THE FULL SPECTRUM

Spectrum Financial, Inc.

October 2016

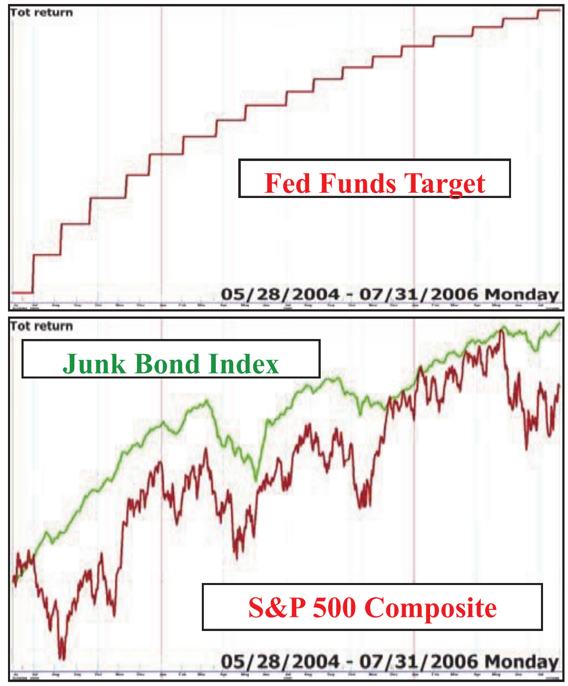
GENERAL MARKET COMMENTARY

In spite of election uncertainty, consumer confidence has improved substantially, and in the US, job optimism is hitting a nine-year high. This remains the bedrock of economic growth. While businesses are slow to make decisions pending the election outcome, consumers don't seem to have a problem. Current market reaction to the outcome of the election seems to prefer a Democratic president. But, if we end up with a Democratic president as well as Democratic majority in the House and Senate, I feel that the market will definitely not react well.

Inflation may begin to rear its ugly head and the Federal Reserve may raise short-term interest rates to combat it.

"The last time we had a series of rate increases was in 2004-06 following the 2002-03 recession/bear market. The Fed raised the Fed Funds Target Rate from 1.0% to 5.25% in 17 steps. The stock market initially sold off when the Fed started raising rates, but soon reversed course and moved higher. During the 25-month period shown on these charts, the S&P 500 gained 13.92% — and junk bonds fared even better. Junk bonds did not sell off with stocks when rates started to rise, and the ML Junk Bond Index gained 18.84% during the 25-month period — with much less volatility than the S&P 500."

—from Michael Price OnTrack Report, 2016-20



Charts from Michael Price OnTrack Report, 2016-20

FLOATING RATE FUNDS (SENIOR LOANS) VS. HIGH YIELD BONDS

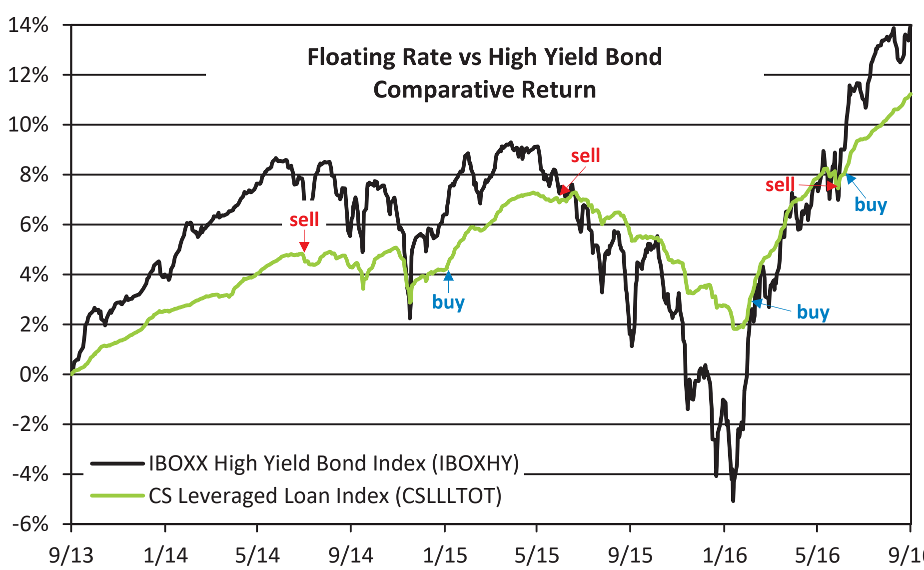
A low interest rate environment creates challenging opportunities to seek out alternative investment strategies that produce respectable returns and still limit risk. Most people do not recognize the risk involved in government bonds when interest rates rise, or in high yield bonds when a recession begins.

Senior loans may be a solution to this dilemma. These investments are secured corporate loans made to a company and rank in seniority ahead of other unsecured high yield bonds that the company may own. They offer a floating rate that can take advantage of rising interest rates, which we currently see on the horizon, by increasing the loan terms as interest rates increase.

These investments also offer strong and stable current income in both high and low interest rate environments, superior credit position due to being in a senior position, and lower volatility of price, thanks to removal of most interest rate risk as well as credit risk. For example, the chart to the right illustrates the return and volatility of the floating rate Credit Suisse Leveraged Loan Index (CSLLLTOT) compared to the iBoxx High Yield Bond Index (IBOXHY) for the past three years. You should note that although performance for the period is similar, floating rate funds are much less volatile. They are also easier to trade.

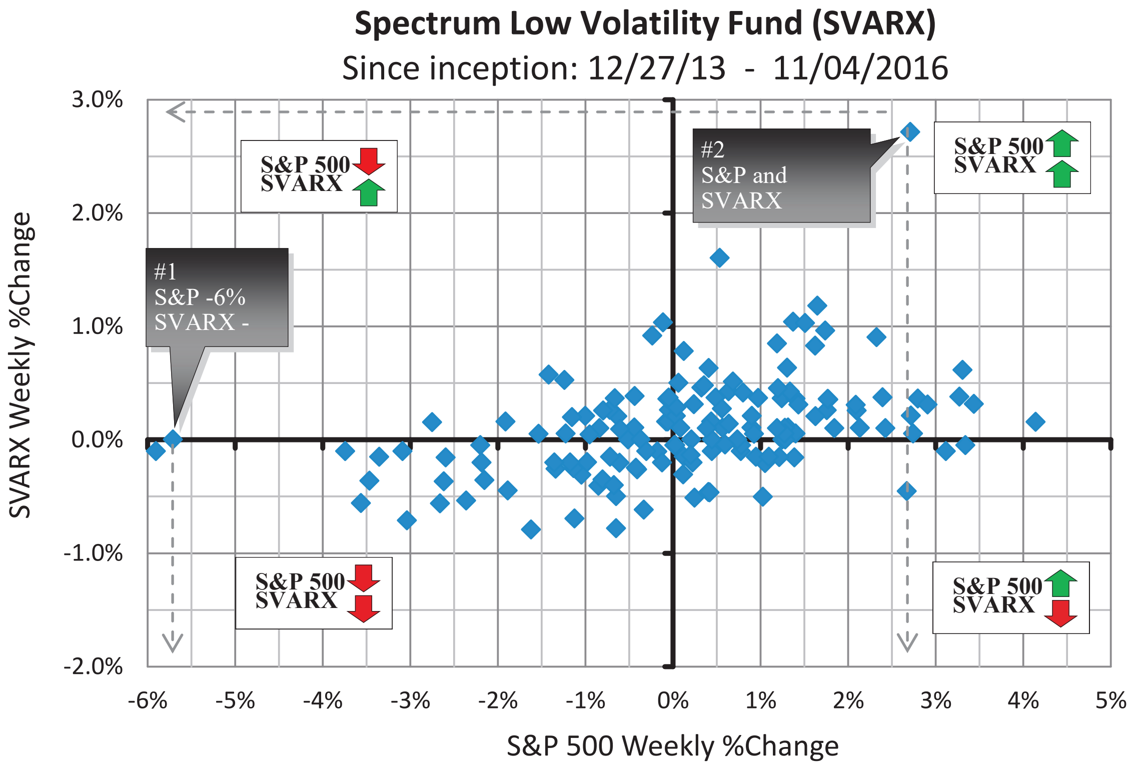
In addition, since rates can adjust upward in periods of rising interest rates, they may have outperformed other fixed income securities as is shown in the chart on the bottom of page 2.

There remains, however, a time to leverage these bonds and increase exposure, as well as a time to sell them and go to a safe cash position. These sell signals can be seen on the chart. By monitoring these investment alternatives, we continue to be conservative investors when risk increases, yet we maintain liquidity to go to cash when favorable conditions change.



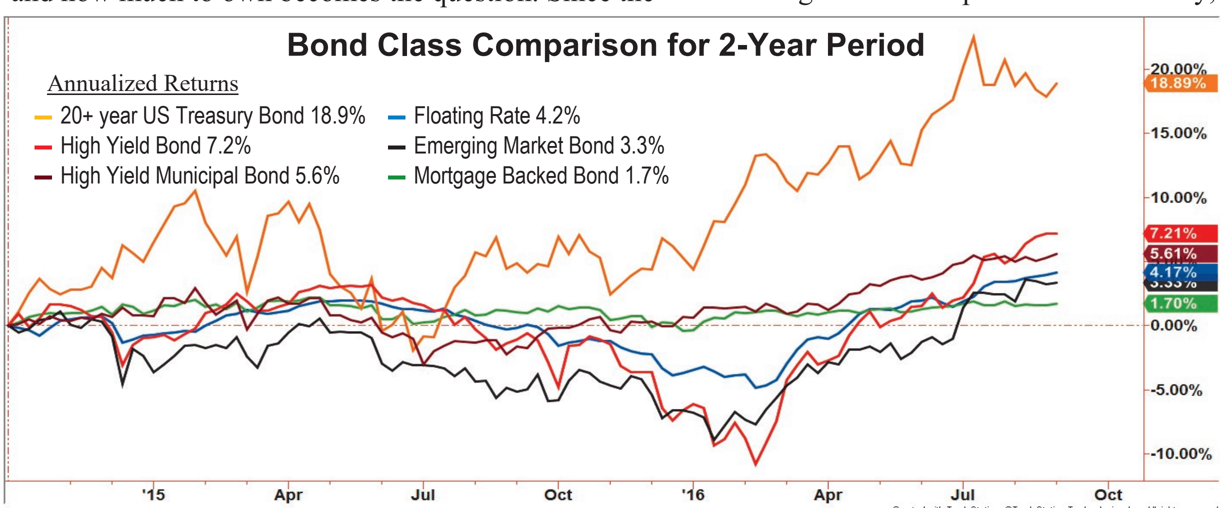
LOW VOLATILITY ANALYSIS

Several investors have expressed concern about investment risk for our managed fund accounts due to uncertain election issues, Federal Reserve rate increases, and general market volatility. This chart, measuring "Beta", may be helpful for investors in the Spectrum Low Volatility Fund (SVARX). It illustrates weekly performance since it began nearly three years ago, comparing its correlation to the S&P 500 Stock Index. Each point represents one week's performance of both SVARX and the S&P. See two noteworthy examples: On two occasions when the S&P Index was down 6% and 5.8% for the week, the SVARX fund was down only 0.1% and 0.0% the same week (see #1 on chart). On the other hand, when the S&P 500 Stock Index was up 2.7%, Spectrum Low Volatility was also up 2.7% (see #2 on chart). Strategies within the fund are designed to capture upside and minimize downside volatility. This scatter plot illustrates the non-correlation to the stock market, and should encourage more risk adverse investors.



SPECTRUM LOW VOLATILITY FUND (SVARX)

Many people have asked how Spectrum produced a year-to-date gain of 13.29% for a fund that is supposed to have low volatility. Low volatility does not necessarily mean low performance. The fund is designed to take advantage of upward directional moves, and avoid drawdowns by using several integrated strategies. For those of us who took chemistry in school, it comes down to both qualitative and quantitative analysis. What to own and how much to own becomes the question. Since the fund primarily holds bonds, and because we have found that all categories of bonds do not move together, we have developed a selection process over the years to phase in and then phase out of bond sectors based on a ranking analysis of various sub-groups. The chart below illustrates performance of various sub-groups, which we monitor, and one can see different directional movements at various times. By rotating in and out of these bond sectors, we attempt to minimize drawdowns and select the groups with the highest relative performance. Finally, we evaluate market conditions to see how much of each bond class to own, and we may use leverage when appropriate. More detailed information on fund holdings and disclosures can be seen on page 3.



Spectrum Low Volatility Fund

SVARX

1-888-572-8868
www.thespectrumfunds.com

Q3 2016 FACT SHEET

INVESTMENT PHILOSOPHY

Investment exposure and selection is a foundational element in any investor's portfolio. The Fund's subadvisor's twenty five year experience using fixed income investment strategies has been integrated into one fund which is actively managed to reduce risk and provide consistent low volatility return. These strategies create stability and reduced risk in one overall portfolio.

The Fund was created to act as a solution for fixed income exposure in all market environments. The fund's objective is total return and lower downside volatility and risk through not only high yield, but other fixed income securities selected, and applies tactical strategies to the selection of each one. The Fund seeks to provide an actively managed investment which displays low volatility characteristics and generates returns that outperform its benchmark.

INVESTMENT STRATEGY

The Fund invests in a diversified portfolio of fixed income securities such as high yield mutual funds, mortgage-backed securities, floating rate funds, and muni bond funds. The fund does not invest in individual bonds or other fixed-income securities. Instead, assets are invested in open-end investment companies and ETFs which invest primarily in fixed-rate or floating-rate income securities. The Fund employs multiple diversified, uncorrelated tactical trading strategies to manage risk to meet its objective of low volatility.

- Different categories of fixed income markets are analyzed to determine selection and exposure of securities based on market conditions, price action, momentum and sentiment and risk.
- Active allocation strategies of corporate bonds are used to determine credit quality, duration, or cash alternatives when credit spreads are widening.
- Defensive positions of cash or cash equivalents when appropriate
- Hedging the portfolio holdings against interest rate and stock market risk
- Selective use of leverage to enhance exposure through the use of credit swaps when conditions are favorable

There is no guarantee that any investment will achieve its objectives, generate profits, or avoid losses.

Total Assets: $34.9 million

Fund Advisor: Advisors Preferred, LLC

Fund Subadvisor: Spectrum Financial, Inc.

Symbol//Cusip: SVARX // 554905109

Minimum Initial/Subsequent Purchase: $5,000/$1,000

Expense Ratio: 3.10%

Income Distribution: Quarterly

Fund Type: Nontraditional Bond

FUND PERFORMANCE
As of September 30, 2016

ANNUALIZED

	QTR	YTD	1 Year	Since Inception*
SVARX	4.33%	13.29%	13.04%	5.96%
S&P 500 TR Index	3.85%	7.84%	15.43%	9.46%
S&P/LSTA U.S. Leveraged Loan 100 Index	2.97%	8.49%	6.05%	2.39%
50/50 Barclays VLI HY/S&P Leveraged Loan Index	4.20%	11.64%	9.22%	3.17%

*Inception Date: December 16, 2013

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost.

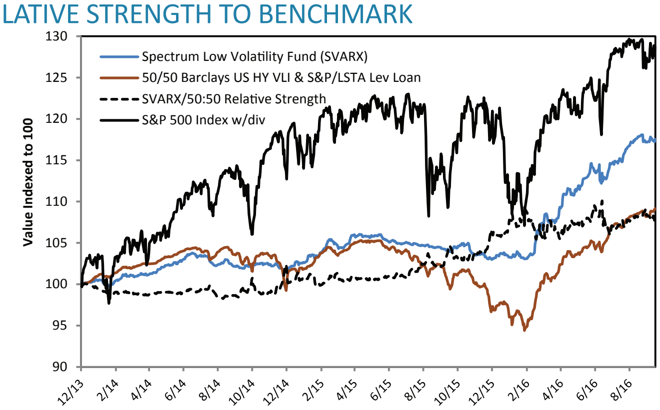
Current performance may be lower or higher than the performance data quoted and assumes the reinvestment of any dividend or capital gains distributions. To obtain performance data current to the most recent month-end please call toll free 1-888-572-8868.

S&P 500 TR Index is a capitalization weighted index of 500 stocks representing all major domestic industry groups. The S&P 500 TR assumes the reinvestment of dividends and capital gains. It is not possible to directly invest in any index.

S&P/LSTA U.S. Leveraged Loan 100 Index: This benchmark is designed to reflect the performance of the largest facilities in the U.S. dollar leveraged loan market. Term loans from syndicated credits must meet the following criteria at issuance to be eligible for inclusion. 1) senior secured 2) minimum initial term of one year 3) minimum initial spread of LIBOR +125 basis points 4) U.S. dollar denominated 5) all constituents must have a publicly assigned CUSIP.

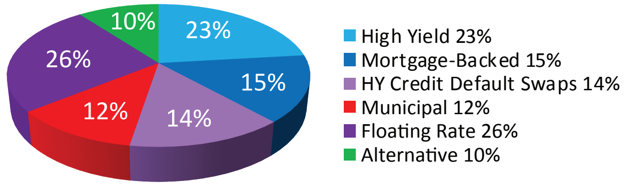
50/50 Barclays VLI HY/S&P Leveraged Loan Index: This benchmark gives 50% weight to the Barclays VLI HY Index and 50% weight to the S&P Leveraged Loan Index. Barclays VLI HY benchmark includes publicly issued U.S. dollar denominated non-investment grade, fixed-rate taxable corporate bonds that have a remaining maturity of at least one year, regardless of optionality. The bonds are rated high-yield (Ba1/BB+/BB+ or below) using the middle rating of Moody's, S&P, and Fitch, respectively (before July 1, 2005, the lower of Moody's and S&P was used). Included issues consist of only the three largest bonds from each issuer that have a minimum amount outstanding of $500 million or more (face value) and less than five years from issue date. S&P Leveraged Loan Index is designed to reflect the performance of the largest facilities in the leveraged loan market.

RELATIVE STRENGTH TO BENCHMARK



The graph above illustrates the relative strength of SVARX to the 50/50 benchmark on a dividend adjusted basis. The relative strength line is the ratio of the fund's NAV to the benchmark's price. A rising line indicates out-performance by the fund during the observed period while a declining line indicates under-performance.

PORTFOLIO COMPOSITION & COMMENTARY



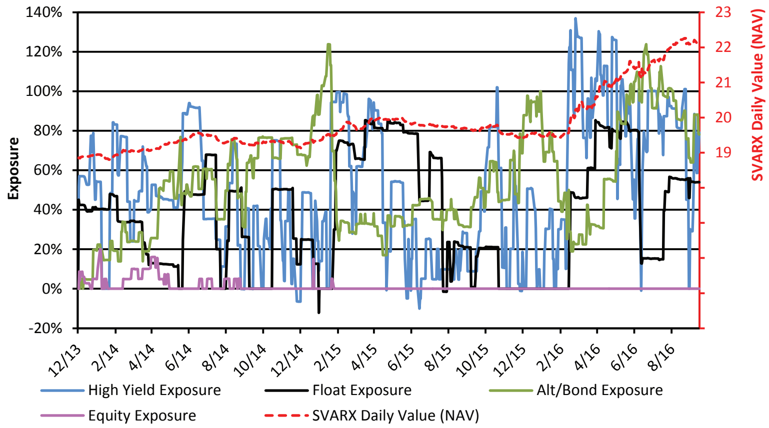
- Investment model exposure: 1.94 (1.0 = 100%)

The Fund remained fully invested over the third quarter with a few position reduction changes during the quarter to reflect possible Brexit consequences. By the end of the third quarter adjustments were made to reflect the possibility of inflation returning and interest rate increases which the Federal Reserve has planned to do for the past year. High Yield bond positions were increased to 37% of Fund holdings to take advantage of continued strong performance in that sector.
Municipal Bond holdings were reduced to 12% of the Fund holdings as their relative performance continued to slip behind other bond asset classes. Floating rate positions were substantially increased to a 26% position from 8% as their relative strength increased due to a stable economy and the possibility of rate increases. This asset class is insulated from rate hikes due to the rate adjustments available to the lenders, which is why they are called "floating rate" funds.
Government bonds continued to be absent from the portfolio due to potential rate increases this year as well as high grade corporate bonds. Mortgage backed securities remain at about 15% of the Fund holdings. To further reduce volatility a market neutral stock exposure remained with about a 10% allocation to the Fund holdings adding to the performance by diversifying its holdings.
The holdings reflect a move to insulate against a rate hike by the Federal Reserve later this year.
The overall portfolio ended the quarter with a leveraged exposure of 2.11, indicating that the above numbers in the pie chart above are about twice those illustrated. This leverage factor depends on opportunity and risk factors evaluated by the investment team and are actively adjusted on a daily basis, based on our actively managed technical analysis indicators.

	SVARX vs. S&P 500 TR	SVARX vs. 50/50*
Beta	0.19	0.60
Up Market Ratio	37.33%	79.46%
Down Market Ratio	11.03%	27.46%
R Squared	0.26	0.85
Standard Deviation	1.25	

*50/50 Barclays VLI HY/S&P Leveraged Loan Index

EXPOSURE ALLOCATION



As indicated in the prospectus, the Fund invests in a diversified portfolio of primarily income-producing fixed income securities. Active management is the key to the success of the investment strategy by employing disciplined tactical strategies that seek to limit volatility. By monitoring various bond and other sectors of the market, the percentage allocation smoothly transitions from one fixed income class to another to catch trends and avoid significant losses.

One strategy behind SVARX is to use selective leverage and enhance exposure on select high yield and floating rate securities through the use of swap contracts during strong market environments. The leverage will be placed on or taken off based on the volatility of specific high yield securities. Leveraged loans in the form of floating rate funds, offer a unique diversification option due to attractive rates combined with seniority of credit position. They offer a floating rate that can take advantage of rising interest rates by increasing a company's rate as market rates increase. These investments offer strong and stable current income in both high and low interest rate environments, superior credit position due to being in a senior position, and lower volatility of price thanks to removal of most interest rate risk as well as credit risk. There remains, however, a time to leverage exposure as well as a time to take off leverage and go to a safe cash position. By monitoring these investments on a daily basis, the fund continues to be conservative when risk increases and maintain daily liquidity to increase cash exposure when favorable conditions change.

Portfolio statistics are based on a 2.5 year calculations from Bloomberg and Fasttrack Data
Beta: a statistic that measures the volatility of the fund, as compared to that of a benchmark. The market's beta is set at 1.00; a higher beta than 1.00 is considered to be more volatile than the market, while a beta lower than 1.00 is considered to be less volatile. **Up Market Ratio:** a statistical measure of an investment manager's overall performance in up-markets. The up-market capture ratio is used to evaluate how well an investment manager performed relative to an index during periods when that index has risen. **Down Market Ratio:** a statistical measure of an investment manager's overall performance in down markets. The down-market capture ratio is used to evaluate how well or poorly an investment manager performed relative to an index during periods when that index has dropped. **Standard Deviation:** is also known as historical volatility and is used by investors as a gauge for the amount of expected volatility. It is a measure of the dispersion of a set of data from its mean. **R-Squared:** a measurement of how closely a fund's performance correlates with an index. It can range between 0.00 and 1.00. An r-squared of 1.00 indicates perfect correlation, while an r-squared of 0.00 indicates no correlation.

An investment in mutual funds involves risk, including loss of principal. The principal risks associated with the fund are detailed in the prospectus and include risks of the Subadvisor's investment strategy, bond risk, derivatives risk, emerging market risk, foreign investment risk, junk bond risk, leverage risk, management risk, market risk, mutual fund and ETF risk, short position risk, small and medium capitalization risk and turn over risk.

Investors should consider the investment objectives, risks, charges and expenses of the Spectrum Low Volatility Fund before investing. This information can be found in the Fund's prospectus which should be read carefully prior to investing. To obtain a prospectus, please call Gemini Fund Services at 855-582-8006

PERSONAL PERSPECTIVE *by* Ralph Doudera

Because I brought my reading material with me, yesterday's lunch was a bit longer than usual. For some reason I found I had no car magazines to keep me up to date on the latest, fastest, and most expensive idols. But, what I did have was almost as interesting… the annual Forbes Magazine with details of the 400 richest people in America; who got in and who dropped out. The price tag for entry this year is $1.7 Billion. I have always been fascinated by details on how they made it and how they lost it.

It has been quite a few years since I made the decision that I didn't want to be part of this group. Wealth brings on its own set of problems. I had a wealth addiction that I needed to deal with. I have determined that true wealth is measured by how much is given away. Instead of setting accumulation goals, I set a lifetime distribution goal. The success of any philanthropist lies not in how much is given away, but in the ratio of what he has given to what he has kept. There is a saying that when we are all done playing Monopoly, it all goes back into the box. Mother Teresa said it this way, "Everything that is not given is lost."

I found it interesting to observe that on the bottom of the very last page of this same Forbes issue, there is also a quote: *"I tell you, use worldly wealth to gain friends for yourselves so that when it is gone, you will be welcomed into eternal dwellings"* Luke 15:9. The Bible refers to this final day of Judgement when God rewards us for our obedience to Him. The things we did for the wrong reasons will be burned up, and only what we did that He wanted us to do will remain. On that day there will be another list of 400 wealthiest, and it will not be based on money at all, but on what we did with our lives to serve Him and expand His Kingdom. As a Christian, I need to recognize that I am not a member of a political party, but a citizen of God's Kingdom. The Lord's Prayer says it this way: "Thy Kingdom come, Thy will be done, in Earth as it is in Heaven".

The journey is challenging and continuous. My struggle with wealth continues, asking questions like "how much is enough?" and "who should I help along the way?" and "what advice would I have wanted when I was younger?" These topics are discussed in my book, **Wealth Conundrum**, which addresses wealth and its issues in our daily lives. Anyone who would like more insight on money issues can call our office and we will send you a complimentary copy of this book.

What's in your wallet?

"Steady plodding brings prosperity; hasty speculation brings poverty" (Proverbs 21:5, LB)

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