



# THE FULL SPECTRUM

Spectrum Financial, Inc. January 2026

## GENERAL MARKET COMMENTARY

Global stocks finished Q4 2025 with modest but positive returns, extending gains into year-end amid broad resilience despite volatility earlier in the year. The S&P 500 TR Index rose 2.65% in the quarter, with 2025 total return of 17.87% as the index repeatedly hit all-time highs late in December. Large-cap tech and *AI-related leadership* remained central drivers, though valuation concerns and late-quarter rotation into non-U.S. and smaller stocks emerged. The Nasdaq TR Index climbed roughly 2.72% in Q4, while the Russell 2000 Small-Cap TR Index continued its recovery, and international equities outpaced U.S. stocks with developed and emerging markets posting stronger gains. This return shift reflected a weaker U.S. dollar and improving global growth dynamics. The small-caps once again underperformed for the year, and for the past three years have lagged the S&P

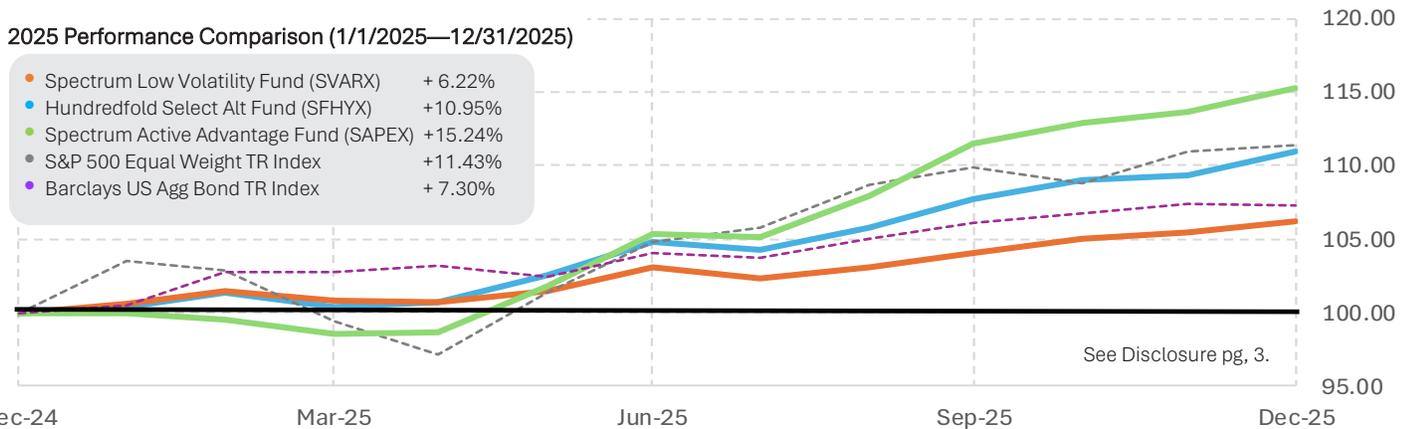
500, which was up 86% compared to 47% for the small caps for the three-year period. Small caps tend to do better when interest rates are lower.

In the bond market, fixed income also finished on solid footing. Broad bond indices delivered positive returns in the quarter, with the Bloomberg U.S. Aggregate Bond Index up 7.30% for the year and high yield bonds up 8.84%, supported by falling yields as the Federal Reserve signaled easing and rate cuts through the second half of 2025.

Investment-grade bonds and emerging-market debt also contributed positively in 2025, supported by tighter spreads and attractive yields. The weak dollar helped emerging market bonds outperform by gaining additional profit from the stronger currency against the dollar. Municipal bonds and international bonds likewise posted modest gains in Q4.

2025 Performance Comparison (1/1/2025—12/31/2025)

Spectrum Low Volatility Fund (SVARX)	+ 6.22%
Hundredfold Select Alt Fund (SFHYX)	+10.95%
Spectrum Active Advantage Fund (SAPEX)	+15.24%
S&P 500 Equal Weight TR Index	+11.43%
Barclays US Agg Bond TR Index	+ 7.30%



Over the past 12 months, *SVARX*, *SAPEX*, and *SFHYX* have demonstrated differentiated performance relative to the benchmarks, reflecting the benefits of active management across varying market conditions. As markets rotated and volatility persisted, the funds' distinct risk-aware approaches helped highlight opportunities that traditional equity and core bond benchmarks did not fully capture.

## 2026 EXPECTATIONS

Global markets began the new year with a strong start after a weak December with commodities surprisingly higher as it seems that investors expect inflation to continue higher. Emerging market bonds continue to outperform, supported by attractive yields and a weaker dollar and we have increased exposure to this asset class, as they continue to show steady gains with low volatility.

What should we expect going into the new year? With stocks sitting at or near all-time highs, the right mindset for investors is cautious optimism rather than fear or euphoria. New market highs are not a signal to exit, but they do tend to bring lower forward returns and higher volatility than when markets are depressed. This is a time for discipline, not emotion.

The markets often spend a lot of time making new highs. Historically, being at record levels has more often been a sign of economic strength than an immediate warning of collapse. However, expectations should be reset from "exceptional" to "modest." The coming year is more likely to deliver mid-single-digit to low-double-digit

returns at best, rather than another outsized advance. The stock market has had three very good years in a row.

Diversification matters more at elevated valuations. Stock breadth has been very narrow in recent years. A broader mix of assets—mid-caps, international stocks, value styles, and both high yield and emerging market bonds—can help reduce dependence on any one theme.

Bonds are a stabilizer and income source. With yields still attractive by historical standards, bonds once again offer meaningful income and downside protection if equity volatility increases or growth slows. Remember historically, a 50% correction in stocks is not uncommon after a substantial bull market.

It is important to consider risk management and portfolio rebalancing. At market highs, stock portfolios can drift toward higher risk. Trimming positions that have grown outsized and reallocating toward underrepresented areas is a prudent way to lock in gains while staying invested. Diversification is always a key concept for investors to reduce risk in financial markets.

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

## The Spectrum Funds

### Spectrum Low Volatility Fund - SVARX

As of 12/31/2025	Quarter	YTD	Annualized					Since Inception <sup>1</sup>
			1 Year	3 Year	5 Year	10 Year		
SVARX	2.06%	6.22%	6.22%	6.11%	3.54%	7.26%	6.32%	
Morningstar LSTA US Lev Loan TR <sup>5</sup>	1.84%	7.24%	7.24%	9.68%	6.29%	5.80%	4.66%	
50/50 iBoxx USD Liquid HY Index/Morningstar LSTA US Lev Loan 100 TR Index <sup>7</sup>	1.66%	8.04%	8.04%	9.76%	5.32%	5.90%	4.69%	
Portfolio Composition			9/30/2025		12/31/2025			
High Yield Bond Exposure			21.61%		30.46%			
Global Bond Exposure			20.48%		39.83%			
Floating Rate Bond Exposure			15.40%		0.00%			
Securitized Credit Exposure			52.56%		58.77%			
Municipal Bond Exposure			10.17%		10.05%			
Government Bond Exposure			0.00%		0.00%			
Preferred Securities Exposure			26.17%		31.49%			
Bond Other Exposure			35.38%		67.10%			
<b><sup>1</sup>Inception date: 12/16/2013</b>			<b>181.77%</b>		<b>237.70%</b>			

Expense Ratio: 2.81%

### Spectrum Active Advantage - SAPEX

As of 12/31/2025	Quarter	YTD	Annualized					Since Inception <sup>2</sup>
			1 Year	3 Year	5 Year	10 Year		
SAPEX	3.34%	15.24%	15.24%	10.77%	-0.26%	7.28%	6.05%	
S&P 500 TR <sup>4</sup>	2.65%	17.88%	17.88%	22.96%	14.42%	14.81%	13.72%	
New York Stock Composite TR Index (NYSE) <sup>8</sup>	2.54%	17.70%	17.70%	15.71%	11.14%	10.66%	9.29%	
Portfolio Composition			9/30/2025		12/31/2025			
Long/Short Equity			31.47%		34.54%			
Market Neutral			31.08%		29.84%			
Alternative			9.98%		9.36%			
S&P 500 Core Holding			31.64%		38.38%			
Individual Stock Holdings			10.01%		0.00%			
Tactical Equity			29.89%		25.11%			
<b>Expense Ratio: 1.99%</b>			<b>144.07%</b>		<b>137.22%</b>			

<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

As of 12/31/2025	Quarter	YTD	Annualized					Since Inception <sup>3</sup>
			1 Year	3 Years	5 Years	10 Years	15 Years	
SFHYX	2.98%	10.96%	10.96%	7.82%	3.98%	7.73%	6.61%	6.42%
S&P 500 TR <sup>4</sup>	2.65%	17.88%	17.88%	22.96%	14.42%	14.81%	14.05%	11.03%
Bloomberg Agg Bond TR Index <sup>6</sup>	1.10%	7.30%	7.30%	4.65%	-0.36%	2.01%	2.42%	3.22%
Portfolio Composition			9/30/2025		12/31/2025			
High Yield Bond			16.81%		19.39%			
Bond Other			108.15%		93.04%			
Alternative			57.71%		66.71%			
Equity			10.30%		10.23%			
<b>Expense Ratio: SFHYX 2.64%</b>			<b>192.97%</b>		<b>189.37%</b>			

<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).

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: 1/27/2026**

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 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.

**S&P 500 Equal Weight TR Index** measures the performance of the 500 companies in the S&P 500 Index, each assigned equal weighting at quarterly rebalancing. The Total Return version of the index assumes that dividends are reinvested, providing a more complete picture of investor return.

**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.

**Nasdaq 100 Index:** is a US large cap equity benchmark comprised of 100 fundamentally sound and innovative Nasdaq-listed companies, representing a unique mix of sector exposures.

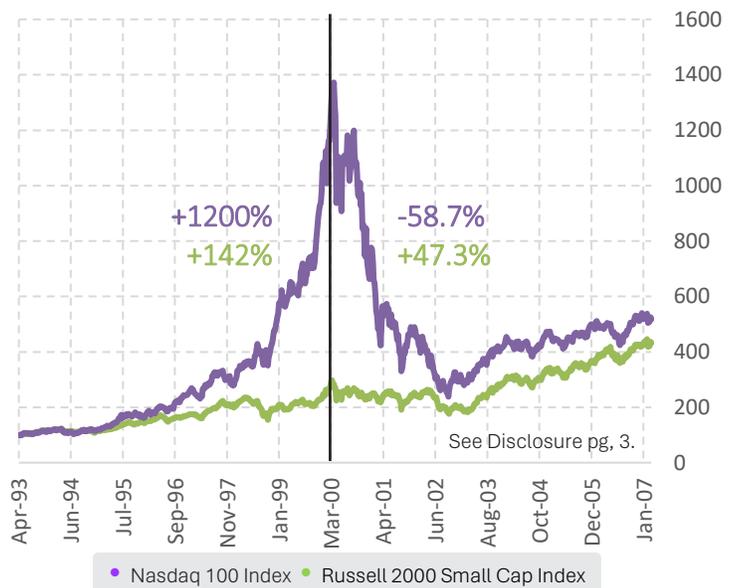
## IS TECH DEAD? MEAN REVERSION CAN BE MEAN

Mean reversion is a key financial concept that hypothesizes that asset prices and returns eventually return towards their long-term mean or average. In other words, it's the idea that extreme fluctuations in price (irrational exuberance or sharp losses) eventually revert to their historical average over time. The tech runup over the past three years got a bit overheated, reminding me of what happened in 2000. The first three weeks of 2026 revealed the divergence as the Nasdaq 100 was up 0.3% while the Russell 2000 Small-Cap TR Index was up 8.8%. Let's look at some history. In the 7-year period ending in March 2000, the Nasdaq 100 rose 1200%, for about a 44% annualized return. The Russell 2000 Small-Caps rose 142% during the same period, or about 14.5% annualized.

Now let's look at the 7-year period beginning in March 2000 and see what happened then. The Nasdaq 100 had a loss of 58.7% for the 7 year period, while the Russell 2000 had a gain of 47.3%. The chart to the right illustrates what can happen when prices get out of whack. This chart shows the 14-year period before and after the bull market top in 2000. The annualized tech return averaged 12.6% compared to the small cap return which had an annualized return averaging 10.8%. Keep this in mind going into a new year as investors start allocating

new money. Also note that in the past three years ending December 31 2025, the Russell 2000 showed a total gain of 34.2% compared to the Nasdaq 100 gain of 103.8%. Could this be a 25-year cycle?

14 Year Weekly Performance Chart (April 1993 - March 2007)



## PERSONAL PERSPECTIVE by Ralph Doudera

I asked for God's perspective on things happening in my life today, and the answer I perceived was the same as Jesus' message to humanity when He was here. His message was simple: "...**The [appointed period of] time is fulfilled, and the Kingdom of God is at hand; repent [change your inner self—your old way of thinking, regret past sins, live your life in a way that proves repentance; seek God's purpose for your life] and believe [with a deep, abiding trust] in the good news [regarding salvation].**" (Mark 1:14-15 Amplified Bible). The Kingdom of God is not a political nation or a geographic territory but it is a different reality and way to live, governed by heavenly values. The Kingdom of God is wherever God is recognized as King, His will is embraced, and His character is shaping how people live. The Kingdom at hand means it's no longer a distant or future event. It arrived when Jesus arrived here on earth. Wherever Jesus went, the Kingdom showed up: in forgiveness, healing, restoration, truth, humility and love. Jesus summarized it in the Lord's Prayer which everyone recites often unaware of what it means: "Your Kingdom come, Your will be done, on earth as it is in heaven."

The kingdom of the world is fundamentally and totally opposite, and although we need to live in it, we don't have to be subject to its demands. It is built on human systems of power and control, wealth, ego, competition, force, self-preservation and financial gain. Jesus contrasted the two clearly: "The rulers of the Gentiles lord it over them...Not so with you" (Matthew 20:25-26).

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

Let's compare concepts in God's Kingdom compared to world kingdom:

- The first become last and last become first in God's Kingdom
- One seeks to control people, the other to serve people
- One promotes self, the other seeks humility
- One seeks prestige and position the other lifts up the lowly and despised
- One tries to get on the cover of the Forbes 400 wealthiest, while the greatest in God's Kingdom distributes his entire net worth to the poor and oppressed
- One practices forgiveness and lets God delegate justice, while the other attempts to always get even
- One listens to the still small voice of the Holy Spirit, while the other says "Just do it"

The highest calling known to man is the call to intimacy with God. Everything else stands in direct opposition to it and become idols if intimacy with God takes second place. This is why Jesus began with repentance. You cannot enter the Kingdom of God while still submitting to the rules of the kingdom of the world. Repentance is changing kings: stepping down from the throne of your own life and letting God rule. His Kingdom is not something we wait for someday; it is something we live in now. It grows quietly like a seed inside us as we continue to seek direction from an intimate relationship with God, with eternal benefits.

Spectrum Financial, Inc. is a Registered Investment Advisor. The Full Spectrum is published quarterly for its investors and account executives. This publication is not intended to offer or solicit investment advice, nor should anyone act upon any suggestions made herein, without individual counseling from your account executive regarding risks involved. There is no guarantee that the recommendations of management will prove to be as profitable in the future, as they have in the past. The information presented in this issue has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. A copy of Spectrum's current written disclosure statement discussing advisory services and fees is available upon request. *All rights reserved, please notify when quoting.*

