



ADV Part 3 (CRS)

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Why am I getting this Form?

This form introduces Spectrum Financial, Inc. "Spectrum" and outlines its relationships and services. Most importantly it will provide you with information about fees, costs, conflicts of interest and standard of conduct including disciplinary history. If you have any questions about the contents of this form, please contact us at 757-463-7600 or info@InvestSpectrum.com. The information in this form has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Where can I get additional information?

Additional information about Spectrum is available on our website www.investspectrum.com or the SEC's website at www.adviserinfo.sec.gov. Also, investors can go to www.Investor.gov/CRS which provides more detail on this form CRS (Client Relationship Summary) and why investors should read it.

How does Spectrum manage the services it provides?

Spectrum has been managing the SecurityMaxx portfolios since 1989 and a sub-advisor to mutual funds since 2013. Spectrum uses technical analysis to analyze risk and actively manage its strategies and portfolios. We have an Investment Services Team with over 50 years of collective experience. All strategies and portfolios are reviewed on a daily basis to meet the objective of preserving principal.

What investment services and advice can you provide me?

Spectrum Financial offers 3 types of investment advisory management services, the first two are offered to retail clients. Clients will sign a Contract or Letter of Engagement (LOE) for these services which will give Spectrum discretionary authority to exercise investment decisions on behalf of the client.

- 1. SecurityMaxx Service** – This is our tactically separately managed account service. It currently has two strategies which use mutual funds only. Evaluation and monitoring of the strategy is done daily by the Investment Services Team. All clients within a strategy are traded the same.
High Yield Bond Strategy – This strategy may invest in a variety of high yield bond and money market mutual fund products only. The strategy will be invested in either a single high yield fund or money market depending on the strategy signals.
Leverage High Yield Bond Strategy – This strategy is the same as the High Yield Bond Strategy but uses margin to buy additional high yield positions when the market environment warrants. This strategy will also have margin interest costs which varies depending on the account value.
- 2. AssetMaxx Service** – This is our portfolio allocation service which uses three specific mutual funds that are actively managed inside the mutual fund. Client accounts are monitored for allocation slippage on a monthly basis. Reallocations for the portfolio are based on changes in the client's objectives and/or risk tolerance. The funds used are as follows: Spectrum Low Volatility Fund (SVARX), Spectrum Advisors Preferred Fund (SAPEX) and Hundredfold Select Alternative Fund (SFHYX).
- 3. Mutual Fund Sub-Adviser** – Spectrum does provide portfolio management services on a sub-advisory basis to the mutual funds listed below. The funds' portfolios are monitored daily and changes are implemented based on the objective of the fund and the risk tolerance in the environment. Funds sub-advised: Spectrum Low Volatility Fund (SVARX) and Spectrum Advisors Preferred Fund (SAPEX).

What is the relationship between Spectrum & Hundredfold Advisors?

Spectrum Financial provides donated portfolio and back office services to a SEC affiliated adviser, Hundredfold Advisors, LLC (HFA). This relationship exists because HFA is owned by a public charity, Simply Distribute Foundation and all sub-advisory fees paid to HFA are directed to specific named charities of the Foundation. The fund in which HFA sub-advises is the Hundredfold Select Alternative Fund (SFHYX) and is one of the funds Spectrum uses in its AssetMaxx Allocation Service.

What are the Fees and Costs that Retail Investors Will Pay?

SecurityMaxx¹ – This fee is a percentage of the account value and is billed quarterly for brokerage accounts and annually for annuity/life contracts.

- **High Yield Bond** - .48% of the account value on a quarterly basis. An example:

Account Value = \$100,000, the fee calculated would be $100,000 \times .48\% = \$480.00$ for the quarter.

- **Leveraged High Yield Bond** - .63% of the account value on a quarterly basis. An example:

Account Value = \$100,000, the fee calculated would be $100,000 \times .63\% = \$630.00$ for the quarter.

- **Annuity/Life Contracts** are only billed on an annual basis – 1.9% of the account value.

An example: Account Value = \$100,000, the fee calculated would be $100,000 \times 1.9\% = \$1900.00$.

¹ SecurityMaxx strategies use mutual funds as the investment vehicle. Many mutual funds have internal fees paid by the shareholder, transaction and custodial fees. These fees are in addition to Spectrum fees listed.

AssetMaxx – Spectrum does not calculate fees on this service. Compensation is provided to Spectrum in the way of sub-advisory fees for the two Spectrum Funds and by 12b-1 fees paid from The Hundredfold Select Alternative Fund. Compensation to Spectrum is outlined for each fund. Transaction fees and custodial fees are not reflected but are charged in addition.

- Spectrum Low Volatility Fund (SVARX) – This fund pays Spectrum a sub-advisory fee in the amount of 1.80% of the AUM (assets under management) paid on a monthly basis.
- Spectrum Advisors Preferred Fund (SAPEX) This fund pays Spectrum a sub-advisory fee in the amount of 1.15% of the AUM (assets under management) paid on a monthly basis.
- Hundredfold Select Alternative Fund (SFHYX) – The fund pays Spectrum a 12b-1 fee of .25% of the AUM (assets under management) paid on a monthly basis.

How will Spectrum choose an investment for me?

Spectrum is a federally registered RIA (no broker-dealer association) which means Spectrum has a fiduciary responsibility to make recommendation in your best interest. To facilitate this responsibility, data is taken from information provided by you through a client profile and phone conversation(s). Spectrum assesses your risk tolerance and objectives and aligns it with service options available. You (the client) are part of this process.

Who is my primary contact person?

Spectrum has a Client Services Team that will assist you in choosing your investments within your portfolio, setting up your account with the custodian, and then will aid in servicing your accounts. The team is not associated with a broker-dealer and is compensated by Spectrum through salaried income. There is no commission-based income.

Does Spectrum have any conflicts of interest that will affect me?

Spectrum takes its fiduciary responsibility seriously. We disclose all relationships in our ADV Part 2 Brochure which is on our website or on the SEC website, both websites are referenced above.

Does Spectrum have any Disciplinary History?

Spectrum does not have any past or outstanding disciplinary actions.