

THE FULL SPECTRUM

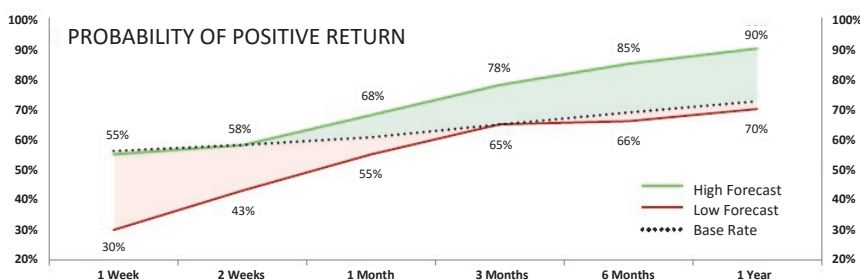
Spectrum Financial, Inc.

July 2016

GENERAL MARKET COMMENTARY

This has been a very volatile year for the markets so far, and the uncertainty of potential Federal Reserve interest rate increases and presidential election issues remain to year's end. The stock market had an impressive rally after the sell-off from Brexit fears, creating new highs for stock market indices. The S&P 500 Index has broken out to new highs, while the small cap Russell Index still lags. High yield bonds have also broken out to new highs, which is a favorable development, since their performance usually confirms the market direction. With earnings season approaching, improved earnings may provide the fuel for further gains ahead.

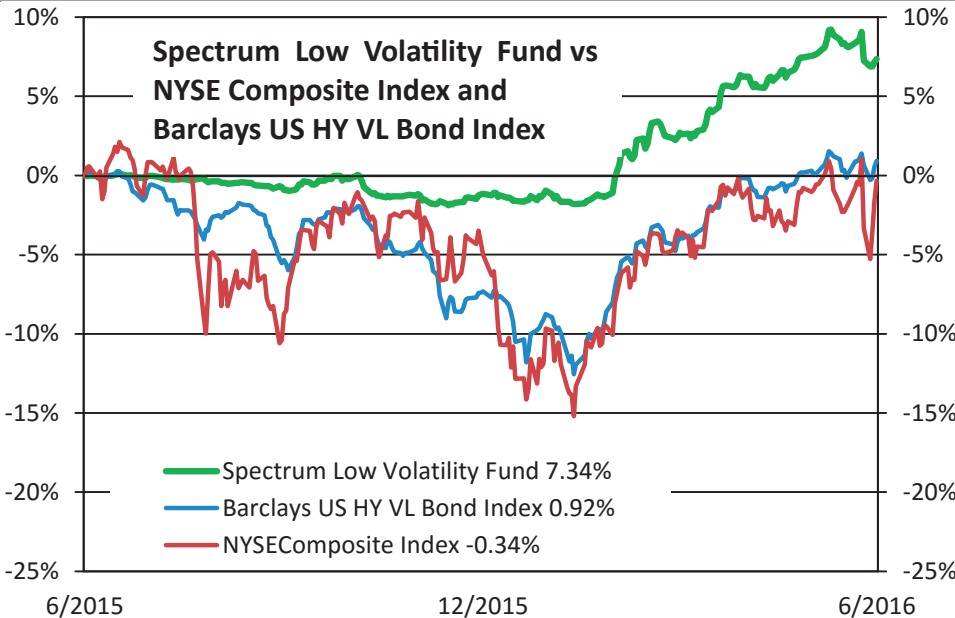
According to Sundial Capital Research, which projects probabilities for financial markets, the upside probabilities over the short term are less favorable, but are much better for later in the year (see chart).



SPECTRUM LOW VOLATILITY FUND — SVARX

The chart on the right illustrates the performance volatility of the Spectrum Low Volatility Fund for the past 12 months compared to Barclays US HY VL Bond Index and the NYSE Composite Index, an index of all stocks traded on the New York Stock Exchange. This fund was designed to allow investors to put their serious investment nest egg in a place that has the potential of reasonable returns, while controlling the risk of stock market volatility.

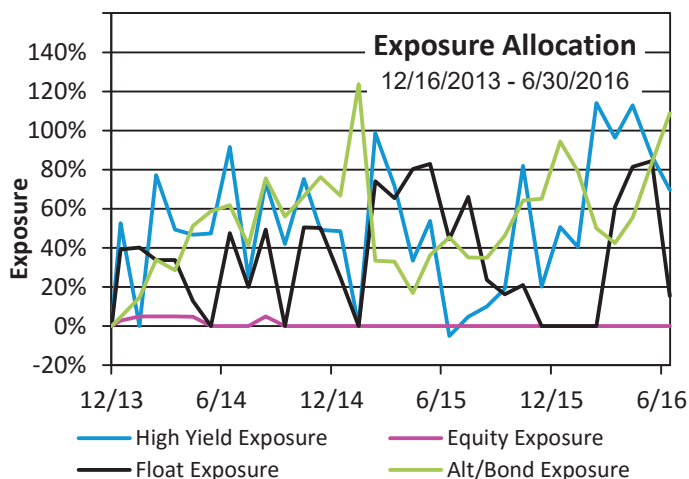
SVARX was created to act as a solution for fixed income exposure in all market environments. It's objective is total return with lower downside volatility and risk by using a variety of fixed income category selection and rotation, and applying tactical strategies to each. For example, all bond categories do not move together and often move inversely to each other. High yield bonds, for example, usually go up when



government bonds move down. Mortgage-backed bonds, muni bonds and senior loan floating rate funds also have a different personality. Active management by the fund manager determines which ones to invest in, and what percentage to diversify.

Selective use of leverage may be used to enhance exposure when conditions favor certain asset classes that have the potential for strong performance. Hedging strategies may also be used to lock in profits at appropriate times.

The chart on the left illustrates the variable investment nature of the fund since inception. The exposure to different asset classes is constantly changing to take advantage of higher relative strength of different investments. Spectrum Financial, the fund's subadvisor, has had nearly 30 years of experience in fixed income strategies, and has integrated them into one fund that is actively managed to reduce risk and provide consistent low volatility returns. For fund performance, fund holdings, and disclosures, see page 3.



PERFORMANCE COMPARISON

The markets were quite volatile during the second quarter as the Federal Reserve indicated a high probability of a rate increase, but changed it's mind when the Brexit vote unexpectedly determined that the UK was dropping out of the European Union. When the smoke cleared, the markets were up at the end of the quarter, clawing back most of the decline. The S&P 500 dropped over 5% in two days while the US dollar rallied almost 4%, a very bad outcome for any investor holding European equities.

It was a profitable quarter for most accounts, but the markets caused most investors discomfort. Spectrum's High Yield Bond Strategy generated a quarterly return averaging 2.38% and a year-to-date return of 6%. High Yield Annuities had similar returns averaging 2.67% for the quarter and 5.83% for year-to-date. The Dynamic High Yield Strategy was down 0.5% for the quarter but had a gain year-to-date of 6.83%. This strategy is very short-term oriented and is substantially uncorrelated to the other high yield strategies Spectrum uses. Leveraged High Yield was up 1.55% for the quarter and 5.98% for year-to-date. These

attractive return low-risk strategies illustrate how patience works to our investors' benefit in a low interest rate environment. We see more profits ahead in the high yield market sector, since the yield on them is currently 5.3% more than the 1.35% yield on 10-year government bonds. That means high yield bonds currently pay a yield of almost 5 times government bonds. In our view, high yield bonds have much more room to appreciate to get the annual yield back to a more normal 3.5 to 4%.

Core Focus Strategy had a quarterly return of 2.07% and was up 2.63% for year-to-date. Our Long/Short Strategy was up 0.59% for the quarter and up 1.91% year-to-date. International Sector had a loss of 4.04% for the quarter, but was up 0.22% for year-to-date. (The EURO STOXX 50 Index—50 large, blue-chip European companies operating within Eurozone nations) was down 9.4% year-to-date).

For more details on mutual fund performance of Spectrum Low Volatility Fund, Spectrum Advisors Preferred Fund, and Hundredfold Select Alternative Fund, used as part of Spectrum's AssetMaxx program, please refer to information on page 3.

Spectrum Strategy Summary 2016 Second Quarter Total Return

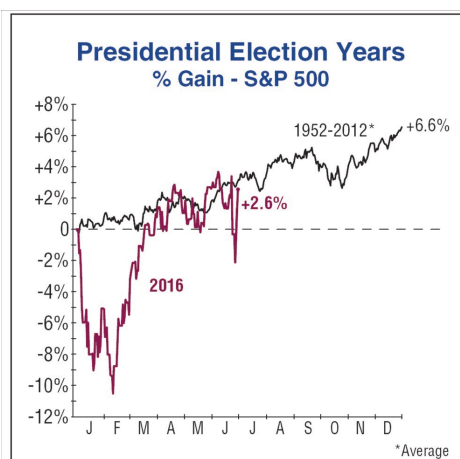
SecurityMaxx Strategies ²	QTR	YTD	12 MO	24 MO	36 MO	48 MO	60 MO
High Yield Bond ¹	2.38%	6.00%	3.72%	0.61%	6.32%	15.19%	18.06%
High Yield Bond Annuity/UVL ¹	2.67%	5.83%	2.87%	-2.00%	2.87%	11.14%	13.41%
Dynamic High Yield Bond	-0.50%	6.83%	9.37%	11.46%	14.33%	22.96%	26.96%
Leveraged High Yield Bond	1.55%	5.98%	3.34%	2.25%	8.55%	24.43%	31.77%
Core Focus	2.07%	2.63%	-0.36%	-0.04%	12.69%	22.20%	23.95%
Long/Short Sector	0.59%	1.91%	0.84%	3.07%	10.88%	N/A	N/A
International Sector	-4.04%	0.22%	-11.44%	-15.18%	-11.45%	-2.75%	-18.12%

Benchmark Summary 2016 Second Quarter Total Return³

Stocks	QTR	YTD	12 MO	24 MO	36 MO	48 MO	60 MO
Avg. U.S. Stock Fund	1.79%	1.39%	-3.15%	1.83%	24.55%	49.03%	47.56%
MSCI World ex USA Index	-0.44%	-0.69%	-9.70%	-13.92%	5.28%	20.23%	3.36%
NASDAQ TR Index	-0.23%	-2.65%	-1.68%	12.52%	47.59%	73.58%	85.71%
S&P 500 TR Index	2.46%	3.84%	4.00%	11.72%	39.21%	67.88%	77.04%
Bonds	QTR	YTD	12 MO	24 MO	36 MO	48 MO	60 MO
Barclays High Yield VL Index	5.04%	8.89%	0.93%	-0.22%	11.79%	21.36%	31.06%
T-Bill (3-month)	0.20%	0.36%	0.35%	0.45%	0.59%	0.87%	0.98%

¹High Yield Bond includes only non-annuity/life products. High Yield Bond Annuity/UVL includes only annuity/life products. Fees for strategies are 0.48% quarterly (except for International Sector and Leveraged High Yield Bond) International Sector traded account fees are 0.48% per quarter beginning 12/31/12 to present, prior, 0.725%. Leveraged High Yield Bond accounts fees are 0.63%. ²Performance numbers were selected from client accounts assuming no purchases or withdrawals were made during the time period, and may have been obtained from personal or related accounts. The averages used represent actual performance after Spectrum's quarterly fees and are non-weighted averages representing mutual funds using that trading strategy. Initial sales loads are not taken into account. Performance for some individual accounts may vary somewhat due to fund restrictions and/or limitations imposed by the mutual fund families. A complete list of all buy and sell dates is available upon request. Dividends are assumed to be reinvested. Past performance does not guarantee future results. ³Benchmark Source: Bloomberg, except Average US Stock Fund is the Wall Street Journal Quarterly Review. These tables summarize performance averages for various mutual fund categories for the past 3 mos., YTD, 12 mos., 24 mos., 36 mos., 48 mos., and 60 mos.

PRESIDENTIAL ELECTION YEAR MARKET HISTORY



InvesTech Research

If the presidential election year returns for the past 60 years could be averaged, the gain for the S&P 500 would be 6.6% as illustrated on the left chart. The graph reveals that the market tends to improve as the year progresses, but often experiences softness toward the end of summer, leading up to Election Day. Gains usually resume once the uncertainty of the election is over. However, 2016 has been anything but an "average" election year with abnormal major market volatility.

According to the chart on the right several trends can be observed:

- In most cases, Presidential Elections are positive for the market.
- Presidential election years can be more volatile, but that has not determined the outcome.
- When a bear market was not on the radar, a strong rally emerged as the year progressed.
- Most market gains were concentrated in the second half of the year.

Presidential Election Year Markets S&P 500

Election Year	S&P 500 Gain/Loss	Yrly High in 4th Qtr	Yrly Low in 4th Qtr
1928	37.1%	✓	
1932	-15.1		
1936	27.9	✓	
1940	-15.3		
1944	13.8	✓	
1948	-0.7	*	
1952	11.8	✓	
1956	2.6	*	
1960	-3.0	*	✓
1964	13.0	✓	
1968	7.7	✓	
1972	15.6	✓	
1976	19.1	*	
1980	25.8	✓	
1984	1.4	✓	
1988	12.4	✓	
1992	4.5	✓	
1996	20.3	✓	
2000	-10.1		✓
2004	9.0	✓	
2008	-38.5		✓
2012	13.4	*	
Average	6.9%		
...w/o 2008	9.1%		

* Within 5% of yearly high in the 4th quarter

InvesTech Research

ASSETMAXX—ACTIVELY MANAGED MUTUAL FUNDS (AS OF 6/30/2016)

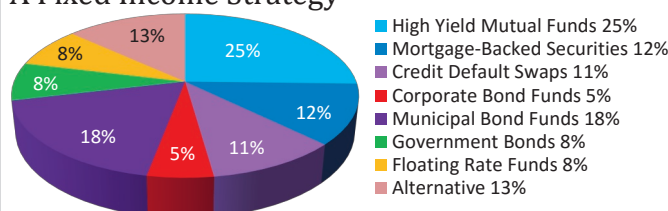
Spectrum provides access to these distinct actively managed funds for portfolio design. These funds have the ability to adjust exposure to the markets based on current environments. At times, these funds may be invested 100% in cash or cash equivalents. Spectrum clients have historically benefited from active management in managing risk.

The Spectrum Funds

As of 6/30/2016	Quarter	YTD	1 Year	Since Inception ¹
SVARX	4.53%	8.59%	7.34%	4.81%
S&P 500 TR ³	2.46%	3.84%	3.99%	8.81%
S&P Lev Loan ⁴	2.80%	5.36%	0.69%	1.46%
50/50 Index ⁷	3.92%	7.13%	0.81%	1.83%
SAPEX	0.54%	2.51%	-3.51%	-5.08%
S&P 500 TR ³	2.46%	3.84%	3.99%	1.62%
60/40 NYSE & US AGG Barclays ⁸	3.00%	5.06%	2.20%	0.62%

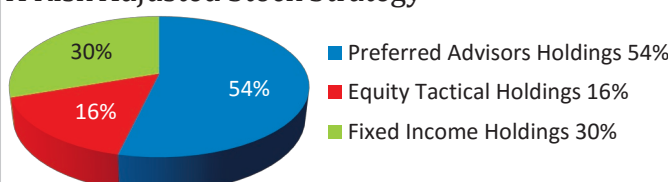
¹Inception date: SVARX 12/16/2013; SAPEX 6/1/2015. Performance numbers over one year are annualized. **Expense ratios:** SVARX 3.10%; SAPEX 2.07%.

Spectrum Low Volatility (SVARX) A Fixed Income Strategy



Investment Model Exposure: 1.94 (1=100%)⁹

Spectrum Advisors Preferred (SAPEX) A Risk Adjusted Stock Strategy



Equity Model Exposure: 0.91 (1=100%)⁹
Income Model Exposure: 0.80 (1=50%)⁹

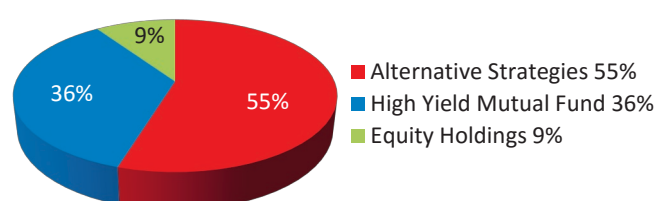
Hundredfold Select Funds

As of 6/30/2016	Quarter	YTD	1 Year	Annualized			
				3 Years	5 Years	10 Years	Since Inception ²
SFHYY	2.04%	4.07%	2.48%	3.34%	4.81%	5.97%	5.39%
S&P 500 TR ³	2.46%	3.84%	3.99%	11.62%	12.09%	7.42%	7.81%
Barclays Agg Bond Index ⁵	2.21%	5.31%	6.00%	4.05%	3.76%	5.13%	4.57%
HFRI FoF Index ⁶	0.75%	-2.40%	-5.23%	1.98%	1.67%	1.60%	2.81%

²Inception 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. **Expense ratio:** SFHYY 3.10%.

Annual Returns	2007	2008	2009	2010	2011	2012	2013	2014	2015
SFHYY	2.84%	-12.29%	30.03%	11.06%	4.01%	10.34%	6.67%	1.87%	-0.54%
S&P 500 TR ³	5.22%	-37.12%	26.27%	14.70%	2.11%	16.00%	32.37%	0.00%	1.38%
Barclays Agg Bond Index ⁵	6.97%	5.24%	5.93%	6.54%	7.84%	4.22%	-2.02%	5.97%	0.55%
HFRI FoF Index ⁶	10.25%	-21.37%	11.47%	5.70%	-5.51%	5.20%	8.74%	17.31%	-0.27%

Select Alternative Fund (SFHYY) A Tactical Multi Alternative Strategy



Investment Model Exposure: 1.24 (1=100%)⁹

³**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.

⁴**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)

⁵**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.

⁶**HFRI Fund of Funds Composite Index (HFRI FoF):** Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. The Fund of Funds manager has discretion in choosing which strategies to invest in for the portfolio. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies. The minimum investment in a Fund of Funds may be lower than an investment in an individual hedge fund or managed account. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers. **Please Note:** The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index.

⁷**50/50 "Barclays US High Yield Very Liquid 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.

⁹**Investment Model Exposure:** Values greater than 1.0 indicate the use of leverage.

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 or a prospectus, please call toll free 1-888-572-8868 or access HundredfoldSelect.com or 888-572-8868 or TheSpectrumFunds.com.

An investor should consider the investment objectives, risks, charges and expenses of the Spectrum Funds and the Hundredfold Select Funds carefully before investing. Each prospectus contains this and other information about the Funds. The prospectus should be read carefully before investing. Date of first use: 7-20-2016. Advisors Preferred serves as advisor to the Funds.

LEVERAGED HIGH YIELD BOND HISTORY

Managing high yield bonds has been Spectrum's core investment strategy since offering investment management services in 1988. We have seen about every scenario possible—war, the great recession, over- and under-valuation, and have had experience in all of them. We understand bonds, and consider them predictable, since we have observed them

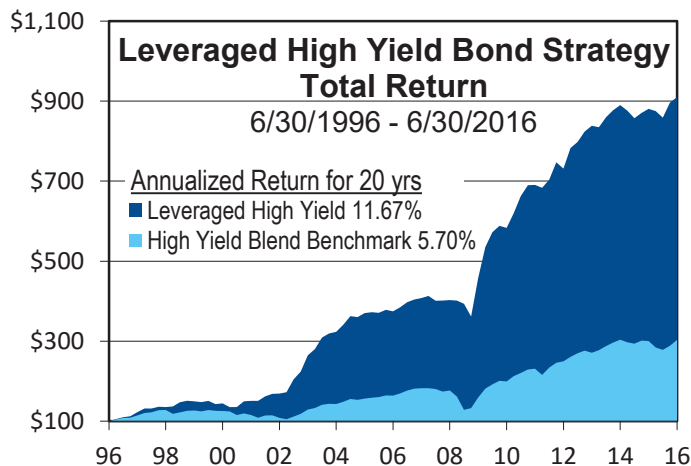
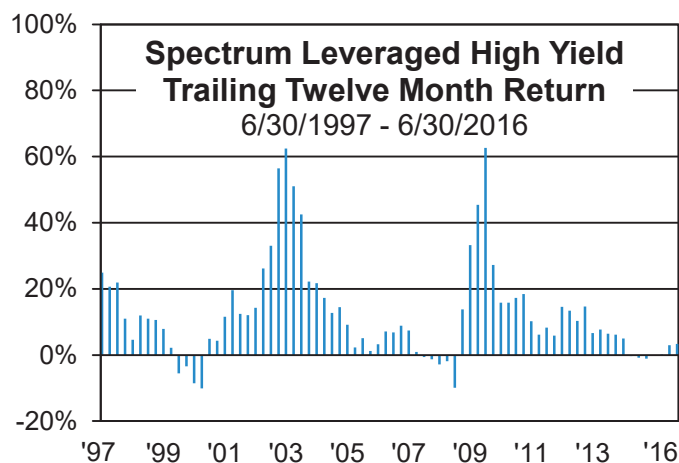


Chart above illustrates cumulative returns on a quarterly basis assuming a \$100 initial investment from June 30, 1996 through June 30, 2016, net of fees. Performance calculations are based on actual client accounts having dividends reinvested, no purchases or withdrawals during the period, and may have been obtained from personal or related accounts. The Leveraged High Yield Bond Strategy fee is .63% from 12/31/10 to present, 0.625% through 12/31/2009 and 0.75% prior and is reflected in the calculated performance. The initial commission on funds is not taken into account but could reduce performance. Some performance may vary due to fund restrictions and/or limitations imposed by the mutual fund families. Past performance does not guarantee future results. Current performance may be lower or higher than data quoted. Investors should obtain the fund prospectus and read it carefully to evaluate the fund's investment objectives, risks, charges, and expenses before investing. The High Yield Blend Benchmark uses the Barclays US High Yield Very Liquid Index from present back to 12/31/2010, then Lipper High Current Yield (provided by Lipper) back to 12/31/1989.

for over 10,000 days. There are times when it is good to own them, good to stand aside, and even times to consider borrowing money to own more for short periods of time when “the wind is at your back”. If we can borrow money at 2% and purchase bonds that yield 7%, we can make a net gain of 5% in addition to the 7% bond yield. This is called “carry trade”. However, we need to have liquidity to exit these positions when they are no longer in an uptrend. Since all the funds we use have daily liquidity, we can use this strategy when appropriate without having to ride out a serious decline.

These charts illustrate Spectrum's actual performance of this strategy for the past 20 years. If we had to use only one strategy, this would be it, since it has produced double digit returns in all kinds of markets with modest losses. The chart below shows a 12-month rolling average for every quarter, with substantial gain potential while minimizing losses. An investment of \$100,000 in 1996 would have grown to almost \$900,000 for an annualized return averaging 11.67% over the 20-year period.

Some of these strategies are also used in Spectrum's new Low Volatility Fund discussed on pages 1 and 3.



PERSONAL PERSPECTIVE by Ralph Doudera

We continue to be grieved by hate crimes against humanity motivated by radical philosophical beliefs of all kinds. The motivation for these crimes against humanity is due to a lack of knowledge of God. The Old Testament teaching in 2 Chronicles 15:3-6 says that society was falling apart, and God troubled them with every kind of distress because they continued to reject the knowledge of God. The New Testament states that *“in the last days there will come times of difficulty. For people will be lovers of self, lovers of money, proud, arrogant, abusive, disobedient to their parents, ungrateful, unholy, heartless, unappeasable, slanderous, without self-control, brutal, not loving good, treacherous, reckless, swollen with conceit, lovers of pleasure rather than lovers of God, having the appearance of godliness, but denying its power. Avoid such people”*. 2 Timothy 3:1-5

The appearance of godliness. Denying its power. Jesus was most critical of the religious leaders who had the responsibility of leading people to God, but chose not to, calling them blind guides. And they had him killed for his honest assessment. The Church needs to get real and recognize that it has spiritual authority to use its influence by self-evaluation and getting on its knees daily to intercede for our world. My job is to evaluate my life and keep my heart and motives pure. Forgive offenses. Give generously. Have a humble spirit by opening myself up to correction. Listen to the still, small voice inside that leads me one day at a time. Life is so much simpler one day at a time. And pray for world peace, letting healing begin with me. *“If my people, who are called by my name, will humble themselves and pray and seek my face and turn from their wicked ways, then I will hear from heaven and I will forgive their sin and will heal their land.”* 2 Chron.7:14

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

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