

Balanced Fund (GLRBX)

Golden Rainbow

Investment Objective

The James Balanced: Golden Rainbow Fund seeks to provide total return through a combination of growth and income and preservation of capital in declining markets.

Investment Strategy & Process

The James Balanced: Golden

Rainbow Fund invests primarily in common stocks and/or debt securities that the Adviser believes are undervalued. The Fund will normally hold both common stocks and debt securities, generally with 40-60% invested in common stocks and 40-60% invested in debt securities. Up to 60% of the Fund's common stock investments can be in small capitalization stocks. The Fund may invest up to 90% of its assets in either common stocks or debt securities. The Fund will attempt to provide total return in excess of the rate of inflation over the long term (3 to 5 years).

The fixed income portion of the Fund's portfolio will usually consist primarily of U.S. government securities or high grade corporate bonds. When the Adviser believes that interest rates will fall, it may extend maturities in anticipation of capital appreciation in the bonds. If the Adviser believes interest rates may rise, it will seek capital preservation through the purchase of shorter term bonds. The Fund may invest in debt securities of any maturity, consistent with the Fund's anticipated needs for liquidity. The Fund will limit its purchases of non-government debt securities to issues rated A- or A3 or better by Standard & Poor's (S&P) or Moody's respectively, or if unrated, which are determined by the Adviser to be of equivalent quality.

Morningstar Rating

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

The Morningstar Star Rating™ for the James Balanced: Golden Rainbow Fund is based on risk-adjusted returns as of 12/31/09 in the conservative allocation category out of 522 funds overall and in the last 3 years, 343 in the last 5 years, and 151 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 GLRBX
 Cusip 470259102
 Benchmark Index Balanced Blend*
 No. Stocks in Portfolio91
 Assets.....\$559.3 Mil.
 Median Capitalization\$1,721.9 Mil.
 Price/Earnings 12.94
 Price/Book1.94
 *25% S&P 500/ 25% Russell 2000/ 50% Barclays Int. G/C

Fund Operating Expenses

(Expenses that are deducted from Fund assets)
 Management Fee0.74%
 Distribution (12b-1) Fee0.25%
 Other Expenses0.17%
 Acquired Fund Fees and Expenses (AFFE).....0.01%
 Total Annual Fund Operating Expenses..... 1.17%

Top Ten Equity Holdings

(as of 10/31/09)
 Intl Business Mach.....1.84%
 Hewlett Packard Co1.50%
 Western Digital Corp.....1.50%
 Dollar Tree Inc.....1.13%
 Triumph Group Inc.....1.13%
 American Financial Group.....1.12%
 FMC Corp.....1.11%
 Centurytel Inc.....1.08%
 Tupperware Brands Corp.....1.04%
 Chevron Corp0.98%

Top Five Sector Diversification

Technology8.3%
 Consumer Non-Cyclical6.7%
 Consumer Cyclical5.4%
 Utilities4.4%
 Industrial.....4.3%

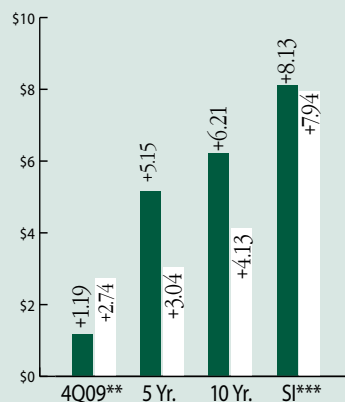
As a % of total portfolio as of 12/31/09

James vs. Balanced Blend* (Ending 12/31/09)

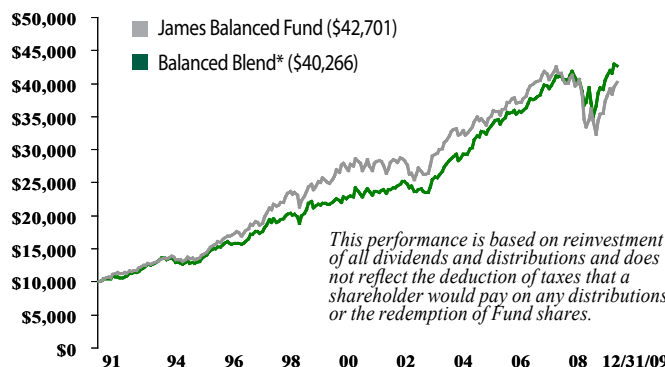
| | 4Q09** | 1 Yr | 5 Yr | 10 Yr | SI*** |
|-------------------------------|--------|---------|--------|--------|--------|
| James Balanced Fund (No Load) | +1.19% | +7.12% | +5.15% | +6.21% | +8.13% |
| Balanced Blend* | +2.74% | +16.44% | +3.04% | +4.13% | +7.94% |

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. *25% S&P 500/ 25% Russell 2000 / 50% Barclays Int G/C ** 4th quarter numbers are not annualized. (All other numbers are average annual returns.) ***Since Inception 7/1/91. ***Indicates total annual fund operating expenses.

■ James Balanced Fund (****1.17%)
 ■ Balanced Blend*



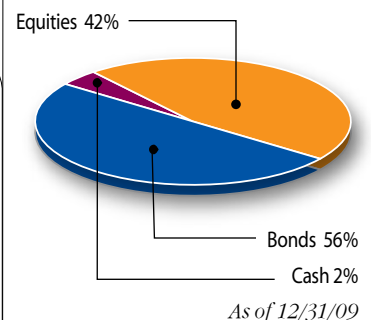
Growth of \$10,000



Advised by James Investment Research, Inc.
 Distributed by Unified Financial Securities, Inc. Indianapolis, IN 46208, Member FINRA

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

Asset Allocation



NOT FDIC INSURED
 MAY LOSE VALUE
 NO BANK GUARANTEE

Quarterly Total
Returns %

| | 2007 | | | | 2008 | | | | 2009 | | | |
|---------------------|------|------|------|------|-------|-------|-------|--------|-------|------|-------|------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| James Balanced Fund | 1.78 | 3.05 | 1.94 | 1.59 | -1.76 | 1.01 | -5.37 | 0.62 | -7.09 | 6.05 | 7.45 | 1.19 |
| Balanced Blend* | 1.17 | 2.60 | 1.17 | 0.34 | -3.42 | -1.16 | -2.94 | -10.11 | -6.41 | 9.88 | 10.21 | 2.74 |

(Ending 12/31/09)

| | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|-----------------------------|-------|------|-------|-------|-------|------|-------|-------|------|
| GLR BX Yearly Returns S1*** | 11.29 | 9.86 | 13.00 | -4.16 | 22.69 | 8.69 | 12.80 | 12.79 | 3.42 |

*** Since Inception (7/1/1991)

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--|------|------|-------|-------|-------|------|------|------|-------|------|
| | 4.58 | 2.56 | -0.79 | 18.22 | 12.97 | 8.37 | 7.90 | 8.61 | -5.53 | 7.12 |

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 and COO of James Advantage Funds

R. Brian Culpepper, MBA, CMFC

13 Years

Portfolio Manager

Brian Shepardson, CFA, CIC

9 Years

Portfolio Manager

Portfolio Commentary

The Fund moved ahead during 2009, but at a subdued pace relative to the performance in 2008. Growth stocks and Junk Bonds did very well in 2009, perhaps not the best low volatility selection for conservative investors. During the year, your Fund approached an all-time NAV high, regaining all ground lost in 2008, plus more. That compared favorably with the S&P 500, which lost 37 percent in 2008 but remained about 23 percent below its December 31, 2007 level at the end of 2009. The Fund closed the year ahead 7.12 percent after a dividend payment of 7.2 cents per share on December 31.

We believe that the odds are against a strong economic recovery from the recession. During 2010, pre-election

federal spending and strong money growth should help in the short term. It is likely that business uncertainty about tax hikes and regulations will work with increased consumer savings to restrain job growth and corporate profits.

In this environment we expect stocks to be volatile, especially lower quality issues. Historically, stocks don't do well before tax hikes. Exporters should benefit from the cheaper dollar. Bond returns will likely reflect the inflation which lies ahead, however, yields tend to remain in check during a slow economy. If our forecasts bear out, a flexible approach to investing is called for; one well suited for the James Balanced: Golden Rainbow Fund.

* The Blended Index is comprised of a 25% weighting in the S&P 500 Index, a 25% weighting in the Russell 2000 Index (a widely recognized index of market activity based on the aggregate performance of U.S. domiciled, publicly traded common stocks, which as of September 30, 2006, had an average market capitalization of approximately \$1.10 billion, a median market capitalization of approximately \$606 million and the largest company in the index had an approximate market capitalization of \$2.495 billion) and a 50% weighting in the Barclays Intermediate Government/Credit Bond Index (an unmanaged index generally representative of intermediate term bonds).

For each fund with at least three-year history, Morningstar calculates a Morningstar RatingTM 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 Balanced: Golden Rainbow Fund was rated against the following numbers of U.S. domiciled Conservative Allocation funds over the following time periods: 522 funds in the last three years, 343 in the last five years, and 151 in the last 10 years. With respect to these Conservative Allocation funds, the James Balanced: Golden Rainbow Fund received a Morningstar RatingTM of 4 stars for the three year period, 5 stars for the five year period, and 4 stars for the ten 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 522 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.



Advised by James Investment Research, Inc.
Distributed by Unified Financial Securities, Inc.
Indianapolis, IN 46208, Member FINRA

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

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

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE