



THE FULL SPECTRUM

Spectrum Financial, Inc.

January 2023






GENERAL MARKET COMMENTARY

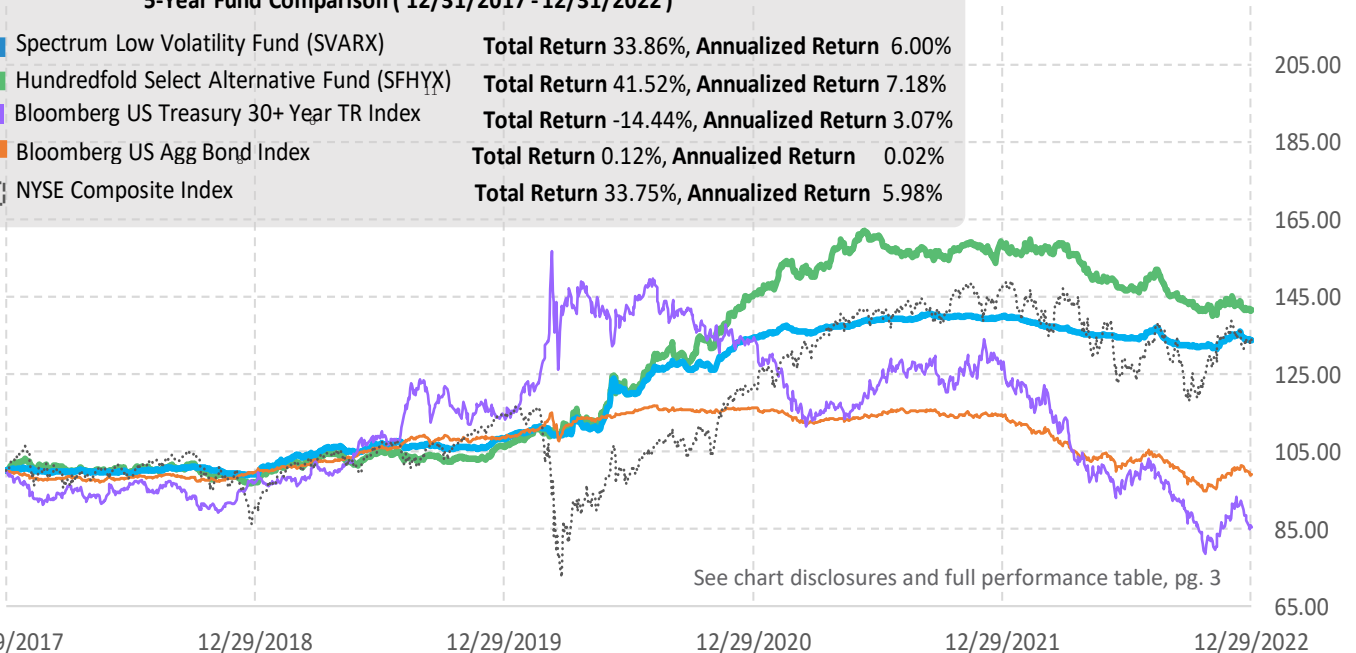
US stocks fell at the end of 2022, closing out the worst year in more than a decade for both global equities and bonds, leaving the S&P 500 Index down 18.11% in 2022. The Nasdaq 100 also closed lower, shedding a third of its value this year as tech stocks emerged the most vulnerable to rising rates. Medium-term (20-year) government bonds were down 31.09%, and HY municipal bonds lost 12.81% of their value while long-term (30-year) government bonds lost 33.29%, the biggest decline in over 30 years as central banks raced to slow rising consumer prices by hiking interest rates around the world. Mortgage rates started the year at 3.25% and ran up to 7.35% in only 9 months, nearly doubling monthly payments on a new loan. This eliminated many buyers from affording a new home and caused the real estate bull market to cool off.

We experienced a market environment where both stocks and bonds went down simultaneously. The good news is that last year is over. The bad news is that the

Federal Reserve will likely continue raising interest rates until inflation is under control. 2023 could be a bumpy ride, at least for the first few months. Weaker economic trends will likely form heading into 2023 as the Fed battles inflation, but a mild recession may help set stocks and bonds up for a better second-half of the year. Bond yields are finally in position to produce returns which may exceed stock returns with much less risk not only due to higher yields, but price appreciation due to discounted bond prices. After being negatively correlated for much of the past twenty years, the normal relationship between stocks and bonds flipped decisively in 2022 as elevated inflation and subsequent interest-rate hikes hurt both asset classes, meaning bonds largely failed to hedge down days in equities. A recession this year, which most analysts predict, should produce lower corporate earnings causing stocks to decline while the Federal Reserve may have to begin cutting interest rates causing bonds to rally. We are hopeful for a profitable year in bond asset classes.

5-Year Fund Comparison (12/31/2017 - 12/31/2022)

 Spectrum Low Volatility Fund (SVARX)	Total Return 33.86%, Annualized Return 6.00%
 Hundredfold Select Alternative Fund (SFHYX)	Total Return 41.52%, Annualized Return 7.18%
 Bloomberg US Treasury 30+ Year TR Index	Total Return -14.44%, Annualized Return 3.07%
 Bloomberg US Agg Bond Index	Total Return 0.12%, Annualized Return 0.02%
 NYSE Composite Index	Total Return 33.75%, Annualized Return 5.98%



SPECTRUM MANAGEMENT VS. BENCHMARKS

The chart above illustrates the performance of Spectrum's Low Volatility Fund (SVARX) and the Hundredfold Select Alternative Fund (SFHYX) over the past 5-years compared to various other benchmarks (New York Stock Composite (NYSE), Long-Term Government Bonds (30-year), and Aggregate Bonds). Classic investment theory states that lower risk investments should produce lower returns, and higher risk produce higher returns. If you study the chart you will observe that is not the case for these two funds used in our AssetMaxxSM portfolios.

While Spectrum's risk reduction philosophy is of primary importance, it is still our objective to produce returns in excess of benchmarks and not just be satisfied with lower drawdowns over the long-term.

Notice over the past 5-years, a 37.81% drawdown in the NYSE Index, a 49.89% drawdown in the 30-Year Government Bond, and even an 18.41% drawdown in the Aggregate Bond Index. Compare that to a 6.49% maximum drawdown in Spectrum Low Volatility Fund (SVARX) and a 13.49% maximum drawdown in the Hundredfold Select Alternative Fund (SFHYX) during the same time period.

AssetMaxxSM—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX			Annualized			
As of 12/31/2022	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception ¹
SVARX	1.15%	-4.35%	-4.35%	7.31%	6.00%	6.39%
Morningstar LSTA US Lev Loan TR ⁵	3.80%	-0.63%	-0.63%	1.90%	3.08%	3.05%
50/50 Bloomberg VLI HY/S&P Lev Loan TR Index ⁷	4.07%	-6.25%	-6.25%	0.53%	2.45%	3.10%
Portfolio Composition			9/30/2022	12/31/2022		
High Yield			0.00%	0.00%		
HY Credit Default Swaps			0.00%	0.00%		
Floating Rate			0.00%	39.67%		
Municipal			0.00%	10.00%		
Government			0.00%	0.00%		
Mortgage-Backed			0.00%	0.00%		
Bond - Other			0.00%	0.00%		
Preferred			0.00%	0.00%		
			0.00%	49.67%		

¹Inception date: 12/16/2013

Expense Ratio: 3.02%

Spectrum Active Advantage - SAPEX			Annualized			
As of 12/31/2022	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception ²
SAPEX	-4.50%	-38.08%	-38.08%	-0.92%	3.48%	4.23%
S&P 500 TR ⁴	7.56%	-18.11%	-18.11%	7.66%	9.41%	10.25%
New York Stock Composite Index (NYSE) ⁸	13.36%	-9.35%	-9.35%	5.38%	5.98%	6.85%
Portfolio Composition			9/30/2022	12/31/2022		
S&P 500 Index Exposure			35.08%	0.00%		
NASDAQ 100 Index Exposure			26.62%	0.00%		
Russell 2000 Index Exposure			10.43%	0.00%		
Individual Stock Exposure			0.00%	0.00%		
Cash Management			10.50%	0.00%		
Expense Ratio: 1.77%			82.63%	0.00%		

²Inception date: 6/1/2015. The Fund changed from the Spectrum Advisors Preferred Fund on April 14, 2022.

The Hundredfold Select Alternative Fund

Hundredfold Select Alternative Fund			Annualized					
As of 12/31/2022	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception ³
SFHXY	-1.41%	-10.29%	-10.29%	10.03%	7.18%	6.15%	6.69%	6.19%
S&P 500 TR ⁴	7.56%	-18.11%	-18.11%	7.66%	9.41%	12.56%	8.80%	9.19%
Bloomberg Agg Bond Index ⁵	1.87%	-13.01%	-13.01%	-2.71%	0.02%	1.06%	2.66%	2.99%
Portfolio Composition			9/30/2022	12/31/2022				
High Yield			0.00%	0.00%				
Floating Rate			0.00%	10.39%				
Bond Other			0.00%	0.00%				
Managed Futures (net)			-3.96%	7.66%				
Alternative			10.78%	5.16%				
Equity			0.00%	0.00%				
Expense Ratio: SFHXY 2.66%			6.82%	23.22%				

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 Ultimus Fund Solutions, LLC, at 855-582-8006 or access www.thespectrumfunds.com or www.hundredfoldselect.com.

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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**Morningstar 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.

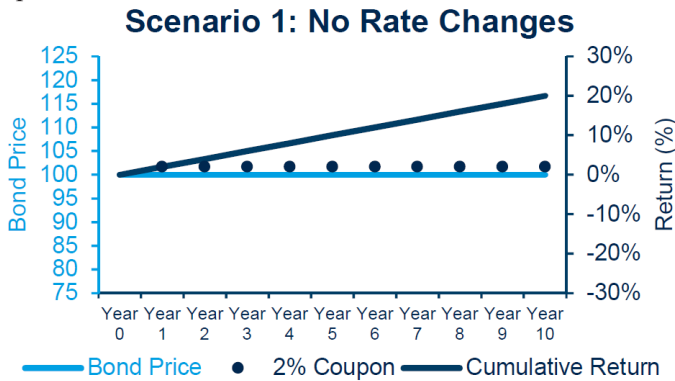
⁷**50/50 "Bloomberg US High Yield Very Liquid TR Index"/ "Morningstar LSTA U.S. Leveraged Loan 100 Index":** This benchmark gives 50% weight to the Bloomberg VLI HY Index and 50% weight to the Morningstar S&P Leveraged Loan Index. *Bloomberg High Yield VL Index* benchmark includes publicly issued U.S. 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**New York Stock Composite Index (NYSE):** 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.

¹¹**Bloomberg US Treasury Bellwethers 30 Yr. Index:** is an unmanaged index representing the on-the-run (most recently auctioned) U.S. Treasury bond with 30 years' maturity.

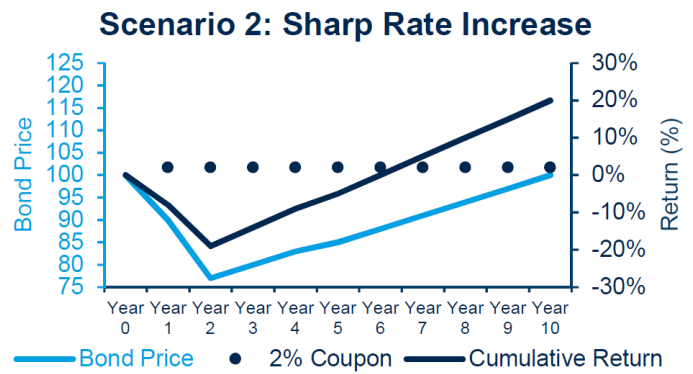
HISTORIC MUNI BOND SELL-OFF

The municipal bond market has experienced a sell-off unprecedented in the past 40 years, with the HY Municipal Bond Index down 17.87% through October 31st this year and ending the year down 12.81%. Much of this year's sell-off has been driven by persistent inflation and the Federal Reserve's aggressive measures to tame it. Some of the pain has been seemingly self-inflicted as investors hit the panic button – leading to over \$100 billion of outflows from the municipal bond space (through October 2022). Very little, if any, of the sell-off is due to fundamental concerns about defaults since municipal bonds have only experienced a small fraction of the defaults compared to similarly-rated corporate bonds.



When rising interest rates lead the bonds to experience large initial losses like this year, investors usually take a steeper positive return path to the same endpoint as a flat rate environment (see charts below). We purchase the bonds at a discount and then not only get the yield, but the appreciation as it approaches the redemption date.

We love trading muni bonds because they move in a trend with low volatility. We can step in when they are going up and step out when they stop. The other factor we like about them is that they don't always move together with every other bond asset class. The result is that we benefit from the gained muni bond exposure during strong trending periods.



Source: Amundi Analytics, 10/31/2022. Hypothetical scenario for illustrative purposes only. Does not represent an actual bond.

PERSONAL PERSPECTIVE by Ralph Doudera

What makes a good leader? We have certainly seen examples recently of poor leadership and dysfunction in areas of both government and business. David Green, the founder of Hobby Lobby and an unlikely leader, grew his company from a \$600 startup to a \$8 billion company that gives 50% of its profits away to fund initiatives all over the world. He blazed his own path in business, drawn not from business gurus but from the pages of Scripture. If conventional business leadership wisdom is to be believed, Hobby Lobby shouldn't work. So why does it? In his recent book *Leadership Not by The Book*, he lays out the 12 unconventional principles which have been key not only to the company's recent success, but also on how to establish business in a way so that when we are gone it will continue to keep going. His secret sauce, as he refers to it, falls in three categories: God-centered practices, People-focused practices, and Commonsense practices. The first and most important one is that God owns the business, and profits should be distributed as He directs. This is a concept quite foreign to most business owners-- How much do I pay employees? How much do I give to charity? How much do I invest back into the business? And lastly, How much do I keep for myself? Of course, if God owns the business, His operating manual would be the Bible.

What should be the character traits of a great leader? There are two that are mandatory: integrity and humility. There are 5 attributes of integrity-- dependability, loyalty, honesty, good judgment, and respect. And the word respect leads us into the

concept of humility, which is even harder to find in leadership. Servant leadership is a leadership philosophy built on the belief that the most effective leaders strive to serve others, rather than accrue power or take control. This includes customers, partners, fellow employees as well as the community. Some classic examples include Moses, Reagan, Ghandi, Jesus, and Solomon. A leader with humility can receive correction without offense. Can I encourage correction from my employees, close friends, or wife? Do I have to win every argument or debate, or to have my opinion on political discussions validated? Can I respect someone even though I don't respect their philosophy? Can I agree to disagree? Pride is the original sin, and deeply rooted in everyone as we attempt to justify our position. The Catholic Church has a meaningful discipline called confession to encourage us to acknowledge where we have fallen short and address our attitude and behavior. Jesus said, "He who exalts himself will be humbled, and he who humbles himself shall be exalted" (Matt.23:12). We can do it for ourselves or have others do it for us.

Another Biblical principal to which David Green subscribes is the principle of compensating for productive work, not just handing children a large inheritance. He has followed the scripture "...if you don't work, you don't eat..." (2 Thess. 3:10). These concepts have made his business a success, and just might also help restore our economic prosperity.

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

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