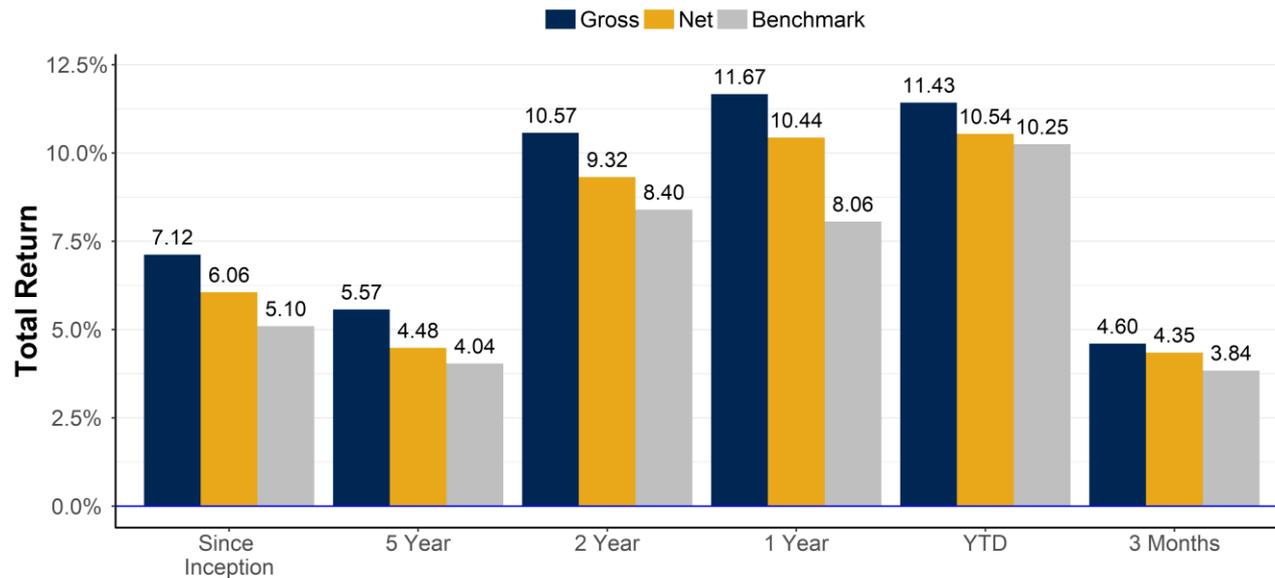


Portfolio Performance Review

Global All Asset Moderate Portfolio

Date: 09/30/17

Performance

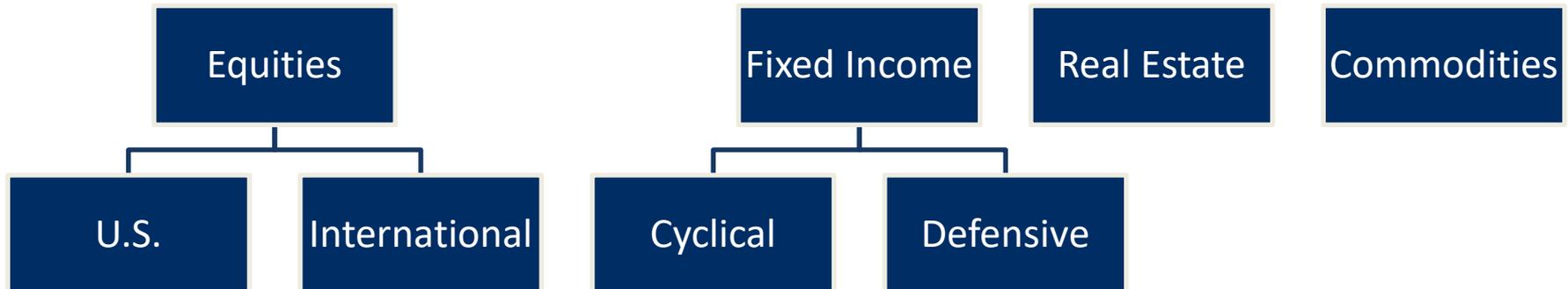


Performance Statistics (Since Inceptions*)		
	Portfolio	Benchmark 1
Alpha	1.04	0.00
Beta	0.98	1.00
R-Squared	91.63	100
Std. Dev.	9.04	8.85
Sharpe Ratio	0.68	0.59

* Inception date for the portfolio is 12/31/2009
 SOURCE: Innealta Capital using 12/31/2009 – 9/30/2017
 monthly net performance data from Bloomberg.

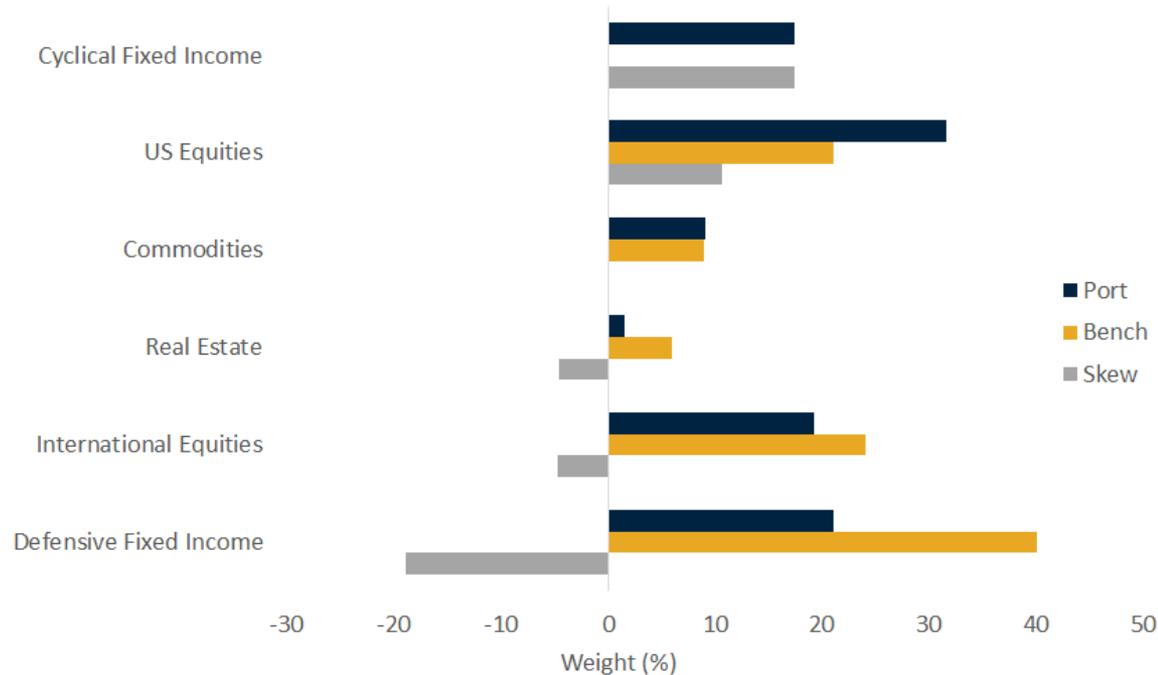
- The bar chart shows the gross and net performance of the Global All Asset Moderate (“GAAM”) strategy and its benchmark, which is a blend of 21% Russell 3000 index, 24% MSCI ACWI ex US NR index, 6% Dow Jones Global Select Real Estate Securities NR Index, 9% S&P GSCI Total Return CME, and 40% Bloomberg Barclays Global Aggregate Bond NR Index
- Year-to-date the GAAM strategy, on a gross basis, outperformed the benchmark while during the third quarter of 2017. Also, since inception the portfolio has generated a higher risk-adjusted return.
- Over all time frames, the GAAM strategy outperformed its benchmarks.

Categorization



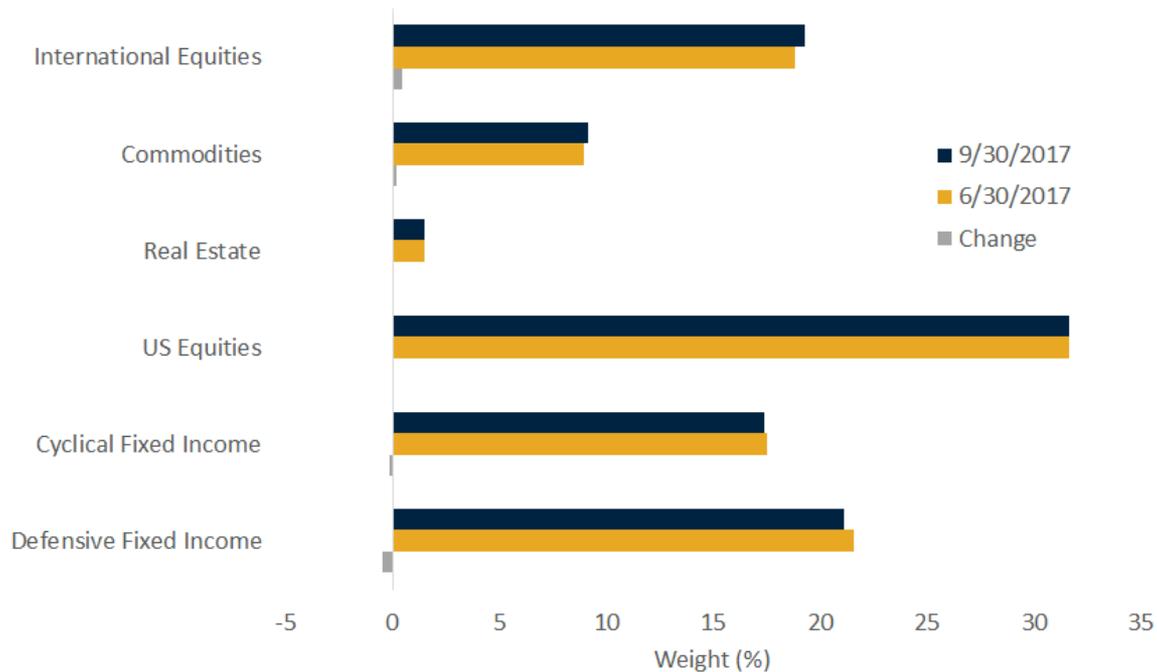
- The Global All Asset Opportunity Moderate Portfolio holdings are broadly categorized across equity, fixed income, real estate, and commodities.
- Equities are divided into the U.S. and International allocations.
- Fixed income is divided into Cyclical and Defensive allocations.

Portfolio Composition



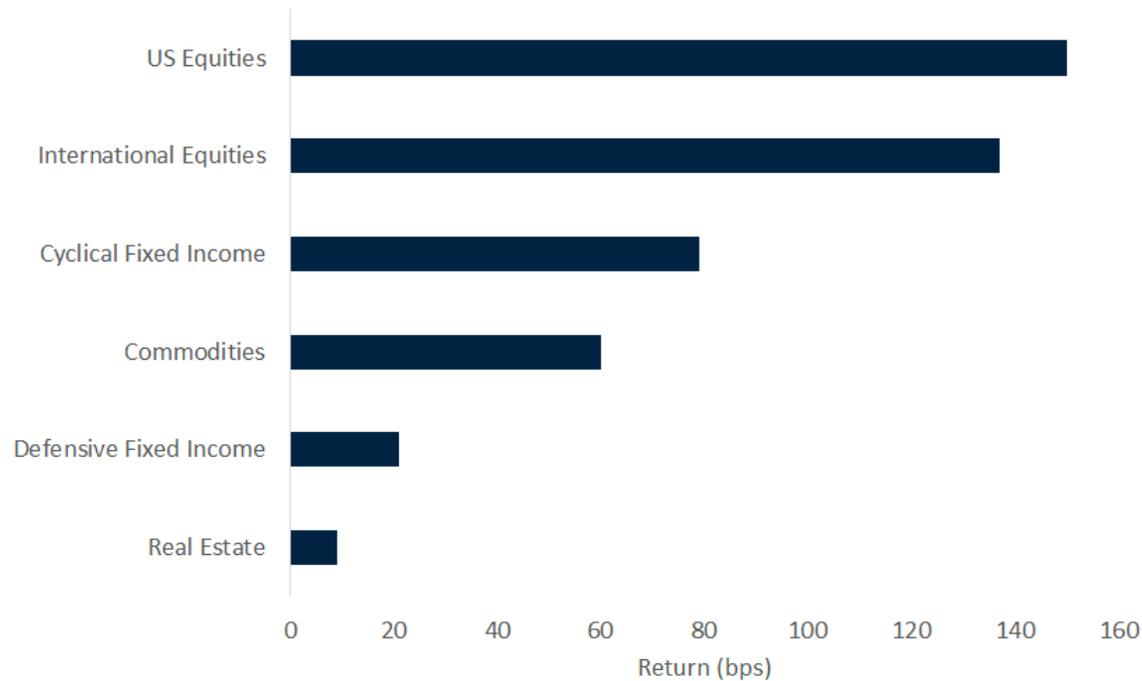
- Bar chart shows the categorized holdings of the portfolio, the benchmark, and the difference between the two (“Skew”) as of 09/30/17.
- Cyclical Fixed Income, U.S. Equities, and Commodities are overweight allocations in the portfolio relative to the benchmark.
- Real Estate, International Equities, and Defensive Fixed Income are underweight allocations in the portfolio relative to the benchmark.

Portfolio Changes



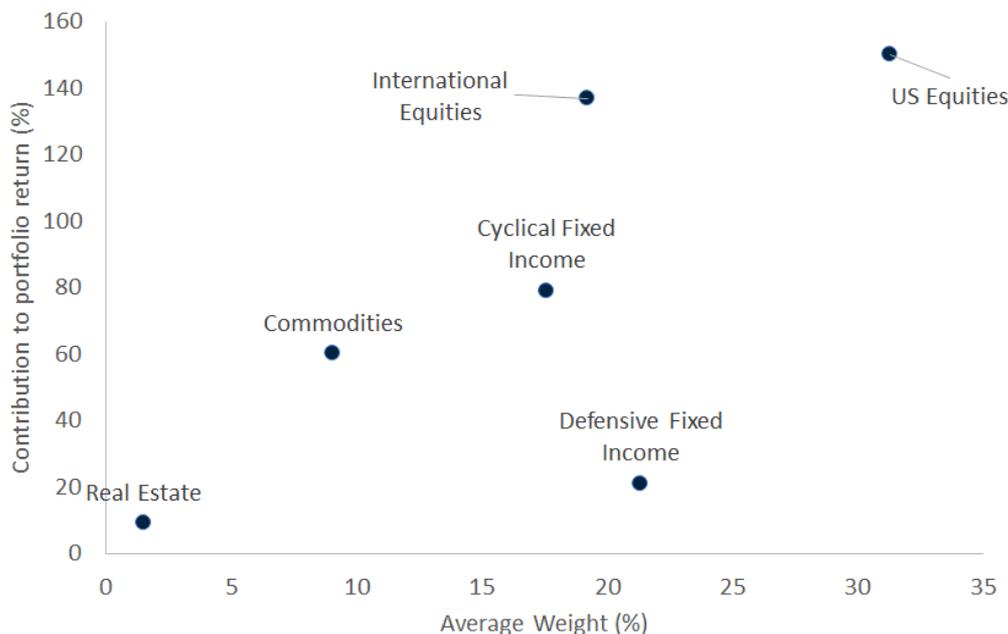
- Bar charts shows the categorized holdings as of 06/30/2017, 09/30/2017, and the change in holdings between these dates (“Change”).
- Changes can occur multiple times per quarter, and the holdings at the end of each quarter represent both portfolio management decisions and performance (i.e., drift).
- Allocations in Real Estate, Commodities, and International Equities increased.
- Allocations in Cyclical Fixed Income and Defensive Fixed Income decreased.

Contribution



- The bar chart displays the contribution to the portfolio's total return during the third quarter by category.
- There were no negative contributors to the portfolio.
- The top contributors to the portfolio were U.S. Equities, International Equities, and Cyclical Fixed Income.

Contribution versus Weight



- The scatterplot displays each category's total return contribution against its average weight in the portfolio during the third quarter.
- All categories contributed positively to the portfolio's total return.
- International Equities exhibited the highest total return, relative to its weight, across all categories within the portfolio.
- Defensive Fixed Income exhibited the lowest total return, relative to its weight, across all categories within the portfolio.

Q4 Y2017 U.S. Equity Expectations

- Corporate fundamentals:
 - Positive sales growth and positive earnings growth
 - Valuations remain significantly above long-term averages
 - Profitability metrics flat and do not support current valuations
- Macroeconomic:
 - U.S. economic growth between 2 to 2.5%
 - Inflation remains subdued below 2%
 - Unemployment flatlines near 4.1%
 - U.S. FED maintains tightening monetary policy thru another 25 bps rate and selling off balance sheet
 - Equity and bond volatility increase
- Behavioral:
 - Positive time-series momentum remains
 - Preference to U.S. equities relative to U.S. fixed income
 - Q4 seasonality generally positive for U.S. equities

Q4 Y2017 Int'l Equity Expectations

- Corporate fundamentals:
 - Sales growth and earnings growth to outpace the U.S.
 - International equity valuations remain attractive relative to both U.S. and their respective history
 - International equity profitability metrics improve
- Macroeconomic:
 - Emerging market equities exhibit higher growth than U.S. while developed market equities outside U.S. exhibit lower growth than U.S.
 - European Central Bank and other central banks other than FED do not begin tightening monetary policy
 - Equity and bond volatility to rise
- Behavioral:
 - International equities continue to outperform U.S. equities
 - Equities remain in favor relative to fixed income

Q4 Y2017 Fixed Income Expectations

- Corporate fundamentals:
 - Sales growth and earnings growth remain positive for U.S. companies
 - Leverage metrics continue to increase as Investment Grade companies continue to issue debt
 - Interest coverage continue to improve given low level of yields
- Macroeconomic:
 - U.S. FED maintains tightening monetary policy thru another 25 bps rate and selling off balance sheet
 - Equity and bond volatility increase
 - Funding risk remains subdued
 - Inflation remains below 2%
- Behavioral:
 - U.S. fixed income underperforms equities on both absolute and risk-adjusted basis.
 - Increased shorting in U.S. fixed income

Contact Us

Innealta Capital

Investment Team

Innealta Capital is a division of
AFAM Capital, Inc., a Registered
Investment Advisor.

Innealta Capital
quants@innealtacapital.com

P: 855.944.2326 | F: 512.402.1014
12117 FM 2244, Bldg 3, Suite 170
Austin, TX 78738

innealtacapital.com

Disclosures

The U.S. Dollar is the currency used to express performance. 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. 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.

Investing involves risk, principal loss is possible, and there can be no assurance that investment objectives will be achieved. Past performance is not indicative of future results. 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. Investments in foreign investments may incur greater risks than domestic investments. For more information on the risks associated with investment in ETFs, please refer to AFAM Capital's Form ADV Part 2A.

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 AFAM's Form ADV Part 2A.

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.

For comparison purposes, the Global All Asset Moderate Portfolio is measured against a blended benchmark: 21% Russell 3000 Index, 24% MSCI ACWI ex US NR Index, 6% Dow Jones Global Select Real Estate Securities NR Index, 9% S&P GSCI CME Index, 40% Bloomberg Barclays Global Aggregate Bond NR Index.

The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies. The MSCI All Country World Index ex US NR captures large- and mid-cap representation across 22 of 23 developed markets countries-excluding the United States. The Dow Jones Global Select Real Estate Securities NR Index represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally. The S&P GSCI CME Index is a measure of general commodity price movements and inflation in the world economy. Index is calculated primarily on a world-production-weighted basis comprised of the principal physical commodities futures contracts. The Bloomberg Barclays Global Aggregate Bond NR Index is a measure of global investment grade debt from twenty-four different local currency markets. This multi-currency benchmark includes fixed-rate treasury, government-related, corporate and securitized bonds from both developed and emerging markets issuers. Net total return ("NR") indexes reinvest dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

It is not possible to invest directly in an index. Blended benchmarks are calculated daily and rebalanced quarterly.

AFAM Capital, Inc. is an independent, registered investment adviser. Innealta Capital is a division of AFAM Capital, Inc. AFAM is the investment advisor to certain proprietary mutual funds and individually managed client accounts. Registration of an investment adviser does not imply any certain level of skill or training.

356-AFAM-10/25/2017