

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. Multi-asset class, complete solution for long-term investment horizon
2. Actively-managed, methodical strategy based in advanced academic research
3. Invests tactical equity allocations in leveraged ETFs

PORTFOLIO STATISTICS*

Annualized Turnover Ratio

12.64%

Dividend Yield

3.64%

Average Duration

4.41

METHODOLOGY

- Employs quantitative framework based on economic, fundamental, and risk analyses
- In-model variable weights optimized to achieve framework-enhanced forecasting ability
- Bullish/Bearish signals used to tactically adjust asset class exposure by +/- 20%
- Exact exposure weights optimized to achieve desired portfolio risk/return characteristics

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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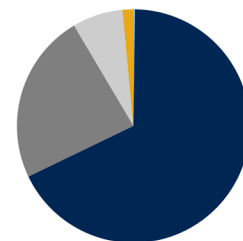
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ALLOCATION & TOP 5 FUND HOLDINGS*

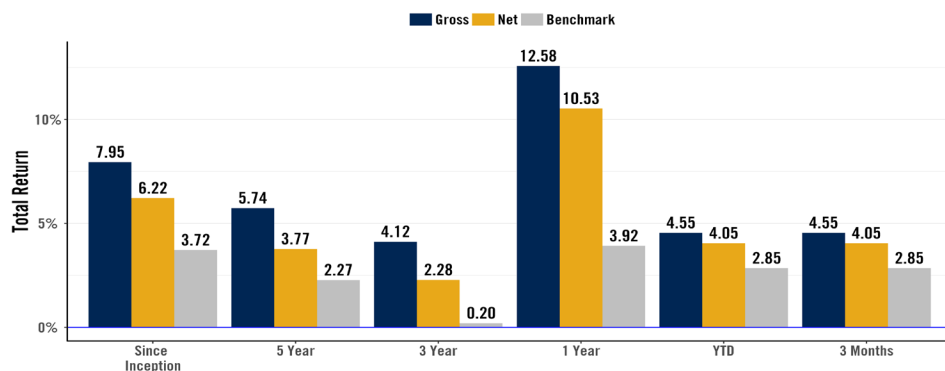
Holding	Description	Weight (%)
VMBS	Vanguard Mortgage-Backed Securities ETF	15.08
VCIT	Vanguard Interm-Tm Corp Bond Index ETF	13.76
EMB	iShares JPMorgan USD Emerg Markets Bond	9.67
BND	Vanguard Total Bond Market ETF	9.34
HYEM	Vaneck Vectors Emerging Markets High Yield Bond ETF	8.50

*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.

Fixed Income (67.84% of total)
 Equity (23.61% of total)
 Commodities (7.04% of total)
 REIT (0.22% of total)
 Cash (1.49% of total)



COMPOUND ANNUAL RETURN



The benchmark is 14% Russell 3000 Total Return Index / 16% MSCI AC World Daily TR Net Ex USA USD / 4% Dow Jones Global Select Real Estate Securities Total Return Net Index / 6% S&P GSCI Total Return CME / 60% Bloomberg Barclays Global Agg Total Return Index Value Unhedged USD. Inception date for the portfolio is December 31, 2009.

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)	
	Portfolio	Benchmark
Alpha	2.54	0.00
Beta	0.97	1.00
R-Squared	85.27	100.00
InfoRatio	0.83	NM
Std.Dev	7.56	7.16
SharpeRatio	0.82	0.53

As of March 31, 2017. SOURCE: Innealta Capital using data from Bloomberg. Data since inception.

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PORTFOLIO STATISTICS*

Annualized Turnover Ratio

10.89%

Dividend Yield

3.70%

Average Duration

4.46

METHODOLOGY

- Employs quantitative framework based on economic, fundamental, and risk analyses
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INVESTMENT STRATEGY

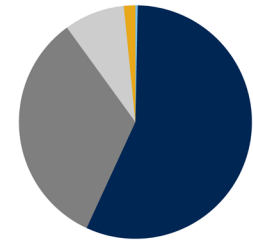
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ALLOCATION & TOP 5 FUND HOLDINGS*

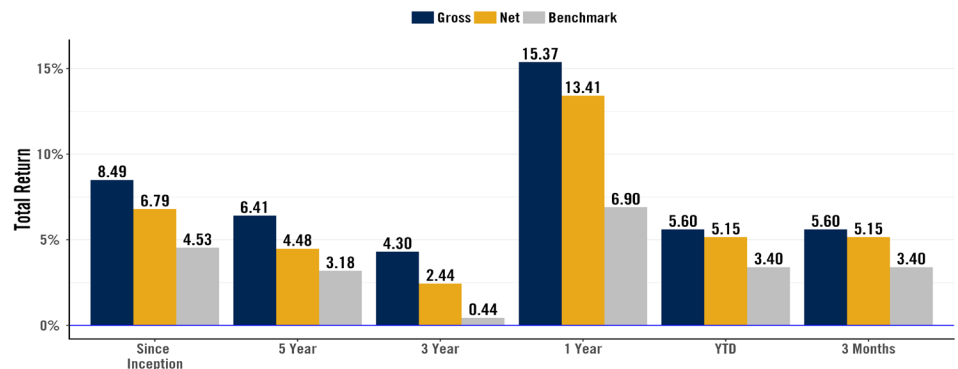
Holding	Description	Weight (%)
VMBS	Vanguard Mortgage-Backed Securities ETF	12.21
VCIT	Vanguard Interm-Tm Corp Bond Index ETF	11.53
SPXL	Direxion Daily S&P500 Bull 3X Shares	8.73
PDBC	Powershares DB Optimum Yield	8.41
BND	Vanguard Total Bond Market ETF	8.28

*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.

Fixed Income (56.56% of total)
 Equity (33.11% of total)
 Commodities (8.41% of total)
 REIT (0.32% of total)
 Cash (1.60% of total)



COMPOUND ANNUAL RETURN



The benchmark is 21% Russell 3000 Total Return Index / 24% MSCI AC World Daily TR Net Ex USA USD / 6% Dow Jones Global Select Real Estate Securities Total Return Net Index / 9% S&P GSCI Total Return CME / 40% Bloomberg Barclays GlobalAgg Total Return Index Value Unhedged USD. Inception date for the portfolio is December 31, 2009.

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)	
	Portfolio	Benchmark
Alpha	1.90	0.00
Beta	1.08	1.00
R-Squared	90.52	100.00
InfoRatio	0.69	NM
Std.Dev	10.33	9.10
SharpeRatio	0.68	0.52

As of March 31, 2017. SOURCE: Innealta Capital using data from Bloomberg. Data since inception.

PORTFOLIO MANAGER



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PORTFOLIO STATISTICS*

Annualized Turnover Ratio

15.69%

Dividend Yield

3.86%

Average Duration

4.56

METHODOLOGY

- Employs quantitative framework based on economic, fundamental, and risk analyses
- In-model variable weights optimized to achieve framework-enhanced forecasting ability
- Bullish/Bearish signals used to tactically adjust asset class exposure by +/- 20%
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INVESTMENT STRATEGY

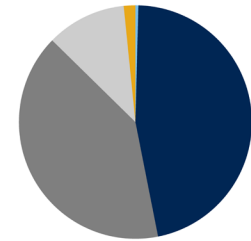
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ALLOCATION & TOP 5 FUND HOLDINGS*

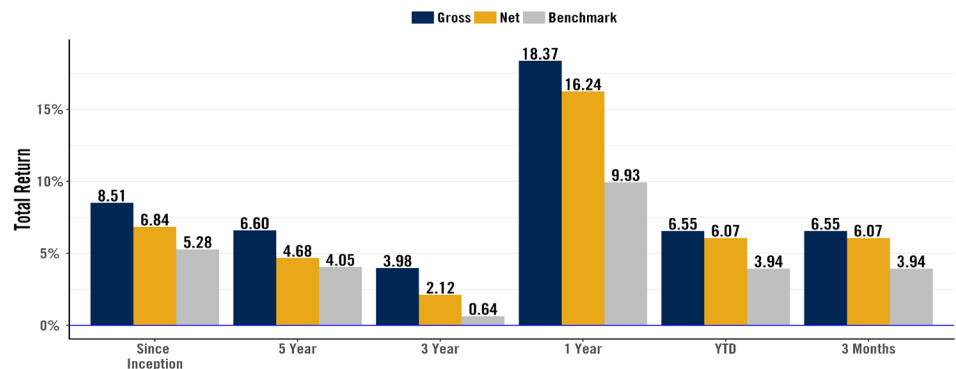
Holding	Description	Weight (%)
PDBC	Powershares DB Optimum Yield	11.06
SPXL	Direxion Daily S&P500 Bull 3X Shares	10.94
VCIT	Vanguard Interm-Tm Corp Bond Index ETF	9.66
DZK	Direxion Daily Dev Mkts Bull 3X Shrs	9.23
VMBS	Vanguard Mortgage-Backed Securities ETF	8.81

*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.

■ Fixed Income (46.47% of total)
■ Equity (40.45% of total)
■ Commodities (11.06% of total)
■ REIT (0.41% of total)
■ Cash (1.61% of total)



COMPOUND ANNUAL RETURN



The benchmark is 28% Russell 3000 Total Return Index / 32% MSCI AC World Daily TR Net Ex USA USD / 8% Dow Jones Global Select Real Estate Securities Total Return Net Index / 12% S&P GSCI Total Return CME / 20% Bloomberg Barclays Global Agg Total Return Index Value Unhedged USD. Inception date for the portfolio is December 31, 2009.

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)	
	Portfolio	Benchmark
Alpha	1.21	0.00
Beta	1.08	1.00
R-Squared	92.62	100.00
InfoRatio	0.46	NM
Std.Dev	12.61	11.26
SharpeRatio	0.58	0.50

As of March 31, 2017. SOURCE: Innealta Capital using data from Bloomberg. Data since inception.

COMPOSITE PERFORMANCE

Strategy	Year	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)
Conservative	2016	711	0.92	7	10.18	8.26	4.75	5.8	5.94	0.27	100	<1
Conservative	2015	701	1.66	10	-2.94	-4.52	-4.59	6.42	5.55	0.07	100.00	<1
Conservative	2014	827	5.10	21	6.51	4.61	5.26	6.90	5.87	0.07	100.00	<1
Conservative	2013	788	3.80	14	2.87	0.84	7.43	8.91	7.19	0.10	100.00	<1
Conservative	2012	676	3.60	18	14.71	12.24	9.10	9.38	6.43	0.11	100.00	<1
Conservative	2011	476	4.00	17	7.53	5.53	2.18	NA	NA	0.18	80.60	<1
Conservative	2010	486	1.50	9	15.24	15.24	10.07	NA	NA	0.00	100.00	<1
Moderate	2016	711	2.6	14	11.35	9.46	6.04	7.5	7.32	0.12	100	<1
Moderate	2015	701	3.49	20	-4.17	-5.84	-5.39	7.98	6.99	0.04	87.38	<1
Moderate	2014	827	8.59	41	6.38	4.23	4.90	8.96	7.28	0.17	94.61	<1
Moderate	2013	788	6.72	32	4.90	2.99	12.39	12.23	9.27	0.24	92.00	<1
Moderate	2012	676	6.04	29	17.96	15.78	11.49	13.41	9.99	0.09	88.71	<1
Moderate	2011	476	4.59	25	3.31	1.43	-0.85	NA	NA	0.12	84.36	5.42
Moderate	2010	486	2.60	15	17.84	17.84	11.72	NA	NA	0.00	97.61	4.62
Growth	2016	711	2.57	15	12.89	10.83	7.29	9.55	9.24	0.05	96.29	<1
Growth	2015	701	2.71	17	-6.09	-7.62	-6.25	9.7	8.85	0.14	96.84	<1
Growth	2014	827	9.10	36	5.10	3.11	4.53	10.61	8.83	0.12	98.99	<1
Growth	2013	788	7.81	35	6.91	5.05	17.51	14.57	11.53	0.04	97.92	<1
Growth	2012	676	3.94	20	19.34	16.98	13.83	16.35	13.66	0.30	96.05	1.78
Growth	2011	476	1.28	7	0.18	-1.46	-4.03	NA	NA	0.27	89.70	4.61
Growth	2010	486	0.26	<6	19.18	19.18	13.17	NA	NA	NA	76.87	23.00

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 Global All Asset Opportunity Conservative, Global All Asset Opportunity Moderate and Global All Asset Opportunity Growth Composites were created on December 31, 2009; inception dates for portfolio performance match composite creation dates. Portfolios eligible for the Global All Asset Opportunity ("GAA Opportunity") composites must follow the stated respective investment strategies. Effective June 30, 2014, the minimum account size for inclusion in the GAA Opportunity composites 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 composites were 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.

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 composites are measured against the following:

Effective Date - Rationale	GAA Opportunity Conservative (inception 12/31/2009)	GAA Opportunity Moderate (inception 12/31/2009)	GAA Opportunity Growth (inception 12/31/2009)
Inception	26% Russell 3000 Index, 14% MSCI EAFE GR Index, 60% Barclays Capital US Aggregate Bond Index	41% Russell 3000 Index, 19% MSCI EAFE GR Index, 40% Barclays Capital US Aggregate Bond Index	56% Russell 3000 Index, 24% MSCI EAFE GR Index, 20% Barclays Capital US Aggregate Bond Index
12/31/11 - more fully reflects the breadth of the investment opportunity set	40% MSCI ACWI ex US NR Index, 60% Barclays Capital US Aggregate Bond Index	60% MSCI ACWI ex US NR Index, 40% Barclays Capital US Aggregate Bond Index	80% MSCI ACWI ex US NR Index, 20% Barclays Capital US Aggregate Bond Index
06/30/15 - establish appropriate guideline expectations for likely ongoing exposures within the portfolios.	14% Russell 3000 Index, 16% MSCI ACWI ex US NR Index, 4% Dow Jones Global Select Real Estate Securities NR Index, 6% S&P GSCI CME Index, 60% Bloomberg Barclays Global Aggregate Bond NR Index	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	28% Russell 3000 Index, 32% MSCI ACWI ex US NR Index, 8% Dow Jones Global Select Real Estate Securities NR Index, 12% S&P GSCI CME Index, 20% 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, wholly owned by AF Holdings, Inc. Innealta Capital is a division of AFAM Capital, Inc. AFAM is editor of *The Prudent Speculator* newsletter and 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.

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