THE FULL SPECTRUM

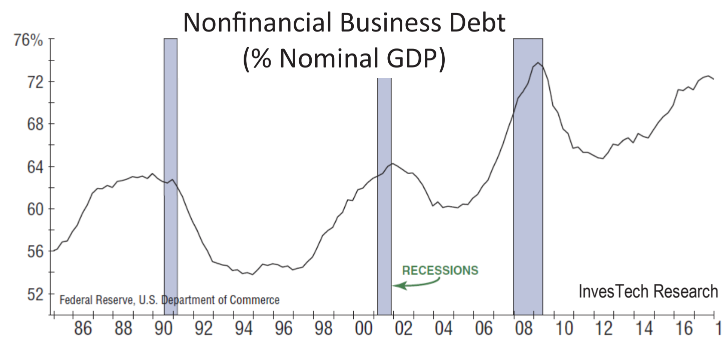
Spectrum Financial, Inc.

July 2018

GENERAL MARKET COMMENTARY

The stock market continues to move in a sideways direction since the blow-off top in January. The most accurate predictor of the state of the economy is the market itself, which gives us clues six to nine months in advance. Since 1950, there have been 11 Federal Reserve tightening cycles, and all but two have ended in recession. This gives us little confidence that they will get it right this time, giving us a “soft-landing”. Last month the Federal Reserve raised the discount rate for the seventh time in this economic cycle, and have indicated that faster hikes are on the way. So, we may be looking at a recession by the end of the year. A breakout of the stock market at this juncture would put that scenario off into next year. What is the Fed looking at now? Inflation is coming. Manufacturing Sector prices just hit an 8-year high. Crude oil is up nearly 59% in the past 12 months. The new tariff rules initiated by our government will cause a large price increase, the impact of which is to be determined. A tight labor market is causing record-high job openings and salary increases. A speculative housing market is once again becoming dangerous. Debt is skyrocketing. Record-low borrowing costs have allowed corporations to refinance their balance sheets at extremely low rates. Margin debt (loans taken against stock portfolios) is at an all-time high. While debt alone won’t cause the bull market to end, when the peak does come, leverage could be the factor that brings both the economy and the stock market to its knees.

“This risk is also evident in Nonfinancial Business Debt as a percentage of nominal GDP. Each of the last three cycles have exhibited similar attributes as excessive speculation and increased levels of debt have ended in corresponding economic downturns.”—InvesTech Research



HIGH YIELD BONDS, STOCKS, & RECESSIONS

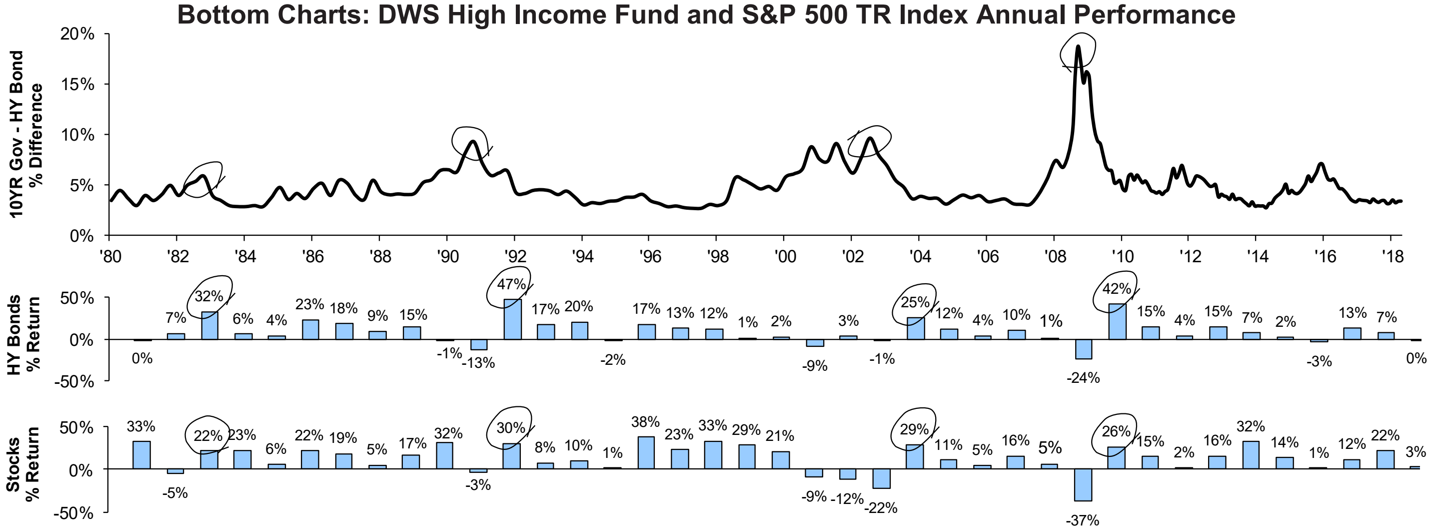
High yield bonds are debt securities with lower credit ratings. They offer a higher yield for the increased risk of future default, which becomes more likely in a recession. As the economy improves, the yield on these bonds declines as the bonds increase in value. The yield spread shows the difference between the yield of low risk government bonds compared to the riskier high yield bonds. In a good economy like we currently have, yield spreads are low. The chart below shows the economic cycle of 7 to 10 years, and investment returns of both high yield bonds and stocks, in the years prior to and after a recession.

Some interesting observations:

High yield returns are usually lower in the last stage of economic expansion, where stocks generally outperform. Also, stocks have substantial declines just prior to when the recession actually arrives.

Coming out of a recession, high yield bonds usually outperform stocks by a substantial amount with much less risk. That is why trading high yield bonds can be much more profitable with less risk than trading stocks.

Top Chart: Yield Spread (Junk Bond Yield in Excess of Government Bond Yield)
Bottom Charts: DWS High Income Fund and S&P 500 TR Index Annual Performance



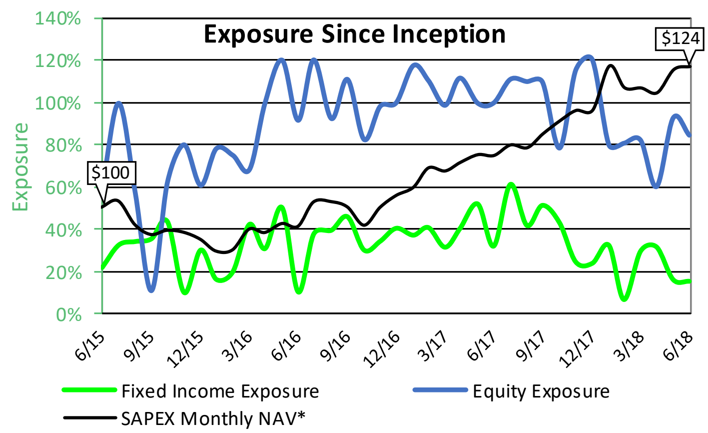
Annual return performance numbers for DWS High Income (KHYAX formerly Scudder-Kemper High Yield) and S&P 500 TR Index were obtained through Bloomberg. Dividends reinvested sales loads not included. Past performance does not guarantee future results.

SPECTRUM'S EQUITY FUND SHINES

Spectrum Advisors Preferred Fund (SAPEX) was launched three years ago and has acquired a 5-Star Morningstar Rating Overall and 5-Star Morningstar Rating for 3 years in its fund category, Multi Alternative, made up of 288 funds. (Morningstar disclosure page 2) This Fund was created for investors who want equity exposure in a fund that can also reduce risk. The goal of the fund is to outperform the equity market in both up and down markets. The research and portfolio construction of SAPEX has allowed this fund to receive its high rating and perform according to its objectives. Spectrum's research found that understanding the equity market environment is important. The stock market has different personalities in different economic environments. Depending on the market environment, Bear, Bull or Transitional, the Fund will use different "play books". These market environment types are defined by Spectrum's investment and research team and are not the common media definitions. The play books have different analysis tools, asset types, speed of trades, and exposure ranges that allow the Fund to be dynamic and adaptive in changing environments.

The chart to the right illustrates the Fund's exposure to both stocks and bonds since inception. It had an "up market capture" of 103% and a "down market capture" of 81.5% of its blended stock-bond benchmark. For the first 6 months of 2018, SAPEX had a gain of 6.76% and outperformed the S&P 500 TR Index by 4.11% and outperformed the NYSE Composite TR Index by 7.83%. (More details on performance and disclosures on page 3)

By combining all these strategies into an overall portfolio, the investment team strives to do four things based on the market environment: (1) Select the best stock pickers. (2) Determine how much and what kind of equity exposure to have. (3) Implement bear market strategies to reduce risk in economic recessions. (4) Specific selection of bond and credit investments may be used to add additional return when appropriate. To learn more about SAPEX, please call our office at 757-463-7600 or visit TheSpectrumFunds.com for fact sheet details.



*Monthly SAPEX NAV indexed to 100 to show growth of a $100 investment for a 12-month period ending 6/30/2018.

PERSONAL PERSPECTIVE *by* Ralph Doudera

The movie *The Book of Eli* continues to bounce around in my head years after its release in 2010. Denzel Washington plays the character Eli in a post nuclear apocalypse setting. He has a God given assignment to accomplish, but he is faced with obstacle after obstacle to keep him from meeting his objective. Being blind, he continually stops to listen to God's prompting for direction to complete this very important task before he dies. As long as he listens to the Inner Voice carefully, he is able to complete successfully the plan for meeting the goal and is protected in the process. Trials and temptations do not interfere with his dedication and diligence in completing the God-ordained task.

I believe every person is a unique creation who has a call on his life to accomplish something great for God. If you asked someone what their call in their life is, you will probably get a puzzled look. How do we find our own answer to this question? We need to communicate with God. I remember taking a course in graduate school called "Communicating with God" and learned that He speaks to people in different ways. I have found it difficult to hear from Him when I am overly involved in activities and deadlines. I need to get quiet and reflect on His greatness. I have discovered that I hear best after I enter a time of praise and worship. This places us in a right relationship with God as we submit to Him. Want answers? Ask. And get ready to hear what He says, because I have found His answers are almost always different than what I was thinking. This is not some religious activity, but is a relationship with a living God. A dialogue. Talk and listen, like you would with a close friend.

God also speaks through reading the Bible. I call this book our owner's operation manual. Often, something breaks down because we didn't do preventive maintenance, by reading our "owner's operation manual".

At our annual getaway retreat held in Costa Rica last month, we did an exercise to hear from God by writing a letter to Him, and then flipping the page over and writing down what we think his answers to us would be. We got interesting insights. This form of journaling can be helpful.

So if we want to find out our direction in life, we need to stay close to Him and communicate all throughout the day, not just in Church Sunday morning. We were all made for achieving greatness with our lives, and progress is made one good decision at a time. But we need to listen to His call on our lives, and as long as we are doing as He directs us we should prosper.

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

NAPFM EXCELLENCE IN FINANCIAL NEWSLETTER WRITING

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SAPEX

Objective

Long-term capital appreciation, positive alpha and managed return volatility

Portfolio Manager

Spectrum Financial, Inc.
Ralph Doudera
(industry since 1973)

Morningstar Category

Multi Alternative

★★★★★

The Fund received a 5-Star Overall Morningstar Rating as of 6/30/2018. Spectrum Advisors Preferred Fund (SAPEX) was rated against the following numbers of U.S.-domiciled Multi Alternative funds over the following periods: 288 funds in the last three years. With respect to these Multi Alternative funds, Spectrum Advisors Preferred Fund received a 5-Star rating overall and a 5-Star rating for 3 years. Past performance is no guarantee of future results.

Fund Symbols

SAPEX Investor Class Shares

Net Assets

$10.0 M

Dividend Frequency

If accrued, Quarterly

Spectrum Advisors Preferred Fund

An actively managed mutual fund that blends adaptive equity strategies with core equity holdings to manage market volatility, while sourcing selective exposure to non-correlated investments to enhance returns.

Protecting Capital in Volatile Markets

Spectrum's research found that splitting equity exposure into an adaptive piece and a core holding piece allows the Fund to display lower volatility compared to the U.S. stock market while still capturing equity growth opportunities.

A Focus on Experienced Managers

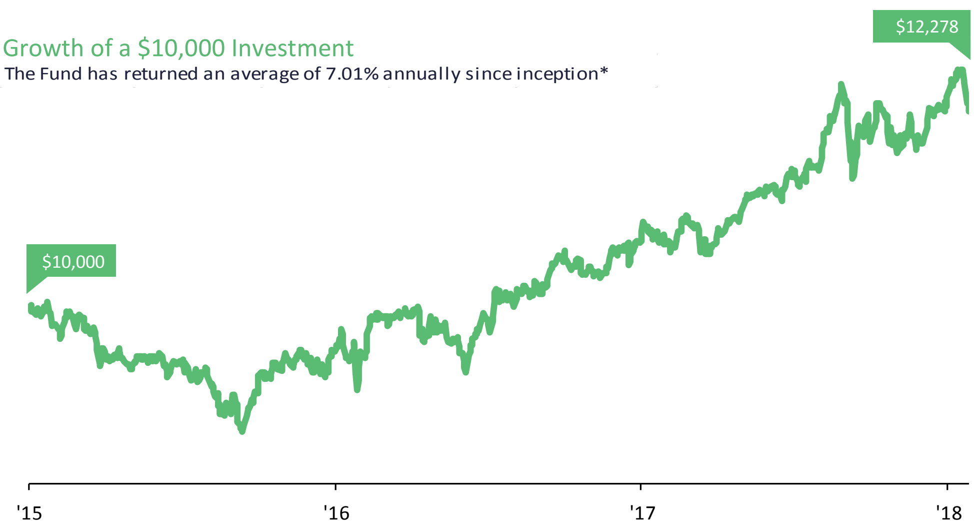
The core equity piece in the Fund is a longer-term hold of the most consistent and well performing equity fund managers, "preferred advisors". The Fund's research team has a successful history of evaluating and selecting the top fund managers.

Variable Exposure to Reduce Risk

Remaining strategies manage volatility or use selective leverage to boost returns. This is achieved through the adaptive equity strategies, fixed income exposure, and derivatives.

Growth of a $10,000 Investment

The Fund has returned an average of 7.01% annually since inception*



Portfolio Allocation

Portfolio Allocation	6/30/2018
Preferred Advisors	48.86%
Tactical Equity	35.33%
Fixed Income	15.49%
	99.69%

Can contain derivatives and/or short positions

Investment Model Exposure: 1.00 (1=100%)
(value greater than 1 indicates use of leverage)

Pie chart indexed to 100%, net exposure

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return may vary, and you may have a gain or a loss when you sell your shares. Performance assumes reinvestment of distributions and does not account for taxes.

***Inception date: 6/1/2015. For the most recent month-end performance, please visit thespectrumfunds.com**

Spectrum Advisors Preferred Fund

SAPEX (Investor Class Shares)

SAPEX

Fund Statistics based on SAPEX (investor class share) and the 60/40* benchmark.

Standard Deviation
8.07

Sharpe
0.90

Beta
0.87

R-Squared
0.66

Up Market Capture
103.06%

Down Market Capture
81.51%

Expense Ratio
2.63%

Portfolio statistics are based on 3 year calculations from Morningstar, FastTrack Data, and Bloomberg.

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. Sharpe Ratio: a risk-adjusted measure calculated by dividing a fund's annualized excess returns over the risk-free rate by its annualized standard deviation. The higher the Sharpe ratio, the better the fund's historical risk-adjusted performance. Beta: a statistic that measures volatility of the fund, as compared to that of the overall market. The market's beta is set at 1; a higher beta than 1 is considered to be more volatile than the market, while a beta lower than 1 is considered to be less volatile. R-Squared: a measurement of how closely a fund's performance correlates with an index. It can range between 0 and 1. An r-squared of 1 indicates perfect correlation, while 0 indicates no correlation. Up Market Capture: 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 rose. Down Market Capture: 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. Distributor: Ceros Financial Services, Inc.

Ceros Financial Services, Inc. (Member FINRA/SIPC). Ceros has no affiliation with Spectrum Financial, Inc., the Fund's subadvisor. Advisors Preferred, LLC is the Fund's advisor and a commonly held affiliate of Ceros.

Date of first use: 7/11/2018
Review Code: SAPEXQ218

Annual performance at net asset value (all distributions reinvested)

	2016	2017
SAPEX	8.54%	15.32%
S&P 500 TR Index	11.96%	21.83%
60/40 NYSE & Barclays US AGG	8.22%	12.65%

Annualized total return performance

	SAPEX	S&P 500 TR Index	60/40 NYSE & Barclays US AGG
Qtr	3.22%	3.43%	0.62%
YTD	6.76%	2.65%	-1.31%
1 Year	14.90%	14.37%	5.20%
3 Year	7.95%	11.93%	5.30%
Since Inception	7.01%	10.82%	4.63%

Inception Date: 6/1/2015

Highlights of one-year performance periods (6/1/2015 - 6/30/2018)*

Best 1-year return	Best period end date	Worst 1-year return	Worst period end date	Average 1-year return	% of 1-year periods with positive returns	Number of positive 1-year periods	Number of negative 1-year periods
15.33%	12/31/2017	-3.50%	6/30/2016	10.32%	89%	8	1

*Based on one-year returns for quarterly rolling periods.

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 by worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted and assumes the reimbursement of any dividend and/or capital gains distributions. To obtain performance data current to most recent month-end, please call toll free 1-888-572-8868.

Consider these risks before investing: Bond risk, derivatives risk, equity risk, inverse ETF risk, junk bond risk, leverage risk, management risk, market risk, mutual fund and ETF risk, short position risk, small and medium capitalization risk, and turnover risk. There is no guarantee the fund will achieve its investment objective. You can lose money by investing in the fund. Please carefully review the prospectus for detailed information about these risks.

S&P TR 500 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.

*60/40 NYSE Composite/Barclays U.S. AGG. Bond Index: This benchmark gives 60% weight to the NYSE Composite Index and 40% weight to the Barclays U.S. Agg. Bond Index. The NYSE Composite Index (NYA) measures the performance of all stocks listed on the New York Stock Exchange. It includes more than 1,900 stocks, of which over 1,500 are U.S. companies. Its breadth therefore makes it a much better indicator of market performance than narrow indexes that have far fewer components. The weights of the index constituents are calculated on the basis of their free-float market capitalization. The index itself is calculated on the basis of price return and total return, which includes dividends. The Barclays U.S. Aggregate Bond Index measures the underlying index and performance of the total U.S. investment grade bond market. It is a market value-weighted index that tracks the daily price, coupon, pay-downs, and total return performance of fixed-rate, publicly placed, dollar-denominated, and non-convertible investment grade debt issues with at least $250 million per amount outstanding and with at least one year to final maturity.

Request a prospectus or a summary prospectus from your financial representative or by calling Gemini Fund Services at 855-582-8006 or access www.thespectrumfunds.com. These prospectuses include investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing. Gemini Fund Services serves as transfer agent to the Fund and is not affiliated with the advisor, subadvisor or distributor.