

# THE FULL SPECTRUM

Spectrum Financial, Inc. April 2024

## GENERAL MARKET COMMENTARY

After a strong fourth quarter in 2023, stock markets around the world were off to a fast start in 2024 as the DJIA, S&P 500 and NASDAQ hit new all-time highs. Various segments of the market had a significantly different performance: DJIA up 6.14%, S&P 500 up 10.56%, S&P 500 Equal Weighted up 7.78%, Russell 2000 Small Cap up 5.18%, NASDAQ up 9.31%, and the NASDAQ Equal Weighted up 5.67%. The outperformance of certain indices was due once again to AI sectors with Nvidia up 82.45% and Super Micro Computer up over 250% for the quarter.

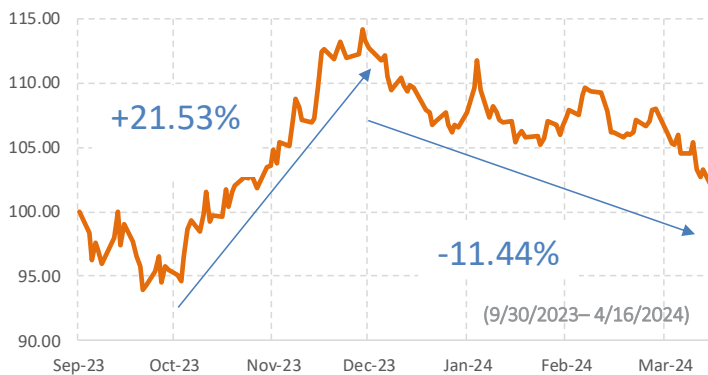
Bonds, however, did not enjoy the party with quarterly losses after a strong finish in 2023. The theme of the quarter continued to revolve around inflation, with continuing data coming in suggesting that inflation may be stickier than the consensus (and the Federal Reserve) believes. At the beginning of the year the consensus was

that there would be up to 5 interest rate cuts by year end. That has gradually been reduced to maybe only one, and recent financial commentary after the latest CPI number suggests that the Fed might not cut interest rates at all this year. That threw the bond market an unexpected curve. The chart below (left) shows how the 30 year government bond responded in the fourth quarter to good inflation news and what happened after the first of the year after inflation has proved to be difficult to get closer to the 2% target.

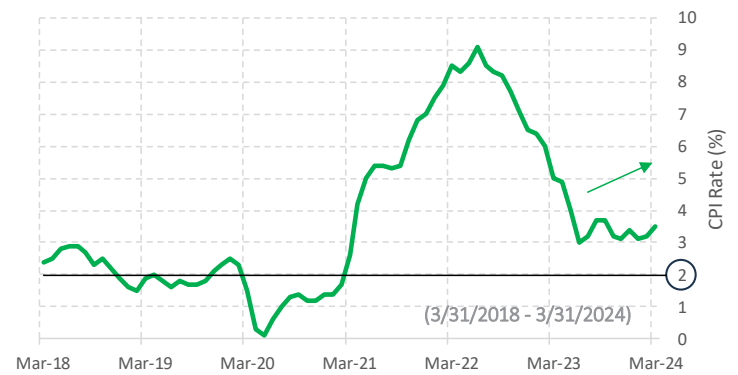
The other chart below (right) shows how the CPI, currently hovering around 3.5%, has started going back up instead of heading down to the 2% target. There is no doubt that the Federal Reserve has the resolve to get the number down to the target, but the cost to do it may be higher interest rates, and that usually results in a recession. We have adjusted our exposure to reduce risk since becoming evident.

See chart disclosures on pg. 3

S&P US Treasury Bond 30yr TR Index



CPI YoY Monthly Data

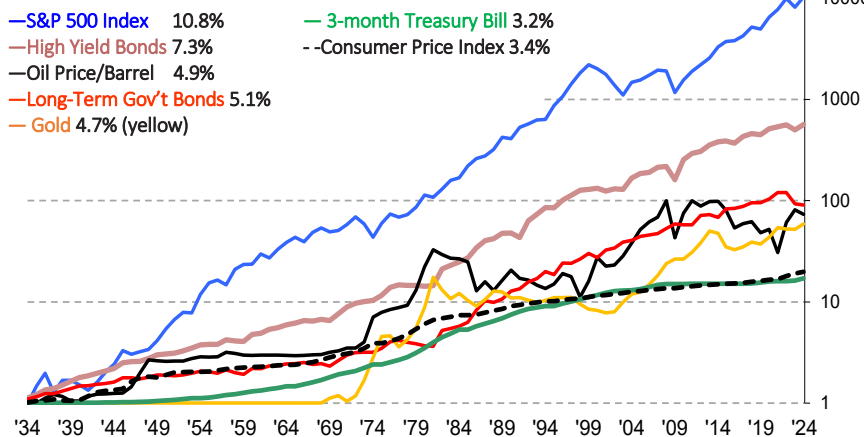


## ALTERNATIVE RETURNS SINCE 1933

1933 was the year President Franklin Roosevelt told Americans that they had to turn in all their gold or go to jail. It remained illegal to hold gold bullion until 1974 and allowed the US government to be the only “investor” that

gained from gold appreciation and thus using it as a tool to fight inflation. Now that gold has hit a new high, and inflation is substantial, everyone wants to know, “Is gold a good investment?” The chart to the left illustrates various asset classes for the past 89 years. The winners are stocks and high yield bonds. The Consumer Price Index grew about 3.4% per year, about equal to the return on 3-month Treasury Bills at 3.2%. Gold has only slightly outperformed the CPI and has increased about 4.7% annually.

Various Asset Class Annualized Performance Comparison (1/1/1934 - 12/31/2023)



to hedge inflation or in times of uncertainty. But it does not compete with stocks or high yield bonds. Spectrum has found that trading high yield bonds has improved on buy and hold historical returns and produced close to stock market returns with lower risk.

The numbers represented in the chart above should be viewed as approximate due to changes in the index and pricing nuances over 89 years. We are using this data to simply illustrate conceptual asset values on the various asset classes shown.

## PERFORMANCE COMPARISON

SecurityMaxx Strategies				Annualized		Cumulative	
As of 3/31/2024	Quarter	YTD	1 Year	3 Year	5 Year	3 Year	5 Year
High Yield Bond <sup>1</sup>	0.36%	0.36%	6.81%	1.64%	3.39%	5.00%	18.12%
Leveraged High Yield Bond	-0.63%	-0.63%	5.55%	0.68%	3.00%	2.06%	15.96%
AssetMaxx Allocation Funds <sup>2</sup>				Annualized		Cumulative	
	Quarter	YTD	1 Year	3 Year	5 Year	3 Year	5 Year
Hundredfold Select Alternative Fund	1.01%	1.01%	11.10%	1.28%	8.91%	3.88%	53.22%
Spectrum Active Advantage Fund	0.40%	0.40%	12.13%	-7.36%	4.54%	-20.50%	24.84%
Spectrum Low Volatility Fund	0.36%	0.36%	9.52%	2.73%	7.13%	8.41%	41.10%
Benchmark Comparisons				Annualized		Cumulative	
	Quarter	YTD	1 Year	3 Year	5 Year	3 Year	5 Year
<b>Stocks</b>							
NYSE Composite TR Index	9.28%	9.28%	22.01%	7.97%	10.21%	25.88%	62.56%
NASDAQ TR Index	9.31%	9.31%	35.08%	8.17%	17.19%	26.58%	121.04%
Russell 2000 Small-Cap TR Index	5.18%	5.18%	19.71%	-0.11%	8.11%	-0.32%	47.65%
S&P 500 TR Index	10.56%	10.56%	29.89%	11.50%	15.05%	38.61%	101.57%
MSCI Emerg Markets TR Index	2.44%	2.44%	8.60%	-4.68%	2.61%	-13.38%	13.75%
<b>Bonds</b>							
Bloomberg Agg Bond TR Index	-0.78%	-0.78%	1.70%	-2.45%	0.37%	-7.18%	1.84%
iBoxx USD Liquid High Yield TR Index	1.26%	1.26%	10.29%	1.92%	3.54%	5.87%	19.00%
T-Bill (3-month)	1.28%	1.28%	5.28%	2.57%	2.03%	7.91%	10.59%

The **Spectrum High Yield Bond Strategy** posted a gain of 0.36% for the first quarter in 2024 amid bond volatility from investor's interpretations of the Fed's announcement. Over its 30+ year history, this strategy has an annualized return of 9.20%, with the worst calendar year down only 2.33%.

The **Spectrum Low Volatility Fund (SVARX)** also had a quarterly gain of 0.36% for the first quarter. As of 3/31/2024, the Fund's total return performance received a percentile ranking of 20 out of 278 competitors for the last 3-years, 2 out of 250 competitors for the last 5-years, and 1 out of 161 competitors in the last 10-years in the U.S. domiciled Nontraditional Bond fund category in Morningstar.\*

The **Spectrum Active Advantage Fund (SAPEX)**, had a quarterly gain of 0.40%. As of 3/31/2024, the Fund's total

return performance received a percentile ranking of 99 out of 231 competitors for the last 3-years and 66 out of 211 competitors for the last 5-years in the U.S. domiciled Tactical Allocation category in Morningstar.\*

The **Hundredfold Select Alternative Fund (SFHYX)** posted a quarterly gain of 1.01%. As of 3/31/2024, the Fund's total return performance received a percentile ranking of 66 out of 231 competitors for the last 3-years, 18 out of 211 competitors for the last 5-years, 18 out of 141 competitors for the last 10-years, and 24 out of 56 competitors for the last 15-years in the U.S. domiciled Tactical Allocation category in Morningstar.\* Past performance is no guarantee of future results.

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<sup>1</sup>High Yield Bond/Lev High Yield Bond includes only accounts held at Ceros FS. Fees for strategies are 0.48% quarterly for High Yield Bond accounts. Leveraged High Yield Bond accounts fees are 0.63% quarterly. Performance shown are not composite numbers. Performance numbers were selected from 1-3 client accounts assuming no purchases or withdrawals were made during the period and may have been obtained from personal or related accounts. In some instances, there may be only one account representing a custodian or accounts may be used that have purchases and/or withdrawals during the period. Performance for some individual accounts may vary somewhat due to fund restrictions and/or limitations imposed by the mutual fund family or brokerage account. A complete list of all buy and sell dates is available upon request. Initial sales loads are not considered. Dividends are assumed to be reinvested. Past performance does not guarantee future results. Market and/or economic fluctuations may affect performance.

<sup>2</sup>AssetMaxx, the performance data quoted represents past performance and 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. To obtain a prospectus and summary prospectus, please call 855-582-8006 or access [www.hundredfoldselect.com](http://www.hundredfoldselect.com) or [www.thespectrumfunds.com](http://www.thespectrumfunds.com). There is no guarantee the Funds will meet their objectives. An investment in a mutual fund involves risk, including loss of principal.

<sup>3</sup>Benchmark Source: Bloomberg and Fast Track. These tables summarize performance averages for various index categories across standard performance timeframes.

**Nasdaq TR Index:** a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market, and Capital Market.

**Russell 2000 Small-Cap TR Index:** measures the performance of the small-capitalization sector of the U.S. equity market.

**MSCI Emerging Markets TR Index:** is a capitalization weighted index that is designed to measure the equity market performance of emerging markets.

**iBoxx USD Liquid High Yield TR Index:** measures the USD denominated, sub-investment grade, corporate bond market. The index includes bonds with minimum 1 year to 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.

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

## The Spectrum Funds

As of 3/31/2024	Quarter	YTD	Annualized				Since Inception <sup>1</sup>
			1 Year	3 Year	5 Year	10 Year	
SVARX	0.36%	0.36%	9.52%	2.73%	7.12%	6.66%	6.59%
Morningstar LSTA US Lev Loan TR <sup>5</sup>	1.99%	1.99%	12.10%	5.51%	5.13%	4.10%	4.11%
50/50 iBoxx USD Liquid HY Index/Morningstar LSTA US Lev Loan 100 TR Index <sup>7</sup>	1.63%	1.63%	11.20%	3.72%	4.33%	3.98%	4.08%

Portfolio Composition	12/31/2023	3/31/2024
High Yield	59.59%	60.27%
HY Credit Default Swaps	0.00%	0.00%
Floating Rate	14.32%	29.55%
Municipal	42.53%	19.90%
Government	0.00%	0.00%
Mortgage-Backed	0.00%	4.99%
Bond - Other	5.00%	10.12%
Preferred	35.46%	31.44%
	<b>156.90%</b>	<b>156.28%</b>

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

Expense Ratio: 2.62%

As of 3/31/2024	Quarter	YTD	Annualized			
			1 Year	3 Year	5 Year	Since Inception <sup>2</sup>
SAPEX	0.40%	0.40%	12.13%	-7.37%	4.53%	5.02%
S&P 500 TR <sup>4</sup>	10.56%	10.56%	29.88%	11.52%	15.04%	12.94%
New York Stock Composite TR Index (NYSE) <sup>8</sup>	9.28%	9.28%	22.02%	7.99%	10.20%	8.50%

Portfolio Composition	12/31/2023	3/31/2024
S&P 500 Index Exposure	23.36%	49.85%
NASDAQ 100 Index Exposure	21.10%	10.03%
Russell 2000 Index Exposure	10.51%	23.30%
Equity Other	48.73%	8.35%
Cash Management	12.87%	0.00%
	<b>116.57%</b>	<b>91.54%</b>

Expense Ratio: 1.83%

<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

As of 3/31/2024	Quarter	YTD	Annualized					Since Inception <sup>3</sup>
			1 Year	3 Years	5 Years	10 Years	15 Years	
SFHYX	1.01%	1.01%	11.11%	1.28%	8.90%	6.40%	8.56%	6.36%
S&P 500 TR <sup>4</sup>	10.56%	10.56%	29.88%	11.52%	15.04%	12.96%	15.63%	10.45%
Bloomberg Agg Bond TR Index <sup>6</sup>	-0.78%	-0.78%	1.70%	-2.46%	0.36%	1.54%	2.62%	3.04%
Portfolio Composition			12/31/2023			3/31/2024		
High Yield			49.31%			61.71%		
Floating Rate			14.14%			34.89%		
Bond Other			58.98%			26.20%		
Managed Futures (net)			16.02%			9.12%		
Alternative			0.00%			0.00%		
Equity			20.99%			38.27%		
			<b>159.44%</b>			<b>170.19%</b>		

Expense Ratio: SFHYX 2.32%

<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 Ultimeus 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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**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.

**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.

**Consumer Price Index (CPI):** 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 Bond Current 30-Year TR Index:** is a broad, comprehensive, market-value weighted index that seeks to measure the performance of the U.S. Treasury Bond market.

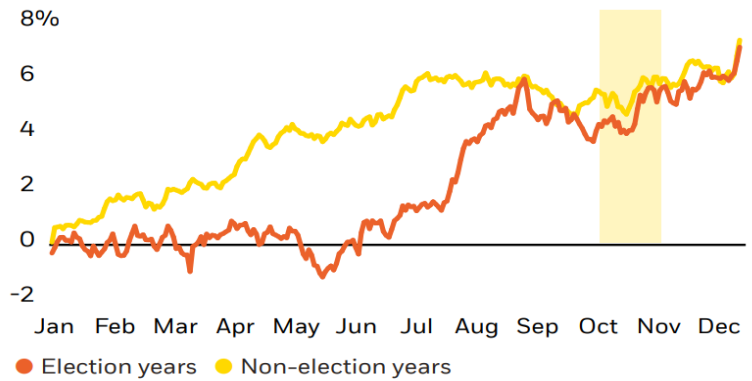


## ELECTION YEAR HISTORY

In election years the stock market traditionally starts slowly and improves later in the year as certainty of candidates becomes evident. The outcome of the election historically has done little to change this pattern, but generally the market tends to do better when the party who has income tax reductions is elected, rather than the party who creates more entitlements. However, data going back to 1928 shows about the same returns at 7.3% and 7.5% for average US stock performance in an election year versus a non election year (chart right). With this year's strong start, the numbers may exceed past averages since during election years the market starts its "big finish" during summer. The Federal Reserve may rain on the parade after its recent rhetoric and inflation data. The S&P 500 is already down over 5% this quarter as of the writing of this article.

## Different paths, similar end

Average U.S. stock performance, 1928-2023



Source: BlackRock Fundamental Equities, with data from Bloomberg, January 1928 to December 2023. Chart shows the average progression of U.S. equity performance in election years and non-election years. Shaded area represents the Election Day window. **Past performance is not indicative of current or future results.**

## PERSONAL PERSPECTIVE by Ralph Doudera

Although every morning for me begins in my chair before the sun comes up, each morning is quite different as I attempt to connect with a God who wants to connect with me. Ever since I read "A Praying Life" by Paul Miller a few years ago my days start differently. Miller addresses the practice of *prayer* in the reality of modern life. Yet some mornings still are boring and caught up in routine, and some mornings His Presence hits me like a flood. This morning was a bit dry at first as I contemplated all the projects, relationships, goals and activities currently in my life. I try to focus on The Lord's Prayer as my track to run on. We have all memorized it, but it is a model to put into our own words. I start with acknowledgement of His holy name and nature, and then request that His Kingdom is established in my life. That means He is King and I am not. I have a tee shirt with the words "On Earth as it is in Heaven" to help remind me that His Kingdom is a parallel universe that has nothing to do with the kingdom of man, government, wealth, power, slave or free. To accomplish things in the secular world requires currency in gold or dollars, whereas Kingdom currency is unrelated to money and is denominated in obedience to, intimacy with, and faith in the King. He gives direction and provides funding for anything He wants me to accomplish. Anything. My thoughts wander, but I pull them back. Next, I ask for daily provision, food, shelter, relationships in peril. This is a 'today' item request, not a future retirement program. Retirement is never a Biblical option. I then move on to examine my heart and ask Him to reveal how I have sinned against Him, and my neighbor. Forgiving those who offended me allows me to receive forgiveness from God. Here I struggle with the people who offend me, but I release it to God, knowing that He will eventually bring justice to the situation. He does it better than I do. Then

there is the list of requests, needs, prayers for friends family and employees, healing, salvation, government leaders, world peace, and divine appointments. I ask that He bring the right people into my life at the right time. I have found that listening is better than talking, because I can't hear much while I am talking, and who better to listen to than the God who called the universe into being with a word. He gives me amazing insight if I ask--relationships, investments, careers, direction. Then I ask for protection from the evil schemes which seek to entrap me. Yes, there is an evil adversary which I need to acknowledge and be on the lookout for. Ending prayer with recognition that God is worthy of worship, all powerful and the fact that everything I am and have all belongs to Him.

It is not always easy to stay focused. I am often reminded of the classic hymn "Come Thou Fount of Every Blessing" which says:

*Oh, to grace how great a debtor, Daily I'm constrained to be, Let Thy goodness like a fetter, Bind my wandering heart to Thee. Prone to wander Lord, I feel it, prone to leave the God I love.*

That's me. But the daily discipline developed over the years helps me to refocus and draws me back to a sweet relationship which always awaits me if I make myself sit down to talk and listen each morning. It's an intimate relationship, not a religion.

I bumped into someone reading Miller's book at the Jackson Hole airport a few years ago, and we had a good conversation about how the book had changed my life. I told him to buckle up and get ready for some excitement. Pick up a copy and let me know what happens after you read it.

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

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