

THE FULL SPECTRUM

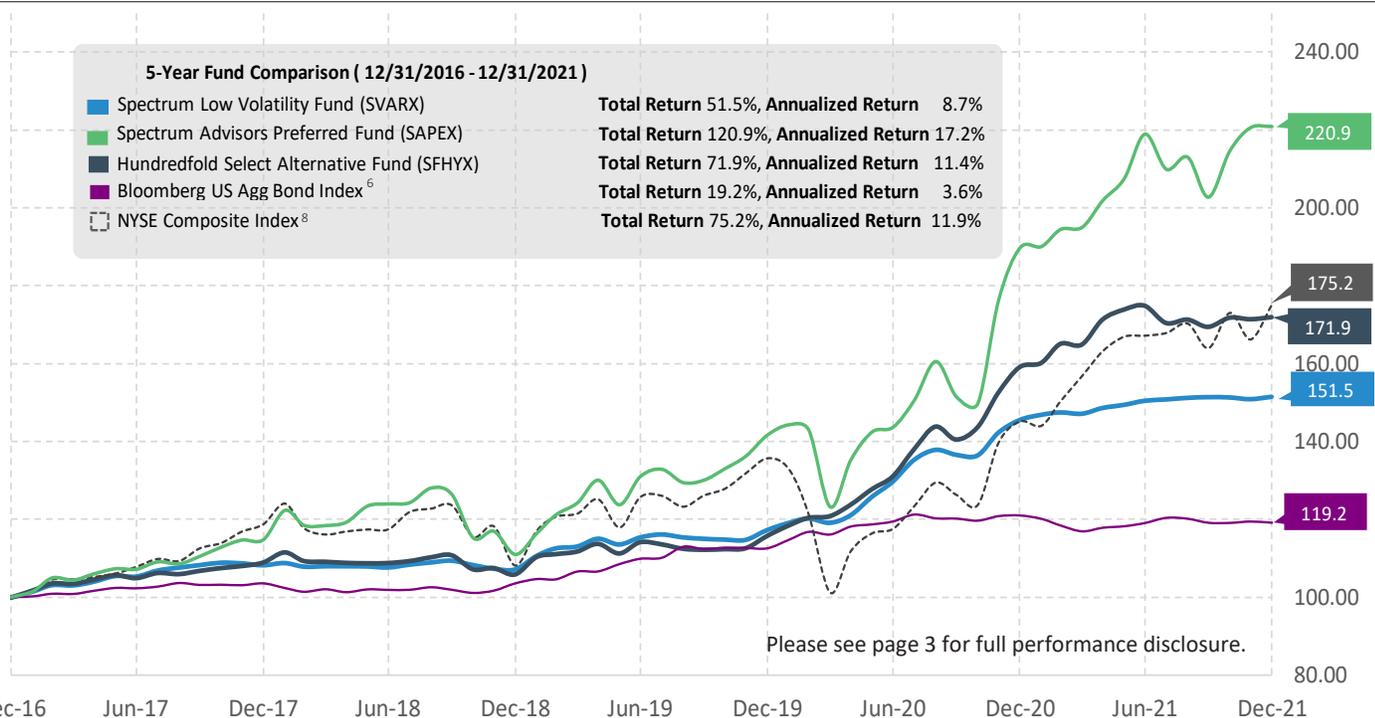
Spectrum Financial, Inc.

January 2022

GENERAL MARKET COMMENTARY

After a strong finish to a selective stock market, sellers seem to be deferring their profits into 2022 likely due to a lack of income tax law changes. In 2021 the S&P 500 Index was up 28.7% while the Russell 2000 Small-Cap Index was up only 14.8%. However, as soon as the new year arrived the market sold off with a vengeance. Although last year was positive for market averages, it had one of the worst breadth divergences since the final stages of the Tech Bubble in the late 1990's. That divergence lasted almost two years before the Tech Bubble popped and the Nasdaq fell 75%. The percentage of stocks above their 200-day moving average (designating an uptrend) has now been below the normal 50% level for about the past 5 months even as the averages continued to rally into year-end.

Inflation issues are currently the main topic, as the Fed is late to recognize what we have been talking about for the past year. The Fed is finally preparing to raise rates to reduce market liquidity quicker than all the financial markets have been expecting. And by the time they get the excess liquidity problems under control by raising rates, there is a good chance that a recession may be upon us. Historically, a "soft landing" has seen limited success. A bear market possibility can set the stage for economic opportunities which occur about every decade, and we look forward to them as they are quite profitable. We are not forecasting a major market decline, but want to be prepared for the unexpected. Driving across the Alaskan ice roads in springtime without checking the thickness of the ice first is not prudent.



DIVERSIFICATION— KEY TO MORE EFFECTIVE RETURNS

At the beginning of each year investors ask us for our opinion for the coming year. The answer is always the same. "We have no idea". We are not "fundamental" investors, but active market analysts constantly monitoring all the market sectors. The technical analysis of price, volume, momentum, psychology, in addition to common sense, gives us insight into different markets. With a low risk tolerance, we have developed three funds with different strategies: an actively managed equity fund (Spectrum Advisors Preferred SAPEX), a bond fund (Spectrum Low Volatility SVARX), and an alternative fund (Hundredfold Select Alternative SFHYX) which

combines stocks, bonds, long and short commodities, and hedging strategies.

The chart above illustrates the past 5-year performance of each of these funds, which perform differently, yet their strategies work together to diversify risk while attempting to provide superior returns. For visual comparison, the chart also illustrates the New York Stock Composite (NYSE) and the Bloomberg US Aggregate Bond Index. The first thing to notice is the lower risk drawdowns compared to the NYSE for each of the Funds during the sharp Covid sell-off in 2020. The second observation is the outperformance to benchmarks over a 5-year period. By building a portfolio of these funds, an investor may further minimize risk and provide steadier returns over the long run.

AssetMaxxSM—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX

As of 12/31/2021	Quarter	YTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception ¹
SVARX	0.06%	4.10%	4.10%	12.22%	8.66%	7.80%
S&P Lev Loan TR ⁵	0.36%	3.54%	3.54%	5.61%	3.88%	3.52%
50/50 Bloomberg VLI HY/S&P Lev Loan TR Index ⁷	0.53%	4.02%	4.02%	7.03%	4.85%	4.35%
Portfolio Composition			9/30/2021	12/31/2021		
High Yield			8.37%	2.59%		
HY Credit Default Swaps			-10.07%	21.62%		
Floating Rate			31.72%	42.28%		
Municipal			0.25%	26.48%		
Government			0.00%	0.00%		
Mortgage-Backed			43.50%	64.36%		
Bond - Other			12.70%	18.52%		
Preferred			35.13%	14.80%		
			121.58%	190.65%		

¹Inception date: 12/16/2013

Expense Ratio: 3.02%

Spectrum Advisors Preferred Fund - SAPEX

As of 12/31/2021	Quarter	YTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception ²
SAPEX	9.70%	17.23%	17.23%	26.07%	17.16%	12.80%
S&P 500 TR ⁴	11.03%	28.71%	28.71%	26.04%	18.45%	15.34%
60/40 NYSE TR & Bloomberg US AGG TR ⁸	4.09%	11.79%	11.79%	12.38%	8.54%	6.97%
Portfolio Composition			9/30/2021	12/31/2021		
Large Cap Equity			73.81%	75.01%		
Mid Cap Equity			0.00%	0.00%		
Small Cap Equity			25.25%	35.71%		
International Equity			0.00%	0.00%		
Fixed Income			29.60%	55.31%		
			128.67%	166.03%		

²Inception date: 6/1/2015

Expense Ratio: 2.35%

The Hundredfold Select Alternative Fund

As of 12/31/2021	Quarter	YTD	Annualized					Since Inception ³
			1 Year	3 Years	5 Years	10 Years	15 Years	
SFHXY	1.47%	8.06%	8.06%	17.51%	11.43%	8.36%	7.66%	7.23%
S&P 500 TR ⁴	11.03%	28.71%	28.71%	26.04%	18.45%	16.53%	10.65%	11.02%
Bloomberg Agg Bond Index ⁶	0.01%	-1.54%	-1.54%	4.79%	3.57%	2.90%	4.08%	3.99%
Portfolio Composition			9/30/2021	12/31/2021				
High Yield			-4.99%	19.38%				
Floating Rate			25.78%	37.12%				
Bond Other			78.95%	43.95%				
Managed Futures (net)			-1.91%	20.17%				
Alternative			2.33%	16.04%				
Equity			19.46%	29.46%				
Expense Ratio: SFHXY 2.66%			119.62%	166.11%				

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: 1/26/2022**

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.

⁶**Bloomberg U.S. AGG: Bond Index**: The Bloomberg 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 "Bloomberg US High Yield Very Liquid TR Index"/ "S&P/LSTA U.S. Leveraged Loan 100 Index"**: This benchmark gives 50% weight to the Bloomberg VLI HY Index and 50% weight to the S&P Leveraged Loan Index. *Bloomberg 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/Bloomberg U.S. AGG Bond Index**: This benchmark gives 60% weight to the NYSE Composite Index and 40% weight to the Bloomberg 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**S&P Municipal Bond Index TR** is a broad, market value-weighted index that seeks to measure the performance of the U.S. municipal bond market.

¹⁰**The Effective Federal Funds Rate (EFFR)** is calculated as a volume-weighted median of overnight federal funds transactions reported in the FR 2420 Report of Selected Money Market Rates.

WHY A BOND ALLOCATION IS STILL RELEVANT

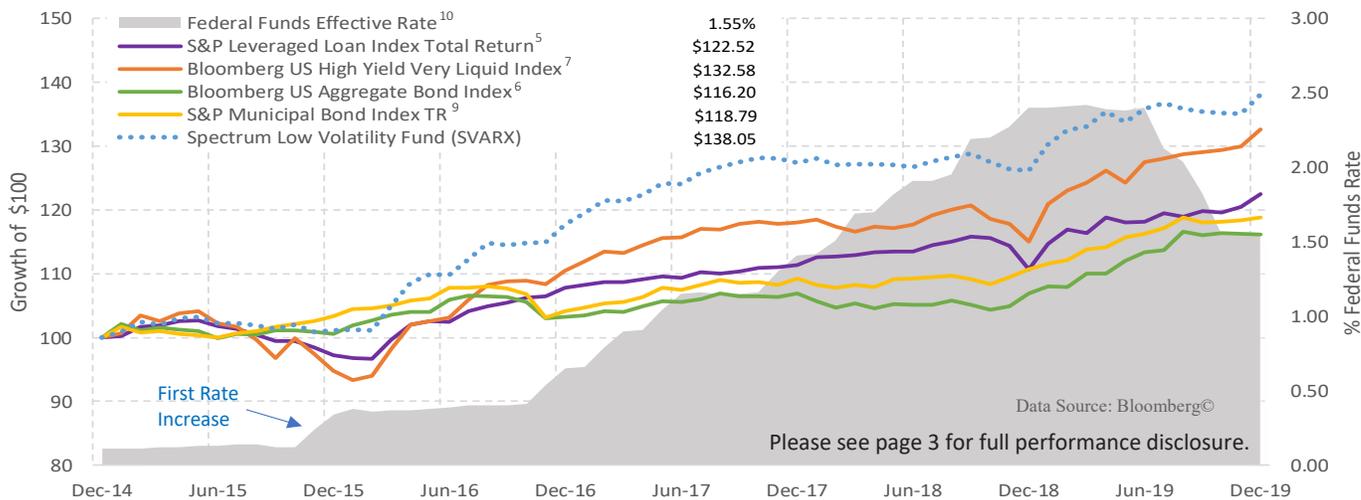
The consensus of bond market investors recently has been to avoid bonds in exchange for stocks due to the Federal Reserve raising interest rates. This is a pattern that has occurred before. In the past three rate-hike cycles (1994, 1999 and 2015), 10-year treasury bonds posted price declines 6 to 12 months prior to the initial rate hike by the Fed, then they rallied. Financial markets generally project out into the future in anticipation of the actual event. We have found that different kinds of credit investments can be more favorable in a rising interest rate environment.

The chart below compares leveraged loans (floating rate), high yield bonds, aggregate bonds (blend)

and municipal bonds from 2015 to 2019. The grey area illustrates the Federal Funds effective rate which begins to increase December 2015. You can see that the year prior to the rate increase, all bonds had a difficult time. Two bond sectors that have the potential to do well are floating rates funds, due to their ability to increase rates on their loans, and high yield bonds due to an improving economy and credit ratings.

The blue dotted line illustrates the Spectrum Low Volatility Fund (SVARX), which actively allocates between various bond classes and has outperformed all these bond categories for this time period. Investors, maybe it is time to take some equity profits and reallocate them to an actively managed bond fund: the Spectrum Low Volatility Fund.

Spectrum Low Volatility Fund vs. Indices During a Rising Rate Environment



PERSONAL PERSPECTIVE by Ralph Doudera

My personal perspective presents my view on topics I am passionate about. Over my life, I have realized God does things so much bigger and better than I can ever figure out. So, I have been thinking about His view of abortion, one of the most controversial topics in society today. As I have re-written this perspective several times, I am just as careful and concerned now with how I engage with this topic as I am with taking a stance on it.

Strong opinions on both sides of the argument remain volatile to debate due to the complexity and weight of ending a human life. In my view, abortion, is the direct taking of innocent human life prior to birth. I believe it should always be the last option to consider. There are better options, many of which are underrepresented in conversations and legislation around this topic. I know many who have spent an extraordinary effort of time and money to adopt a child, I also know several women that live with the weight and trauma of their decisions to abort.

You could say I am strongly pro-choice and pro-equal rights—for the unborn child. Unborn babies are conceived in the image of God. I wrestle with how society can rationalize killing prior to birth and yet killing a day after birth is considered murder. While the recent rulings of the Supreme Court have taken more conservative steps to protect unborn children, there are state legislations, like the Reproductive Health Act passed in New

York, that counteract these efforts with states offering abortions late in the third trimester. What protection are these babies offered outside of the fear and objectivity of a mother, medical provider, or the law? This is my concern, as I feel strongly to be their advocate. I believe abortion is the wrong choice.

I always try to ask myself “What would God think?” and subsequently, “How would He have this conversation with a mother considering abortion?” It makes me recall how he interacted with sinners like you and me. Jesus was a master at compassion and justice, representing perfect grace. While I have few lines to truly articulate all the examples of these instances, I encourage you to seek those examples out in His word and put them to work in your own life when engaging in these types of conversations. Life is a gift, and I believe it is the Lord’s perspective as well.

“For you created my inmost being; you knit me together in my mother’s womb. I praise you because I am fearfully and wonderfully made; your works are wonderful, I know that full well. My frame was not hidden from you when I was made in the secret place, when I was woven together in the depths of the earth. Your eyes saw my unformed body; all the days ordained for me were written in your book before one of them came to be. How precious to me are your thoughts, God! How vast is the sum of them!” Psalm 139:13-17

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

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