



THE FULL SPECTRUM

Spectrum Financial, Inc.

April 2025

GENERAL MARKET COMMENTARY

In the first quarter of 2025, financial markets experienced notable volatility across various asset classes, primarily influenced by geopolitical tensions and economic policy shifts. The S&P 500 declined by 4.27% during Q1 2025, marking its worst quarterly performance since 2022. This downturn was largely attributed to investor concerns over President Trump's proposed new tariffs on goods such as steel and aluminum. These tariffs heightened fears of increased inflation and reduced economic growth, leading to a significant pullback in equities. The tech-heavy Nasdaq 100 faced a more pronounced decline, falling by 10.26% in the first quarter, driven by substantial losses in major technology stocks (Nvidia, Tesla, Apple, and Microsoft), as investors reassessed valuations amid escalating trade tensions and supply chain concerns. Small-cap equities, represented by the Russell 2000 Index, declined by 9.48% during the first quarter. This underperformance of small-cap stocks was influenced by their heightened sensitivity to domestic economic conditions and interest rate fluctuations, with concerns that the Federal Reserve might maintain higher rates for an extended period. High-yield corporate bonds experienced modest gains, with an average return of 1.15% and aggregate bonds up 2.78% for the first quarter, as money began to move to lower risk and higher quality bonds with concerns over credit risk amid a potential economic slowdown.

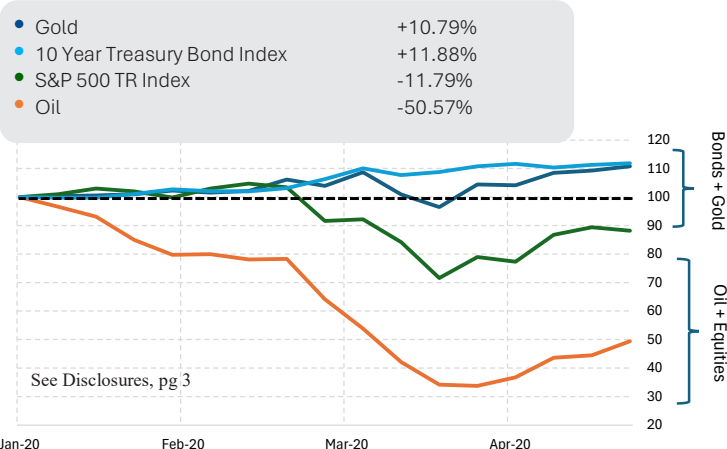
As soon as the first quarter ended, the real damage began. The proposed tariffs were announced and the market reacted to the new tariff implementations, which sparked fears of a global trade war, inflationary pressures, and potential recession. The S&P 500 fell 12.1% in 4 days. Investors found it difficult to evaluate the impact the new rules would have on the worldwide economy, so wholesale dumping of stocks began from an overpriced stock market. The current scenario is not unlike the first quarter of 2020, when the pandemic hit and no one was able to evaluate the financial markets. The S&P dropped by over 33% in one month. Only after the Federal Reserve came to the rescue, dropping interest rates to nearly zero and flooding the market with liquidity, did the markets bounce back. The issue today is that the Federal Reserve may not be able to repeat that scenario since their main focus is reducing inflation. The Fed's free money response in 2020 caused the massive inflationary spiral to begin from which we have still not recovered. Expect a recession or out of control inflation if they drop rates like that again. Prepare for an extended period of declining stock prices. When the 12% inflation of 1973 occurred, the S&P 500 declined -44.75% over 22 months to get inflation under control. Stocks remain historically overpriced as we mentioned in our last newsletter. As a reminder, the S&P 500 dropped -42% in 20 months (2001), -51.4% in 10 months (2008), -33.8% in 2 months (2020), and -24.5% in 10 months

(2022). So, the -18.7% slide this month has caused relatively little investor pain so far.

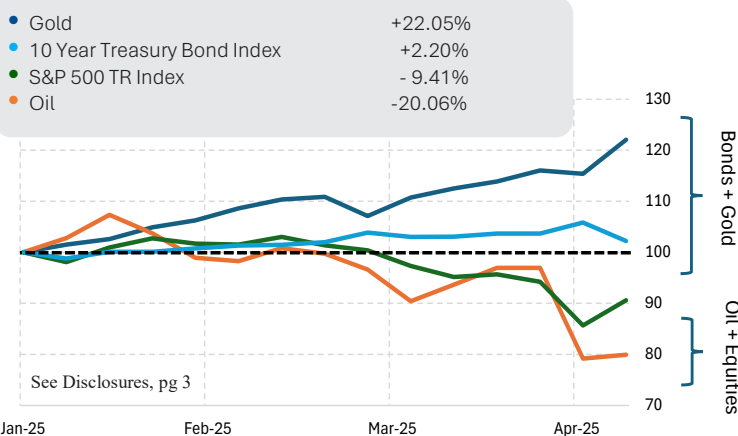
The Fed is unlikely to rescue the US economy from the damage caused by the Trump administration's tariffs on imports. These tariffs will likely cause annualized inflation to climb above 5% over the next six months, and demand may decline as businesses delay investments and consumers reduce their spending. The economy's ability to expand will be slowed, and a full-blown recession plus higher inflation (stagflation) may present itself all while the Fed has limited options to correct the damage. Normally government bonds are a safe haven when the stock market comes unglued, but the opposite happened the second week of April as money flowed out of the US dollar, out of government bonds, and into inflation hedges like gold.

Recently Spectrum's funds have been invested almost exclusively in short-term T-bills throughout the market meltdown waiting for the next opportunity. Market declines bring opportunities for our investors while we focus on trying to protect against major market losses, similar to how we handled 2020. The charts below compare the similarities between the pandemic selloff (2020) and the tariff selloff. Gold and bonds were up, and stocks and oil prices were lower.

2020 Pandemic Sell-Off (January 2020-April 2020)



2025 Tariff Sell-Off (January 2025-April 2025)



AssetMaxxSM—Actively Managed Mutual Fund Performance Review

The Spectrum Funds

Spectrum Low Volatility Fund - SVARX

As of 3/31/2025	Quarter	YTD	1 Year	Annualized			
				3 Year	5 Year	10 Year	Since Inception ¹
SVARX	0.85%	0.85%	3.10%	3.52%	6.65%	6.61%	6.27%
Morningstar LSTA US Lev Loan TR ⁵	0.45%	0.45%	7.11%	7.13%	7.71%	4.62%	4.37%
50/50 iBoxx USD Liquid HY Index/Morningstar LSTA US Lev Loan 100 TR Index ⁷	0.80%	0.80%	7.47%	5.96%	7.08%	4.54%	4.37%
Portfolio Composition				12/31/2024	3/31/2025		
High Yield				26.82%	0.00%		
HY Credit Default Swaps				0.00%	0.00%		
Floating Rate				33.64%	0.00%		
Municipal				10.50%	0.00%		
Government				0.00%	0.00%		
Mortgage-Backed				11.19%	40.67%		
Bond - Other				16.76%	34.97%		
Preferred				0.00%	0.00%		
				98.90%	75.64%		

¹Inception date: 12/16/2013

Expense Ratio: 2.81%

Spectrum Active Advantage - SAPEX

As of 3/31/2025	Quarter	YTD	1 Year	Annualized		
				3 Year	5 Year	Since Inception ²
SAPEX	-1.45%	-1.45%	3.33%	-4.52%	5.39%	4.84%
S&P 500 TR ⁴	-4.27%	-4.27%	8.25%	9.06%	18.58%	12.44%
New York Stock Composite TR Index (NYSE) ⁸	2.14%	2.14%	8.23%	7.67%	16.12%	8.47%
Portfolio Composition				12/31/2024	3/31/2025	
S&P 500 Index Exposure				45.95%	24.61%	
NASDAQ 100 Index Exposure				16.11%	0.00%	
Russell 2000 Index Exposure				0.00%	0.00%	
Equity Other				5.12%	70.06%	
Cash Management				0.00%	0.00%	
				67.18%	94.67%	

Expense Ratio: 1.99%

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 3/31/2025	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	15 Years	Since Inception ³
SFHYX	0.41%	0.41%	2.17%	0.69%	7.68%	6.39%	6.54%	6.15%
S&P 500 TR ⁴	-4.27%	-4.27%	8.25%	9.06%	18.58%	12.49%	13.14%	10.34%
Bloomberg Agg Bond TR Index ⁶	2.78%	2.78%	4.88%	0.52%	-0.40%	1.46%	2.44%	3.12%
Portfolio Composition				12/31/2024		3/31/2025		
High Yield				20.70%		0.00%		
Floating Rate				56.29%		0.00%		
Bond Other				10.34%		27.81%		
Managed Futures (net)				0.00%		0.00%		
Alternative				4.09%		21.46%		
Equity				21.15%		0.00%		
				112.58%		49.27%		

Expense Ratio: SFHYX 2.64%

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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maturity, minimum amount outstanding of USD 400 mil. Bond types include fixed-coupon, step-up, bonds with sinking funds, medium term notes, callable and puttable bonds. **T-Bill (3-month):** rates are comprised of Generic United States on-the-run government bill/note/bond indices. These yields are based on the ask side of the market and are updated intraday. The curve is comprised of US dollar denominated US Treasury active securities. The 1 month, 3-month, 6 month and 1-year maturities are the most recently auctioned 4 week, 8 week, 13 week, 26 week and 1 year US Treasury bills. The 2-year, 3-year, 5-year, 7 year and the 10-year maturities are the most recently auctioned US Treasury notes. The 30 Year maturity is the most recently auctioned 20-year US Treasury bond. The curve is updated on each auction day with effective data of the next market day.

S&P US Treasury Bond Current 10-Yr TR Index : a one-security index comprising the most recently issued 10-Year US Treasury note or bond.

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.

LBMA Gold Price Index: is a key benchmark for pricing gold widely used by producers, consumers, investors and central banks across the world. Prices are in USD per troy ounce. Prices are set at 15:00 London UK time.

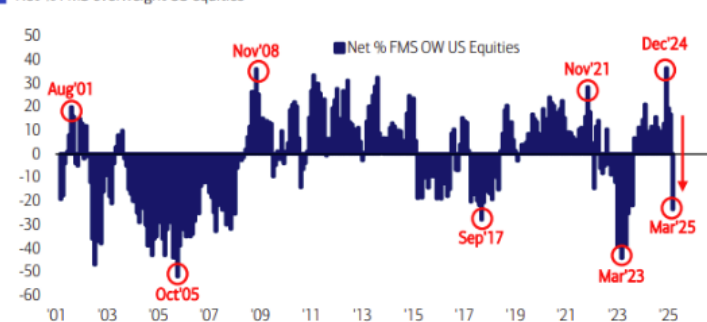
S&P Oil + Gas Miners NTR Index: comprises stocks in the S&P Total Market Index that are classified in the GICS Integrated Oil & Gas, Oil & Gas Exploration & Production and Oil & Gas Refining & Marketing sub-industries.

BEARISH SENTIMENT

A Bank of America survey shows investor sentiment regarding economic outlook as the most negative in three decades, yet fund managers' pessimism is not fully reflected in their asset allocation which could mean more losses for US stocks. Fund managers are extremely bearish with 82% of respondents from the survey expecting the global economy to weaken. Consequently, a record number intend to reduce exposure to US equities, according to the poll. Fund managers are "max bearish" on the big picture, but not quite totally bearish on the market yet. "Peak fear" is not yet reflected in cash allocations, which currently stands at 4.8% of assets and would typically need to rise to 6%. High uncertainty surrounding US trade policy and a spike in financial-market volatility has unsettled stock investors. Respondents are a net 36% underweight US stocks in April, down from 17% overweight in February, the biggest ever two-month drop. US equities have underperformed this year amid concern that Trump's trade war will hurt growth, with 42% of survey respondents saying that a recession is likely in the world's biggest economy. The S&P 500 has bounced from this month's low but its year-to-date 8.1% drop lags European

and Chinese benchmarks. BofA strategists expect the April lows to hold in the near-term and warned that "big upside needs big tariff easing, big Fed rate cuts, and/or economic data resilience." Our opinion is favorable trade deals likely get done within 3 months; large investments in the U.S. should increase; World and U.S. real growth likely slow for two quarters with recession likely and then, especially U. S., accelerate. The main risks now are increased inflation, with stagflation, higher interest rates, and war.

Chart 14: Record rotation out of US stocks
Net % FMS overweight US equities



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

PERSONAL PERSPECTIVE by Ralph Doudera

The transition of government leadership from liberal to conservative policy has been a very disruptive process- likely the most chaotic in recent history. Do we know what these policies are? Let's examine them:

Limited government advocates a restrained federal government that interferes minimally in individuals' lives and affairs. Emphasis is on the Constitution, with states' rights and checks and balances and minimizes excessive regulation.

Individual Personal Responsibility is the cornerstone which holds each person accountable for their ownership of their actions and decisions rather than government intervention or entitlement programs.

Free Market Capitalism: economic freedom fosters innovation, growth, and prosperity with lower taxes, fewer regulations, balanced budget, and private enterprise as the best path to societal progress.

Strong National Defense argues that a secure and sovereign nation requires strong military and border control offering a view of peace through strength.

Traditional Values includes support for family structure, religious liberty, the sanctity of life, and moral standards rooted in Judeo-Christian philosophy.

Our country was founded on these Judeo-Christian values, but we have drifted away from many of them and don't even know what they are. One example would be the Ten Commandments. **Fewer than 14%** could name even five of the Ten Commandments and only a very small fraction—likely **under 5%**—could recall all ten. (Exodus 20:2-17). Personally, I find # 1 and # 10 the hardest to keep.

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

Many of our conservative principles resonate with biblical teaching, especially in the areas of personal responsibility, moral order, and the role of government:

Limited government: Romans 13 teaches that government exists to uphold justice and punish evil but not to dominate every aspect of life. This supports the conservative view that government should have a limited but necessary role.

Personal Responsibility: The Bible teaches that individuals are accountable to God for their actions (Galatians 6:5: "Each one should carry their own load") The book of Proverbs was written by the wealthiest man in history (Solomon) and he states: "Hands that work hard will rule, but people who don't want to work will become slaves."

Generosity and Charity- not Entitlement: While the Bible commands *personal* generosity and care for poor (James 1:27a: *Pure and genuine religion in the sight of God means caring for orphans and widows in their distress....*). This is not state-mandated redistribution.

2 Thessalonians 3:10 says "If anyone is not willing to work, let him not eat": This remains an unpopular philosophy.

Moral and Social Order: Conservative views on family, marriage and life often draw from scripture. Genesis 2:24 defines marriage as between a man and a woman, and Psalm 139 affirms the sanctity of life in the womb.

My perspective may not be everyone's view. There are many who seem to be vehemently opposed to many conservative principles. These are not "The Ten Suggestions". They define the social order for peaceful co-existence. As we pledge allegiance to our flag, we repeat "one nation, under God, indivisible". Our freedom goes hand in hand with accountability to a Higher Authority.

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