

# Equity Fund (JALCX)

## Investment Objective

The James Equity Fund seeks to provide long-term capital appreciation and out perform the S&P 500 Index.

## Investment Strategy & Process

The James Equity Fund normally will be fully invested (subject to liquidity needs) in common stocks the Adviser deems most likely to outperform the S&P 500 Index (the "S&P 500"). Under normal circumstances, at least 80% of the Fund's net assets (plus the amount of borrowing for investment purposes, if any) will be invested in equity securities without regard to the market capitalization of the stock. The Fund often buys stocks in the S&P 500 and will typically hold more than 25 stocks.

Generally, stocks in the Fund are similar in market capitalization to those that can be found in the S&P 500. The Adviser does not intend to weight the Fund's portfolio by market capitalization or any other method. It would not be reasonable, therefore, to expect stock positions in the Fund to have the same weightings, or relative weightings, as they do in the S&P 500. The Fund is not an S&P 500 index fund.

While it is anticipated that the Fund will diversify its investments across a range of industry sectors, certain sectors may be over weighted compared to others because the Adviser seeks the best investment opportunities regardless of sector. The sectors in which the Fund may be over weighted will vary at different points in the economic cycle.

## Morningstar Rating

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

*The Morningstar Star Rating™ for the James Equity Fund is based on risk-adjusted returns as of 12/31/09 in the mid-cap value category out of 356 funds overall and in the last 3 years, 250 in the last 5 years, and 84 in the last 10 years.*

*The overall Morningstar Star Rating™ for a fund is derived from a weighted average of the performance figures associated with its three, five and ten year Morningstar rating metrics. ©2010 Morningstar, Inc. All Rights Reserved.*

## Fund Info

### Fund Statistics (as of 12/31/09)

Ticker Symbol.....JALCX  
 Cusip.....470259847  
 Benchmark Index.....S&P 500 Index  
 No. Stocks in Portfolio.....98  
 Assets.....\$11.46 Mil.  
 Median Capitalization.....\$1,178.8 Mil.  
 Price/Earnings.....12.5  
 Price/Book.....1.7

### Fund Operating Expenses

*(Expenses that are deducted from Fund assets)*

Management Fee.....1.15%  
 Distribution (12b-1) Fee.....0.25%  
 Other Expenses.....0.10%  
 Acquired Fund Fees and Expenses (AFFE).....0.03%  
 Total Annual Fund Operating Expenses.....1.53%

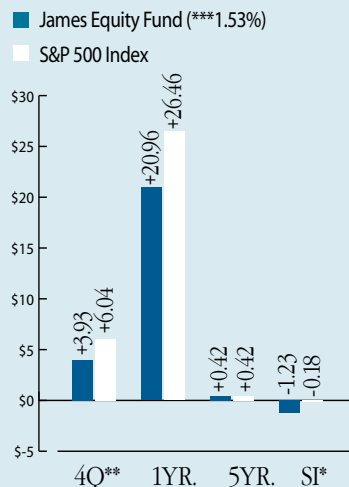
### Top Ten Equity Holdings (as of 10/31/09)

Intl Business Mach.....3.26%  
 Centurytel Inc.....3.24%  
 Gymboree Corp.....3.14%  
 Hewlett Packard Co.....2.86%  
 McDonald's Corp.....2.79%  
 FMC Corp.....2.70%  
 Dollar Tree Inc.....2.38%  
 Amer Financial Group.....2.37%  
 Symantec Corp.....2.28%  
 Unum Group.....2.27%  
 Total.....27.29%

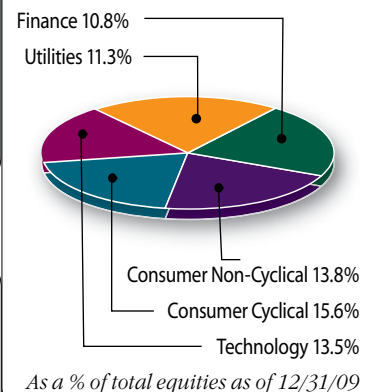
## James vs. S&P 500 Index (Ending 12/31/09)

	4thQ**	1Yr	5Yr	10Yr	SI*
James Equity Fund	+3.93%	+20.96%	+0.42%	-3.24%	-1.23%
S&P 500 Index	+6.04%	+26.46%	+0.42%	-0.95%	-0.18%

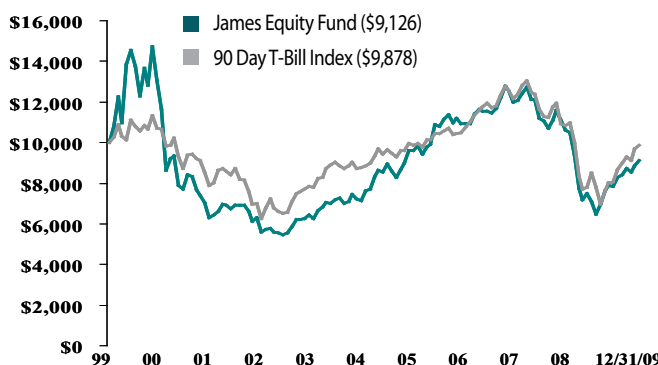
*Investors should consider the investment objectives, risks, and charges and expenses of the James Advantage Funds (the Funds) carefully before investing; this and other information about the Funds is in the prospectus, which can be obtained by calling 1-800-99-JAMES. Read the prospectus carefully before you invest. The performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Funds' current performances may be lower or higher than the performance data quoted. Investors may obtain performance information current to the last month-end, within 7 business days, at www.jamesfunds.com. The S&P 500 Index is a widely recognized, unmanaged index of common stock prices. \*Since Inception 11/1/99. \*\*4th quarter numbers are not annualized. (All other number are average annual returns.) \*\*\*Indicates total annual fund operating expenses.*



## Top Five Sector Diversification



## Growth of \$10,000



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1-800-99-JAMES  
 www.jamesfunds.com  
 info@jamesfunds.com

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# James Advantage Funds Equity Fund (JALCX)

# 4Q.09

## Quarterly Total Returns %

	2007				2008				2009			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
James Equity Fund	0.88	7.26	-1.71	-2.56	-11.57	3.66	-16.19	-20.67	-6.90	12.21	11.41	3.93
S&P 500 Index	0.64	6.28	2.03	-3.33	-9.44	-2.73	-8.37	-21.94	-11.01	15.93	15.60	6.04

(Ending 12/31/09)

## Portfolio Managers

### Dr. Frank James, Ph.D

36 Years  
Founder and Chairman of  
James Investment Research

### Barry R. James, CFA, CIC

23 Years  
President/CEO and Portfolio Manager  
with James Investment Research  
President of the James Advantage Funds

### Ann M. Shaw, CFP

30 Years  
Chief Operating Officer  
and Portfolio Manager

### David W. James, CFA

28 Years  
Senior Vice President  
and Portfolio Manager

### Thomas L. Mangan, MBA, CMFC

14 Years  
Senior Vice President  
and Portfolio Manager  
VP & CCO of James Advantage Funds

### R. Brian Culpepper, MBA, CMFC

13 Years  
Portfolio Manager

### Brian Shepardson, CFA, CIC

9 Years  
Portfolio Manager

## Portfolio Commentary

During the fourth quarter of 2009, the James Equity Fund gained 3.93 percent. The S&P 500 advanced 6.04 percent. The Fund did not pay a dividend for the quarter, or a capital gain for 2009.

The current stock rally continues to favor Growth stocks. Examining over 8,500 stocks in our database, we note that Growth stocks outperformed Value stocks by more than 8 percent during the quarter. Furthermore, large stocks outperformed smaller issues by over 3 percent.

Periods of time when junk runs are usually confined,

and over longer periods, a better investment strategy is to seek bargain stocks. These stocks include companies which enjoy better relative value, profitability, and strength.

During this current volatile investing environment, we continue to seek companies which are generally unloved by Wall Street, but favored by insiders. We also continue to invest in securities of ALL market capitalizations. Additionally, we currently enjoy somewhat higher levels of cash, as we seek future opportunities.

*For each fund with at least three-year history, Morningstar calculates a Morningstar Rating<sup>TM</sup> based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of the funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, and the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund with the scale and rated separately, which may cause slight variations in the distribution percentages.)*

*As of 12/31/09, James Equity Fund was rated against the following numbers of U.S. domiciled mid-cap value funds over the following time periods: 356 funds in the last three years, 250 in the last five years, and 84 in the last 10 years. With respect to these mid-cap value funds, the James Equity Fund received a Morningstar Rating<sup>TM</sup> of 2 stars for the three year period, 3 stars for the five year period, and 1 star for the 10 year period.*

*Ratings are based on risk-adjusted return. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its 3, 5 and 10-year (if applicable) Morningstar Rating metrics. (Overall and 3-years 356 funds)*

*Fund holdings and sector weightings are subject to change without notice. The average annual total returns assume reinvestment of income, dividends and capital gains distributions and reflect changes in net asset value. The principal value and investment return will vary with market conditions so that an investor's shares, when redeemed, may be worth more or less than their original cost. You should note that the James Advantage Funds are professionally managed mutual funds while the indices are unmanaged, do not incur expenses and are not available for investment. The James Advantage Funds are distributed by Unified Financial Securities, Inc. 2960 N. Meridian St., Ste. 300, Indianapolis, IN 46208.*



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James Investment Research, Inc.  
P.O. Box 8  
Alpha, Ohio 45301

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