

GENERAL MARKET COMMENTARY

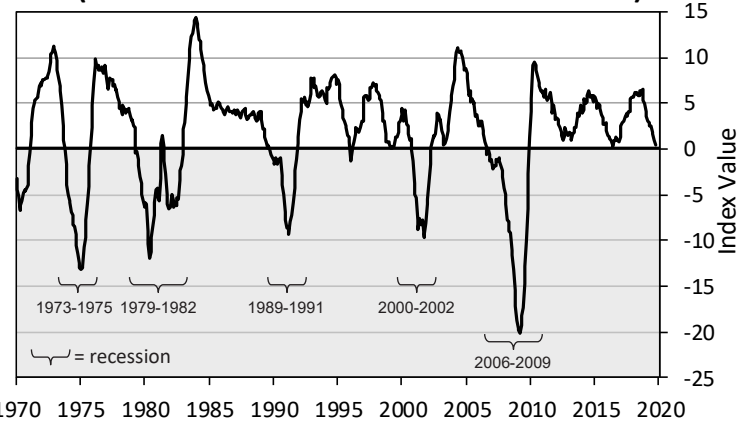
The stock market has been moving sideways for the past six months trying to decide its next move. What are the current facts most relevant to prices? According to InvesTech:

- The current bull market is the longest of the century, now over 10 years old.
- Stock valuations are extreme; in the 90th percentile.
- Divergences exist in the secondary indexes, including Russell 2000 small caps and the Dow Transportation Average.
- Fed Policy is still easing interest rates.
- Unemployment rates are very low.
- Margin debt is beginning to roll over.
- Recession probability remains at about 34% in the next 12 months.
- The S&P 500 Index is bouncing off its all time high for the third time.

Summary: upside potential remains smaller than downside risk for the foreseeable future, but seasonal tendencies may help get us through the rest of this year.

Year-over-year leading economic indicators are at the cusp of recession. (see chart)

Conference Board US Leading Index (Ten Economic Indicators YOY 1970 - 2019)

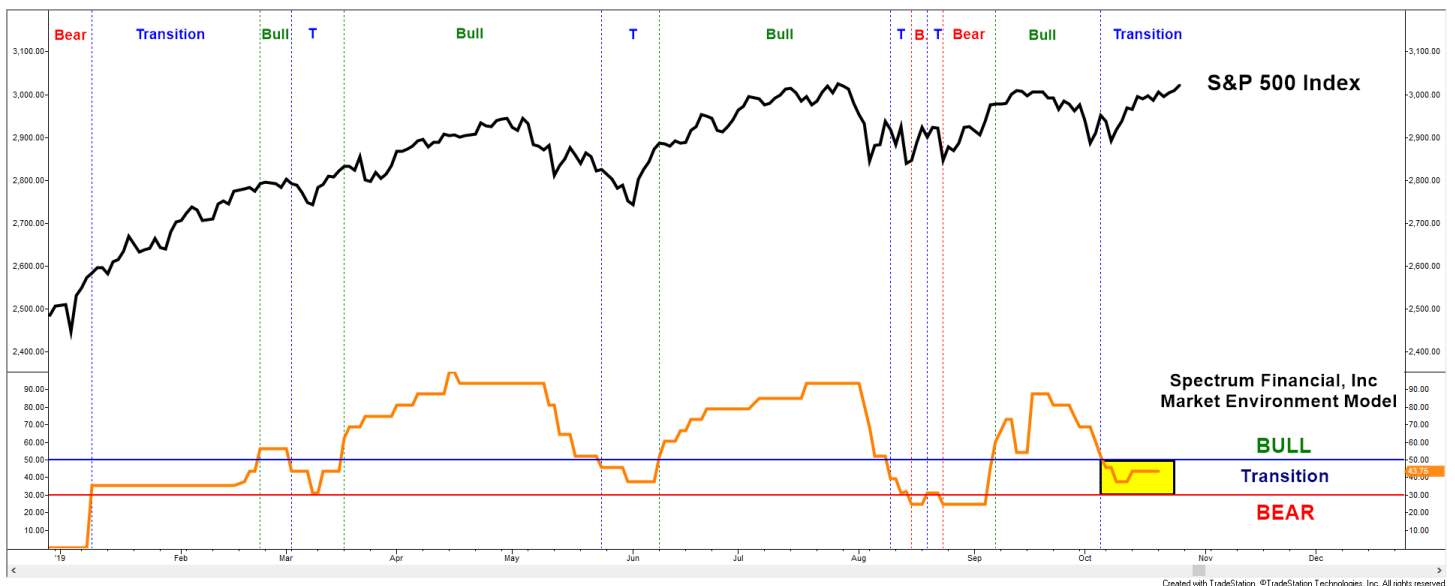


The composite economic indicators are leading, coincident, and lagging and are constructed to summarize and reveal common turning point patterns in economic data. Data from Bloomberg, L.P.

LOWERING RISK

The chart below illustrates Spectrum's proprietary Market Environment Model which gives us insights into the technical strength of the stock market. Our proprietary models reveal to us three different market environments which are identified as Bull, Bear, or Transitional markets. Bull markets tend to be less sensitive to market sell-off and generally allow us to remain substantially invested during any brief sell-off. Bear market techniques tend to move faster, utilizing a smaller invested position and more mean reversion techniques that capitalize on quick trades. Since

the trend is down, counter-trend trades become more profitable. Transition markets, which we are currently seeing (indicated by the yellow highlight below), require patience. The markets recently have been choppier than normal, which indicates either a pause before new highs, or a topping formation leading to a nasty correction. Each market environment uses a specific playbook based on the market conditions and our indicators. By adjusting trading techniques as well as position sizes, we strive to control risk and be in a better position for profits or reduced exposure.



MAKING A DIFFERENCE

While discussing investments some years ago, a respected friend advised: "Never invest in anything that eats while you sleep." But if someone asked me what did we accomplish this past week, my response might be surprisingly lengthy. While we were sleeping, we made available microloans to the poor in Columbia and Congo (Opportunity International); trained a doctor and performed surgeries to children who have hydrocephalus in Mali (CURE International); trained leaders in the Middle East (Haggai International); provided college dormitories to Rwanda students and programs for church growth in Romania (Cru); and funded the Mini Bible College teaching for 50 million listeners in South America, and the construction of three churches in Brazil (International Cooperating Ministries). This was our diversified investment portfolio of making a difference this year. How did we accomplish so much this past year?

In 2004 we opened our investment fund Hundredfold Select Alternative Fund (SFHYX) with the objective of providing consistent investment returns to investors while making a difference to other organizations around the world. By donating investment services to the Fund, Hundredfold Advisors, LLC donates nearly 100% of all fees received to Simply Distribute, a foundation that passes the funds through to organizations who are making a difference in the world. This partnership allows us to do what we are

PERSONAL PERSPECTIVE by Ralph Doudera

The concept of socialism has been in the news lately and has caused me to spend some time evaluating the concept. It seems to appeal to younger people today and on the surface it might sound enticing. Isn't equality a good and fair result? I thought I would evaluate the concept from a biblical perspective. Socialism is a political and economic system in which there is government ownership of the means of production and the primary focus of providing equality. Everyone gets the same result regardless of effort or creativity. If people would get the same pay for working as for watching TV, not much would get done. Capitalism is a form of government where there is private ownership of property and production and limited government. People are allowed to personally benefit from their creativity and hard work.

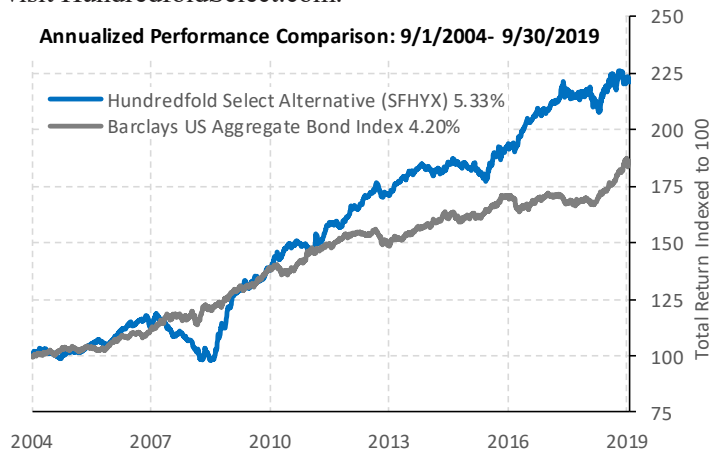
Socialism is fundamentally at odds with the Christian worldview because it seeks to suppress all people according to the dictates of the state. All socialist leaders of significance in world history were atheists, and they persecuted believers. The results of their leadership have been tragic both economically and for human rights. There are no socialist countries that are open to religious liberty.

The Bible does not endorse any political system, but it does endorse personal freedom and the value of work and personal responsibility. We were made to work. God gave

good at (investing) and support organizations who are most effective in what they are good at. Together we are making a difference.

Every Spectrum employee has become a part of this effort by volunteering their services to this Fund each year. Since inception we have donated over \$7.5 million to help change the lives of many people around the world. As a current or past shareholder, you also have indirectly contributed to this impact.

Investors interested in performance information on the Hundredfold Select Alternative Fund, please see page 3 or visit HundredfoldSelect.com.



Data from Bloomberg, L.P. Full performance data on page 3.

Adam an assignment: "The Lord God took the man and put him in the Garden of Eden to work it and take care of it." (Genesis 2:15). We should enjoy our work. "There is nothing better for a person than that he should eat, and drink and find enjoyment in his toil. This also I saw is from the hand of God." (Ecclesiastes 2:24). We might want to offer employment to panhandlers. "If a man won't work, neither shall he eat." (2 Thess. 3:10.) Mother Teresa said, "Give the beggar a smile." Jesus encourages philanthropy and not accumulation. "It's more blessed to give than to receive." (Acts 20:35). Gandhi states that one of the seven deadly social sins is "Wealth Without Work".

Socialism requires forced giving, whereas capitalism encourages voluntary giving. Minister Gerald Smith stated, "You cannot legislate the poor into freedom by legislating the wealthy out of freedom. What one person receives without working for, another person must work for without receiving. The government cannot give to anybody anything that the government does not first take from somebody else." When the majority of our citizens are on the government payroll, taxation will turn capitalism into socialism, and that will be the end of free enterprise.

There is a place for a safety net for people who find themselves unable to care for themselves. But when we begin to depend on the government to care for us, we may be giving up the freedoms that our country's founders fought so hard to protect.

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

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