



THE FULL SPECTRUM

Spectrum Financial, Inc.

July 2020

GENERAL COMMENTARY

This year will go down in history as the most unusual financial market of the past century. Extremes of volatility and price movement occurred in every investment asset class. There was more day-to-day volatility than in the Financial Crisis of 2008, the Tech Bubble of 2000, and the Crash of 1987. Buy-and-hold investors saw their retirement savings drop nearly half of their value over a one-month period due to the shutdown of the economy. What was different this time, was the Federal Reserve flooded the market with an unprecedented amount of cash to keep the meltdown from happening. Not only did they send out free money to businesses, they actually purchased lower quality debt (junk bonds and mortgage backed bonds) essentially turning corporate debt into government supported debt to keep bond holders from a major meltdown, since there were no buyers out in the financial markets.

Since the March 23rd low, the markets have clawed back a substantial portion of the decline, climbing the Wall Street “wall of worry”. Every bull market begins in

despair and deals with psychological investor disbelief as investors ask themselves if they want to submit their nest egg to the ravages of Wall Street. The psychology of markets always remains the same as human nature remains unchanged. The cycle continues—fear of loss, greed of gain...reminding us that investors should never be buy-and-hold investors unless they can assume the risk of losing half or more of their nest egg.

Questions remain: Was that the low? Where do I invest if the bank pays less than 1%? How will we pay back the trillions of new debt, and should I buy assets that benefit from run-away inflation? Will there ever be a vaccine? What about lower quality debt that pays a higher yield? Should I buy tech stocks which may be more extended than the tech bubble in 2000? These are only some questions facing investors today. We recommend investing with an active manager like Spectrum who specializes in managing risk and understands the issues and diligently moves funds to the appropriate place when conditions change. And things seem to continue to change faster and faster...

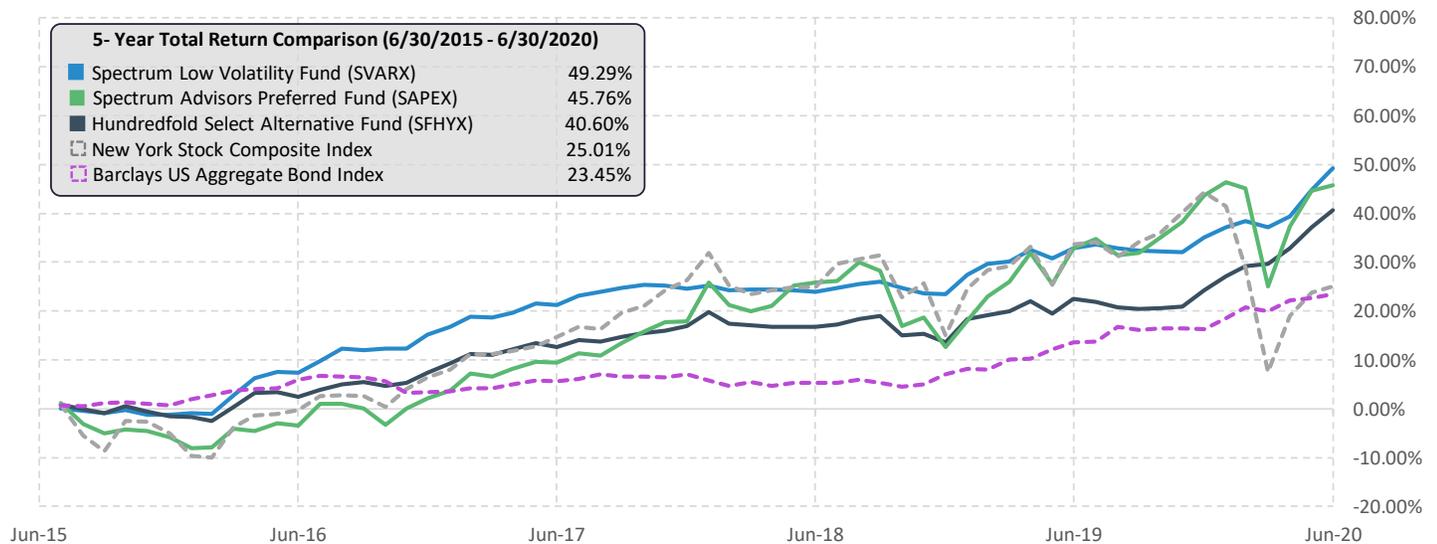


Chart Data: Bloomberg L.P.

DIVERSIFICATION RISK CONTROL

King Solomon, the richest man in history, wrote “A cord of three strands is not easily broken” (Ecc.4:12b). This concept was used to design three funds (see above) to complement each other to further reduce risk— The Spectrum Advisors Preferred Fund (SAPEX), a stock fund, The Spectrum Low Volatility Fund (SVARX), a bond fund, and The Hundredfold Select Alternative Fund (SFHYX) an alternative fund. All three of them went to all time highs this year but accomplished it by using different strategies, outperforming their benchmarks. SAPEX is an

actively managed stock fund with risk control built into its design. SVARX invests in bonds and credit instruments, staying away from stocks to further reduce risk. SFHYX uses multiple alternative strategies including stocks, bonds, futures, and long or short commodities. All of these funds are utilized in our AssetMaxxSM portfolios. The chart illustrates 5-year returns and the uses of different strategies to further reduce risk. By using a combination of all three funds investors can diversify and further reduce risk. We think we might be at the top of Solomon’s advisors list. (full Fund performance on page 3)

AssetMaxxSM—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX

As of 6/30/2020	Quarter	YTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception ¹
SVARX	8.83%	10.57%	12.39%	7.16%	8.33%	7.11%
S&P Lev Loan TR ⁵	6.60%	-3.93%	-0.43%	2.47%	2.95%	2.71%
50/50 Barclays VLI HY/S&P Lev Loan TR Index ⁷	7.80%	-4.18%	-0.52%	2.77%	3.67%	3.39%
Portfolio Composition			3/31/2020	6/30/2020		
High Yield			12.62%	18.66%		
HY Credit Default Swaps			0.00%	0.00%		
Floating Rate			15.27%	0.00%		
Municipal			0.00%	10.03%		
Government			0.00%	0.00%		
Mortgage-Backed			0.00%	35.13%		
Bond - Other			0.00%	21.29%		
Preferred			0.00%	0.00%		
			27.89%	85.11%		

¹Inception date: 12/16/2013

Expense Ratio: 2.95%

Spectrum Advisors Preferred Fund - SAPEX

As of 6/30/2020	Quarter	YTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception ²
SAPEX	16.60%	1.42%	9.66%	10.00%	7.82%	7.25%
S&P 500 TR ⁴	20.54%	-3.08%	7.51%	10.72%	10.72%	10.07%
60/40 NYSE TR & Barclays US AGG TR ⁸	10.89%	-5.56%	-0.40%	3.89%	4.46%	4.07%
Portfolio Composition			3/31/2020	6/30/2020		
Large Cap Equity			23.95%	106.06%		
Mid Cap Equity			0.00%	0.00%		
Small Cap Equity			24.72%	34.52%		
International Equity			0.00%	0.00%		
Fixed Income			59.29%	34.89%		
			107.95%	175.47%		

²Inception date: 6/1/2015

Expense Ratio: 2.45%

The Hundredfold Select Alternative Fund

Hundredfold Select Alternative Fund

As of 6/30/2020	Quarter	YTD	Annualized					
			1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception ³
SFHXY	8.43%	13.20%	14.77%	7.66%	7.04%	6.76%	6.47%	6.11%
S&P 500 TR ⁴	20.54%	-3.08%	7.51%	10.72%	10.72%	13.98%	8.82%	8.97%
Barclays Agg Bond Index ⁶	2.90%	6.14%	8.74%	5.32%	4.30%	3.82%	4.39%	4.40%
Portfolio Composition			3/31/2020	6/30/2020				
High Yield			63.95%	13.43%				
Floating Rate			49.47%	0.00%				
Bond Other			64.11%	9.93%				
Managed Futures (net)			15.32%	14.24%				
Alternative			0.00%	0.00%				
Equity			30.43%	15.01%				
Expense Ratio: SFHXY 2.93%			223.27%	52.60%				

³Inception date: 9/1/2004, fund name changed from Spectrum High Yield Plus on June 11, 2008. Additionally, the Fund was reorganized on October 3, 2011 from a predecessor fund (the "Select Alternative Predecessor Fund") to a series of Northern Lights Fund Trust II, a Delaware statutory trust (the "Reorganization"). The Fund is a continuation of the Select Alternative Predecessor Fund and, therefore, the performance information includes performance of the Select Alternative Predecessor Fund.

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. For performance current to the most recent month end, please call 1-888-572-8868. An investor should carefully consider the investment objectives, risks, charges and expenses prior to investing.

The prospectus and summary prospectus contain this and other information about the Funds and should be read carefully prior to investing. To obtain a prospectus and summary prospectus, please call Gemini Fund Services at 855-582-8006 or access www.thespectrumfunds.com or www.hundredfoldselect.com.

The Funds are distributed by Ceros Financial Services, Inc. (Member FINRA/SIPC). Ceros and Spectrum Financial, Inc./ Hundredfold Advisors are not affiliated entities. Advisors Preferred, LLC, the Funds' advisor is a commonly held affiliate of Ceros. **Date of first use: 7/23/2020**

⁴S&P 500 TR Index is a capitalization weighted index of 500 stocks representing all major domestic industry groups and assumes the reinvestment of dividends and capital gains. It is not possible to directly invest in any index.

⁵S&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 (Short Name: S&P Leveraged Loan Index)

⁶Barclays U.S. AGG: Bond Index: The Barclays U.S. Aggregate Bond Index measures 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 par amount outstanding and with at least one year to final maturity.

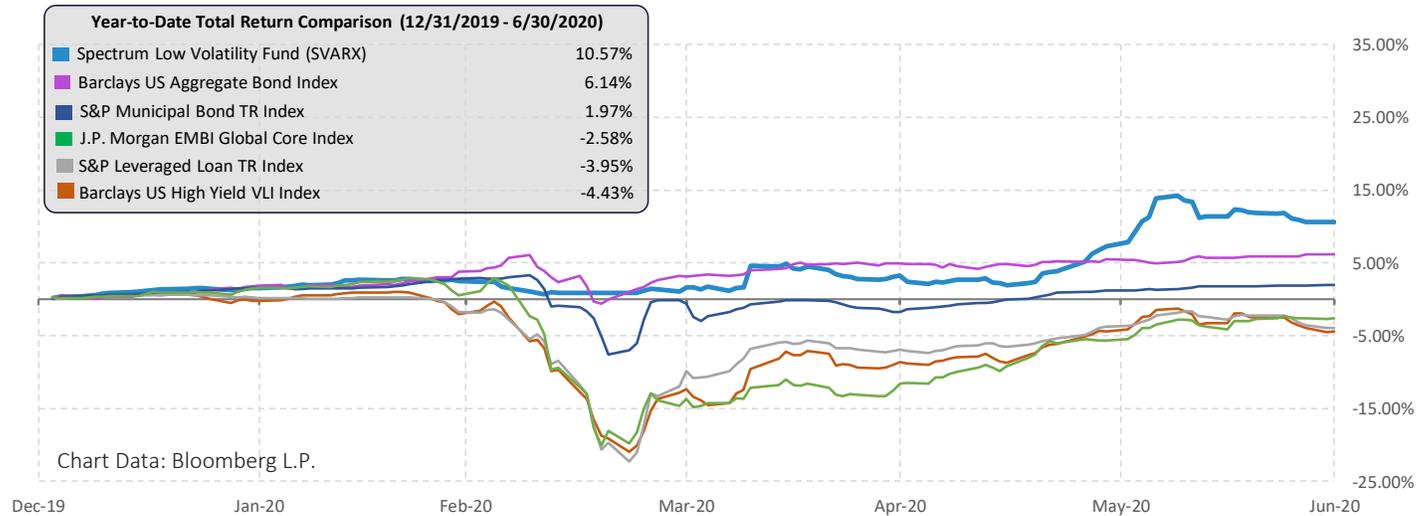
⁷50/50 "Barclays US High Yield Very Liquid TR Index"/ "S&P/LSTA U.S. Leveraged Loan 100 Index": This benchmark gives 50% weight to the Barclays VLI HY Index and 50% weight to the S&P Leveraged Loan Index. Barclays High Yield VL Index benchmark includes publicly issued U.S. dollar denominated non-investment 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 has a minimum amount outstanding of \$500 million or more (face value) and less than five years from issue date.

⁸60/40 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.

IS THERE RISK INVESTING IN BONDS?

The chart below illustrates investors who believe that investing in bonds eliminates risk can be surprised and disappointed. The Spectrum Low Volatility Fund (SVARX) is an actively managed bond fund which daily evaluates market risk in various bond classes and makes constant adjustments to strive to both reduce risk and enhance returns. The chart below illustrates various bond categories for the first half of 2020. We can see that during the

COVID-19 liquidity crisis, bond classes showed severe losses in March compared to SVARX, and when bonds began to rally back, SVARX went up faster. This is how this fund is supposed to work, by increasing exposure in good markets and decreasing it in more risky environments, as well as selecting which bond sector to be in. This strategy has put the Spectrum Low Volatility Fund at the head of its class for not only year-to-date, but for 5-years, 3-years, and one year. It has returned stock market like performance, with lower risk than most bond markets.



PERSONAL PERSPECTIVE by Ralph Doudera

About 25 years ago, in my search for the meaning of wealth as a believer in the Christian faith, I had the privilege of working alongside Mother Teresa helping the destitute in India. Filled with love and compassion, she wrote in my Bible these words: “God Bless You” and signed her name. It was only recently when reading her words again that the reality of what she wrote hit me. This was not just some phrase idly spoken after a sneeze, but a prayer with eternal consequences. A blessing is a prayer for God’s favor and protection that will go on for me and my family from generation to generation. I receive it and want to pass on her blessing to you.

More than 3,000 years ago in the Sinai Desert, God gave his people a blessing (Numbers 6:24-27). He also gave a blessing as a consequence of following His commandments (Deuteronomy 28:6-13). Three months ago, a song, “*The Blessing*”, was written from it. Since then, throughout this pandemic, the song has ministered to families and churches in countries all over the world. Video technology has united not only businesses, but the Church as well. *The Blessing* has gone viral online and multiplied exponentially with virtual choir versions from almost every country, language, and age. It has become the unofficial anthem for 2020.

The lyrics are very powerful: “*The Lord Bless you... And keep you... Make His Face Shine Upon You and be gracious to you... The Lord turn His Face toward you... and give you peace... Amen... May His favor be upon you... and a thousand generations... and your family and your children... and their children... and their children. May His Presence go before you... and behind you... and beside you... all around you... and within you... He is with you... He is with you... In the morning... in the evening... In your coming... and your going... In your weeping... on your rejoicing... He is for you... He is for you... He is for you... He is for you... Amen*”

I would like to pass this blessing on as a prayer to anyone reading this message. I have created a website to attempt to organize the many versions of this song for use as a daily devotion or just a mid-day prescription for a bad day. You cannot remain depressed when you listen to how you are being blessed by the united prayers of members of the global Church. You will be encouraged by seeing fragments of the worldwide Church blessing you as you listen. Buildings may be closed but the Church is alive. Visit this website for one blessing and you will be likely be back again to listen to others. And may the peace and blessing of God daily encourage us all through this challenging time.

www.hundredfoldblessing.com

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

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