets. Investing in emerging market securities imposes risks different from, or greater than, risks of investing in foreign developed countries. These risks include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by a Fund. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Certain emerging markets limit, or require governmental approval prior to, investments by foreign persons. Repatriation of investment income and capital from certain emerging markets is subject to certain governmental consents. Even where there is no outright restriction on repatriation of capital, the mechanics of repatriation may affect the operation of a Fund.

Additional risks of emerging markets securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause a Fund to miss attractive investment opportunities, hold a portion of its assets in cash pending investment, or be delayed in disposing of a portfolio security. Such a delay could result in possible liability to a purchaser of the security.

#### J. High-Yield Securities.

Applicable only to the James Long-Short Fund: the James Long-Short Fund may take long and short positions in fixed income securities of any credit quality. The Fund may be subject to greater levels of interest rate and credit risk as a result of investing in high yield securities and unrated securities of similar credit quality (commonly known as “junk bonds”) than funds that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer’s continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce the Fund’s ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the Fund may lose its entire investment.

An economic downturn could severely disrupt the market for high yield securities and adversely affect the value of outstanding securities and the ability of issuers to repay principal and interest. During an economic downturn or substantial period of rising interest rates, highly leveraged issuers may experience financial stress, which would adversely affect their ability to service their principal and interest payment obligations, to meet projected business goals and to obtain additional financing. If the issuer of a security owned by the Fund defaults, the Fund could incur additional expenses to seek recovery. In addition, periods of economic uncertainty and changes can be expected to result in increased volatility of market prices of high yield securities and the Fund’s net asset value. High yield securities also present risks based on payment expectations. For example, high yield securities may contain redemption or call provisions. If an issuer exercises these provisions in a declining interest rate market, the Fund would have to replace the security with a lower yielding security, resulting in a decreased return for investors. If interest rates increase, a high yield security’s value will decrease, adversely affecting the value of the Fund’s net asset value and performance. If interest rates decrease, the yield of high yield securities will decrease.

To the extent that there is no established retail secondary market, there may be thin trading of high yield securities, and this may have an impact on a Fund's ability to accurately value high yield securities and the Fund's assets and on the Fund's ability to dispose of the securities. Adverse publicity and investor perception, whether or not based on fundamental analysis, may decrease the values and liquidity of high yield securities, especially in a thinly traded market.

#### K. Illiquid Securities.

Each of the James Small Cap Fund, James Mid Cap Fund, James Long-Short Fund, and James Micro Cap Funds will not invest more than 15% of its net assets in securities that are restricted as to resale. Each of the James Balanced: Golden Rainbow Fund and the James Aggressive Allocation Fund will not invest more than 15% of its net assets in securities that are restricted as to resale or otherwise illiquid. Illiquid securities generally include securities that cannot be disposed of promptly and in the ordinary course of business without taking a reduced price. Securities may be illiquid due to contractual or legal restrictions on resale or lack of a ready market. In addition, the following securities are considered to be illiquid: repurchase agreements maturing in more than seven days, non-publicly offered securities and certain restricted securities. Restricted securities are securities the resale of which is subject to legal or contractual restrictions. Restricted securities may be sold only in privately negotiated transactions, in a public offering with respect to which a registration statement is in effect under the Securities Act of 1933 or pursuant to Rule 144 or Rule 144A promulgated under the Act. Certain restricted securities that may be sold pursuant to Rule 144A may be considered to be liquid by a Fund. Where registration is required, the Funds may be obligated to pay all or part of the registration expense, and a considerable period may elapse between the time of the decision to sell and the time such security may be sold under an effective registration statement. If during such a period adverse market conditions were to develop, the Funds might obtain a less favorable price than the price it could have obtained when it decided to sell.

#### L. Income Trusts.

Each Fund may invest in income trusts, including real estate investment trusts, business trusts and oil royalty trusts. Income trusts are operating businesses that have been put into a trust. They pay out the bulk of their free cash flow to unit holders. These trusts are regarded as equity investments with fixed income attributes or high-yield debt with no fixed maturity date, and typically offer regular income payments and a significant premium yield compared to other types of fixed income investments.

*Real Estate Investment Trusts.* A real estate investment trust ("REIT") is an income trust that invests substantially all of its assets in interests in real estate. Equity REITs are those that purchase or lease land and buildings and generate income primarily from rental income. Equity REITs may also realize capital gains (or losses) when selling property that has appreciated (or depreciated) in value. Mortgage REITs are those that invest in real estate mortgages and generate income primarily from interest payments on mortgage loans. Hybrid REITs generally invest in both real property and mortgages. Real estate-related equity securities also include those insured by real estate developers, companies with substantial real estate holdings (for investment or as part of their operations), as well as companies whose products and services are directly related to the real estate industry, such as building supply manufacturers, mortgage lenders or mortgage servicing companies. Risks associated with REIT investments include the fact that equity and mortgage REITs are dependent upon specialized management skills and are not fully diversified. These characteristics subject REITs to the risks associated with financing a limited number of projects. They are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. Additionally, equity REITs may be affected by any changes in the value of the underlying property owned by the trusts, and mortgage REITs may be affected by the quality of any credit extended, as well as changes in interest rates.

*Oil Royalty Trusts.* Each Fund may invest in oil royalty trusts that are traded on the stock exchanges (including foreign stock exchanges). Oil royalty trusts pass on to unit-holders the cash flow received from the sale of the oil and gas produced from the oil and gas reserves underlying the royalty trust, after certain deductions. As such, royalty trust distribution levels and unit prices are highly dependent on commodity prices, which can be highly volatile. Moreover, as the underlying oil and gas reserves are produced, the remaining reserves attributable to the trust are depleted. The ability of the trust to replace reserves is therefore fundamental to its ability to maintain distribution levels and unit prices over time. Oil royalty trusts manage reserve depletion through reserve additions resulting from internal capital development activities and through acquisitions.

Because they distribute the bulk of their cash flow to unit-holders, oil royalty trusts are effectively precluded from internally originating new oil and gas prospects. Therefore, these trusts typically grow through acquisition of producing companies or those with proven reserves of oil and gas, funded through the issuance of additional equity or debt securities. Consequently, the trusts are considered less exposed to the uncertainties faced by a traditional exploration and production corporation. However, they are still exposed to commodity and reserve risk, as well as operating risk. Hedging strategies utilized by these trusts can provide partial mitigation against commodity risk, while reserve risk can only be addressed through appropriate due diligence prior to investment. As with REITs, management plays a very important role in mitigating these inherent risks while maximizing value through prudent corporate and asset acquisitions and exploitation of existing reserves of oil and gas. When a Fund invests in foreign oil royalty trusts, it will also be subject to foreign securities risks, which are more fully described above.

*Business Trusts.* A business trust is an income trust that invests primarily in entities whose principal business is in the manufacturing, service or general industrial sectors. One of the primary attractions of business trusts, in addition to their relatively high yield, is their ability to enhance diversification in the portfolio as they cover a broad range of industries and geographies, including public refrigerated warehousing, mining, coal distribution, sugar distribution, forest products, retail sales, food sales and processing, chemical recovery and processing, data processing, gas marketing and check printing. Investments in business trusts are subject to risks related to the underlying operating companies controlled by such trusts. These risks will vary depending on the industries represented by the underlying investments.

#### M. Limited Partnerships.

Each Fund may invest in exchange-traded limited partnerships, including master limited partnerships. A limited partnership is an entity receiving partnership taxation treatment under the Internal Revenue Code of 1986, as amended (the “Code”), which results in the limited partnership not paying income taxes at the entity level. A Fund would own limited partner units, and would have no role in the management of the limited partnership. The general partners control the operations and management of the partnership. Limited partnerships typically are structured so that general partners have first priority to receive distributions up to an established minimum amount, and receive a greater interest in the incremental income compared to the limited partners. This structure gives the general partner the incentive to undertake acquisitions and growth projects to increase distributions to all partners, but may create a conflict of interest for the general partners, as they may be motivated to pursue projects with high risk and high potential reward. Most limited partnerships are engaged in natural resource-based activities such as the processing, transportation and storage of minerals or other natural resources. Investing in these limited partnerships will expose a Fund to risks specific to energy and natural resources commodity enterprises, as well as issuer-specific risks. In addition, many limited partnerships have smaller capitalizations, and are subject to liquidity risk and more price volatility.

#### N. Loans of Securities.

Each Fund may lend portfolio securities with an aggregate market value of up to one-third of the Fund's total assets (including collateral received from the loans). Under the lending policy authorized by the Board of Trustees, the borrower must agree to maintain collateral with the applicable Fund on a daily market-to-market basis in an amount at least equal to the value of the loaned securities. The Funds will continue to receive dividends or interest on the loaned securities and will be able to vote on any material matter affecting the loaned securities that the Adviser determines to be important. With respect to loans of securities, there is the risk that the borrower may fail to return the loaned securities, the borrower may not be able to provide additional collateral, or that the Funds may lose rights in the collateral should the borrower fail financially.

#### O. Mortgage-Backed Securities.

Each Fund may invest in mortgage-backed securities, including pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-backed securities may expose the Funds to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Mortgage-backed securities may also possess credit risk. Because the assets providing cash flows to a mortgage-backed security are comprised of mortgage loans, the holders of mortgage-backed securities are subject to default and delinquency risks. If mortgage borrowers are delinquent or default on their payments, the holders of mortgage-backed securities may not realize full repayment of their investment or may experience delays in the repayment of their investment. The credit risk of mortgage-backed securities depends, in part, on the likelihood of the borrower paying the promised cash flows of principal and interest on time. The credit risk of a specific mortgage-backed security may be influenced by a variety of factors, including: (i) the mortgage borrower's lessened ability to repay in light of changed circumstances such as a job loss; (ii) the borrower's ability to make higher mortgage payments, which may result from floating-rate interest resets; (iii) declines in the value of the property, which serves as collateral for the mortgage loan; (iv) seniority or priority of the specific mortgage-backed security relative to other claims on the cash flow from the pool of mortgage loans.

#### P. Municipal Securities.

The Funds may invest in municipal securities, which are debt/fixed income securities issued by states, municipalities and other political subdivisions, agencies, authorities and instrumentalities of states and multi-state agencies or authorities. The Funds would do so for income yield and the potential for capital appreciation, not because the income may be tax exempt. Although the interest earned on many municipal securities is exempt from federal income tax, the Funds may invest in taxable municipal securities. To the extent the Funds invest in municipal obligations, the same credit standards as used in selecting corporate obligations will be applied. Note that shareholders will probably not benefit from the tax-exempt nature of interest income from municipal securities held by the Funds.

Municipal securities are issued to obtain funds for various public purposes, including the construction of a wide range of public facilities such as bridges, highways, roads, schools, waterworks and sewer systems, and other utilities. Other public purposes for which municipal securities may be issued include refunding outstanding obligations, obtaining funds for general operating expenses and obtaining funds to lend to other public institutions and facilities.

Certain debt obligations known as “Private Activity Bonds” may be issued by or on behalf of municipalities and public authorities to obtain funds to provide water, sewage and solid waste facilities; qualified residential rental projects; certain local electric, gas and other heating or cooling facilities; qualified hazardous waste facilities; high-speed intercity rail facilities; governmentally-owned airports, docks and wharves and mass transportation facilities; qualified mortgage; student loan and redevelopment bonds; and bonds used for certain organizations exempt from federal income taxation. Debt obligations known as “Industrial Development Bonds” under prior federal tax law may have been issued by or on behalf of public authorities to obtain funds to provide privately operated housing facilities; sports facilities; industrial parks; convention or trade show facilities; airport, mass transit, port or parking facilities; air or water pollution control facilities; sewage or solid waste disposal facilities; and facilities for water supply. Other private activity bonds and industrial development bonds issued to fund the construction, improvement, equipment or repair of privately-operated industrial, distribution, research, or commercial facilities may also be municipal securities, but the size of such issues is limited under current and prior federal tax law. The aggregate amount of most private activity bonds and industrial development bonds is limited (except in the case of certain types of facilities) under federal tax law by an annual “volume cap.” The volume cap limits the annual aggregate principal amount of such obligations issued by or on behalf of all governmental instrumentalities in the state.

The two principal classifications of municipal securities consist of “general obligation” and “limited” (or revenue) issues. General obligation bonds are obligations involving the credit of an issuer possessing taxing power and are payable from the issuer’s general unrestricted revenues and not from any particular fund or source. The characteristics and method of enforcement of general obligation bonds vary according to the law applicable to the particular issuer, and payment may be dependent upon appropriation by the issuer’s legislative body. Limited obligation bonds are payable only from the revenues derived from a particular facility or class of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source. Private activity bonds and industrial development bonds generally are revenue bonds and thus not payable from the unrestricted revenues of the issuer. The credit and quality of such bonds is generally related to the credit of the bank selected to provide the letter of credit underlying the bond, if any, or to the credit of the underlying corporate user (and any guarantor). Payment of principal of and interest on industrial development revenue bonds is the responsibility of the corporate user (and any guarantor).

The Funds may also acquire “moral obligation” issues, which are normally issued by special purpose authorities, and in other tax-exempt investments including pollution control bonds and tax-exempt commercial paper. The Funds may purchase short-term General Obligation Notes; Tax Anticipation Notes; Bond Anticipation Notes; Revenue Anticipation Notes; Project Notes; and other forms of short-term loans. Such notes are issued with a short-term maturity in anticipation of the receipt of tax funds, the proceeds of bond placements, or other revenues. Project Notes are issued by a state or local housing agency and are sold by the Department of Housing and Urban Development. While the issuing agency has the primary obligation with respect to its Project Notes, they are also secured by the full faith and credit of the United States through agreements with the issuing authority which provide that, if required, the Federal government will lend the issuer an amount equal to the principal of and interest on the Project Notes.

There are, of course, variations in the quality of municipal securities, both within a particular classification and between classifications. Also, the yields on municipal securities depend upon a variety of factors, including general money market conditions; coupon rate; the financial condition of the issuer; general conditions of the municipal bond market; the size of a particular offering; the maturity of the obligations; and the rating of the issue. The ratings of Moody’s and S&P represent their opinions as to the quality of municipal securities. However, ratings are general and are not absolute standards of quality. Municipal securities with the same maturity, interest rate and rating may have different yields while municipal securities of the same maturity and interest rate with different ratings may have the same yield. Subsequent to its purchase by the Fund, an issue of municipal securities may cease to be rated or its rating may be reduced below the minimum rating required for purchase by the Fund. The Adviser will consider such an event in determining whether the Funds should continue to hold the obligations.

Municipal securities may include obligations of municipal housing authorities and single-family mortgage revenue bonds. Weaknesses in Federal housing subsidy programs and their administration may result in a decrease of subsidies available for payment of principal and interest on housing authority bonds. Economic developments, including fluctuations in interest rates and increasing construction and operating costs, may also adversely impact revenues of housing authorities. In the case of some housing authorities, inability to obtain additional financing could also reduce revenues available to pay existing obligations. Single-family mortgage revenue bonds are subject to extraordinary mandatory redemption at par in whole or in part from the proceeds derived from prepayments of underlying mortgage loans and also from the unused proceeds of the issue within a stated period which may be within a year from the date of issue.

### **Risk Factors in Municipal Securities**

*Information Risk.* Information about the financial condition of issuers of municipal securities may be less available than about corporations having a class of securities registered under the Securities Exchange Act of 1934.

*State and Federal Laws.* An issuer's obligations under its municipal securities are subject to the provisions of bankruptcy, insolvency, and other laws affecting the rights and remedies of creditors, such as the federal bankruptcy code, and laws, if any, which may be enacted by Congress or state legislatures extending the time for payment of principal or interest, or both, or imposing other constraints upon the enforcement of such obligations. The power or ability of an issuer to meet its obligations for the payment of interest on and principal of its municipal securities may be materially adversely affected by litigation or other conditions.

*Litigation and Current Developments.* Such litigation or conditions may from time to time materially affect the credit risk with respect to particular bonds or notes. Adverse economic, business, legal or political developments might affect all or a substantial portion of the Fund's municipal securities in the same manner.

#### **Q. Obligations of Supranational Entities.**

The Funds may invest in obligations of supranational entities designated or supported by governmental entities to promote economic reconstruction or development and of international banking institutions and related government agencies. Examples include the International Bank for Reconstruction and Development (the "World Bank"), the European Coal and Steel Community, the Asian Development Bank and the Inter-American Development Bank. Each supranational entity's lending activities are limited to a percentage of its total capital (including "callable capital" contributed by its governmental members at the entity's call), reserves and net income. There is no assurance that participating governments will be able or willing to honor their commitments to make capital contributions to a supranational entity.

#### **R. Portfolio Turnover.**

The turnover ratio is the percentage of a mutual fund or other investment's holdings that have been replaced in a given year. The James Funds (excluding the James Long-Short Fund) do not intend to purchase or sell securities for short term trading purposes. Each Fund may, however, sell any portfolio security (without regard to the length of time it has been held) when the Adviser believes that market conditions, creditworthiness factors or general economic conditions warrant such actions. Higher turnover rates will result in correspondingly greater broker commission expenses and may result in the realization of additional capital gains for tax purposes.

The portfolio turnover rates for the James Balanced: Golden Rainbow Fund and the James Mid Cap Fund increased from the prior year as the Adviser expected due to equity allocation shifts. It is anticipated that the turnover rate for the James Balanced: Golden Rainbow Fund will be near 100% whereas the James Mid Cap Fund is expected to be near 200%. The James Micro Cap Fund turnover rate declined in the past year due to letting long-term holdings run. It is expected the Fund will return to historic turnover rates in the future.

It should be noted that the trust calculates the turnover ratio only on the long portion of the James Long-Short Fund. If short positions were also included in the calculation, the turnover rates for the James Long-Short Fund would likely be higher.

#### S. Repurchase Agreements.

The Funds may invest in repurchase agreements fully collateralized by obligations issued by the U.S. Government or by agencies of the U.S. Government (“U.S. Government obligations”). A repurchase agreement is a short-term investment in which the purchaser (i.e., a Fund) acquires ownership of a U.S. Government obligation (which may be of any maturity) and the seller agrees to repurchase the obligation at a future time at a set price, thereby determining the yield during the purchaser’s holding period (usually not more than seven days from the date of purchase). Any repurchase transaction in which a Fund engages will require full collateralization of the seller’s obligation during the entire term of the repurchase agreement. In the event of a bankruptcy or other default of the seller, a Fund could experience both delays in liquidating the underlying security and losses in value. However, the Funds intend to enter into repurchase agreements only with banks with assets of \$1 billion or more and registered securities dealers determined by the Adviser to be creditworthy. The Adviser monitors the creditworthiness of the banks and securities dealers with which the Funds engage in repurchase transactions.

#### T. Sovereign Obligations.

The Funds may invest in sovereign debt obligations. Investments in sovereign debt obligations involve special risks not present in corporate debt obligations. The issuer of the sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or interest when due, and a Fund may have limited recourse in the event of a default. During periods of economic uncertainty, the market prices of sovereign debt, and a Fund’s net asset value, may be more volatile than prices of U.S. debt obligations. In the past, certain emerging markets have encountered difficulties in servicing their debt obligations, withheld payments of principal and interest and declared moratoria on the payment of principal and interest on their sovereign debts.

A sovereign debtor’s willingness or ability to repay principal and pay interest in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign currency reserves, the availability of sufficient foreign exchange, the relative size of the debt service burden, the sovereign debtor’s policy toward principal international lenders and local political constraints. Sovereign debtors may also be dependent on expected disbursements from foreign governments, multilateral agencies and other entities to reduce principal and interest arrearages on their debt. The failure of a sovereign debtor to implement economic reforms, achieve specified levels of economic performance or repay principal or interest when due may result in the cancellation of third-party commitments to lend funds to the sovereign debtor, which may further impair such debtor’s ability or willingness to service its debts.

#### U. Treasury Inflation-Protected Securities (TIPS).

The Funds may invest in Treasury Inflation-Protected Securities (“TIPS”). TIPS are marketable securities whose principal is adjusted by changes in the Consumer Price Index (the “Index”). The principal of a TIPS increases with inflation (a rise in the Index) and decreases with deflation (a drop in the index). The relationship between TIPS and the Consumer Price Index affects both the sum investors are paid when a TIPS matures and the amount of interest that a TIPS pays every six months. TIPS pay interest at a fixed rate, which is determined at auction. Because the rate is applied to the adjusted principal, however, interest payments can vary in amount from one period to the next. If inflation occurs, the interest payment increases. In the event of deflation, the interest payment decreases. At the maturity of a TIPS, you receive the adjusted principal or the original principal, whichever is greater. TIPS are designed to provide protection against both inflation and deflation.

#### V. U.S. Government Obligations.

The Funds may invest in U.S. Government obligations. These securities may be backed by the credit of the United States Treasury or only by the issuing agency. U.S. Treasury bonds, notes and bills and some agency securities, such as those issued by the Government National Mortgage Association (“GNMA”) are backed by the full faith and credit of the United States Government as to payment of interest and principal and are typically considered to be free of default risk. Some agencies, known as government-sponsored enterprises (“GSEs”), such as the Federal Home Loan Banks, the Federal Land Banks and the Federal Farm Credit Banks, have a federal charter and operate within limits established by the government. These were established by various acts of Congress over the years. The interest paid by these agencies is not subject to state and local taxes. While they do not carry an explicit government guarantee, they are considered to be “moral obligations” of the United States government. The Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Federal National Mortgage Association (“Fannie Mae”) are private companies that are also GSEs. Because they are private corporations, the interest on their public debt is subject to state and local taxes. These companies became technically bankrupt during the financial crisis of 2008, and the federal government has backed their obligations since then. However, the future of that backing remains in doubt.

#### W. Variable and Floating Rate Instruments.

Certain obligations purchased by the Funds may carry variable or floating rates of interest, may involve a conditional or unconditional demand feature and may include variable amount master demand notes. Variable and floating rate instruments are issued by a wide variety of issuers and may be issued for a wide variety of purposes, including as a method of reconstructing cash flows.

Subject to their investment objective policies and restrictions, the Funds may acquire variable and floating rate instruments. A variable rate instrument is one whose terms provide for the adjustment of its interest rate on set dates and which, upon such adjustment, can reasonably be expected to have a market value that approximates its par value. The Funds may purchase extendable commercial notes. Extendable commercial notes are variable rate notes which normally mature within a short period of time (e.g., 1 month) but which may be extended by the issuer for a maximum maturity of thirteen months.

A floating rate instrument is one whose terms provide for the adjustment of its interest rate whenever a specified interest rate changes and which, at any time, can reasonably be expected to have a market value that approximates its par value. Floating rate instruments are frequently not rated by credit rating agencies; however, unrated variable and floating rate instruments purchased by a Fund will be determined by the Adviser to be of comparable quality at the time of purchase to rated instruments eligible for purchase under the Fund’s investment policies. There may be no active secondary market with respect to a particular variable or floating rate instrument purchased by a Fund. The absence of such an active secondary market could make it difficult for the Fund to dispose of the variable or floating rate instrument involved in the event the issuer of the instrument defaulted on its payment obligations, and the Fund could, for this or other reasons, suffer a loss to the extent of the default. Variable or floating rate instruments may be secured by bank letters of credit or other assets. A Fund may purchase a variable or floating rate instrument to facilitate portfolio liquidity or to permit investment of the Fund’s assets at a favorable rate of return.

Past periods of high inflation, together with the fiscal measures adopted to attempt to deal with it, have seen wide fluctuations in interest rates, particularly “prime rates” charged by banks. While the value of the underlying floating or variable rate securities may change with changes in interest rates generally, the nature of the underlying floating or variable rate should minimize changes in value of the instruments. Accordingly, as interest rates decrease or increase, the potential for capital appreciation and the risk of potential capital depreciation is less than would be the case with a portfolio of fixed rate securities. A Fund’s portfolio may contain floating or variable rate securities on which stated minimum or maximum rates, or maximum rates set by state law, limit the degree to which interest on such floating or variable rate securities may fluctuate; to the extent it does, increases or decreases in value may be somewhat greater than would be the case without such limits. Because the adjustment of interest rates on the floating or variable rate securities is made in relation to movements of the applicable banks’ “prime rates” or other short-term rate securities adjustment indices, the floating or variable rate securities are not comparable to long-term fixed rate securities. Accordingly, interest rates on the floating or variable rate securities may be higher or lower than current market rates for fixed rate obligations of comparable quality with similar maturities.

*Variable Amount Master Demand Notes.* Variable amount master demand notes are demand notes that permit the indebtedness to vary and provide for periodic adjustments in the interest rate according to the terms of the instrument. Because master demand notes are direct lending arrangements between a Fund and the issuer, they are not normally traded. Although there is no secondary market in the notes, a Fund may demand payment of principal and accrued interest. The Adviser will consider the earning power, cash flow, and other liquidity ratios of the issuers of such notes and will continuously monitor their financial status and ability to meet payment on demand. In determining average weighted portfolio maturity, a variable amount master demand note will be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered from the issuer through demand.

*Limitations on the Use of Variable and Floating Rate Notes.* Variable and floating rate instruments for which no readily available market exists (e.g., illiquid securities) will be purchased in an amount which, together with securities with legal or contractual restrictions on resale or for which no readily available market exists (including repurchase agreements providing for settlement more than seven days after notice), respectively, exceeds 15% of the net assets of the James Small Cap Fund, James Mid Cap Fund, James Long-Short Fund, and James Micro Cap Funds and exceeds 15% of net assets of the James Balanced: Golden Rainbow Fund and the James Aggressive Allocation Fund only if such instruments are subject to a demand feature that will permit the Fund to demand payment of the principal within seven days after demand by the Fund. There is no limit on the extent to which a Fund may purchase demand instruments that are not illiquid or deemed to be liquid in accordance with the Adviser’s liquidity determination procedures. If not rated, such instruments must be found by the Adviser to be of comparable quality to instruments in which a Fund may invest. A rating may be relied upon only if it is provided by a Nationally Recognized Statistical Ratings Organization (“NRSRO”) that is not affiliated with the issuer or guarantor of the instruments.

## X. When-Issued Securities and Forward Commitments.

The Funds may buy and sell securities on a when-issued or delayed delivery basis, with payment and delivery taking place at a future date. The price and interest rate that will be received on the securities are each fixed at the time the buyer enters into the commitment. The Funds may enter into such forward commitments if it holds, and maintains until the settlement date in a separate account at the Funds' Custodian, U.S. Bank, N.A. (the "Custodian") cash or U.S. Government securities in an amount sufficient to meet the purchase price. Forward commitments involve a risk of loss if the value of the security to be purchased declines prior to the settlement date. Any change in value could increase fluctuations in the Funds' share price and yield. Although the Funds will generally enter into forward commitments with the intention of acquiring securities for its portfolio, the Funds may dispose of a commitment prior to the settlement if the Adviser deems it appropriate to do so.

### INVESTMENT LIMITATIONS

Fundamental. The investment limitations described below have been adopted by the Trust with respect to the Funds and are fundamental ("Fundamental"), that is, they may not be changed without the affirmative vote of a majority of the outstanding shares of the Funds. As used in a Prospectus and this SAI, the term "majority" of the outstanding shares of a Fund means the lesser of (1) 67% or more of the outstanding shares of the Fund present at a meeting, if the holders of more than 50% of the outstanding shares of the Fund are present or represented at such meeting; or (2) more than 50% of the outstanding shares of the Fund. Other investment practices that may be changed by the Board of Trustees without the approval of shareholders to the extent permitted by applicable law, regulation or regulatory policy are considered non-fundamental ("Non-fundamental").

1. Borrowing Money. Each Fund will not borrow money, except (a) from a bank, provided that immediately after such borrowing there is an asset coverage of 300% for all borrowings of the Fund; or (b) from a bank or other persons for temporary purposes only, provided that such temporary borrowings are in an amount not exceeding 5% of the Fund's total assets at the time when the borrowing is made. This limitation does not preclude each Fund from entering into reverse repurchase transactions, provided that each Fund has an asset coverage of 300% for all borrowings and repurchase commitments of each Fund pursuant to reverse repurchase transactions.

2. Senior Securities. The Funds will not issue senior securities. This limitation is not applicable to activities that may be deemed to involve the issuance or sale of a senior security by the Funds, provided that the Funds' engagement in such activities is consistent with or permitted by the 1940 Act, the rules and regulations promulgated thereunder or interpretations of the Securities and Exchange Commission or its staff.

3. Underwriting. The Funds will not act as underwriter of securities issued by other persons. This limitation is not applicable to the extent that, in connection with the disposition of portfolio securities (including restricted securities), the Funds may be deemed an underwriter under certain federal securities laws.

4. Real Estate. The Funds will not purchase or sell real estate. This limitation is not applicable to investments in marketable securities that are secured by or represent interests in real estate. This limitation does not preclude the Funds from investing in mortgage-related securities or investing in companies engaged in the real estate business or that have a significant portion of their assets in real estate (including real estate investment trusts).

5. Commodities. The Funds will not purchase or sell commodities except as described in the applicable Prospectus and Statement of Additional Information. This limitation does not preclude the Funds from acquiring commodities as a result of ownership of securities or other investments; from entering into options, futures, currency, swap, cap, floor, collar or similar transactions; from investing in securities or other instruments backed by commodities; or from investing in companies that are engaged in a commodities business or have a significant portion of their assets in commodities.

6. Loans. The Funds will not make loans to other persons, except (a) by loaning portfolio securities, (b) by engaging in repurchase agreements, or (c) by purchasing non-publicly offered debt securities. For purposes of this limitation, the term “loans” shall not include the purchase of a portion of an issue of publicly distributed bonds, debentures or other securities.

7. Concentration. Each Fund will not invest 25% or more of its total assets in any particular industry. This limitation is not applicable to investments in obligations issued or guaranteed by the U.S. Government, its agencies and instrumentalities or repurchase agreements with respect thereto.

8. Diversification. The Funds will comply with the standards for diversification as required by the then-current 1940 Act, the rules and regulations promulgated thereunder and interpretations of the Securities and Exchange Commission or its staff.

With respect to the percentages adopted by the Trust as maximum limitations on its investment policies and limitations, an excess above the fixed percentage will not be a violation of the policy or limitation unless the excess results immediately and directly from the acquisition of any security or the action taken. This paragraph does not apply to the borrowing policy set forth in paragraph 1 above.

With respect to commodities, no Fund has a current intention to invest in options, futures, or swaps.

With respect to diversification, the current standards require that each Fund may not purchase the securities of any one issuer, other than an investment company or the U.S. Government or any of its instrumentalities, if immediately after such purchase more than 5% of the value of its total assets would be invested in such issuer, or the Fund would own more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund’s total assets may be invested without regard to such 5% and 10% limitations.

Non-fundamental. The following limitations have been adopted by the Trust with respect to the Funds and are Non-fundamental (see “Investment Limitations” above).

1. Pledging. The Funds will not mortgage, pledge, hypothecate or in any manner transfer, as security for indebtedness, any assets of the Funds except as may be necessary in connection with borrowings described in fundamental limitation (1) above. Margin deposits, security interests, liens and collateral arrangements with respect to transactions involving options short sales and other permitted investments and techniques are not deemed to be a mortgage, pledge or hypothecation of assets for purposes of this limitation.

2. Borrowing. Each Fund (other than the James Long-Short Fund, the James Aggressive Allocation Fund and the James Balanced: Golden Rainbow Fund) will not purchase any security while borrowings (including reverse repurchase agreements) representing more than 5% of its total assets are outstanding.

3. Margin Purchases. The Funds will not purchase securities or evidences of interest thereon on “margin.” This limitation is not applicable to short-term credit obtained by the Funds for the clearance of purchases and sales or redemption of securities, or to arrangements with respect to transactions involving short sales and other permitted investments and techniques.

4. Options. The Funds will not purchase or sell puts, calls, options or straddles, except as described in the applicable Prospectus and the Statement of Additional Information.

5. Short Sales. Each Fund (excluding the James Long-Short Fund) will not effect short sales of securities.

6. Illiquid Securities. Each Fund will not invest more than 15% of its net assets in securities that are restricted as to resale or otherwise illiquid. For this purpose, until the close of business on November 30, 2018, illiquid securities generally include securities that cannot be disposed of within seven days in the ordinary course of business without taking a reduced price and effective December 1, 2018, in connection with Rule 22e-4, illiquid securities will be defined as any investment that each Fund reasonably expects cannot be sold or disposed of in current market conditions in seven calendar days or less without the sale or disposition significantly changing the market value of the investment.

7. 80% Investment Policy. Applicable only to the James Micro Cap Fund: the James Micro Cap Fund invests primarily in common stocks of micro capitalization companies, defined by the Adviser as those companies with market capitalizations at the time of purchase no larger than the stocks in the Russell Microcap<sup>®</sup> Index, including ETFs that invest primarily in such securities. As of September 30, 2018, the largest market capitalization of the companies included in the Russell Microcap<sup>®</sup> Index was \$2.451 billion. Under normal circumstances, the Fund will invest at least 80% of its assets (defined as net assets plus the amount of any borrowing for investment purposes) in micro capitalization stocks, as defined above.

Applicable only to the James Mid Cap Fund: the James Mid Cap Fund invests primarily in common stocks of mid capitalization companies, defined by the Adviser as those companies with market capitalizations at the time of purchase that fall within the range of Russell Midcap<sup>®</sup> Index. As of September 30, 2018, the largest market capitalization of the companies included in the Russell Midcap<sup>®</sup> Index was \$40.64 billion and the smallest market capitalization was \$603.62 million. Under normal circumstances, the Fund will invest at least 80% of its assets (defined as net assets plus the amount of any borrowing for investment purposes) in mid capitalization stocks, as defined above.

Applicable only to the James Small Cap Fund: the James Small Cap Fund invests primarily in common stocks of small capitalization companies, defined by the Adviser as those companies with market capitalizations at the time of purchase no larger than the stocks in the Russell 2000<sup>®</sup> Index, which is the benchmark index for the Fund (including ETFs that invest primarily in such securities). As of September 30, 2018, the largest market capitalization of the companies included in the Russell 2000<sup>®</sup> Index was \$8.507 billion. Micro cap securities are considered small capitalization securities. Under normal circumstances, the Fund will invest at least 80% of its assets (defined as net assets plus the amount of any borrowing for investment purposes) in small capitalization stocks, as defined above.

Applicable to the James Micro Cap Fund, James Mid Cap Fund, and James Small Cap Funds: Shareholders of the applicable Fund will be provided with at least 60 days' prior notice of any change in the Fund's 80% investment policy. The notice will be provided in a separate written document containing the following, or similar, statement, in boldface type: "Important Notice Regarding Change in Investment Policy." The statement will also appear on the envelope in which the notice is delivered, unless the notice is delivered separately from other communications to the shareholder. The Adviser, subject to the approval of the Board of Trustees, may change its foregoing definitions of micro, small and large capitalization companies. Shareholders will be notified of any such change.

## DISCLOSURE OF PORTFOLIO HOLDINGS

The following is a summary of the Funds' policies and procedures for disclosing the Funds' portfolio securities to any person requesting this information. No compensation will be received by a Fund, the Adviser, or any other party in connection with the disclosure of information about portfolio securities. The Funds may disclose information related to the Funds' portfolio holdings to various service providers in connection with the day-to-day operations and management of the Funds. The procedures prohibit the disclosure of portfolio holdings to persons outside the Adviser, the Funds' Independent Registered Public Accounting Firm, legal counsel or other service providers identified in the applicable Prospectus except under the following conditions:

- 1) Routine shareholder reports filed quarterly with the SEC within 60 days after the quarter-end and routine shareholder reports distributed to shareholders within 60 days after the six-month end;
- 2) For use in preparing and distributing routine periodic reporting to market data agencies;
- 3) For use in preparing and distributing routine shareholder reports, including disclosure to the Trust's independent public accounting firm, typesetter and printer;
- 4) Regular quarterly postings on the Fund's website provided that full holdings are at least 30 days after the most recent calendar month-end and top ten holdings are generally 5-10 days after the most recent calendar month end;
- 5) In response to Requests for Proposal ("RFPs"), due diligence questionnaires or similar inquiries received by the Adviser from consultants (or consultant departments of brokers/dealers and others) that service accounts in the Funds (or are a referral source for such accounts), provided: (i) only month-end data that is at least 30 days old is disclosed, or (ii) the Adviser's senior management approves the disclosure and such approval is reported to the Chief Compliance Officer of the Funds as soon as is practicable; and
- 6) Full holdings disclosure to various market data agencies as of the end of a calendar month.

The Funds may provide their full holdings to various market data agencies as of the end of a calendar month. All other disclosures are made in accordance with the requests of the parties indicated above. Employees of the Adviser that are access persons under the Funds' Code of Ethics have access to Fund holdings on a regular basis, but are subject to confidentiality requirements and trading prohibitions in the Code of Ethics. In addition, the Custodian of the Funds' assets and the Funds' accounting services agent, each of whose agreements contains a confidentiality provision, have access to the current Fund holdings on a daily basis. In addition, certain unaffiliated brokers and market professionals involved in the execution of transactions for the Funds will by necessity have information on Fund holdings and are not covered under this policy.

This prohibition covers only selective disclosures and does not prohibit a discussion of Fund holdings in a public format, such as a radio or television interview. These events are covered under the James Advantage Funds' Marketing Policies and Procedures.

Certain products of the Adviser's private client business are very similar to portfolios of the Funds. Consultants that receive holdings data on RFPs or on routine questionnaires or other inquiries submitted to the Adviser may have no confidentiality requirements and a Fund cannot be assured in such cases that portfolio holdings disclosed to them will be kept confidential. Since the portfolios may be very similar to the Funds, completion of the questionnaire or RFP may constitute a selective disclosure. Also, the Funds have no assurance that market data agencies, such as Morningstar, will keep data provided to them confidential.

Disclosure of portfolio holdings by the Adviser will be made to other service providers as deemed necessary in the execution of their responsibilities. Legal counsel will have access to portfolio holdings at any time, as will regulators such as the U.S. Securities and Exchange Commission ("SEC") or the Financial Industry Regulatory Authority ("FINRA") if requested. In other cases the Adviser will restrict holdings data to month end data with at least a 30 day lag.

The Chief Compliance Officer (“CCO”) is authorized to determine whether disclosure of portfolio securities is for a legitimate business purpose and is in the best interest of the Funds and their shareholders. The CCO will report any perceived and unresolved conflict between the interests of shareholders and the interests of the Adviser, or any affiliates, to the Funds’ Board of Trustees, which will make a determination that is in the best interests of shareholders.

### TRUSTEES AND OFFICERS

The Board of Trustees has overall responsibility for management of the Trust under the laws of Ohio governing the responsibilities of trustees of business trusts. Following are the Trustees and executive officers of the Trust, their present occupation with the Trust or Funds, age and principal occupation during the past 5 years and their aggregate compensation from the Trust for the fiscal year ended June 30, 2018.

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#### INTERESTED TRUSTEE

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Name/Address*/Age	Position(s) With Fund/Time Served/During Past 5 years	Principal Occupation by Trustee	Number of Portfolios in Fund Complex Overseen	Other Directorships Held by Trustee Outside During the Past Five Years
Barry R. James <sup>2</sup> , CFA James Investment Research, Inc. 1349 Fairground Road Xenia, OH 45385 Year of Birth: 1956	President & Trustee since 1997	President and CEO, James Investment Research (2005 - present); CEO and Director, James Capital Alliance (1992 - present)	6	Director, Heart to Honduras (2006 – present) Director, FAIR Foundation (2010 - present)

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**INDEPENDENT TRUSTEES**


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<b>Name/Address*/Age</b>	<b>Position(s) With Funds/Time Served/During Past 5 years</b>	<b>Principal Occupation(s) by Trustee</b>	<b>Number of Portfolios in Fund Complex Overseen</b>	<b>Other Directorships Held by Trustee Outside During the Past Five Years</b>
Anthony P. D'Angelo Year of Birth: 1930	Trustee since 1997	Retired, Professor Emeritus, Graduate School of Logistics and Acquisitions Management, Air Force Institute of Technology, Wright-Patterson AFB, Ohio (Retired since 1999)	6	None
Leslie L. Brandon Year of Birth: 1942	Trustee since 2003	Retired Partner, Ernst & Young LLP, Columbus, Ohio (1966 - 2000)	6	None
Ronald D. Brown Year of Birth: 1953	Trustee Since 2014	Interim Chief Executive Officer, LSI Industries Inc. (2018 – Present); Vice Chairman, The Armor Group (2017 – 2018); Chief Operating Officer, The Armor Group (2013 – 2017); Chief Financial Officer, Makino Inc. (2010 – 2013); Managing Director, Taft Business Consulting LLC. (2009 – 2013)	6	Director of AO Smith Corporation (2001 - present); Board Trustee of University of Cincinnati (2013 - present); Director, Zep, Inc. (2010 – 2015) Director of Makino Inc. (2010 - 2013)
Robert F. Chelle Year of Birth: 1948	Trustee since 2014	Retired Founding Director of the L. William Crotty Center for Entrepreneurial Leadership at the University of Dayton (1999 – 2015); President/CEO, High Voltage Maintenance Corp, Dayton, OH (1974-1999)	6	Director of DRT Mfg. Co. (2007 – present), School Outfitters (2010 – present), Harlamert-HRG Food Brokerage, Prime Controls (2008 – present), The Siebenthaler Company (1986 – present).
Richard C. Russell Year of Birth: 1946	Trustee since 2003	Consultant, Danis Companies (construction and real estate development firm), (2002 - present); Retired CEO & CFO, Danis Companies (1983-2002)	6	Director, Excellence in Motivation (1996 - present); Director, DRT Manufacturing, Co. (1999 - present); Director, Catholic Community Foundation for the Archdiocese of Cincinnati, Inc. (2015 – present); Director, Catholic Education Foundation for the Archdiocese of Cincinnati, Inc. (2015 – present);

\* All Trustees may be contacted at c/o The James Advantage Funds, Attn: Secretary, 1349 Fairground Road, Xenia, OH 45385.

- Each Trustee is elected to serve in accordance with the Declaration of Trust and Bylaws of the Trust until his or her successor is duly elected and qualified.
- Mr. James is an “interested person” of the Trust as defined in the 1940 Act because of his relationship to James Investment Research, Inc., which serves as the investment adviser to the Trust.

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**OFFICERS**

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<b>Name/Address/Age</b>	<b>Positions Held With Fund/Date Service Began</b>	<b>Principal Occupation by Officer</b>
Amy Broerman James Investment Research, Inc. 1349 Fairground Road Xenia, OH 45385 Year of Birth: 1972	Chief Financial Officer since 2018* Treasurer since 2012	Assistant Vice President of Operations, James Investment Research, Inc. (since 2008), Assistant Treasurer of James Advantage Funds (2002-2012)
Lesley Ott James Investment Research, Inc. 1349 Fairground Road Xenia, OH 45385 Year of Birth: 1983	Chief Compliance Officer since 2012	Chief Compliance Officer, James Investment Research, Inc. and James Capital Alliance, Inc. (since 2012), Deputy Chief Operating Officer, James Investment Research, Inc. (since 2017); Deputy Chief Compliance Officer, James Investment Research, Inc. and James Capital Alliance, Inc. (2010-2011)
Brian P. Shepardson James Investment Research, Inc. 1349 Fairground Road Xenia, OH 45385 Year of Birth: 1973	Secretary since 2018* Assistant Treasurer since 2015	First Vice President, James Investment Research, Inc. (since 2014), Assistant Vice President of James Investment Research, Inc. (2009-2014)
Richard Brian Culpepper James Investment Research, Inc. 1349 Fairground Road Xenia, OH 45385 Year of Birth: 1972	Assistant Secretary since 2011	Senior Vice President, James Investment Research, Inc. (since 2018), Vice President, James Investment Research, Inc. (2014-2018), First Vice President of James Investment Research, Inc. (2009-2014)
Andrea E. Kuchli, c/o ALPS Fund Services, Inc. 1290 Broadway, Ste. 1100 Denver, CO 80203 Year of Birth: 1985	Assistant Secretary since 2015	Vice President and Senior Counsel of ALPS Fund Services, Inc. (2015 – present); Secretary of the Principal Real Estate Income Fund (2015 – present), Secretary of the Elevation ETF Trust (2015-present), Secretary of the ALPS Variable Investment Trust (2016-present), Secretary of the ALPS ETF Trust (2017-present), Associate Attorney, Davis Graham & Stubbs LLP (2014 - 2015); Associate Attorney, Dechert LLP (2011 - 2014)
Jennell Panella c/o ALPS Fund Services, Inc. 1290 Broadway, Ste. 1100 Denver, CO 80203 Year of Birth: 1974	Assistant Treasurer since 2013	Fund Controller of ALPS Fund Services, Inc. (since June 2012), Financial Reporting Manager, Parker Global Strategies, LLC (2009-2012)

\* Thomas L. Mangan resigned as Chief Financial Officer (“CFO”), Vice President, and Secretary effective October 31, 2018 and Amy Broerman will replace Mr. Mangan as CFO and Brian P. Shepardson will replace Mr. Mangan as Secretary each as of November 1, 2018.

## **Board Leadership**

The Board of Trustees is led by its Chairman, Mr. Barry James. Mr. James is an “interested person” of the Trust because he is President and Chief Executive Officer of the Adviser. The Trustees have determined that an interested Chairman is appropriate and benefits shareholders because Mr. James has served as Chairman of the Trust’s Board since 1997. Independent Trustees exercise their informed business judgment to appoint an individual of their choosing to serve as Chairman, regardless of whether the Trustee is independent or an interested person. The independent Trustees have determined that they can act independently and effectively without having an independent Trustee serve as Chairman and that a key structural component for assuring that they are in a position to do so is for the independent Trustees to constitute a substantial majority of the Board.

The Board has not appointed a lead independent Trustee. It was determined by the Board that due to its size (six Trustees), the size of the Fund complex and the relatively straightforward investment strategies adopted by the Funds, it is not necessary to appoint a lead independent Trustee. The independent Trustees believe they have consistently worked well together and have demonstrated an ability to provide appropriate oversight to the operations of the Trust.

## **Risk Oversight**

Investing in general and the operation of a mutual fund involves a variety of risks, such as investment risk, compliance risk and operational risk, among others. The Board oversees risk as part of its oversight of the Funds. Risk oversight is addressed as part of various regular Board and committee activities. The Board, directly or through its Audit Committee, reviews reports from among others, the Adviser, the Trust’s Chief Compliance Officer, the Trust’s independent registered public accounting firm and the Trust’s counsel, as appropriate, regarding risks faced by the Trust and the risk management programs of the Adviser and certain service providers. The full Board regularly engages in discussions of risk management and receives compliance reports that inform its oversight of risk management from the Trust’s Chief Compliance Officer at quarterly meetings and on an ad hoc basis, when and if necessary. The Trust’s Chief Compliance Officer also meets at least quarterly in executive session with the independent Trustees. The actual day-to-day risk management with respect to the Trust resides with the Adviser and other service providers. Although the risk management policies of the Adviser and the other service providers are designed to be effective, those policies and their implementation vary among service providers and over time, and there is no guarantee that they will be effective. Not all risks that may affect the Trust can be identified, nor can processes and controls necessarily be developed to eliminate or mitigate their occurrence or effects. Some risks are simply beyond the control of the Trust, the Adviser or other service providers to the Trust. The Board may, at any time and in its sole discretion, change the manner in which it conducts its risk oversight role.

## **Information About Trustees' Experience, Qualifications, Attributes and Skills to Serve on the Board**

Dr. Anthony P. D'Angelo is a Professor Emeritus and former faculty member of the Air Force Institute of Technology-School of Systems and Logistics Graduate Program where he taught Finance, Accounting, Budgeting and Economics. Dr. D'Angelo holds a Bachelor of Business Administration with a major in Marketing, a Master's in Business Administration with a major in Industrial Management, and a Doctorate in Business Administration with a major in Logistics Management and a minor in Operations Research. Dr. D'Angelo's dissertation, which was empirically and theoretically based, resulted in the development of management information systems for customer service-intensive industries. Dr. D'Angelo also served as an officer in the United States Air Force for 28 years. The Trustees believe that Dr. D'Angelo's extensive academic experience in business administration and management experience in the United States Air Force make him well qualified to serve on the Board.

Mr. Leslie L. Brandon retired as an audit partner of Ernst & Young ("E&Y"), where he worked for 34 years, 23 years of which as a partner. Mr. Brandon was designated by E&Y's national office as "National SEC Review Partner" and has extensive experience in practice with the SEC. His clients included a majority of the SEC-registered clients in the Columbus, Ohio office of E&Y. Mr. Brandon also led recruiting efforts for the Columbus office for much of his time at E&Y and served as Audit Partner-in-Charge of the Columbus office staff for several years. Mr. Brandon holds a Bachelor of Science from the Ohio State University and a Master's in Business Administration from the University of Wisconsin. The Trustees believe that Mr. Brandon's extensive audit experience with SEC clients and his management experience with E&Y make him well qualified to serve on the Board.

Mr. Ronald D. Brown is currently serving as Interim Chief Operating Officer of LSI Industries, Inc. (LYTS:Nasdaq). Mr. Brown served as Chief Operating Officer of The Armor Group from February 2013 to February of 2017, Vice Chairman of the Armor Group from Feb 2017 to April 2018, a certified woman owned corporation which provides manufactured goods and services to a variety of industries. He is retired Chairman & Chief Executive Officer of Milacron Inc., a leading supplier of plastics processing and industrial fluids with major manufacturing facilities in North America, Europe and Asia. Mr. Brown also served as Chief Operating Officer and Chief Financial Officer of Milacron. Mr. Brown has considerable experience in acquisition and integration of businesses, as well as financial and operational restructurings. He currently serves on the Board of Directors of one NYSE company, A.O. Smith Corporation. The Trustees believe that Mr. Brown's extensive management and business skills make him well qualified to serve on the Board.

Mr. Robert F. Chelle owned and was President of the High Voltage Maintenance Corporation ("HVM") from 1973 to 1996. HVM is a technical service company specializing in predictive testing, preventive maintenance and electrical engineering of power distribution systems. Headquartered in Dayton, OH, it operates in 13 other major cities. HVM was sold to Emerson Electric Co. of St. Louis in October of 1996. Robert remained as President and CEO of HVM for a three-year transition. Mr. Chelle has considerable experience serving on numerous other boards. From August of 1999 to present, he is Entrepreneur-In-Residence and Professor of Entrepreneurship at the University of Dayton. The Trustees believe that Mr. Chelle's experiences in financial management, board structure, policy development, in strategic planning and decision making make him well qualified to serve on the Board.

Mr. Barry R. James is President and Chief Executive Officer of the Adviser and he also serves as Chairman and Chief Executive Officer of James Capital Alliance. Mr. James holds the Chartered Financial Analyst and Chartered Investment Counselor certifications, as well as FINRA Series 6, 63 and 65 licenses. Mr. James received a Bachelor of Science degree from the United States Air Force Academy and a Master's in Business Administration from Boston University. The Trustees believe that Mr. James' leadership training and management experience in the United States Air Force, experience as President and Chief Executive Officer of several companies, experience in the investment advisory business and experience in portfolio management and investment research since 1986 make him well qualified to serve on the Board.

Mr. Richard C. Russell has been a Director on the Board of Excellence In Motivation since 1994 and a Director on the Board of Dayton Reliable Tool since 1999. Mr. Russell also worked for 20 years with a private construction and real estate development firm based in Dayton, Ohio in the capacity of Chief Financial Officer and subsequently Chief Executive Officer. In this role, Mr. Russell provided oversight of a \$300 million dollar construction operation and a \$300 million real estate portfolio. Mr. Russell is an experienced Chief Executive Officer, Chief Financial Officer and Director with proven leadership skills and a diverse background in both public and private companies. The Trustees believe that Mr. Russell's experience in strategic planning, financial management, budgeting, fiscal reporting, communications, human resources, shareholder relations, and board structure, policy development and decision making make him well qualified to serve on the Board.

**Trustee Compensation:**

Name	Compensation from James Aggressive Allocation Fund	Compensation from James Balanced: Golden Rainbow Fund	Compensation from James Long-Short Fund	Total Compensation from Trust*
Barry R. James	\$0	\$0	\$0	\$0
+ Anthony P. D'Angelo	\$135.56	\$40,133.05	\$281.51	\$42,000
+ Leslie L. Brandon	\$142.01	\$42,044.17	\$294.91	\$44,000
+Ronald D. Brown	\$135.56	\$40,133.05	\$281.51	\$42,000
+Robert F. Chelle	\$135.56	\$40,133.05	\$281.51	\$42,000
+ Richard C. Russell	\$135.56	\$40,133.05	\$281.51	\$42,000

Name	Compensation from James Micro-Cap Fund	Compensation from James Mid Cap Fund	Compensation from James Small Cap Fund	Total Compensation from Trust*
Barry R. James	\$0	\$0	\$0	\$0
+ Anthony P. D'Angelo	\$389.53	\$203.84	\$856.51	\$42,000
+ Leslie L. Brandon	\$408.07	\$213.54	\$897.30	\$44,000
+Ronald D. Brown	\$389.53	\$203.84	\$856.51	\$42,000
+Robert F. Chelle	\$389.53	\$203.84	\$856.51	\$42,000
+ Richard C. Russell	\$389.53	\$203.84	\$856.51	\$42,000

+ Member of Audit Committee. The Audit Committee is the only standing committee of the Board of Trustees. The Audit Committee's function is to oversee the Trust's accounting and financial reporting policies and practices, its internal controls and, as appropriate, the internal controls of certain service providers; to oversee the quality and objectivity of the Trust's financial statements and the independent audit thereof; and to act as a liaison between the Trust's independent auditors and the full Board of Trustees. The Audit Committee held four regularly scheduled meetings during the fiscal year ended June 30, 2018.

\* Amounts shown include payments made to the Trustees during the fiscal year ended June 30, 2018. The Trust does not pay any retirement benefits to the Trustees for their service.

**Trustees' Ownership of Trust Shares** (as of December 31, 2017)

Name	Dollar Range of Equity Securities in James Aggressive Allocation Fund	Dollar Range of Equity Securities in James Balanced: Golden Rainbow Fund	Dollar Range of Equity Securities in James Long-Short Fund	Aggregate Dollar Range of Equity Securities in Registered Investment Company
Barry R. James	Over \$100,000	Over \$100,000	Over \$100,000	Over \$100,000
Anthony P. D'Angelo	\$1-\$10,000	Over \$100,000	\$1-\$10,000	Over \$100,000
Leslie L. Brandon	None	Over \$100,000	None	Over \$100,000
Ronald D. Brown	None	Over \$100,000	None	Over \$100,000
Robert F. Chelle	None	Over \$100,000	\$50,001-\$100,000	Over \$100,000
Richard C. Russell	\$50,001-\$100,000	Over \$100,000	Over \$100,000	Over \$100,000

Name	Dollar Range of Equity Securities in James Micro Cap Fund	Dollar Range of Equity Securities in James Mid Cap Fund	Dollar Range of Equity Securities in James Small Cap Fund	Aggregate Dollar Range of Equity Securities in Registered Investment Company
Barry R. James	Over \$100,000	Over \$100,000	Over \$100,000	Over \$100,000
Anthony P. D'Angelo	None	None	None	Over \$100,000
Leslie L. Brandon	None	None	None	Over \$100,000
Ronald D. Brown	None	None	None	Over \$100,000
Robert F. Chelle	Over \$100,000	None	None	Over \$100,000
Richard C. Russell	Over \$100,000	\$50,001 - \$100,000	\$50,001 - \$100,000	Over \$100,000

**PROXY VOTING POLICIES OF THE TRUST AND THE ADVISER**

**The Trust's Proxy Voting Policies and Procedures**

Pursuant to rules established by the Securities and Exchange Commission, under the 1940 Act, the Board of Trustees of the Trust has adopted the following formal, written guidelines for proxy voting by the Trust. The Board of Trustees of the Trust oversees voting policies and decisions for the Funds.

Each Fund exercises its proxy voting rights with regard to the companies in the Fund’s investment portfolio, with the goals of maximizing the value of the Fund’s investments, promoting accountability of a company’s management and board of directors to its shareholders, aligning the interests of management with those of shareholders, and increasing transparency of a company’s business and operations.

In general, the Board of Trustees of the Trust believes that the Adviser, which selects the individual companies that are part of each Fund’s portfolio, is the most knowledgeable and best suited to make decisions about proxy votes for the Fund. Therefore, the Trust defers to and relies on the Adviser to make decisions on casting proxy votes for the Funds.

In some instances, the Adviser may be asked to cast a proxy vote that presents a conflict between the interests of a Fund’s shareholders, and those of the Adviser or an affiliated person of the Adviser. In such a case, the Adviser is instructed to abstain from making a voting decision and to forward all necessary proxy voting materials to the Trust to enable the Board of Trustees to make a voting decision. When the Board of Trustees of the Trust is required to make a proxy voting decision, only the Trustees without a conflict of interest with regard to the security in question or the matter to be voted upon shall be permitted to participate in the decision of how the Fund’s vote will be cast.

### SUMMARY OF ADVISER’S PROXY VOTING GUIDELINES

The proxy voting decisions for issues not specifically addressed in the following summary are determined on a case-by-case basis. The Adviser has retained Institutional Shareholder Services, Inc. (“ISS”) to vote proxies on behalf of the Trust in accordance with the Trust’s and the Adviser’s policies. As part of this retention, the Adviser has adopted the ISS U.S. Proxy Voting Concise Guidelines, as amended from time to time (the “ISS Proxy Voting Guidelines”). While these guidelines are not intended to be all-inclusive, they do provide guidance on ISS’ general voting policies. A copy of the Proxy Voting Guidelines will be available upon request by writing the Transfer Agent at P.O. Box 786, Denver, CO 80201, or by calling 800-99 JAMES (800-995-2637).

### TRUST PROXY VOTES FOR 12 MONTHS ENDED JUNE 30, 2018

Information regarding how each of the Funds voted proxies related to their respective portfolio securities during the 12-month period ended June 30, 2018 is available upon request by writing the Transfer Agent at P.O. Box 786, Denver, CO 80201, by calling 800-99 JAMES (800-995-2637), or on the Securities and Exchange Commission’s website at <http://www.sec.gov>.

### PRINCIPAL HOLDERS OF VOTING SECURITIES

As of September 30, 2018, the officers and Trustees of the Trust as a group owned 5.99% of the then-outstanding shares of the James Aggressive Allocation Fund.

As of September 30, 2018, the following persons owned of record, for the benefit of their respective customers, more than 5% of the outstanding voting shares of the James Aggressive Allocation Fund:

Name/Address	Percentage Owned
Frank E. James Jr. Trust* P.O. Box 8 Alpha, OH 45301-0008	39.43%
James Investment Research Profit Sharing Plan P.O. Box 8 Alpha, OH 45301	14.03%

\* May be deemed to control the Fund because it owned of record, for the benefit of others, more than 25% of the outstanding voting shares as of September 30, 2018.

As of September 30, 2018, the officers and Trustees of the Trust as a group owned less than 0.18% of the then-outstanding shares of the James Balanced: Golden Rainbow Fund.

As of September 30, 2018, the following persons owned of record, for the benefit of their respective customers, more than 5% of the outstanding voting shares of the James Balanced: Golden Rainbow Fund:

Name/Address	Percentage Owned
<u>Retail</u>	
National Financial Services LLC* 82 Devonshire Street Boston, MA 02109	45.08%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	24.54%
<u>Institutional</u>	
National Financial Services LLC 82 Devonshire Street Boston, MA 02109	16.70%
Merrill Lynch, Pierce, Fenner & Smith, Inc. 4800 Deer Lake Dr. East Jacksonville, FL 32246	18.09%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	12.08%
UBS Financial Services, Inc. 1000 Harbor Blvd. FL 8 Weehawken, NJ 07086	8.46%
Wells Fargo Clearing Services, LLC 1 N. Jefferson Ave. Saint Louis, MS 63103	7.64%
LPL Financial Corporation 4707 Executive Drive San Diego, CA 92121	7.18%
TD Ameritrade, Inc. 200 S 108th Ave. Omaha, NE 68154	8.77%

\* May be deemed to control the Fund because it owned of record, for the benefit of others, more than 25% of the outstanding voting shares as of September 30, 2018.

As of September 30, 2018, the officers and Trustees of the Trust as a group owned 3.58% of the then-outstanding shares of the Long-Short Fund.

As of September 30, 2018, the following persons owned more than 5% of the outstanding voting shares of the James Long-Short Fund:

Name/Address	Percentage Owned
Frank E. James Jr. Trust* P.O. Box 8 Alpha, OH 45301-0008	47.42%
James Investment Research Profit Sharing Plan P.O. Box 8 Alpha, OH 45301	9.55%
Dayton Foundation 40 N. Main Street, Suite 500 Dayton, OH 45423-1038	5.87%

\* May be deemed to control the Fund because it owned of record, for the benefit of others, more than 25% of the outstanding voting shares as of September 30, 2018.

As of September 30, 2018, the officers and Trustees of the Trust as a group owned 5.90% of the then-outstanding shares of the James Micro Cap Fund.

As of September 30, 2018, the following persons owned of record, for the benefit of their respective customers, more than 5% of the outstanding voting shares of the James Micro Cap Fund:

Name/Address	Percentage Owned
Frank E. James Jr. Trust* P.O. Box 8 Alpha, OH 45301-0008	41.63%
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	11.17%
James Investment Research Profit Sharing Plan P.O. Box 8 Alpha, OH 45301	5.96%

\* May be deemed to control the Fund because it owned of record, for the benefit of others, more than 25% of the outstanding voting shares as of September 30, 2018.

As of September 30, 2018, the officers and Trustees of the Trust as a group owned 3.81% of the then-outstanding shares of the James Mid Cap Fund.

As of September 30, 2018, the following persons owned more than 5% of the outstanding voting shares of the James Mid Cap Fund:

Name/Address	Percentage Owned
Frank E. James Jr. Trust* P.O. Box 8 Alpha, OH 45301-0008	42.88%
James Investment Research Profit Sharing Plan PO Box 8 Alpha, OH 45301	9.37%

\* May be deemed to control the Fund because it owned of record, for the benefit of others, more than 25% of the outstanding voting shares as of September 30, 2018.

As of September 30, 2018, the officers and Trustees of the Trust as a group owned less than 1.39% of the then-outstanding shares of the James Small Cap Fund.

As of September 30, 2018, the following persons owned of record, for the benefit of their respective customers, more than 5% of the outstanding voting shares of the James Small Cap Fund:

Name/Address	Percentage Owned
Charles Schwab & Co., Inc. 211 Main Street San Francisco, CA 94105	23.20%
National Financial Services LLC 82 Devonshire Street Boston, MA 02109	19.98%
Frank E. James Jr. Trust P.O. Box 8 Alpha, OH 45301	13.91%

#### THE INVESTMENT ADVISER

James Investment Research, Inc., P.O. Box 8, Alpha, Ohio 45301 (the “Adviser”) supervises the Funds’ investments pursuant to Management Agreements between the Adviser and the Trust on behalf of each Fund, subject to the approval of the Board of Trustees. Francis E. James is the controlling shareholder of the Adviser. Each Fund’s Management Agreement was effective for an initial two-year term and is renewed thereafter for one year periods only so long as such renewal and continuance is specifically approved at least annually by the Board of Trustees or by vote of a majority of the applicable Fund’s outstanding voting securities, provided the continuance is also approved by a majority of the Trustees who are not “interested persons” of the Trust or the Adviser by vote cast in person at a meeting called for the purpose of voting on such approval. Each Management Agreement is terminable without penalty on sixty days’ notice by the Board of Trustees of the Trust or by the Adviser. Each Management Agreement provides that it will terminate automatically in the event of its assignment.

Under the terms of each Fund’s Management Agreement, the Adviser manages each Fund’s investments subject to approval of the Board of Trustees. The Adviser pays the expenses (except as excluded below) of each Fund other than the James Balanced: Golden Rainbow Fund. These expenses paid by the Adviser exclude brokerage fees and commissions, taxes, interest (including dividend expense on securities sold short), fees and expenses of the non-interested person Trustees, 12b-1 fees and extraordinary expenses (including litigation to which the Fund may be party and indemnification of the Trust’s Trustees and officers with respect thereto). Acquired Fund Fees and Expenses, which are paid indirectly by a Fund, are also excluded. The Adviser does not make such payments for the James Balanced: Golden Rainbow Fund.

As compensation for the Adviser’s management services (and, with respect to each Fund except the James Balanced: Golden Rainbow Fund, also in exchange for the Adviser’s agreement to pay such Fund’s expenses as outlined above), each Fund is obligated to pay the Adviser a fee (based on average daily net assets) computed and accrued daily and paid monthly at the following annual rates (minus the fees and expenses of the non-interested person Trustees incurred by the applicable Fund):

<b>ASSETS</b>	<b>AGGRESSIVE ALLOCATION FUND</b>	<b>JAMES BALANCED: GOLDEN RAINBOW FUND</b>	<b>JAMES MICRO CAP FUND</b>	<b>JAMES MID CAP, JAMES SMALL CAP AND JAMES LONG-SHORT FUNDS</b>
Up to and including \$500 million	0.98%	0.74%	1.50%	1.25%
Over \$500 million up to and including \$1 billion	0.95%	0.70%	1.45%	1.20%
Over \$1 billion up to and including \$2 billion	0.90%	0.65%	N/A	1.15%
Over \$2 billion	0.85%	0.60%	N/A	1.10%

The Adviser may waive all or part of its fee, at any time, and at its sole discretion, but such action shall not obligate the Adviser to waive any fees in the future. Each Fund paid the Adviser the following amounts for each of the last three fiscal years:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
James Aggressive Allocation Fund	\$101,459	\$87,165	\$49,528
James Balanced: Golden Rainbow Fund	\$19,071,073	\$25,623,138	\$27,945,753
James Long-Short Fund	\$263,529	\$281,026	\$345,830
James Micro Cap Fund	\$435,998	\$474,399	\$393,603
James Mid Cap Fund	\$193,682	\$182,316	\$223,199
James Small Cap Fund	\$791,455	\$977,078	\$1,322,086

The James Balanced: Golden Rainbow Fund is responsible for the payment of all operating expenses of the Fund, including brokerage fees and commissions; taxes or governmental fees; interest fees and expenses of the non-interested person trustees; clerical and shareholder service staff salaries; office space and other office expenses; fees and expenses incurred by the Fund in connection with membership in investment company organizations; legal, auditing and accounting expenses; expenses of registering shares under federal and state securities laws; insurance expenses; fees and expenses of the Custodian, transfer agent, dividend disbursing agent, shareholder service agent, administrator, and accounting and pricing services agent of the Fund; expenses, including clerical expenses, of issue, sale, redemption or repurchase of shares of the Fund; the cost of preparing and distributing reports and notices to shareholders, the cost of printing or preparing prospectuses and statements of additional information for delivery to the Fund's shareholders; the cost of printing or preparing statements, reports or other documents to shareholders; expenses of shareholders' meetings and proxy solicitations; and such extraordinary or non-recurring expenses as may arise, including litigation to which the Fund may be a party and indemnification of the Trust's trustees and officers with respect thereto.

The Adviser retains the right to use the names "James," "Balanced: Golden Rainbow," "James Advantage" or any variation thereof in connection with another investment company or business enterprise with which the Adviser is or may become associated. The Trust's right to use the name "James," "Balanced: Golden Rainbow," "James Advantage" or any variation thereof automatically ceases 90 days after termination of the Agreement and may be withdrawn by the Adviser on 90 days written notice.

The Adviser may make payments to banks, broker-dealers, or other financial institutions that provide shareholder services and administer shareholder accounts. If a financial institution were prohibited from continuing to perform all or a part of such services, management of the Funds believes that there would be no material impact on the Funds or their shareholders. Financial institutions may charge their customers fees for offering these services to the extent permitted by applicable regulatory authorities, and the overall return to those shareholders availing themselves of the financial institution services will be lower than to those shareholders who do not. The Funds may from time to time purchase securities issued by financial institutions that provide such services; however, in selecting investments for the Funds, no preference will be shown for such securities.

### PORTFOLIO MANAGERS

The following charts list the Funds' portfolio managers, the number of their other managed accounts per investment category, the total pooled assets of managed accounts (not including the James Advantage Funds), and the beneficial ownership in the Fund(s) managed at the end of the June 30, 2018 fiscal year. F.E. James and Thomas Mangan serve as Senior Advisor and Advisor, respectively, to the Adviser's investment committee and are not responsible for the day-to-day management of each Fund's portfolio of securities. Listed below the charts is (i) a description of accounts managed where the advisory fee is based on the performance of the account, if any, (ii) a description of the portfolio managers' compensation structure at the end of the June 30, 2018 fiscal year, and (iii) a description of any material conflicts that may arise in connection with the portfolio manager's management of the Funds' investments and the investments of the other accounts included in the chart and any material conflicts in allocation of investment opportunities between the Funds and other accounts managed by the portfolio manager, if any.

Account Type	# of Accounts by Type	Total Assets by Type in \$ millions	# of Accounts by Type subject to Performance Fee	Total Assets by Type Subject to a Performance Fee (\$MM)
<b>Barry R. James, CFA, CIC</b>	40	189.84	0	0
Registered Investment Cos.	1	33.32	0	0
Other Pooled Investment Vehicles*	0	0	0	0
<b>Ann M. Shaw, CFP</b>	49	194.68	0	0
Registered Investment Cos.	0	0	0	0
Other Pooled Investment Vehicles*	0	0	0	0
<b>David W. James, CFA</b>	25	60.56	0	0
Registered Investment Cos.	0	0	0	0
Other Pooled Investment Vehicles*	0	0	0	0
<b>R. Brian Culpepper</b>	45	72.02	0	0

Registered Investment Cos.	0	0	0	0
Other Pooled Investment Vehicles*	0	0	0	0
<b>Brian P. Shepardson, CFA, CIC</b>	46	296.06	0	0
Registered Investment Cos.	0	0	0	0
Other Pooled Investment Vehicles*	0	0	0	0
<b>Trent Dysert</b>	20	43.30	0	0
Registered Investment Companies	0	0	0	0
Other Pooled Investment Vehicles*	1	2.72	0	0
<b>Matthew G. Watson, CFA, CPA</b>	42	88.21	0	0
Registered Investment Companies	0	0	0	0
Other Pooled Investment Vehicles*	0	0	0	0

\* The other pooled account is the Nano Cap Group Partnership, which is not open to the public.

#### Securities Ownership of Portfolio Managers: As of June 30, 2018

		Dollar Range
Barry R. James, CFA, CIC*	James Aggressive Allocation Fund	\$100,001 - \$500,000
	James Balanced: Golden Rainbow Fund	Over \$1,000,000
	James Long-Short Fund	\$100,001 - \$500,000
	James Micro-Cap Fund	Over \$1,000,000
	James Mid Cap Fund	\$500,001 - \$1,000,000
Ann M. Shaw, CFP*	James Small Cap Fund	\$500,001 - \$1,000,000
	James Aggressive Allocation Fund	\$500,001 - \$1,000,000
	James Balanced: Golden Rainbow Fund	Over \$1,000,000
	James Long-Short Fund	\$100,001 - \$500,000
	James Micro-Cap Fund	\$500,001 - \$1,000,000
David W. James, CFA	James Mid Cap Fund	\$100,001 - \$500,000
	James Small Cap Fund	\$100,001 - \$500,000
	James Aggressive Allocation Fund	\$50,001 - \$100,000
	James Balanced: Golden Rainbow Fund	\$500,001 - \$1,000,000
	James Long-Short Fund	\$500,001 - \$1,000,000
	James Micro-Cap Fund	\$500,001 - \$1,000,000
	James Mid Cap Fund	\$100,001 - \$500,000
	James Small Cap Fund	\$100,001 - \$500,000

R. Brian Culpepper	James Aggressive Allocation Fund	\$50,001 - \$100,000
	James Balanced: Golden Rainbow Fund	\$100,001 - \$500,000
	James Long-Short Fund	\$50,001 - \$100,000
	James Micro-Cap Fund	\$50,001 - \$100,000
	James Mid Cap Fund	\$50,001 - \$100,000
	James Small Cap Fund	\$50,001 - \$100,000
Brian P. Shepardson, CFA, CIC	James Aggressive Allocation Fund	\$100,001 - \$500,000
	James Balanced: Golden Rainbow Fund	\$100,001 - \$500,000
	James Long-Short Fund	\$50,001 - \$100,000
	James Micro-Cap Fund	\$100,001 - \$500,000
	James Mid Cap Fund	\$10,001 - \$50,000
	James Small Cap Fund	\$100,001 - \$500,000
Trent D. Dysert, CFA	James Aggressive Allocation Fund	\$10,001 - \$50,000
	James Balanced: Golden Rainbow Fund	\$100,001 - \$500,000
	James Long-Short Fund	\$10,001 - \$50,000
	James Micro-Cap Fund	\$10,001 - \$50,000
	James Mid Cap Fund	\$10,001 - \$50,000
	James Small Cap Fund	\$10,001 - \$50,000
Matthew G. Watson, CFA, CPA	James Aggressive Allocation Fund	\$10,001 - \$50,000
	James Balanced: Golden Rainbow Fund	\$50,001 - \$100,000
	James Long-Short Fund	\$10,001 - \$50,000
	James Micro-Cap Fund	\$10,001 - \$50,000
	James Mid Cap Fund	\$10,001 - \$50,000
	James Small Cap Fund	\$10,001 - \$50,000

\* Barry R. James and Ann M. Shaw are co-trustees of the James Investment Research Profit Sharing Plan (the "Plan"). As a result, Mr. James and Ms. Shaw may each be deemed to beneficially own the shares owned by the Plan. Shares indicated as owned by Mr. James and Ms. Shaw, respectively, include shares in his or her account of the Plan, but do not include any other shares of the Plan.

**Portfolio Manager Compensation.** All portfolio managers are compensated in the following manner:

Salary: Determined at employment and periodically adjusted.

Profit Sharing: The net, pre-tax profits of the Adviser are shared with all its employees based on a formula. Dr. F.E. James does not share in this bonus as he is the sole owner of the Adviser.

Portfolio Manager’s Bonus: An additional portion of the profits of the Adviser is awarded to portfolio managers. This is based on the value of the assets under management by that portfolio manager, the number of accounts managed and length of service with the Adviser; the longer the tenure, the greater the compensation.

Other Bonuses: The Adviser may give additional bonuses at its sole discretion or upon the advice of its Board of Directors.

A material conflict might arise in the management of the Funds (excluding the James Long-Short Fund) versus the management of other accounts if the dollar value of micro capitalization stock transactions were to grow to be so large as to cause significant price movements as portfolio managers acquire and liquidate positions. This conflict may arise because many of the Adviser’s individually managed portfolios follow the same strategies as the Funds and hold the same securities. The Adviser uses limits in executing larger transactions and has adopted policies and procedures, such as aggregating mutual fund trades with private client transactions and average pricing to ensure that no fund or client has an advantage over other Funds or clients.

### TRANSFER AGENT AND DISTRIBUTOR

The Funds retain ALPS Fund Services, Inc. (“ALPS”), 1290 Broadway, Suite 1100, Denver, CO 80203 (the “Transfer Agent”), to serve as transfer agent, dividend paying agent and shareholder service agent, and to provide the Funds with administrative services, including regulatory reporting and necessary office equipment, personnel and facilities, and fund accounting services, including calculating the Funds’ daily net asset value and necessary office equipment, personnel and facilities. The Adviser pays the Transfer Agency for its transfer agency, administration and fund accounting services on behalf of each Fund besides for the James Balanced: Golden Rainbow Fund which pays its own expenses. The following amounts were paid for fund administration, fund accounting and transfer agency for each of the last three fiscal years:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
James Aggressive Allocation Fund	\$30,030	\$28,000	\$22,096
James Balanced: Golden Rainbow Fund	\$1,330,337	\$1,503,063	\$1,562,518
James Long-Short Fund	\$33,939	\$36,837	\$38,383
James Micro Cap Fund	\$38,635	\$37,055	\$32,515
James Mid Cap Fund	\$35,819	\$31,782	\$32,471
James Small Cap Fund	\$60,989	\$65,002	\$76,819

The Funds retain ALPS Distributors, Inc. (the “Distributor”), 1290 Broadway, Suite 1100, Denver, CO 80203 to act as the exclusive agent for distribution of the Funds’ shares. The Distributor is obligated to sell shares of the Funds on a best efforts basis only against purchase orders for the shares. Shares of the Funds are offered to the public on a continuous basis.

Certain officers of the Trust may also be officers and/or employees of ALPS (the administrator, the transfer agent and accounting services agent for the Trust).

## **CUSTODIAN**

U.S. Bank, N.A., 425 Walnut Street, Cincinnati, Ohio 45202, is Custodian of the Funds. The Custodian holds the cash and securities of the Funds (either in the Custodian's possession or in its favor through "book entry systems" authorized by the Trustee in accordance with the 1940 Act), collects all income and effects all securities transactions on behalf of the Funds.

## **INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The firm of Deloitte & Touche LLP, 1601 Wewatta Street, Suite 400, Denver, CO 80202, has been selected as independent registered public accounting firm for the Trust. Deloitte & Touche LLP performs annual audits of the Funds' financial statements and financial highlights.

## **PORTFOLIO TRANSACTIONS AND BROKERAGE**

Subject to policies established by the Board of Trustees of the Trust, the Adviser is responsible for the Funds' portfolio decisions and the placing of the Funds' portfolio transactions. In placing portfolio transactions, the Adviser seeks the best qualitative execution for the Funds, taking into account such factors as price (including the applicable brokerage commission or dealer spread), the execution capability, financial responsibility and responsiveness of the broker or dealer and the brokerage and research services provided by the broker or dealer. The Adviser generally seeks favorable prices and commission rates that are reasonable in relation to the benefits received.

The Adviser is specifically authorized to select brokers or dealers who also provide brokerage and research services to the Funds and/or the other accounts over which the Adviser exercises investment discretion and to pay such brokers or dealers a commission in excess of the commission another broker or dealer would charge if the Adviser determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services provided. The determination may be viewed in terms of a particular transaction or the Adviser's overall responsibilities with respect to the Trust and to other accounts over which it exercises investment discretion.

Research services include supplemental research, securities and economic analyses, statistical services and information with respect to the availability of securities or purchasers or sellers of securities and analyses of reports concerning performance of accounts. The research services and other information furnished by brokers through whom the Funds effect securities transactions may also be used by the Adviser in servicing all of its accounts. Similarly, research and information provided by brokers or dealers serving other clients may be useful to the Adviser in connection with its services to the Funds. Although research services and other information are useful to the Funds and the Adviser, it is not possible to place a dollar value on the research and other information received. It is the opinion of the Board of Trustees and the Adviser that the review and study of the research and other information will not reduce the overall cost to the Adviser of performing its duties to the Funds under the Agreement.

Over-the-counter transactions will be placed either directly with principal market makers or with broker-dealers, if the same or a better price, including commissions and executions, is available. Fixed income securities are normally purchased directly from the issuer, an underwriter or a market maker. Purchases include a concession paid by the issuer to the underwriter and the purchase price paid to a market maker may include the spread between the bid and asked prices.

The Adviser makes investment decisions for the Funds independently from those of the other accounts the Adviser manages; investments of the type the Funds may make, however, may also be made by those other accounts. When the Funds and one or more other accounts the Adviser manages are prepared to invest in, or desire to dispose of, the same security, the Adviser will allocate available investments or opportunities for sales in a manner the Adviser believes to be equitable to each. In some cases, this procedure may adversely affect the price paid or received by the Funds or the size of the position obtained or disposed of by the Fund. The Adviser may aggregate purchase and sale orders for the Funds and its other clients if it believes such aggregation is consistent with its duty to seek best execution for the Funds and its other clients.

The Adviser may not give consideration to sales of shares of the Fund as a factor in the selection of brokers and dealers to execute portfolio transactions. However, the Adviser may place portfolio transactions with brokers or dealers that promote or sell the Fund's shares so long as such placements are made pursuant to policies approved by the Board of Trustees that are designed to ensure that the selection is based on the quality of the broker's execution and not on its sales efforts.

Orders for the same security for one of the Funds and one of the accounts the Adviser manages, placed at the same time by a portfolio manager will be aggregated. In addition, two or more portfolio managers may place orders for the same security, either to buy or sell, at the same time. These orders will also be aggregated if executed by an Adviser's trader at the same time through the same broker. Orders for trades in the Funds may be bunched, or aggregated with other clients, including limited partnerships. Bunched or aggregated orders will be average priced and positions not 100 percent filled will be allocated on a pro-rata basis. These policies apply to all trades: establishing long positions, selling long positions, establishing short positions and closing out short positions. The policies do not require that all Fund trades be aggregated, especially in the case of portfolio maintenance trades or trades specific to a particular portfolio, such as the need to rebalance a portfolio, to raise cash or to invest new cash.

The Funds paid brokerage commissions in the following amounts in the last three fiscal years:

	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017	Fiscal Year Ended June 30, 2016
James Aggressive Allocation Fund	\$28,117	\$25,478	\$23,571
James Balanced: Golden Rainbow Fund	\$2,543,990	\$2,820,932	\$2,024,509
James Long-Short Fund	\$12,650	\$50,621	\$130,222
James Micro Cap Fund	\$85,427	\$128,456	\$61,213
James Mid Cap Fund	\$52,953	\$51,774	\$30,182
James Small Cap Fund	\$223,013	\$425,010	\$269,737

**Code of Ethics.** The Trust, the Adviser and the Distributor have each adopted a Code of Ethics under Rule 17j-1 of the 1940 Act, which permits Fund personnel to invest in securities for their own accounts. The Codes of Ethics adopted by the Trust, the Adviser and the Distributor are on public file with, and are available from, the SEC.

#### SHARES OF THE FUNDS

The Funds do not issue share certificates. All shares are held in non-certificate form registered on the books of the Funds and the Transfer Agent for the account of the shareholder. The rights to limit the amount of purchases and to refuse to sell to any person are reserved by the Funds. If your check or wire does not clear, you will be responsible for any loss incurred by the Funds. If you are already a shareholder, the Funds can redeem shares from any identically registered account in the Funds as reimbursement for any loss incurred. You may be prohibited or restricted from making future purchases in the Funds.

The James Balanced: Golden Rainbow Fund offers two classes of shares: the Retail Class shares and Institutional Class shares. Each class represents an interest in the same portfolio of investments and has the same rights, but differs primarily in distribution fees, sales charges and shareholder features. The Retail Class is subject to distribution (12b-1) fees but have lower minimum investment requirements and offer certain shareholder services not available to Institutional Class shareholders. Institutional Class shares are not subject to 12b-1 fees and are available only through investment advisers and bank trust departments that have made arrangements for shares of all of their clients investing in the Fund to be held in an omnibus account (as well as other entities that are approved by management of the Trust).

#### **DETERMINATION OF SHARE PRICE**

The price (net asset value) of the shares of the Funds is determined as of 4:00 p.m., Eastern Time on each day the Trust is open for business and on any other day on which there is sufficient trading in the Fund's securities to materially affect the net asset value. The Trust is open for business on every day except Saturdays, Sundays and the following holidays: New Year's Day, President's Day, Martin Luther King, Jr. Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving and Christmas. For a description of the methods used to determine the net asset value (share price), see "Pricing Your Shares" in the applicable Prospectus.

Securities that are traded on any exchange are valued at the last quoted sale price. Lacking a last sale price, a security is valued at its last bid price except when, in the Adviser's opinion, the last bid price does not accurately reflect the current value of the security. Securities that are traded on the NASDAQ over-the-counter market are valued at their NASDAQ Official Closing Price ("NOCP") for all NASDAQ National Market ("NNM") and NASDAQ Capital Market® securities. When market quotations are not readily available, if an event occurs after the close of the trading market (but before the time as of which the Fund determines its net asset value) that materially affects a security's value, when the Adviser determines that the market quotation does not accurately reflect the current value or when a restricted security is being valued, that security will be valued at its fair value as determined in good faith in conformity with guidelines adopted by and subject to review of the Board of Trustees. The Funds may use pricing services to determine market value for securities.

For valuation purposes, quotations of foreign securities in a foreign currency are converted to U.S. dollar equivalents at the time of pricing. In computing the net asset value of the Funds, the values of foreign portfolio securities are generally based upon market quotations which, depending upon the exchange or market, may be last sale price, last bid price, or the average of the last bid and asked prices as of, in each case, the close of the appropriate exchange or another designated time.

Trading in securities on European and Far Eastern securities exchanges and over-the-counter markets is normally completed at various times before the close of business on each day on which the New York Stock Exchange ("NYSE") is open. Trading of these securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Funds' share price is not calculated. Therefore, the value of the portfolio of a fund holding foreign securities may be significantly affected on days when shares of the Funds may not be purchased or redeemed.

The calculation of the share price of the Funds holding foreign securities in its portfolio does not take place contemporaneously with the determination of the values of many of the foreign portfolio securities used in such calculation. Events affecting the values of foreign portfolio securities that occur between the time their prices are determined and the calculation of the Funds' share price will not be reflected in the calculation unless the Adviser determines, subject to review by the Board of Trustees, that the particular event would materially affect net asset value, in which case an adjustment will be made.

## ADDITIONAL TAX INFORMATION

This section provides additional information concerning U.S. federal income taxes. It is based on the Code, applicable Treasury Regulations, judicial authority, and administrative rulings and practice, all as of the date of this SAI, and all of which are subject to change, including changes with retroactive effect. The following does not address any state, local or foreign or estate or gift tax matters.

A shareholder's U.S. federal income tax consequences from acquiring, holding and disposing of shares in the Funds may vary depending upon his or her particular situation. This discussion only applies to shareholders who are U.S. persons, except where otherwise noted. For purposes of this discussion, U.S. persons are: (i) U.S. citizens or residents, (ii) U.S. corporations, (iii) an estate whose income is subject to U.S. federal income taxation regardless of its source, or (iv) a trust, if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or certain electing trusts that were in existence on August 20, 1996, and were treated as domestic trusts on August 19, 1996. This discussion does not address issues of significance to U.S. persons in special situations such as: (i) certain types of tax-exempt organizations, (ii) shareholders holding shares through tax-advantaged accounts (such as 401(k) plan accounts or individual retirement accounts), (iii) shareholders holding investments through foreign institutions (financial and non-financial), (iv) financial institutions, (v) broker-dealers, (vi) entities not organized under the laws of the United States or a political subdivision thereof, (vii) shareholders holding shares as part of a hedge, straddle or conversion transaction, and (viii) shareholders who are subject to the U.S. federal alternative minimum tax.

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. Partners of partnerships that are considering the purchase of shares should consult their own tax advisers regarding the U.S. federal income tax consequences of the purchase, ownership and disposition of shares.

The Funds have not requested and will not request an advance ruling from the Internal Revenue Service (the "IRS") as to the U.S. federal income tax matters described below. The IRS could adopt positions contrary to those discussed below and such positions could be sustained. In addition, the foregoing discussion only addresses some of the U.S. federal income tax considerations generally affecting investments in the Funds. Prospective shareholders are urged to consult with their own tax advisers as to the particular U.S. federal tax consequences to them of an investment in the Funds, as well as the applicability and effect of any state, local or foreign laws, and the effect of possible changes in applicable tax laws.

**Taxation of the Funds.** The Funds have qualified and intend to continue to qualify, as "regulated investment companies" under Subchapter M of the Code. Each Fund also intends to be treated as a separate entity for federal income tax purposes. Thus, the provisions of the Code applicable to regulated investment companies generally will apply separately to each Fund even though it is a series of the Trust. Furthermore, each Fund will separately determine its income, gain, losses and expenses for federal income tax purposes.

In order to qualify for the special tax treatment accorded regulated investment companies and their shareholders, a Fund must, among other things: (i) derive at least 90% of its gross income each taxable year from dividends, interest, payments with respect to securities' loans, gains from the disposition of stock, securities or foreign currencies, and other income (including, but not limited to, gains from forward contracts) derived with respect to its business of investing in such stock, securities or currencies, and certain net income from interests in a qualified publicly traded partnership (as described below); (ii) diversify its holdings so that at the end of each fiscal quarter, (a) at least 50% of the value of its total assets consists of cash and cash items (including receivables), U.S. government securities, securities of other regulated investment companies, and other securities limited generally, with respect to any one issuer, to no more than 5% of the value of the Fund's total assets and 10% of the outstanding voting securities of such issuer, and (b) not more than 25% of the value of the Fund's total assets are invested in (1) the securities (other than those of the U.S. government or other regulated investment companies) of any one issuer, (2) the securities (other than the securities of other regulated investment companies) of two or more issuers which the Fund "controls" (as defined in the Code) and which are engaged in the same, similar or related trades or businesses, or (3) in the securities of one or more qualified publicly traded partnerships; and (iii) distribute with respect to each taxable year an amount equal to or exceeding the sum of (a) 90% of its "investment company taxable income," as that term is defined in the Code (which generally includes, among other things, dividends, taxable interest, and the excess of any net short-term capital gains over net long-term capital losses, and excludes, among other things, net capital gain) without regard to the deduction for dividends paid, and (b) 90% of its tax-exempt interest income, net of expenses allocable thereto. For purposes of meeting the diversification requirement described in (ii) above, in the case of a Fund's investment in loan participations, the issuer may be the financial intermediary or the borrower.

With respect to (i) above, the IRS may issue Treasury Regulations that limit qualifying income from foreign currency gains and certain derivatives to the amount of such income that is directly related to a regulated investment company's principal business of investing in stock or securities. For purposes of the 90% gross income requirement described in (i) above, income derived from a partnership will generally be treated as qualifying income only to the extent such income is attributable to items of income of the partnership which would be qualifying income if realized by the regulated investment company. However, 100% of the net income derived from an interest in a "qualified publicly traded partnership" (defined as a partnership (x) interests in which are traded on an established securities market or readily tradable on a secondary market or the substantial equivalent thereof and (y) that derives less than 90% of its income from the qualifying income described in (i) above) will be treated as qualifying income. In addition, although in general the passive activity loss rules of the Code do not apply to regulated investment companies, such rules do apply to a regulated investment company with respect to items attributable to an interest in a qualified publicly traded partnership. Finally, for purposes of (ii)(a) above, the term "outstanding voting securities of such issuer" will include the equity securities of a qualified publicly traded partnership.

With respect to requirement (iii) above, a Fund is permitted to treat on its tax return as dividends paid the portion of redemption proceeds paid to redeeming shareholders that represents the redeeming shareholders' portion of the Fund's accumulated earnings and profits. This practice, called tax "equalization," would reduce the amount of income and/or gains that a Fund is required to distribute as dividends to non-redeeming shareholders. This practice is not available for a Fund that is treated as a "personal holding company" for federal income tax purposes. The total return on a shareholder's investment would generally not be reduced because of a Fund's use of this practice. If the IRS were to determine that a Fund's equalization method is improper and that the Fund has under-distributed its income and gain for any taxable year, the Fund may be liable for federal income and/or excise tax.

To the extent that it qualifies for treatment as a regulated investment company, a Fund will not be subject to U.S. federal income tax on income distributed to its shareholders in a timely manner in the form of dividends (including capital gain dividends, defined below). In certain situations, a Fund can cure failures to meet the income and diversification tests described above, including, in some cases, by paying a Fund-level tax and, in the case of diversification failures, timely disposing of certain assets. If a Fund were to fail to qualify as a regulated investment company accorded special tax treatment in any taxable year – for example, because it was not sufficiently diversified under the applicable Code tests – the Fund would be subject to tax on its taxable income at corporate rates, and all distributions from earnings and profits, including any distributions of net tax-exempt income and net long-term capital gains, would be taxable to shareholders as ordinary income. To qualify again to be taxed as a regulated investment company that is accorded special tax treatment in a subsequent year, a Fund could be required to pay substantial taxes, penalties and interest and make substantial distributions. In addition, if a Fund fails to qualify as a regulated investment company for a period greater than two taxable years, the Fund may be required to recognize and pay tax on any net built-in gain (the excess of aggregate gain, including items of income, over aggregate loss that would have been realized if the Fund had been liquidated) or, alternatively, to be subject to taxation on such built-in gain recognized for a period of five years, in order to qualify as a regulated investment company in a subsequent year.

As regulated investment companies, the Funds generally will not be subject to U.S. federal income tax on their net capital gains (that, is any net long-term capital gains in excess of net short-term capital losses) to the extent of dividends that are properly reported by such Fund in a written statement to shareholders as capital gain dividends (“capital gain dividends”) or on its investment company taxable income if any, that such Fund distributes to shareholders on a timely basis. The Funds generally intend to distribute all of their investment company taxable income and to distribute all of their net capital gains, after offsetting any capital loss carryforwards, as capital gains. If the Funds do retain any investment company taxable income, they will be subject to tax at regular corporate rates on the amount retained. However, the Funds may elect to have certain distributions paid after the close of a tax year treated as having been paid during the tax year for purposes of the regulated investment company distribution requirements and for purposes of determining its taxable income (“spill-over dividends”). Spill-over dividends are taxed to shareholders in the year in which they are received.

If a Fund retains any net capital gain, it will also be subject to tax at regular corporate rates on the amount retained, but may designate the retained amount as undistributed capital gains in a notice to its shareholders who (i) will be required to include in income for U.S. federal income tax purposes, as long-term capital gain, their shares of such undistributed amount, (ii) will be entitled to credit their proportionate shares of the tax paid by such Fund on such undistributed amount against their U.S. federal income tax liabilities, if any, and (iii) will be entitled to obtain a refund of the excess, if any, of their allocable share of the tax paid by the Fund on such undistributed amount over the shareholder’s tax liability on such amount. For U.S. federal income tax purposes, the tax basis of shares owned by a shareholder of a Fund will be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder’s income and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence.

Generally, the excess (if any) of a Fund’s net short-term capital loss over the net long-term capital gain for a taxable year will carry over as a short-term capital loss arising on the first day of the next tax year. In addition, the excess (if any) of a Fund’s net long-term capital loss over the net short-term capital gain for the year will carry over as a long-term capital loss arising on the first day of the next tax year. Any capital loss carryforward incurred in taxable years beginning after December 22, 2010 will be carried over indefinitely until used and can be utilized in future years to offset net realized capital gains. Unused capital losses incurred in earlier years generally carry forward only for 8 years.

If future capital gains are offset by carried-forward capital losses, such future capital gains are not subject to Fund-level federal income tax, regardless of whether they are distributed to shareholders. However, future capital gains offset by carried-forward capital losses are generally subject to taxation as ordinary dividends to shareholders if distributed. Accordingly, the Funds generally do not expect to distribute any capital gains offset by carried-forward capital losses. The Funds cannot carry back or carry forward any net operating losses.

A regulated investment company may elect to treat any post-October capital loss (defined as the company’s net capital loss, net long-term capital loss, or net short-term capital loss, as applicable, in each case attributable to the portion of the taxable year after October 31) and late-year ordinary loss (generally, (i) net ordinary losses from the sale, exchange or other taxable disposition of property, attributable to the portion of the taxable year after October 31, plus (ii) certain other net ordinary losses attributable to the portion of the taxable year after December 31) as if incurred in the succeeding taxable year.

As of June 30, 2018, each Fund has the following capital loss carryforwards and “post-October” losses. These capital loss carryforwards and “post-October” losses may be utilized in future years to offset net realized capital gains, if any, prior to distributing such gains to shareholders. The capital losses carry forward indefinitely unless otherwise specified.

	Capital Loss Carryforward	“Post-October” Loss
James Aggressive Allocation	\$0	\$67,259
James Balanced: Golden Rainbow Fund	\$0	\$0
James Long-Short Fund	\$303,845	\$0
James Micro Cap Fund	\$0	\$0
James Mid Cap Fund	\$0	\$0
James Small Cap Fund	\$0	\$0

If a Fund fails to distribute in a calendar year at least an amount equal to the sum of 98% of its ordinary income for such year and 98.2% of its net capital gain income for the one year period ending on October 31 of such year, plus any retained amount for the prior year, such Fund will be subject to a non-deductible excise tax on the undistributed amounts. For these purposes, ordinary gains and losses from the sale, exchange or other taxable disposition of property that would be properly taken into account after October 31 are treated as arising on January 1 of the following calendar year. For purposes of the excise tax, a Fund will be treated as having distributed any amount on which it has been subject to corporate income tax in the taxable year ending within the calendar year. A dividend paid to shareholders in January of a year that was declared and payable to the shareholders of record on a date in October, November or December of that preceding year generally is deemed to have been paid on December 31 of that preceding taxable year.

While the Funds intend to distribute their taxable income and capital gains in a manner so as to avoid imposition of the federal excise and income taxes, there can be no assurance that the Funds indeed will make sufficient distributions to avoid entirely imposition of federal excise or income taxes. Moreover, the Funds reserve the right to pay an excise tax rather than make an additional distribution when circumstances warrant (for example, the amount of excise tax to be paid is deemed de minimis by a Fund).

Each Fund is treated as a separate tax entity for federal income tax purposes, as is each other fund of the Trust.

The Funds may invest in inflation-indexed securities (also known as inflation-protected securities), on which principal is adjusted based on changes in an inflation index such as the Consumer Price Index. Net positive adjustments to principal value as a result of an increase in the index are taxable as ordinary income in the year of the adjustment, rather than at maturity when the principal is repaid. Net negative adjustments to principal value as a result of a decrease in the index can be deducted to the extent of a Fund’s interest income from the security for the current and previous taxable years, with any excess being carried forward to future taxable years. The James Balanced: Golden Rainbow Fund intends to distribute dividends to shareholders on at least a quarterly basis, and each other Fund intends to distribute dividends to its shareholder on at least an annual basis. These distributions may include both interest income and net income representing principal adjustments. Net negative principal adjustments near the end of a taxable year may cause all or a portion of the dividends distributed earlier in the year to be treated as a return of capital.

**Taxation of the Funds' Distributions.** For U.S. federal income tax purposes, distributions of investment company taxable income are generally taxable as ordinary income to the extent of the Funds' current or accumulated "earnings and profits." Taxes on distributions of capital gains are determined by how long a Fund owned the investments that generated them, rather than how long a shareholder has owned his or her shares. Distributions of net capital gains from the sale of investments that a Fund owned for more than one year and that are properly designated by such Fund as capital gain dividends (i.e., "capital gain dividends") will be taxable to such Fund shareholders as long-term capital gains. Generally, distributions of gains from the sale of investments that a Fund owned for one year or less will be taxable as ordinary income. A Fund may designate certain dividends as derived from "qualified dividend income," which, when received by an individual or other non-corporate shareholder, will be taxed at the rates applicable to long-term capital gain. Dividend income distributed to individual or other non-corporate shareholders will qualify as "qualified dividend income" as that term is defined in section 1(h)(11)(B) of the Code to the extent such distributions are attributable to income from a Fund's investments in common and preferred stock of U.S. companies and stock of certain qualified foreign corporations provided that certain holding period and other requirements are met by both the Fund and its shareholders. Distributions are taxable to shareholders even if they are paid from income or gains earned by a Fund before a shareholder invested in such Fund (and thus were included in the price the shareholder paid). Distributions are taxable whether shareholders receive them in cash or reinvest them in additional shares (other than distributions, if any, designated by a Fund as "exempt-interest dividends," a designation which the Funds generally do not expect to make). Distributions declared and payable by the Fund during October, November or December to shareholders of record on a date in any such month and paid by a Fund during the following January will be treated for U.S. federal tax purposes as paid by such Fund and received by shareholders on December 31st of the year in which declared rather than the calendar year in which they were received.

For individuals and other non-corporate tax payers, long-term capital gains are subject to federal income tax at preferential tax rates.

Dividends received by a shareholder of a Fund that is a corporation and that are reported by the Fund in a written statement furnished to shareholders may qualify for the 50% dividends received deduction to the extent of the amount of qualifying dividends received by such Fund from domestic corporations and to the extent (if any) that a portion of interest paid or accrued on certain high yield discount obligations owned by such Fund are treated as dividends.

If a Fund makes a distribution in excess of its current and accumulated "earnings and profits" in any taxable year, the excess distribution will be treated as a return of capital to the extent of a shareholder's tax basis in his or her shares, and thereafter as capital gain. A return of capital is not taxable currently, but it reduces a shareholder's basis in his or her shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of such shares.

**Sale or Redemption of Shares.** The sale or redemption of Fund shares may give rise to a gain or loss equal to the difference between the amount realized in the sale or redemption and the shareholder's adjusted basis in the Fund shares sold or redeemed. In general, any gain or loss realized upon a taxable disposition of Fund shares will be treated as long-term capital gain or loss if the shares have been held for more than one year. Otherwise, the gain or loss on the taxable disposition of Fund shares will be treated as short-term capital gain or loss. However, any loss realized upon a taxable disposition of shares held for six months or less will be treated as long-term, rather than short-term, to the extent of any long-term capital gain distributions received (or deemed received) by the shareholder with respect to the shares. The deductibility of capital losses is subject to limitation.

All or a portion of any loss realized upon a taxable disposition of Fund shares will be disallowed if other substantially identical shares of such Fund are purchased within 30 days before or after the disposition. In such a case, the basis of the newly purchased shares will be adjusted to reflect the disallowed loss.

**The Tax Cuts and Jobs Act.** The Tax Cuts and Jobs Act enacted on December 22, 2017 (the “2017 Tax Act”) substantially alters the U.S. federal income tax rules for the taxation of individuals and corporations, generally effective for taxable years beginning after December 31, 2017. Certain specific provisions of the 2017 Tax Act are described in the relevant portions of this SAI. The 2017 Tax Act also makes numerous changes to the tax rules that do not affect regulated investment companies directly but may affect shareholders and may indirectly affect the Funds. Among many other tax changes introduced by the Act, the Act changes marginal income tax rates applicable to individuals and other taxpayers. Most of the changes applicable to individuals are temporary and would apply only to taxable years beginning after December 31, 2017 and before January 1, 2026. The 2017 Tax Act does not change the maximum federal income tax rates that apply to long-term capital gains recognized by noncorporate taxpayers, but it does alter the income thresholds at which such tax rates become applicable. The Act also establishes a deduction of up to 20% for qualified business income from certain pass-through businesses, including publicly traded partnerships and REITS. Under current law, this deduction will not be available for income from regulated investment companies, including the Funds.

**Passive Foreign Investment Companies.** Funds that invest in non-U.S. securities may own shares in certain foreign investment entities, referred to as “passive foreign investment companies” (“PFICs”). In order to avoid U.S. federal income tax and an additional charge on a portion of any “excess distribution” from PFICs or gain from the disposition of PFIC shares, a Fund may elect to “mark-to-market” annually its investments in such entities, which will result in such Fund being treated as if it had sold and repurchased all the PFIC stock at the end of each year. As a result of the mark-to-market election, an electing Fund would report any such gains as ordinary income and would deduct such losses as ordinary losses to the extent of previously recognized gains. By making the mark-to-market election, an electing Fund could potentially mitigate the adverse tax consequences with respect to its ownership of shares in a PFIC, but in any particular year it may be required to recognize income in excess of the distributions it receives from PFICs and its proceeds from dispositions of PFIC stock. An electing Fund may have to distribute this “phantom” income and gain to satisfy the distribution requirement and to avoid imposition of the excise tax described above. Alternatively, a Fund may elect to treat the PFIC as a “qualified electing fund” (a “QEF election”), in which case such Fund would be required to include its share of the company’s income and net capital gains annually, regardless of whether it receives distributions from the PFIC. As with the mark-to-market election, these amounts would be taken into account by an electing Fund for purposes of satisfying the distribution requirement and the excise tax distribution requirement. Under proposed Treasury Regulations, earnings included in income under a QEF election would not be qualifying income for a RIC unless such earnings are distributed in the taxable year in which they are earned. In order to make a QEF election, a Fund would be required to obtain certain annual information from the PFICs in which it invests, which may be difficult or impossible to obtain. Dividends from a foreign corporation that is a PFIC in the year in which the dividend was paid or was a PFIC in the immediately preceding year generally will not qualify for treatment as qualified dividend income.

**Non-U.S. Taxes.** Funds that invest in non-U.S. securities may be liable to non-U.S. governments for taxes relating primarily to investment income or capital gains on non-U.S. securities in such Fund’s portfolio. If at the close of its taxable year more than 50% of the value of a Fund’s total assets consists of securities of foreign corporations (including foreign governments), such Fund may make an election under the Code that would allow Fund shareholders who are U.S. persons or U.S. corporations to claim a foreign tax credit or deduction (but not both) on their U.S. income tax return for their pro rata portion of qualified taxes paid by that Fund to non-U.S. countries in respect of non-U.S. securities held at least a minimum period as specified in the Code. If a Fund were eligible for and were to make the election, the amount of each shareholder’s distribution reported on the information returns filed by such Fund with the IRS must be increased by the amount of the shareholder’s portion of such Fund’s foreign tax paid. A shareholder’s ability to claim all or a part of a foreign tax credit or deduction in respect of non-U.S. taxes paid by a Fund would also be subject to certain limitations imposed by the Code.

If a Fund were to qualify as a “qualified fund of funds,” such Fund could be entitled to elect to pass-through its foreign tax credits without regard to the above described 50% requirement. For this purpose, the term “qualified fund of funds” means a regulated investment company if (at the close of each quarter of the taxable year) at least 50% of the value of its total assets is represented by interests in other regulated investment companies.

The Funds make no assurances as to either the availability of any election discussed in this section or their willingness to make any such election.

**Non-U.S. Currency Transactions.** Transactions in non-U.S. currencies, non-U.S. currency denominated debt obligations and certain non-U.S. currency options, future contracts, and forward contracts (and similar instruments) may give rise to ordinary income or loss to the extent such income or loss results from fluctuations in the value of the non-U.S. currency concerned and may increase the amount and affect the timing and character of taxes payable by shareholders of a Fund. Funds may enter into certain transactions in foreign currencies and foreign currency denominated instruments that result in a difference between such Fund’s book income and taxable income. This difference may cause a portion of such Fund’s income distributions to constitute a return of capital or capital gain for tax purposes or require such Fund to make distributions exceeding book income to avoid excise tax liability and to qualify as a regulated investment company, which may have the effect of accelerating taxable distributions to shareholders of such Fund.

**Financial Products.** A Fund’s investments in forward contracts, and certain other transactions may be subject to special tax rules (including mark-to-market, constructive sale, straddle, wash sale, short sale and other rules), the effect of which may be to accelerate income recognized by such Fund, defer Fund losses, cause adjustments in the holding periods of Fund securities, convert capital gain into ordinary income and convert short-term capital losses into long-term capital losses. These rules could therefore affect the amount, timing and character of distributions to such Fund shareholders.

Certain positions undertaken by a Fund may constitute “straddles” for U.S. federal income tax purposes. The straddle rules may affect the character of gains or losses realized by such Fund. Losses realized by a Fund that are part of a straddle may be deferred beyond the point in time that they are realized. The straddle rules, if applicable, could increase the amount of short-term capital gain realized by a Fund which is taxed as ordinary income when distributed to shareholders. Certain income tax elections that a Fund may make with respect to straddles could affect the character and timing of recognition of gains and losses.

Rules governing the tax aspects of notional principal contracts in which a Fund, or the Subsidiary, may invest are not clear in various respects. As a result, the IRS could challenge a Fund’s methods of accounting for such contracts for tax purposes, and such a challenge could affect the status of a Fund as a regulated investment company.

The James Long-Short Fund may make short sales of securities. Short sales may increase the amount of short-term capital gains realized by such Fund, which is taxed as ordinary income to the shareholders when distributed. Short sales may also constitute “constructive sales,” which would result in taxable income before the short-sale positions are terminated.

**Securities Issued or Purchased at a Discount.** A Fund's investment in debt obligations issued at a discount and certain other obligations will (and investments in debt obligations purchased at a discount may) require the Fund to accrue and distribute income not yet received (or which may never be received). In addition, payment-in-kind securities will give rise to income which is required to be distributed even though such Fund does not receive an interest payment in cash on the security during the year. In order to generate sufficient cash to make the requisite distributions, an affected Fund may be required to sell securities in its portfolio that it otherwise would have continued to hold. An affected Fund may realize gains or losses from such sales. In the event such Fund realizes net capital gains from such transactions, its shareholders may receive a larger capital gain distribution than they would in the absence of such transactions.

Some debt obligations that are acquired by a Fund in the secondary market may be treated as having market discount. Generally, any gain recognized on the disposition of a debt security having market discount is treated as ordinary income to the extent the gain does not exceed the "accrued market discount" on such debt security. Market discount generally accrues in equal daily installments. A Fund may make certain elections for debt obligations having market discount, which could affect the character and timing of taxable income recognition.

The 2017 Tax Act requires accrual-method taxpayers to recognize items of gross income for tax purposes no later than the year in which the taxpayer recognizes the income for financial accounting purposes. For financial accounting purposes, depending upon the type of instrument involved and its credit quality, both original issue discount and market discount may be recognized over the expected or contractual life of the instrument. The IRS has said that it will not apply this provision to require the recognition of accrued market discount. However, it is possible that the 2017 Tax Act will accelerate the recognition by a Fund of original issue discount for income tax purposes.

**High-Risk Securities.** The James Long-Short Fund may invest in debt obligations that are in the lowest rating categories or are unrated. Investments in debt obligations that are at risk of or in default present special tax issues for such Fund. The application of the tax rules with respect to these types of investments is complicated and may be uncertain when applied to a given set of facts (e.g., such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts, or worthless securities and how payments received on obligations in default should be allocated between principal and income). Such Fund will address these and other related issues if the Fund invests in such securities, in order to increase the likelihood that the Fund distributes sufficient income to avoid becoming subject to U.S. federal income or excise tax.

**Real Estate Investment Trusts.** (excluding the James Micro Cap Fund) If a Fund were to invest in REITs, its REIT equity securities could result in such Fund's receipt of cash in excess of the REIT's earnings. If a Fund receives such distributions all or a portion of these distributions will constitute a return of capital to such Fund. Receiving a return of capital distribution from a REIT will reduce the amount of income available to be distributed to such Fund shareholders. Income from REIT securities generally will not be eligible for treatment as qualified dividend income.

Under the 2017 Tax Act, "qualified REIT dividends" (i.e., ordinary REIT dividends other than capital gain dividends and portions of REIT dividends designated as qualified dividend income) are eligible for a 20% deduction by noncorporate taxpayers. Under current law, this deduction will not be available for income from regulated investment companies, including the Funds. It is uncertain whether a future technical corrections bill or regulations issued by the IRS will enable a Fund to pass through the special character of "qualified REIT dividends" to its shareholders.

**Exempt-Interest Dividends.** (excluding the James Micro Cap Fund) If at least 50% of the value of a Fund's assets at the end of each quarter of a taxable year of the Fund is invested in state, municipal and other obligations the interest on which is excluded from gross income under Section 103(a) of the Code, the Fund could distribute any tax-exempt interest earned by the Fund to its shareholders as tax-exempt "exempt-interest dividends." None of the Funds can provide assurance that it will be eligible to pay exempt-interest dividends.

**Tax-Exempt Shareholders.** Under current law, each Fund serves to "block" (that is, prevent the attribution to shareholders of) unrelated business taxable income ("UBTI") from being realized by its tax-exempt shareholders. Notwithstanding the foregoing, a tax-exempt shareholder could realize UBTI by virtue of its investment in a Fund if either: (1) the applicable Fund invests in REITs that hold residual interests in Real Estate Mortgage Investment Conduits ("REMICs"), in which event any related UBTI may not be offset by net operating losses; or (2) shares in the applicable Fund constitute debt-financed property in the hands of the tax-exempt shareholder within the meaning of section 514(b) of the Code. If a charitable remainder trust (as defined in section 664 of the Code) realizes any UBTI for a taxable year, it will be subject to an excise tax equal to the amount of such income. A Fund (other than the James Micro Cap Fund) may invest in REITs that hold residual interests in REMICs. Tax-exempt investors should consult with their own tax advisors concerning the impact of these rules before investing in the Fund.

**Backup Withholding.** The Funds generally are required to withhold and remit to the U.S. Treasury a percentage of the taxable distributions and redemption proceeds paid to any non-corporate shareholder who fails to properly furnish the Funds with a correct taxpayer identification number ("TIN"), or who has under-reported dividend or interest income, and to any shareholder that fails to certify to the Funds that the shareholder is not subject to such withholding. The backup withholding tax rate is currently 24%.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules from a payment to a shareholder generally may be refunded or credited against the shareholder's federal income tax liability, if any, provided that certain required information is timely furnished to the IRS. If a shareholder fails to furnish a valid TIN upon request, the shareholder can be subject to IRS penalties.

**Cost Basis Reporting.** The Funds (or their administrative agents) must report to the IRS and furnish to their shareholders cost basis information for fund shares purchased on or after January 1, 2012 ("covered shares"), and redeemed, exchanged or otherwise sold on or after that date. In addition to the requirement (which applied historically and continues to apply) to report the gross proceeds from the sale of Fund shares, the Funds will also be required to report cost basis information for covered shares and indicate whether these shares had a short-term or long-term holding period. In the absence of an election by a shareholder to elect from certain cost basis methods which have been accepted by the IRS, the Funds will use a default cost basis method. The cost basis method elected or applied may not be changed after the settlement date of a sale of Fund shares. Once a Fund shareholder has elected a cost basis reporting method, the election will apply to all future transactions in covered shares unless the shareholder revokes or changes the standing election. Fund shareholders should consult with their tax advisers concerning the most desirable IRS-accepted cost basis method for their tax situation and to obtain more information about how the new cost basis reporting law applies to them. The historical requirement to report only the gross proceeds from the sale of Fund shares will continue to apply to all Fund shares acquired before January 1, 2012.

**Surtax on Net Investment Income.** A surtax of 3.8% applies to net investment income of an individual taxpayer and to the undistributed net investment income of certain estates and trusts, in each case, to the extent that such person's "modified adjusted gross income" (in the case of an individual) or "adjusted gross income" (in the case of an estate or trust) exceeds a certain amount. Net investment income includes interest, dividends, royalties, rents, gross income from a trade or business involving passive activities, and net gain from disposition of property (other than property held in a non-passive trade or business). Net investment income includes ordinary income and capital gain distributions received with respect to shares of a Fund and net gains from redemptions or other taxable dispositions of Fund shares. Net investment income is reduced by deductions properly allocable to such income. Holders of our common stock should consult their tax advisors regarding the effect, the surtax on net investment income on their ownership and disposition of our common stock.

**Foreign Accounts.** Under the Foreign Account Tax Compliance Act (or “FATCA”), foreign financial institutions (“FFIs”) or non-financial foreign entities (“NFFEs”) that are Fund shareholders may be subject to a 30% withholding tax on: (1) income dividends paid by the Fund, and (2) certain capital gain distributions and the proceeds of a sale of Fund shares paid after December 31, 2018. The FATCA withholding tax generally may be avoided: (a) by an FFI, if it reports certain direct and indirect ownership of foreign financial accounts held by U.S. persons with the FFI, and (b) by an NFFE, if it: (i) certifies that it has no substantial U.S. persons as owners or (ii) if it does have such owners, reporting information relating to them to the withholding agent (which may be the Fund). The U.S. Treasury has negotiated intergovernmental agreements (each, an “IGA”) with certain countries and is in various stages of negotiations with other foreign countries with respect to one or more alternative approaches to implement FATCA. An entity in one of those countries may be required to comply with the terms of an IGA and applicable local law instead of U.S. Treasury regulations.

An FFI can avoid FATCA withholding by becoming a “participating FFI,” which requires the FFI to enter into a tax compliance agreement with the IRS under section 1471(b) of the Code under which it agrees to verify, report and disclose certain of its U.S. accountholders and provided that such entity meets certain other specified requirements. The FFI will report to the IRS, or, depending on the FFI’s country of residence, to the government of that country (pursuant to the terms and conditions of an applicable IGA and applicable law), which will, in turn, report to the IRS. An FFI that is resident in a country that has entered into an IGA with the U.S. to implement FATCA will be exempt from FATCA withholding provided that the FFI shareholder and the applicable foreign government comply with the terms of such agreement.

An NFFE that is the beneficial owner of a payment from the Fund can avoid FATCA withholding generally by certifying that it does not have any substantial U.S. owners or by providing the name, address and taxpayer identification number of each substantial U.S. owner. The NFFE will report to the Fund or other applicable withholding agent, which will, in turn, report information to the IRS.

Such foreign shareholders also may fall into certain exempt, excepted or deemed compliant categories as established by U.S. Treasury regulations, IGAs, and other guidance regarding FATCA. An FFI or NFFE that invests in a Fund will need to provide the Fund with documentation properly certifying the entity’s status under FATCA in order to avoid FATCA withholding. The requirements imposed by FATCA are different from, and in addition to, the U.S. certification rules to avoid backup withholding described above.

**Reportable Transactions.** Under Treasury regulations, if a shareholder recognizes a loss with respect to a Fund’s shares of \$2 million or more for an individual shareholder or \$10 million or more for a corporate shareholder (or certain greater amounts over a combination of years), the shareholder must file with the IRS a disclosure statement on Form 8886. The fact that a loss is reportable under these regulations does not determine whether the taxpayer’s treatment of the loss is proper.

**Other Tax Matters.** Special tax rules apply to investments through defined contribution plans and other tax-qualified plans. Shareholders should consult their tax adviser to determine the suitability of shares of a Fund as an investment through such plans and the precise effect of an investment on their particular tax situation.

The foregoing discussion relates solely to U.S. federal income tax law. Dividends and distributions also may be subject to state and local taxes. In addition, since master limited partnerships in which the Funds may invest generally conduct business in multiple states the Funds can be subject to income or franchise tax in each of the states in which the partnership does business. The additional cost of preparing and filing the tax returns and paying the related taxes may adversely impact the Funds' return on its investment in the master limited partnership. Investors are urged to consult their tax advisers regarding specific questions as to U.S. federal, state, local and, where applicable, foreign taxes.

The foregoing is a general and abbreviated summary of the applicable provisions of the Code and related regulations currently in effect. For the complete provisions, reference should be made to the pertinent Code sections and regulations. The Code and regulations are subject to change, possibly with retroactive effect, by legislative or administrative actions. This summary is not intended to provide tax advice to Fund investors. Investors should consult with their own tax advisers as to the particular U.S. federal tax consequences to them of an investment in the Funds, as well as the applicability and effect of any state, local or foreign laws, and the effect of possible changes in applicable tax laws.

## **DISTRIBUTION PLANS**

With respect to the Funds (excluding the James Micro Cap Fund, the James Aggressive Allocation Fund, and the James Balanced: Golden Rainbow Fund – Institutional Class shares), the Trust has adopted a Plan pursuant to Rule 12b-1 which was promulgated by the Securities and Exchange Commission pursuant to the 1940 Act (the "Plans"). The Trust, on behalf of the Fund, shall make payments to the investment adviser of the Fund (the "Adviser") that the Adviser will use to pay expenses for Distribution Activities ("Distribution Expenses") on behalf of and as agent of the Trust. The payments shall be made as of the last business day of each month, and shall be calculated at an annual rate of 0.25% of the average value of the daily net assets of the Fund. Payments received by the Adviser pursuant to this Plan are in addition to fees paid by the Fund pursuant to the Management Agreement. The Adviser shall act in the Fund's best interest in expending payments it receives, and shall use payments solely for the purpose of paying Distribution Expenses on behalf of the Fund; provided, however, that to the extent the Distribution Expenses for the period to which a payment relates are less than the payment, the Adviser may retain the excess.

Under each Plan, the Trust may engage in activities related to the distribution of the applicable Fund's shares, including without limitation the following: (a) payments, including incentive compensation, to securities dealers or other financial intermediaries, financial institutions, investment advisors and others that are engaged in the sale of shares, or that may be advising shareholders regarding the purchase, sale or retention of shares; (b) payments, including incentive compensation, to securities dealers or other financial intermediaries, financial institutions, investment advisors and others that hold shares of the Fund for shareholders in omnibus accounts or as shareholders of record or provide shareholder support or administrative services to the Fund and its shareholders; (c) expenses of maintaining personnel (including personnel of organizations with which the Trust has entered into agreements related to the Plan) who engage in or support distribution of shares or who render shareholder support services not otherwise provided by the Trust's transfer agent, including, but not limited to, allocated overhead, office space and equipment, telephone facilities and expenses, answering routine inquiries regarding the Trust, processing shareholder transactions, and providing such other shareholder services as the Trust may reasonably request; (d) costs of preparing, printing and distributing prospectuses and statements of additional information and reports of the Fund for recipients other than existing shareholders of the Fund; (e) costs of formulating and implementing marketing and promotional activities, including, but not limited to, sales seminars, direct mail promotions and television, radio, newspaper, magazine and other mass media advertising; (f) costs of preparing, printing and distributing sales literature; (g) costs of obtaining such information, analyses and reports with respect to marketing and promotional activities as the Trust may, from time to time, deem advisable; and (h) costs of implementing and operating the Plan.

The Trustees expect that each Plan will result in the sale or retention of a sufficient number of shares so as to allow the applicable Fund to maintain economic viability. It is also anticipated that an increase in the size of the Fund will facilitate more efficient portfolio management and assist the Fund in seeking to achieve its investment objective.

Payments under the Plan are made to the Adviser, which uses them to pay distribution and shareholder service expenses on behalf of and as agent of the applicable Fund. The amount payable by a Fund under the Plan is 0.25% of its average daily net assets for the year. Each Plan is a compensation plan, which means that payments are made to the Adviser regardless of 12b-1 expenses actually incurred. Therefore, payments under a Plan may exceed distribution and shareholder service expenses incurred pursuant to the Plan, and the Adviser is permitted to retain the excess. It is also possible that 12b-1 expenses incurred by a Fund for a period will exceed the payments received by the Adviser, in which case the Adviser may pay such excess expenses out of its own resources. Payments received by the Adviser under a Plan are in addition to the fees paid to the Adviser pursuant to the Management Agreement. Because these 12b-1 expenses are paid out of Fund assets on an ongoing basis, over time these 12b-1 expenses will increase the cost of your investment and may cost you more than paying other types of sales loads.

Continuation of each Plan and the related agreements must be approved annually by the Trustees, including the Trustees who are not “interested persons” of the Trust and who have no direct or indirect financial interest in the Plans or any related agreement, and a Plan or any related agreement may be terminated at any time without penalty by a majority of such independent Trustees or by a majority of the applicable Fund’s outstanding shares. Any amendment increasing the maximum percentage payable under a Plan must be approved by a majority of the outstanding shares of the Fund, and all other material amendments to the Plan or any related agreement must be approved by a majority of the Board of Trustees, including a majority of the independent Trustees.

Various state and federal laws limit the ability of a depository institution (such as a commercial bank or a savings and loan association) to become an underwriter or distributor of securities. In the event these laws are deemed to prohibit depository institutions from acting in the capacities described above or should Congress relax current restrictions on depository institutions, the Board of Trustees will consider appropriate changes in the services. State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to federal law and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

For the fiscal year ended June 30, 2018 under the Plan the James Mid Cap Fund paid the Adviser \$ 38,942, of which \$27,000 the Adviser used pursuant to the Plan for compensation to broker-dealers, \$11,550 the Adviser used pursuant to the Plan for underwriting and/or advertising expenses it incurred, and \$392 was retained by the Adviser.

For the fiscal year ended June 30, 2018, under the Plan the James Small Cap Fund paid the Adviser \$ 159,156, of which \$158,149 the Adviser used pursuant to the Plan for compensation to broker-dealers, and \$1,007 the Adviser used pursuant to the Plan for underwriting and/or advertising expenses it incurred.

For the fiscal year ended June 30, 2018, under the Plan the James Long-Short Fund paid the Adviser \$ 52,990 of which \$34,081 the Adviser used pursuant to the Plan for compensation to broker-dealers, \$12,144 the Adviser used pursuant to the Plan for underwriting and/or advertising expenses it incurred, and \$6,765 was retained by the Adviser.

For the fiscal year ended June 30, 2018, under the Plan the James Balanced: Golden Rainbow Fund (Retail Class shares) paid the Adviser \$4,599,464, all of which the Adviser used pursuant to the Plan for compensation to broker-dealers.

It should be noted that the Adviser absorbed significant additional expenses in many of these areas. These expenses were in excess of the Funds' expenses under the respective Plans and not reimbursed to the Adviser. Although they do not directly receive any payments pursuant to the Plan, Barry R. James, Lesley Ott, Richard Brian Culpepper, Brian Shepardson and Amy Broerman (because of their respective associations with the Adviser) may indirectly benefit from any such payments made.

#### **FINANCIAL STATEMENTS**

The financial statements and report of Deloitte & Touche LLP, the Funds' independent registered public accounting firm, included in the Annual Report of the Funds for the year ended June 30, 2018 are incorporated herein by reference.