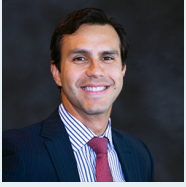


PORTFOLIO MANAGER



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.

PORTFOLIO STATISTICS*

Annualized Turnover Ratio

241.92%

Dividend Yield

2.64%

Average Duration

8.90

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.

CONTACT INFORMATION

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INVESTMENT STRATEGY

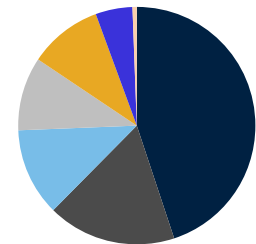
- Global fixed income exposures chosen through quantitative review of risk/yield metrics
- Manage duration and credit risk to seek benchmark-relative outperformance
- Actively-managed, methodical strategy based in advanced academic research

ALLOCATION & TOP 5 FUND HOLDINGS*

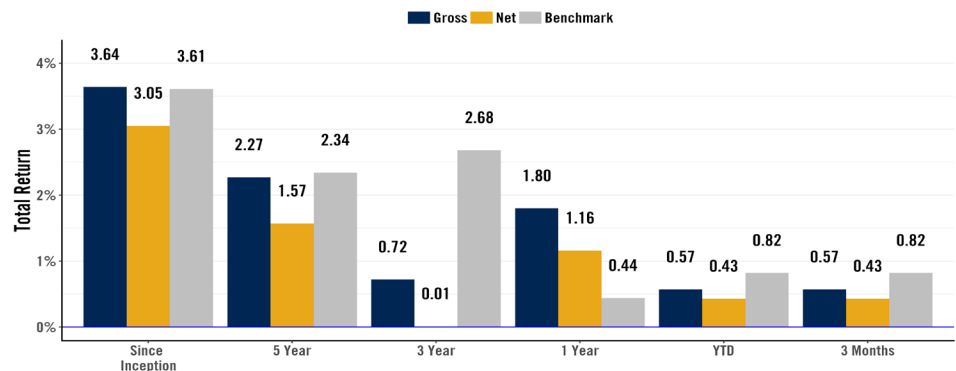
Holding	Description	Weight (%)
TLT	iShares Barclays 20+ Year Treas Bond	19.90
LQD	iShares iBoxx Invest Grade Corp Bond	17.52
IEF	iShares Barclays 7-10 Year Treasury	14.99
MBB	iShares Barclays MBS Bond ETF	11.96
BKLN	Powershares Senior Loan Portfolio	10.02

*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.

- Treasury (44.89%)
- Corp IG (17.52%)
- MBS (11.96%)
- Float (10.02%)
- Sovereign (10.00%)
- Muni (5.02%)
- Cash (0.59%)



COMPOUND ANNUAL RETURNS



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

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)	
	Portfolio	Benchmark
Alpha	0.28	0.00
Beta	0.77	1.00
R-Squared	40.77	100.00
InfoRatio	-0.19	NM
Std.Dev	3.42	2.83
SharpeRatio	0.87	1.23

As of March 31, 2017. 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 December 31, 2015 by Ashland Partners & Company LLP. A copy of the verification report(s) is/are 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 had assets under management of \$758 million as of March 31, 2017.

The Fixed Income Composite was created on December 31, 2009; the inception date for portfolio performance matches composite creation date. Portfolios eligible for the Fixed Income composite must follow the stated respective investment strategy. Effective June 30, 2014, the minimum account size for inclusion in the Fixed Income composite is \$50,000. Prior to June 30, 2014, the minimum account size for inclusion was \$20,000. Composite policy originally required the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets. On July 1, 2016, the cash flow policy was updated to reflect the temporary removal of any portfolio incurring cash inflow or outflow of 25% or more during the month – “net” and “aggregate” no longer applicable. The removal of such a portfolio occurs at the beginning of the month in which the significant cash flow occurs, and the portfolio re-enters the composite at the beginning of the month after the cash flow. This policy is reviewed and maintained monthly. On June 30, 2014 the composite was redefined to include accounts that may utilize margin.

The firm maintains a complete list and description of composites, which is available upon request.

The U.S. Dollar is the currency used to express performance. 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. 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. **Information Ratio** is a measure of risk-adjusted performance.

For comparison purposes, the composite is measured against the Bloomberg Barclays US Aggregate Bond Index, which better represents the composite's utilization of primarily domestic fixed income instruments. From December 31, 2015 until September 30, 2016, the benchmark was the Barclays Capital Global Aggregate Bond NR Index, which better represented the risk-return characteristics of the strategy and was a more appropriate reference for all potential investment decisions. Prior to December 31, 2015, the benchmark was the Barclays Capital 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 US Government and any agency thereof, corporate issues of investment grade quality (Baa/BBB or better), and mortgage-backed securities.

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

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