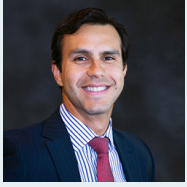


PORTFOLIO MANAGER



Dr. Vito Sciaraffia is the Chief Investment Officer of Innealta Capital. He holds a Ph.D. in business administration from the Haas School of Business at the University of California at Berkeley.

INVESTMENT STRATEGY

1. Global fixed income exposures chosen through quantitative review of risk/yield metrics
2. Tactical approach to fixed income investing
3. Actively-managed, methodical strategy based in advanced academic research

PORTFOLIO STATISTICS*

Annualized Turnover Ratio

164.81%

Yield to Maturity

3.12%

Average Duration

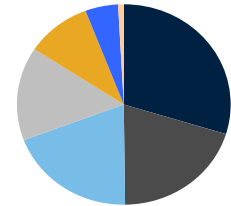
4.36

ALLOCATION & TOP 5 FUND HOLDINGS*

Holding	Description	Weight (%)
LQD	iShares iBoxx Invest Grade Corp Bond	19.41
MBB	iShares Barclays MBS Bond ETF	14.84
BKLN	Powershares Senior Loan Portfolio	12.56
HYG	iShares iBoxx High Yield Corporate Bond	10.07
VMBS	Vanguard Mortgage-Backed Securities ETF	9.92

*Data shown are supplemental information to the Composite. Holdings are subject to change. Risk/reward statistics calculated using monthly data. Turnover includes only portfolios which were members of the composite for the entire trailing year. SOURCE: Innealta Capital using data from Bloomberg.

- MBS (29.8%)
- Floating (20.0%)
- Corp IG (19.4%)
- Corp HY (15.1%)
- Treasury (9.9%)
- Muni (5.0%)
- Cash (0.9%)



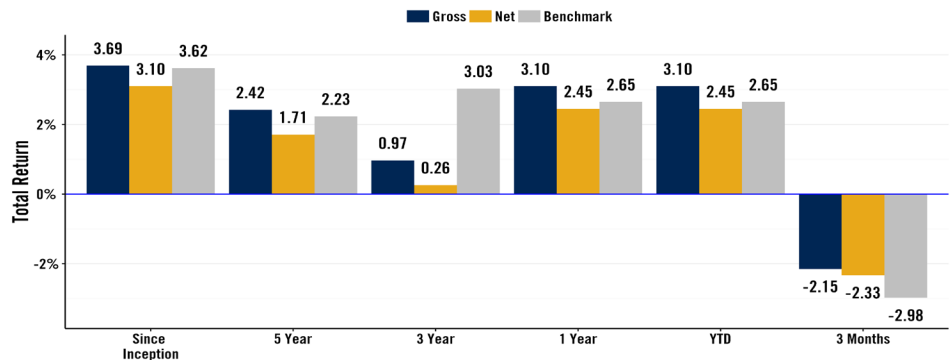
METHODOLOGY

- Utilizes a constrained optimization approach for security selection to maximize expected return
- Daily data collection enables close monitoring of the fixed income ETF universe
- Data is incorporated into quantitative framework to optimize risk/duration trade-off

INVESTMENT MANAGER

Since our founding in Santa Monica, California in 1977, we have been providing trusted asset management services to high-net-worth individuals and intermediaries through our proprietary investment solutions. We leverage cutting-edge academic research with more than three decades of practical experience to provide unique investment solutions to an exclusive set of clients.

COMPOUND ANNUAL RETURNS



The benchmark represents the Bloomberg Barclays US Aggregate Bond Index. Inception date for the portfolio is December 31, 2009.

CONTACT INFORMATION

Innealta Capital
12117 FM 2244 I Building 3, Suite 170
Austin, TX 78738
P: 855.994.2326

sales@innealtacapital.com

www.innealtacapital.com

www.linkedin.com/company/innealta-capital

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)	
	Portfolio	Benchmark
Alpha	0.34	0.00
Beta	0.76	1.00
R-Squared	40.46	100.00
InfoRatio	-0.18	NM
Std.Dev	3.46	2.88
SharpeRatio	0.87	1.22

As of December 31, 2016. SOURCE: Innealta Capital using data from Bloomberg. Data since inception.

COMPOSITE PERFORMANCE

	Total Firm Assets (Millions)	Composite Assets (Millions)	Number of Accounts	Composite Gross Return (Percent)	Composite Net Return (Percent)	Benchmark Return (Percent)	Composite 3-Yr St Dev (Percent)	Benchmark 3-Yr St Dev (Percent)	Composite Dispersion (Percent)	Wrap Fee Paying Accounts (Percent)	Non-Fee Paying Accounts (Percent)
2016	711	2.5	11	3.1	2.45	2.65	2.87	3.86	0.18	14.26	2.53
2015	701	2.6	11	-0.83	-1.62	0.55	3.02	2.92	0.1	15.2	2.38
2014	827	3	15	0.69	0	5.97	3.61	2.66	0.06	26.03	1.99
2013	788	4	12	-0.39	-1.06	-2.02	3.99	2.75	0.1	<1	2.69
2012	676	5	18	9.91	9.13	4.21	3.73	2.42	0.13	10.54	2.01
2011	476	3	16	7.36	6.9	7.84	NA	NA	0.21	<1	7.89
2010	486	1	<6	6.51	6.42	6.54	NA	NA	NA	<1	10.67

NA: Data shown are not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. Composite dispersion is presented asset-weighted and gross-of-fees. The three-year annualized ex-post standard deviation of the composite and/or benchmark is not presented because 36 monthly returns are not available.

DISCLOSURES & IMPORTANT INFORMATION

AFAM Capital Inc. (AFAM) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. AFAM has been independently verified for the periods January 1, 1996 through September 30, 2015 by Ashland Partners & Company LLP. A copy of the verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation. The firm maintains a complete list and description of composites, which is available upon request. The Fixed Income Composite was created December 31, 2009. Minimum account size for inclusion in the composite is \$50,000. Prior to June 30, 2014 the minimum account size for the composite was \$20,000. The firm had assets under management of \$711 million as of December 31, 2016.

The Fixed Income Composite includes discretionary portfolios using a fixed income ETF strategy that aims to generate above-average yield with strict risk controls by consistently investing in fixed income sectors that have strong risk-adjusted performance potential and eligible ETF representation.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite policy requires the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets for any given month. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month after a net cash outflow and at the beginning of the next quarter after a net cash inflow. Additional information regarding the treatment of significant cash flows is available upon request.

Past performance is not indicative of future results. The U.S. Dollar is the currency used to express performance. Gross returns are shown as supplemental information, include the effects of the reinvestment of all income, and are stated gross of all fees except for transaction fees, when charged. The composite includes portfolios charged bundled or wrap fees and portfolios charged transaction fees or trading costs. Bundled fee portfolios pay a fee based on a percentage of assets under management in place of a transaction fee. They include the advisor's fee and, in most cases, also include a fee for investment management and portfolio monitoring. Portfolios eligible for this composite must follow the stated strategy. Live returns are presented net of management fees, gross of withholding taxes on any dividends, interest or capital gains, and include the effects of trading costs and reinvestment of all income. Net of fee performance was calculated using actual management fees charged to the client. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. Actual investment management fees will vary, beginning at 1.5% per annum. Our full management fee schedule is described in more detail in Form ADV Part 2A.

Any investment is subject to risk. Exchange traded funds (ETFs) are subject to risks similar to those of stocks, such as market risk, and investors who have their funds invested in accordance with the portfolios may experience losses. Additionally, fixed income (bond) ETFs are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. For more information on the risks associated with investment in ETFs, please refer to AFAM Capital's Form ADV Part 2A. Diversification does not protect against loss in declining markets.

Effective September 30, 2016, the benchmark was redefined to the Bloomberg Barclays US Aggregate Bond Index, which better represents the utilization of primarily domestic fixed income instruments. From December 31, 2015 until September 30, 2016, the benchmark was the Barclays Global Aggregate Bond NR Index. The benchmark better represented the risk-return characteristics of the strategy and is a more appropriate reference for all potential investment decisions. Prior to December 31, 2015, the benchmark for the Fixed Income Portfolio was the Bloomberg Barclays US Aggregate Bond Index. The Bloomberg Barclays US Aggregate Bond Index is representative of the entire universe of taxable fixed-income investments. It includes issues of the U.S. Government and any agency thereof, corporate issues of investment grade quality (Baa/BBB or better), and mortgage-backed securities. A person cannot invest directly in an index.

Alpha is a measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. Beta is a measure of volatility, or systematic risk, of a portfolio in comparison to a benchmark. A beta greater than one indicates more volatility, while a beta less than one indicates less volatility than the relevant benchmark. Annualized Standard Deviation is a measure of the dispersion of investment returns from the mean. A higher standard deviation indicates higher volatility. Sharpe Ratio is a measurement of reward per unit of risk as calculated by the average monthly excess return divided by the monthly standard deviation of excess returns. R Squared is a measure of how close the relationship is between a portfolio and its benchmark.

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