THE FULL SPECTRUM
Spectrum Financial, Inc.
April 2021

GENERAL COMMENTARY

After the blistering stock market performance in the past 12 months, why should I invest in this market? The NYSE composite index was up 55% and the Russell Small Cap index, up 95%. Euphoria abounds. Businesses are opening up. Vaccines are widely available, employment is back to near normal levels, free government money is coming in the mail, housing prices are going off the charts and the stock market is hitting all-time highs. Feels good. Investors are throwing their money at everything. Young retail investors plan to spend almost half of their stimulus checks on stocks according to a CNBC article. This reminds us of 'Tulipmania', the first major financial bubble that occurred in 17th century Holland and ended very badly for "investors". Identifying a bubble in real time is difficult, if not impossible, as anyone inside the bubble cannot see where they are. A rule of thumb we have always used is "profit is inversely proportional to the pleasure you feel upon purchase". In his book, *A Short History of Financial Euphoria*, John Kenneth Galbraith describes how bubbles are created when objectivity, reasoning, and valuation give way to greed and the desire for profits. He suggests four common characteristics:

1. *The trade-off between risk/reward is lost as investors are "captured by the wondrous satisfaction from accruing wealth"*
2. *The belief that "some new price-enhancing circumstance is in control" justifying higher prices*
3. *The illusion that "values are going up permanently and indefinitely"*
4. *The "condemnation at those who express doubt of dissent.....because of defective imagination or other mental inadequacy they are unable to grasp the new and rewarding circumstances."*

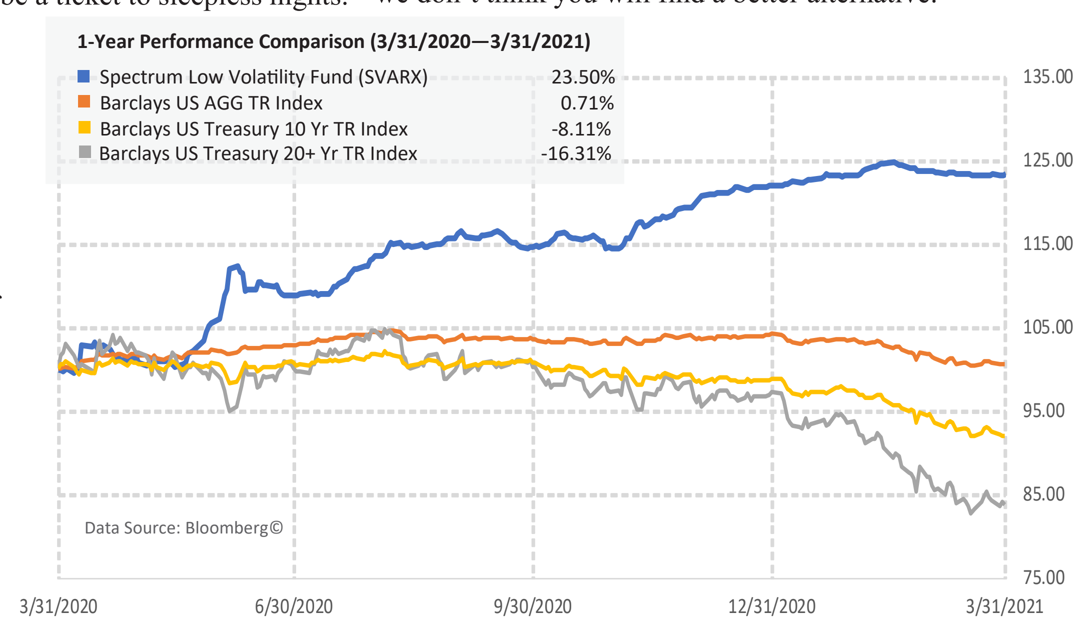
We are not forecasting how this will all play out, we are just asking, "Where are we?" In fact, the final spurt of a bull market is usually where the most money is made. We just suggest, to investors outside of our portfolios, to remain close to the fire exit at the theater so you don't get trampled if things do not turn out as you expect.

ANY WORRIED BOND FUND INVESTORS?

Most investment portfolio managers recommend a blend of both stocks and bonds to reduce portfolio risk and volatility. Some strategists suggest that the percentage of the portfolio invested in bonds should approximate the investor's age. So, a 55-year-old investor might consider a 55% allocation to bonds. However, with interest rates over the past year beginning to rise, investors are justifiably concerned about bond market losses because bonds can decline in value as interest rates rise. Investors then consider increasing their exposure to stocks at an age where they should be reducing their exposure, since stock market risk can be even higher than bond market risk. Diversifying into bitcoin can be a ticket to sleepless nights. Fortunately, the Spectrum Low Volatility Fund has been managing bonds for all seasons and should be considered for anyone who needs bond market exposure with minimal interest rate risk.

The chart to the right illustrates the performance of SVARX for the past year measured against the aggregate bond index, the 10-year government bond index and the 20-year bond index. Most investors do not realize that the return on government bonds can be quite risky in a rising interest rate environment. The chart illustrates a one-year return of 0.71% on aggregate bonds, a loss of 8.11% on 10-year government bonds, and a painful loss of 16.31% on the 20+ year government bonds. The Spectrum Low Volatility non-traditional bond fund had a profit of 23.50% for the same period.

How could this happen? All bonds are not the same. By continuously monitoring all classes of credit instruments such as floating rate senior loans, mortgage backed bonds, short term high yield bonds, and muni bonds, the investments are actively managed to select the bond classes that are performing, and avoid the ones that are not. If you need bond exposure to balance your portfolio, we don't think you will find a better alternative.



AssetMaxx℠—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX

As of 3/31/2021	Quarter	YTD	1 Year	3 Year (Annualized)	5 Year (Annualized)	Since Inception[1] (Annualized)
SVARX	1.11%	1.11%	23.50%	10.83%	10.52%	8.21%
S&P Lev Loan TR[5]	1.02%	1.02%	15.28%	4.05%	5.01%	3.54%
50/50 Barclays VLI HY/S&P Lev Loan TR Index[7]	0.80%	0.80%	18.36%	5.31%	6.27%	4.37%

Portfolio Composition	12/31/2020	3/31/2021
High Yield	25.22%	21.18%
HY Credit Default Swaps	0.00%	14.89%
Floating Rate	28.38%	39.71%
Municipal	16.11%	4.91%
Government	0.00%	0.00%
Mortgage-Backed	32.59%	36.60%
Bond - Other	22.51%	29.88%
Preferred	24.09%	6.40%
	148.89%	153.57%

[1]Inception date: 12/16/2013

Expense Ratio: 3.02%

Spectrum Advisors Preferred Fund - SAPEX

As of 3/31/2021	Quarter	YTD	1 Year	3 Year (Annualized)	5 Year (Annualized)	Since Inception[2] (Annualized)
SAPEX	2.77%	2.77%	58.33%	17.50%	15.57%	12.01%
S&P 500 TR[4]	6.17%	6.17%	56.35%	16.73%	16.28%	13.67%
60/40 NYSE TR & Barclays US AGG TR[8]	3.48%	3.48%	33.32%	8.17%	8.21%	6.54%

Portfolio Composition	12/31/2020	3/31/2021
Large Cap Equity	77.41%	105.63%
Mid Cap Equity	0.00%	0.00%
Small Cap Equity	28.29%	34.34%
International Equity	0.00%	0.00%
Fixed Income	49.74%	39.69%
	155.43%	179.66%

[2]Inception date: 6/1/2015

Expense Ratio: 2.35%

The Hundredfold Select Alternative Fund

Hundredfold Select Alternative Fund

As of 3/31/2021	Quarter	YTD	1 Year	3 Years (Annualized)	5 Years (Annualized)	10 Years (Annualized)	15 Years (Annualized)	Since Inception[3] (Annualized)
SFHYX	3.64%	3.64%	36.42%	14.69%	11.98%	8.11%	7.75%	7.30%
S&P 500 TR[4]	6.17%	6.17%	56.35%	16.73%	16.28%	13.90%	10.01%	10.26%
Barclays Agg Bond Index[6]	-3.37%	-3.37%	0.71%	4.64%	3.10%	3.44%	4.29%	4.06%

Portfolio Composition	12/31/2020	3/31/2021
High Yield	19.67%	29.73%
Floating Rate	14.24%	11.65%
Bond Other	67.40%	56.55%
Managed Futures (net)	0.00%	2.47%
Alternative	15.38%	18.63%
Equity	18.41%	30.10%
	135.10%	149.13%

Expense Ratio: SFHYX 2.70%

[3]Inception 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: 4/20/2021

[4]S&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.

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

[6]Barclays 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.

[7]50/50 "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.

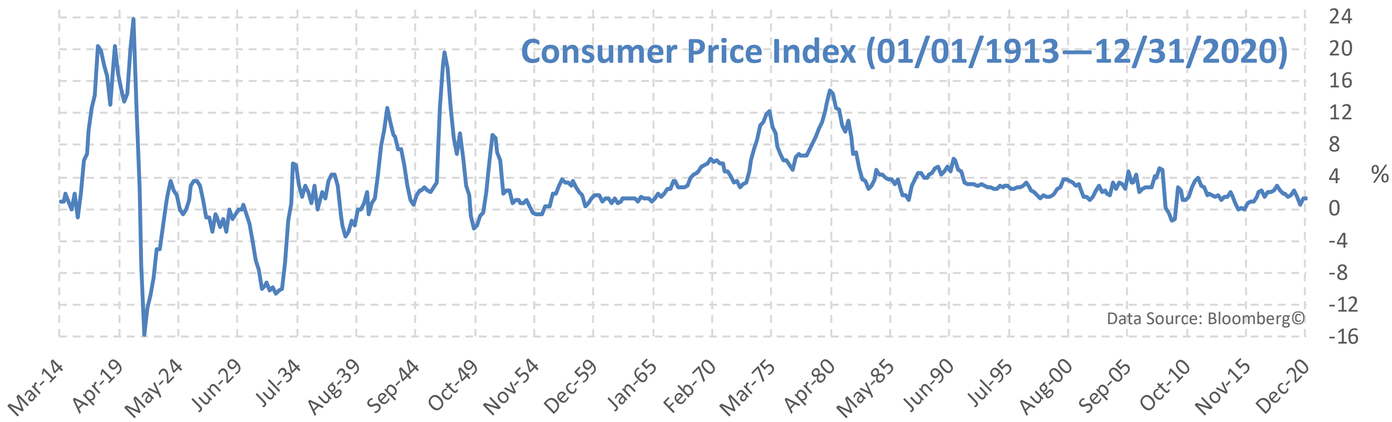
[8]60/40 NYSE Composite/Barclays U.S. AGG Bond Index: This benchmark gives 60% weight to the NYSE Composite Index and 40% weight to the Barclays U.S. Agg. Bond Index. The NYSE Composite Index (NYA) measures the performance of all stocks listed on the New York Stock Exchange. It includes more than 1,900 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.

PREPARE FOR INFLATION! (OR WATCH YOUR SAVINGS BECOME WORTHLESS)

I remember back to the 1970's when the annual inflation rate was in excess of 10%. Shopping for anything that had to be ordered usually involved trying to get the order in before a price increase. I am seeing it again now when I order my sandwich or furnishings for my home.

The massive expenditures made by the government for stimulus packages, bailouts, and guarantees will only cause one thing—INFLATION. They have decided that inflation is a lesser evil than financial meltdown, which may be true. But sometimes the drug we take to reduce one health problem has a side effect that might be more dangerous than the original condition. There will be side effects of borrowing trillions of dollars which have to be repaid. This will not end well. Consumers are beginning to take notice particularly in the real estate market, where houses are selling within hours of listing with multiple offers. The mortgage rate paid by consumers has averaged several percent higher than the rate of inflation, so current buyers are locking in attractive rates below the rate of inflation. This will change, and the real estate market will eventually run into major problems when the rates rise.

How do we take advantage of this situation? Hard assets like real estate, precious metals, crypto currencies, and some stocks and variable rate bonds, become more attractive. Financing assets with low interest loans can also be profitable. Cash, bank deposits and other low yield investments will lose value. A 2% money market return will lose 3% each year if inflation is 5%. And income taxes can further reduce returns. Inflating away the government debt may eventually be the only way out. The surprising chart below shows a history of inflation for the past century through the CPI YoY Index. Consumer prices (CPI) are a measure of prices paid by consumers for consumer goods and services. The yearly growth rates represent the inflation rate.



PERSONAL PERSPECTIVE *by* Ralph Doudera

Recently, I was having lunch with a good friend of mine who asked me if I was prejudiced. Since we did not share a similar ethnic background, I was initially caught off guard and not able to provide a prompt response. After an uncomfortable pause and much thought, I surprised myself with my answer, which was, "Yes, I think I am." I never thought I was until I really thought about it. The word "prejudge" means to have an opinion prior to knowing all the facts. Everyone has an opinion formed by their prior life experiences, but the question to me becomes whether I am open to rethink the preconceived box I tend to put someone in. Am I willing to treat people fairly with respect for our differences? All of us have our own emotional and life experiences which will cause us to respond in certain ways based on our history. I got bit by a dog when I was young, and I still carry with me a reluctance to engage with strange dogs until I get to know them. Internalized prejudice can be unconsciously applied to members of a different group. We tend to have a proclivity to feel most comfortable with people who look like us and have similar opinions. Is bias for political opinions any different than that of religious, gender, racial discrimination, or nationalism? Do conservatives or liberals treat each other with respect? Find out on Facebook.

But you can't legislate morality, which is what our government continues to attempt to do. The answers lie in self-evaluation and may be difficult to root out since the root cause is usually based in pride. We may think of ourselves as better than "them", whoever "them" may be.

Jesus did not focus or demonstrate on cultural injustice the same way our world does today. His approach was always in dealing with the individual internal issues of the nature of the human heart. When asked by Jewish religious leaders what the greatest commandment in the Law was, he replied, "*Love the Lord your God with all your heart, with all your soul, with all your strength, and with all your mind. And love your neighbor as you love yourself." (Luke 10:27).* When questioned who our neighbor would be, Jesus told a story of the good Samaritan, a racial enemy of the Jews, illustrating how the religious leaders despised the Samaritans, and just walked by those in need. Loving someone means accepting and respecting them although they may be different than me and not judging them before I get to really know them. That is my challenge.

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

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