

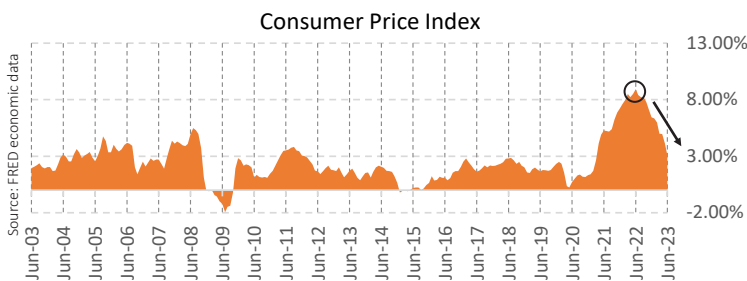
## GENERAL MARKET COMMENTARY

Most financial markets gained in the second quarter after a bumpy start with multiple crosscurrents including stress in the U.S. system, signs of persistent core inflation pressures, falling energy prices, and an upswing in Chinese economic data. With the majority of central banks still tightening monetary policy, uncertainty should remain high and warrant a degree of caution, along with portfolio diversification.

Equity returns diverged greatly, with the NASDAQ up sharply due to a half dozen artificial intelligence stocks, while the New York Stock composite was up 3.94%. Bonds were mixed with some categories up and others down, but the winner was floating rate funds. Commodity prices fell.

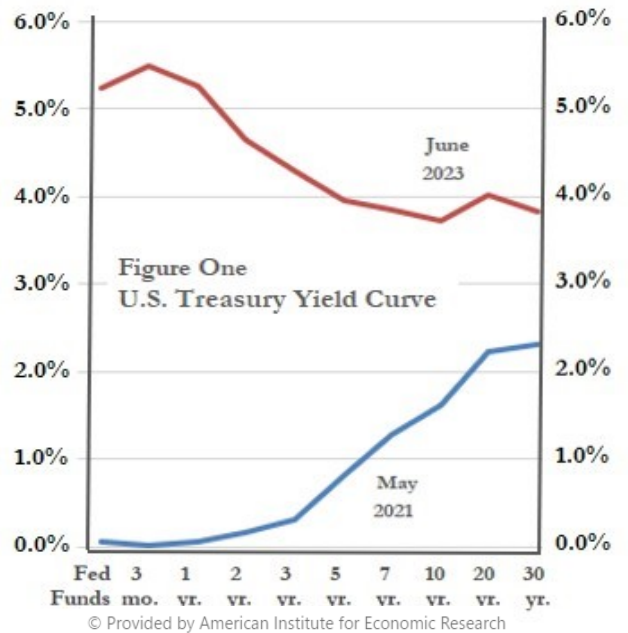
The markets still appeared dysfunctional as they waited for inflation information, employment information, and recession clues. Economic announcements caused volatility as each announcement surprised even the experts. Bond volatility caused market gyrations during the quarter. The MOVE Index, a measure of volatility in treasury markets, spiked to its highest level on record outside the global financial crisis period of 2008–2009. Banking sector turmoil and dramatic fluctuations in investor views of the outlook for inflation and monetary policy contributed to the volatility. In contrast, measures of equity-market volatility remained lower than normal. The U.S. remains in a late-cycle expansion phase, with a significant likelihood that recessionary pressures may increase by the end of the year. The “recession” seems to continue to get pushed out farther, but eventually it likely will happen.

U.S. consumer inflation rates continued to slow after reaching a multi-decade peak of 9.1% last year but



recently hit a two year low of 3%. Many inflation pressures that tend to be more transitory, such as supply-chain disruptions, continued to fade.

We believe the moderating trend will continue in 2023, but it will be difficult to return to the stable, low-inflation environment of the past two decades. Most will keep a sub 4% mortgage and do home improvements. The yield curve—the 10-year less 3-month Treasury yield—experienced its greatest inversion since 1981, as the Fed hiked short-term rates while longer-term rates went down, so longer maturity bonds now have a lower rate than short term rates. Historically, the yield curve has been a reliable leading indicator of economic weakness, inverting before the last 8 recessions. The timing of a recession after curve inversions ranges between 4 and 21 months, so it should still be coming as the earnings outlook deteriorates with investors expecting slower growth. Also typical of a late cycle, U.S. banks tightened lending standards across multiple loan categories. The banking stress experienced during Q1 2023, highlighted by the failure of two regional banks, may generate even greater caution and lead to further credit tightening.



## MONITORING THE DIVERGING BOND MARKETS

After a promising start to the bond market at the end of last year, the Fed threw cold water on the start of a new bond bull market by threatening to raise rates for a longer period, halting the January bond rally.

For the past 6 months we observed that the only bond class with meaningful returns were floating rate funds which do not carry interest rate risk, only credit risk. They have been ranked as the number one bond asset class for several months now, and currently have a yield approaching nearly 10%. A substantial rally in longer duration bonds is close

at hand, and when it begins, it may likely exceed stock returns. A recession is good for high quality bond returns since the Fed drops rates when recession hits, whereas stocks go down if profits evaporate. Don't underestimate the potential returns coming later this year in the bond market. History says it's time to buy long term bonds as peak rates near. On average, treasuries returned 10% over six months after the Fed Funds rate peaked. What we don't quite know yet is if the Fed is done raising rates. This calls for active management.

# AssetMaxx<sup>SM</sup>—Actively Managed Mutual Fund Performance Review

## The Spectrum Funds

Spectrum Low Volatility Fund - SVARX				Annualized		
As of 6/30/2023	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception <sup>1</sup>
SVARX	-0.70%	-0.20%	-0.53%	3.71%	6.07%	6.03%
Morningstar LSTA US Lev Loan TR <sup>5</sup>	3.34%	6.40%	11.78%	5.40%	3.96%	3.55%
50/50 iBoxx USD Liquid HY Index/Morningstar LSTA US Lev Loan 100 TR Index <sup>7</sup>	2.28%	5.66%	10.23%	4.00%	3.42%	3.49%
Portfolio Composition			3/31/2023	6/30/2023		
High Yield			30.19%	40.45%		
HY Credit Default Swaps			20.08%	20.04%		
Floating Rate			9.96%	36.29%		
Municipal			16.03%	10.04%		
Government			0.00%	0.00%		
Mortgage-Backed			0.00%	16.72%		
Bond - Other			10.18%	0.00%		
Preferred			0.00%	10.26%		
			86.44%	133.80%		

<sup>1</sup>Inception date: 12/16/2013

Expense Ratio: 2.67%

Spectrum Active Advantage - SAPEX				Annualized		
As of 6/30/2023	Quarter	YTD	1 Year	3 Year	5 Year	Since Inception <sup>2</sup>
SAPEX	2.27%	2.66%	-4.12%	-0.52%	2.67%	4.30%
S&P 500 TR <sup>4</sup>	8.74%	16.89%	19.59%	14.60%	12.29%	11.73%
New York Stock Composite Index (NYSE) <sup>8</sup>	3.94%	5.91%	12.37%	12.68%	7.44%	7.17%
Portfolio Composition			3/31/2023	6/30/2023		
S&P 500 Index Exposure			19.30%	32.29%		
NASDAQ 100 Index Exposure			21.27%	18.43%		
Russell 2000 Index Exposure			9.67%	30.44%		
Equity Other			0.00%	27.20%		
Cash Management			0.00%	16.01%		
			50.24%	124.36%		

Expense Ratio: 1.69%

<sup>2</sup>Inception 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 6/30/2023	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception <sup>3</sup>
SFHYY	-0.28%	-0.32%	-3.88%	5.46%	7.14%	5.91%	7.09%	6.00%
S&P 500 TR <sup>4</sup>	8.74%	16.89%	19.59%	14.60%	12.29%	12.85%	10.87%	9.84%
Bloomberg Agg Bond Index <sup>6</sup>	-0.84%	2.09%	-0.94%	-3.96%	0.77%	1.51%	2.72%	3.02%
Portfolio Composition				3/31/2023	6/30/2023			
High Yield				40.58%	50.67%			
Floating Rate				10.04%	36.77%			
Bond Other				10.04%	29.99%			
Managed Futures (net)				0.00%	4.93%			
Alternative				0.00%	0.00%			
Equity				24.40%	33.99%			
				85.07%	156.35%			

Expense Ratio: SFHYY 2.39%

<sup>3</sup>Inception 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](http://www.thespectrumfunds.com) or [www.hundredfoldselect.com](http://www.hundredfoldselect.com).

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**Consumer Price Index:** (CPIAUCSL) is a price index of a basket of goods and services paid by urban consumers. Percent changes in the price index measure the inflation rate between any two time periods. The most common inflation metric is the percent change from one year ago. It can also represent the buying habits of urban consumers. This particular index includes roughly 88 percent of the total population, accounting for wage earners, clerical workers, technical workers, self-employed, short-term workers, unemployed, retirees, and those not in the labor force

**S&P U.S. Treasury Bill Total Return Index:** a broad, comprehensive, market-value weighted index that seeks to measure the performance of the US Treasury Bill market.

**S&P U.S. Municipal Bond High Yield Index** consists of bonds in the S&P Municipal Bond Index that are not rated or are rated below investment grade.

**S&P U.S. Treasury Bond Current 10-Year TR Index:** a one-security index comprising the most recently issued 10-year US Treasury note or bond. (Prior benchmark used Bloomberg US Treasury Bellwethers 10-Yr TR Index Value Unhedged USD - I00093US)

**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.

**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.

**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.

**50/50 "iBoxx USD Liquid HY Bond TR Index/Morningstar LSTA US Lev Loan 100 TR Index":** 50/50 iBoxx USD Liquid High Yield Bond TR Index/Morningstar LSTA U.S. Leveraged Loan 100 TR Index: This benchmark gives 50% weight to the iBoxx USD Liquid High Yield Bond TR Index and 50% weight to the Morningstar LSTA U.S. Leveraged Loan 100 TR Index. The iBoxx USD Liquid High Yield TR Index: is market-value weighted with an issuer cap of 3% and consists of liquid USD high yield bonds, selected to provide a balanced representation of the high yield corporate bond universe. Morningstar LSTA U.S. Leveraged Loan 100 TR Index is designed to reflect the performance of the largest facilities in the leveraged loan market.

**New York Stock Composite Index (NYSE):** The NYSE Composite Index (NYATR) 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.

## CAN BONDS OUTPERFORM STOCKS?

The bond market may finally be in position to rally! But what “market” are we referring to? Since the end of 2020, bonds have been experiencing an extended bear market. The chart (bottom left) shows some of the heavy hitting competition in the nontraditional bond space (Blackrock, PIMCO, Vanguard, Doubleline) compared to Spectrum’s nontraditional bond fund, SVARX. When this market sector is experiencing a bear market we stand aside and wait eagerly for the bond market to show signals of strength and sustained trends. In the meantime, we attempt to take advantage of short-term opportunities. And while there may be some temporary

outperformance from buy and hold managers or broad market indices, our management goal is outperformance over a full market cycle AND risk reduction.

So why hold on to your bond fund? Historically, bonds can outperform stocks coming out of bear markets or recessions. The chart below (bottom right) shows high yield bonds compared to stocks after recessions or major down moves. Take note of the annual return comparison between the two different market sectors. SVARX is a fund that attempts to take advantage of those big moves. Investors should not miss out while sitting in money market or illiquid CDs. (see additional perf table, page 2)

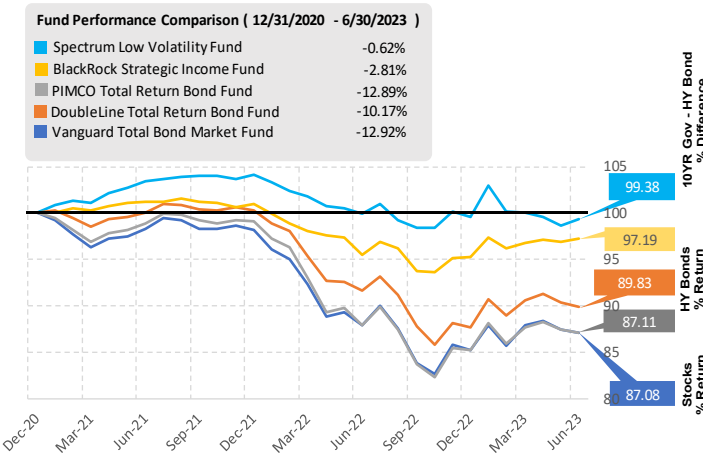
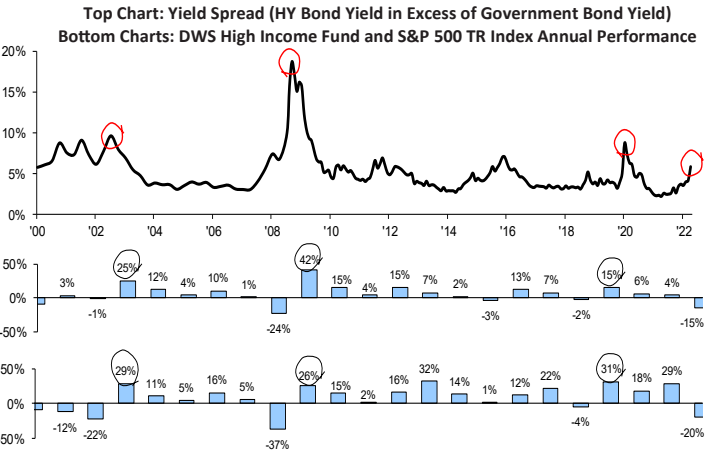


Chart Data: FastTrack



Annual return performance numbers for DWS High Income (KHYAX formerly Scudder-Kemper High Yield) and S&P 500 TR Index were obtained through Bloomberg, LP. Dividends reinvested sales loads not included. Past performance does not guarantee future results.

## PERSONAL PERSPECTIVE by Ralph Doudera

My past year has been filled with a loss of spiritual mentors. I lost both of my pastors-- John Hobbs and Todd Rawlings, who were my two best friends. Dr. Pat Robertson also recently passed. He was the founder of Regent University where I was an early student receiving my Masters Degree in Biblical Studies, a program directing me to author the book Wealth Conundrum, which addresses the purpose of money as a Christian. And most recently, the loss of Dr. Charles Stanley, who in my opinion, was the best bible teacher on TV for the past 40 years and someone who I still listened to nearly every Sunday morning. I wondered what his last message would say, so I searched it out: “Where are you spiritually in your relationship to God? Would you say that your lifestyle makes a contribution to the healing of our country? Or would you have to say it doesn’t? If it doesn’t you need to read 1 John 1:9, ‘If we confess our sins, he is faithful and just to forgive us our sins and cleanse us from all unrighteousness.’ I’m going to plead with you for your own good and for the health of our nation. Just surrender your life to Jesus Christ today. Trust him to save you. He will forgive you no matter what you have done. If you have never surrendered your life to Christ this is a perfect time to do it. I trust that as you surrender your life to Him, you obey the rules that are given to us today. God will

heal our land. God bless you.” (March 21, 2023)

Last words are worth listening to and I sometimes wonder what my last words will be. I know it won’t be “Invest, because compound interest is the 8<sup>th</sup> wonder of the world.” No, money is a *tool* to accomplish the first part of the Lord’s prayer: “Your kingdom come, Your will be done, on earth as is in heaven”. If I had some last words, it might be about encouraging to give now for eternal reward. But the loss of my mentors has encouraged me to evaluate my life’s purpose and ask questions on whether I am making a difference. Don’t get me wrong, I financially retired 35 years ago so I could get more involved with philanthropy while I run a business, and my health is better than most people half my age. But curiosity about life after physical death has directed my thoughts to explore more details, so I started reading a book called *Heaven*, by Randy Alcorn. Totally biblically based and over 500 pages long, it is likely the most detailed writing on the subject. Jesus said: “Enter through the narrow gate. For wide is the gate and broad is the road that leads to destruction, and many enter through it. But small is the gate and narrow the road that leads to life, and only a few find it.” Matthew 7:13-14

I think there may be a lot of surprises there. Let’s seek out the narrow gate.

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

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