

THE FULL SPECTRUM

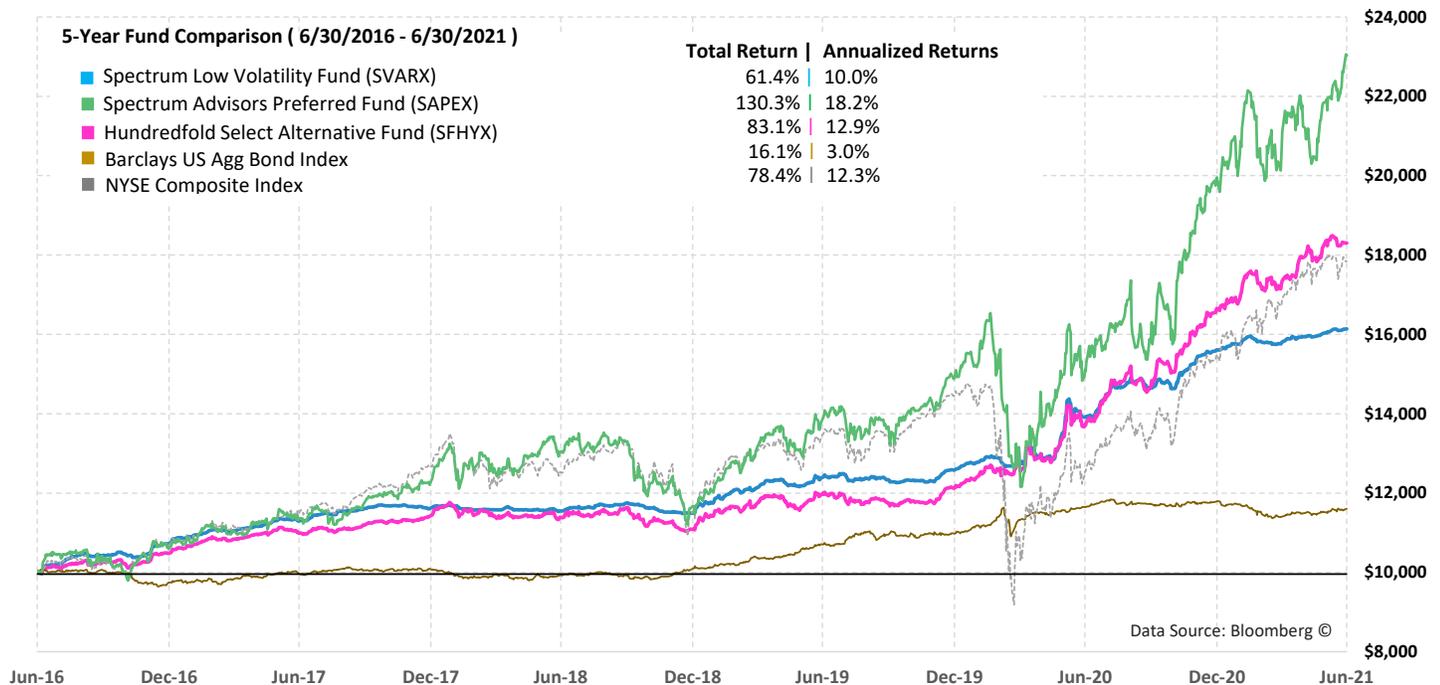
Spectrum Financial, Inc.

July 2021

GENERAL MARKET COMMENTARY

Remarkably, all major stock indices are up double-digits for the year. The market is so extended it should be ready for a pause, or maybe more. Although the S&P 500 Index just hit an all time high, the market breadth has gradually been getting weaker and weaker. The June Consumer Price Index jumped up by 5.4% from a year ago while the core CPI increased 4.5%, the highest it has been since 1991. This will likely cause the Federal Reserve to increase interest rates sooner than later, causing adjustments in both the stock and bond markets. The jury is still out on whether the inflation we are all experiencing

is transitory or permanent. No one seems to know. The Federal Reserve is afraid to suggest inflation may be permanent, as doing so may cause a self-fulfilling prophecy. Some of us remember the days of double-digit inflation from the late 1970s. Inflation just might be the only way the government gets out of the credit dilemma it finds itself in, to the detriment of the less affluent working class. This may, once again, hurt investors of government bonds as returns remain negative. Who wants to invest in treasury bonds that have a 2% annual return for the next 30 years, when inflation is twice that rate? Higher rates appear to be coming.



HOW DOES SPECTRUM EVALUATE INVESTMENT MANAGERS?

Over the years, Spectrum has evaluated many investment companies since some of our management strategies utilize other managers (who we monitor on a continual basis). By watching and investing prudently, we continue to rotate towards the funds which tend to outperform. We screen for performance, but we also evaluate drawdowns and risk. Although risk avoidance is our number one priority, we do not want to give up performance, something that typically happens when investors attempt to reduce risk. The chart above illustrates the three managed funds in our AssetmaxxSM program for the past 5 years compared to benchmarks.

Spectrum Low Volatility Fund (SVARX) is an actively managed bond fund for conservative investors. It is up 61.4% compared to the Aggregate Bond Index return of 16.1%, or a return of 7% per year in excess of that index. SVARX leads all its competitors in Morningstar's non-traditional bond fund

class over both 3 and 5 years. Hundredfold Select Alternative Fund (SFHYX) is an actively managed multi-strategy fund broken into three diversified asset classes: bonds, stocks, and commodities, creating a low correlation to the stock market. Although it has performed slightly better than the stock market (83.1% vs. 78.4% for the NYSE Composite Index), it has on average been invested in stocks only 20% over the past 5 years, with much less volatility, as shown on the chart above. Spectrum's Advisors Preferred Fund (SAPEX) is an actively managed stock fund, but also has a bond element built in to further enhance returns without increasing drawdown risk. This fund is up 130.3% over the past 5 years, or 18.2% annualized, easily outdistancing the NYSE Composite Index by 5.9% per year for the past 5 years, with a significantly lower drawdown risk.

We recommend that investors build a portfolio and diversify their allocation to these three funds depending on age, risk tolerance, comfort and investment time horizon. (see page 2 for all standard fund disclosures)

AssetMaxxSM—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX			Annualized			
As of 6/30/2021	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception ¹
SVARX	2.26%	3.39%	16.04%	11.77%	10.04%	8.25%
S&P Lev Loan TR ⁵	1.13%	2.17%	9.37%	4.29%	4.66%	3.57%
50/50 Barclays VLI HY/S&P Lev Loan TR Index ⁷	1.79%	2.60%	11.75%	5.70%	5.82%	4.46%
Portfolio Composition			3/31/2021	6/30/2021		
High Yield			21.18%	7.42%		
HY Credit Default Swaps			14.89%	9.95%		
Floating Rate			39.71%	39.47%		
Municipal			4.91%	26.64%		
Government			0.00%	0.00%		
Mortgage-Backed			36.60%	41.76%		
Bond - Other			29.88%	24.75%		
Preferred			6.40%	15.44%		
			153.57%	165.42%		

¹Inception date: 12/16/2013

Expense Ratio: 3.02%

Spectrum Advisors Preferred Fund - SAPEX			Annualized			
As of 6/30/2021	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception ²
SAPEX	12.28%	15.40%	52.47%	20.85%	18.15%	13.64%
S&P 500 TR ⁴	8.55%	15.25%	40.79%	18.64%	17.64%	14.61%
60/40 NYSE TR & Barclays US AGG TR ⁸	4.70%	8.47%	25.22%	9.62%	8.57%	7.07%
Portfolio Composition			3/31/2021	6/30/2021		
Large Cap Equity			105.63%	74.49%		
Mid Cap Equity			0.00%	0.00%		
Small Cap Equity			34.34%	23.72%		
International Equity			0.00%	0.00%		
Fixed Income			39.69%	48.61%		
			179.66%	146.82%		

²Inception date: 6/1/2015

Expense Ratio: 2.35%

The Hundredfold Select Alternative Fund

Hundredfold Select Alternative Fund			Annualized					
As of 6/30/2021	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception ³
SFHXY	6.04%	9.89%	33.41%	17.08%	12.85%	8.75%	8.22%	7.56%
S&P 500 TR ⁴	8.55%	15.25%	40.79%	18.64%	17.64%	14.83%	10.72%	10.64%
Barclays Agg Bond Index ⁶	1.83%	-1.60%	-0.33%	5.33%	3.02%	3.39%	4.42%	4.11%
Portfolio Composition			3/31/2021	6/30/2021				
High Yield			29.73%	9.30%				
Floating Rate			11.65%	18.17%				
Bond Other			56.55%	70.42%				
Managed Futures (net)			2.47%	3.79%				
Alternative			18.63%	6.67%				
Equity			30.10%	20.03%				
			149.13%	128.38%				

Expense Ratio: SFHXY 2.70%

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: 7/19/2021**

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.

REAL ESTATE BUBBLE?

Soaring real estate prices threaten to derail the economic recovery. Prices are up nearly 15% in the past year and continue to show no slowing. You might remember what happened in the last housing bubble. The Federal Reserve is beginning to have indigestion about prices, and there is no easy way to resolve it without either spurring record home costs to rise even more or disrupting financial asset markets. Either option is a bad scenario for the central bank that has a history of withdrawing accommodation prematurely. Current Fed policies appear to be inflating home values and the market for mortgage debt. There could be serious economic consequences for either outcome.



PERSONAL PERSPECTIVE by Ralph Doudera

Several days a week my grandson and I work out with a personal trainer to keep our bodies in shape. At age 15 it is nice to see him growing up physically strong and motivated. He has surpassed me in every exercise except wide grip chin-ups. I am quite proud of his physical accomplishments, but this week after our workout he surprised me at dinner saying, "I can't wait until Christmas." Wondering what he was thinking about getting at Christmas, I asked why he was so excited. He replied without hesitation that he wants to give everyone a nice gift and asked if I had some yardwork for him to do to earn extra money to buy gifts. That's not what I was expecting him to say, but I realized that his parents have been doing something right. I asked why he wanted to do that, and his reply was "...because I feel so good when I give." That is something that it took me nearly 50 years to learn.

The Christian faith encourages our journey of becoming more like the nature of God, and less like our fallen nature which we are all born into. God is a giver. Everything we have comes as a gift from Him, and we are advised to return to Him the first 10% of our income to acknowledge that fact. I see similarities when my dog growls at me when I try to take away the bone I gave him. If all I have belongs to God, then I should be willing to give more than the minimum 10%. This "tithe" develops a grateful spirit and helps us remember where all our finances come from and comes with a promise of financial

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

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INVESTMENT SELECTION

Over the past 5 years, did your bond portfolio return over 60%? Did your stock portfolio provide a profit exceeding 130%? Those are the returns of Spectrum's bond fund (SVARX) and stock fund (SAPEX). We have found that most advisors' performance reports are quite difficult, if not impossible, to calculate actual rates of return. So how can investors evaluate or compare investments against better options? One way is to send Spectrum a statement for us to review your investment options. Your stockbroker or advisor may be unaware that they can use Spectrum's mutual funds in their portfolio while keeping your account in the custody of your favorite broker. Most of Spectrum's investment clients actually come from other advisors who monitor and select the best investment options for their clients. Our funds are available on almost all the major brokerage platforms. Call or send us your portfolio holdings, and we would be glad to review to see if you may consider some better options while still maintaining your own advisor. You may be surprised to see how much returns can differ.

blessing (Malachi 3:10). It is, in fact the only place in the Bible which challenges us to actually test God to prove this principle.

Of course, giving does not only apply to finances but in every aspect of our lives. Jesus said:

"Stop judging, and you will never be judged. Stop condemning, and you will never be condemned. Forgive, and you will be forgiven. Give, and you will receive. A large quantity, pressed together, shaken down and running over will be put into your pocket. The standards you use for others will be applied to you." (Luke 6:37-38).

"He who is kind to the poor lends to the Lord, and he will reward him for what he has done." (Proverbs 19:17)

So how do I attempt to apply these concepts to my daily life? Maybe I should approach each day looking for opportunities to bless someone. A compliment. A bigger tip. A sincere thank you. Let someone in front of me in traffic. Stick some cash in the back pocket of someone in need. Don't judge someone's perceived bad behavior if I really don't know their motive. Send unexpected thank you cards or notes of appreciation. Look for ways to make a difference in the lives of people around me. Being grateful even when things do not go the way I want them to. We were made to work and be productive. Retirement is not an option--think more in terms of a new assignment. Entitlement is the enemy of gratitude, and they cannot coexist. Sitting home receiving a government check does not feed anyone's soul. Giving does.

