

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. Broad, unbiased, and granular exposure to more than 40 individual country equity markets
2. Actively-managed strategy rooted in advanced academic research
3. Variable international equity exposures based on quantitative review of risk/return metrics

PORTFOLIO STATISTICS*

Annualized Turnover Ratio

42.67%

Dividend Yield

2.31%

Average Duration

4.65

METHODOLOGY

- Broad set of fundamental, macroeconomic, and behavioral variables calculated daily
- In-model variable weights optimized to achieve framework-enhanced forecasting ability
- Country-specific scores estimated and cross sectionally ranked to determine their inclusion
- 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 four decades of practical experience to provide unique investment solutions to an exclusive set of clients.

CONTACT INFORMATION

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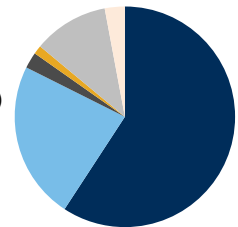
www.linkedin.com/company/innealta-capital

ALLOCATION & TOP 5 FUND HOLDINGS*

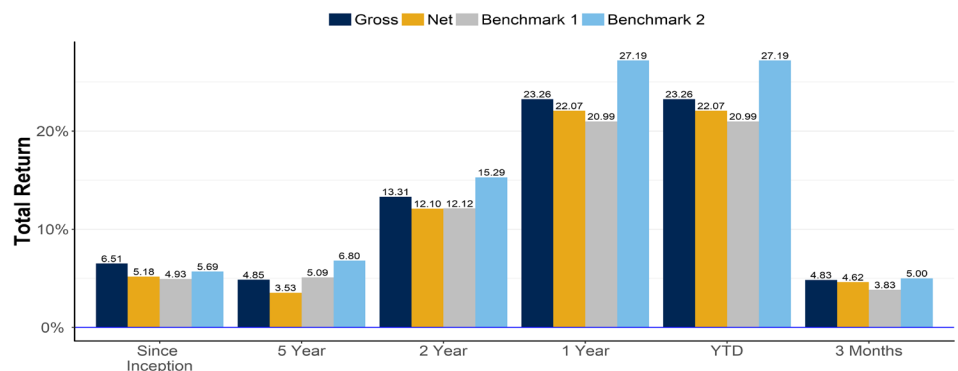
Holding	Description	Weight (%)
EWY	iShares MSCI South Korea Index ETF	7.67
EZA	iShares MSCI South Africa Index ETF	6.84
EWZ	iShares MSCI Brazil Capped Index Fund ETF	6.12
THD	iShares MSCI Thailand Capped ETF	5.33
EWO	iShares MSCI Austria Index ETF	4.99

*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.

- Emerging Market Equity (59.2%)
- Developed Europe Equity (23.2%)
- Developed Australia Pacific Equity (2.4%)
- Developed Asia Equity (1.3%)
- Fixed Income (11.0%)
- Cash (2.9%)



COMPOUND ANNUAL RETURN



Benchmark 1 represents a 70/30 blend of the MSCI ACWI ex US NR Index and the Bloomberg Barclays Capital Global Aggregate Bond Index. Benchmark 2 represents the MSCI ACWI ex US NR Index. Inception date for the portfolio is December 31, 2009.

PERFORMANCE & RISK STATISTICS*

	Performance (Since Inception)			
	Portfolio	Benchmark 1	Portfolio	Benchmark 2
Alpha	3.08	0.00	3.31	0.00
Beta	0.38	1.00	0.27	1.00
R-Squared	56.84	100.00	52.96	100.00
InfoRatio	-0.03	NM	-0.13	NM
Std.Dev	5.62	11.17	5.62	14.94
SharpeRatio	0.90	0.47	0.90	0.43

As of December 31, 2017. SOURCE: Innealta Capital using monthly net performance 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)
2017	946	13.00	40	23.26	22.06	20.99	7.00	6.65	0.24	77.32	<1
2016	711	14.30	58	4.17	2.95	3.90	6.33	6.14	0.34	83.06	<1
2015	701	20.00	73	-3.13	-4.42	0.55	5.58	2.92	0.25	78.42	<1
2014	827	36.00	167	2.10	0.71	5.97	4.61	2.66	0.27	85.5	<1
2013	788	35.00	163	-0.22	-1.66	-2.02	5.05	2.75	0.26	83.4	<1
2012	676	31.00	145	11.29	9.57	11.97	4.85	2.82	0.25	71.44	<1
2011	476	13.00	74	9.40	7.63	-4.87	NA	NA	0.24	63.23	<1
2010	486	3.00	22	7.33	6.87	8.26	NA	NA	NA	93.37	1.02

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 \$946 million as of December 31, 2017.

The Country Rotation Composite was created on December 31, 2009; the inception date for portfolio performance matches composite creation date. Portfolios eligible for the Country Rotation composite must follow the stated respective investment strategy. Effective June 30, 2014, the minimum account size for inclusion in the Country Rotation 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. On April 30, 2015 it was redefined to exclude those accounts that utilize the First Trust AlphaDEX® ETF products, and effective December 31, 2016, it was redefined to include any accounts that utilize the First Trust AlphaDEX® ETF products. This was done to encompass all accounts that follow the advisors strategy after the dissolution of the First Trust Composites.

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 a blended benchmark: 70% MSCI ACWI ex US NR Index / 30% Bloomberg Barclays Global Aggregate Bond NR Index. This blended benchmark better represents the risk-return characteristics of the strategy and is a more appropriate reference for all potential investment decisions. From March 31, 2013 until December 31, 2015, the benchmark was the Barclays Capital US Aggregate Bond Index, which better represented the neutral state risk-return characteristics of the strategy at that time. From December 31, 2011 until March 31, 2013, the benchmark was a blend of 60% MSCI ACWI ex US NR Index / 40% Barclays Capital US Aggregate Bond Index, which the advisor believed more fully reflected the breadth of the evolving investment opportunity set. Prior to that, the benchmark consisted of 60% MSCI EAFE GR Index / 40% Barclays Capital US Aggregate Bond Index.

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 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 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.