

TRADE UPDATE

On March 7th, 2019 the Innealta Capital investment team rebalanced its multi-asset strategy, the Global All Asset Strategy (“GAA”), to reflect the opportunity set across asset classes and geographies. The current portfolio continues to reflect that corporate fundamentals remain positive, macroeconomic growth remains stable, and valuation opportunities are abundant. However, the current portfolio increased its sensitivity to defensive positions, relative to the previous portfolio, due to adverse shifts in certain macroeconomic indicators, such as declining consumer confidence and increasing unemployment in the United States.

The GAA Moderate Strategy (“GAAM”) increased its fixed income allocation from 30.8% to 33.7% by opening positions in international treasuries, increasing its allocation to intermediate-term investment grade corporate credit, and decreasing its allocation to shorter duration and floating rate fixed income. The pause in U.S. monetary policy combined with the investment team’s view that the pace of rate hikes is likely to slow contributed to the reduction of floating rate debt exposure. After the changes, GAAM’s fixed income holdings have a weighted average duration of 5.5x, while the Bloomberg Barclays Global Aggregate Bond Index has a duration of 7.1x.

Within equities, GAAM decreased its allocation from 56.8% to 53.9%, with the majority of the reduction occurring within U.S. equities. U.S. equities remain an overweight allocation relative to the Innealta Capital benchmark, due to strong earnings growth and attractive valuations relative to other equity markets. Within international equities, GAAM increased its allocation in emerging market equities due to strong macroeconomic data and attractive valuations relative to developed market ex-U.S. equities.

Moving forward, GAA maintains three core thematic investments that the Innealta investment team believes will add to long-term performance:

- The strategy holds an overweight in equity allocations, relative to its internal benchmark. Equity markets, particularly in the United States and emerging markets, continue to show strong corporate fundamentals and their expected returns’ appear more attractive than the low yields of fixed income.
- The strategy holds overweight allocations, relative to its internal benchmark, in small- and mid-capitalization U.S. equities. Small- and mid-capitalization U.S. equities, particularly those with a value tilt, appear attractive as the valuation spread between large capitalization and small- and mid-capitalization equities is at or near multi-year wides.
- The strategy maintains an underweight in fixed income given low all-in yields.

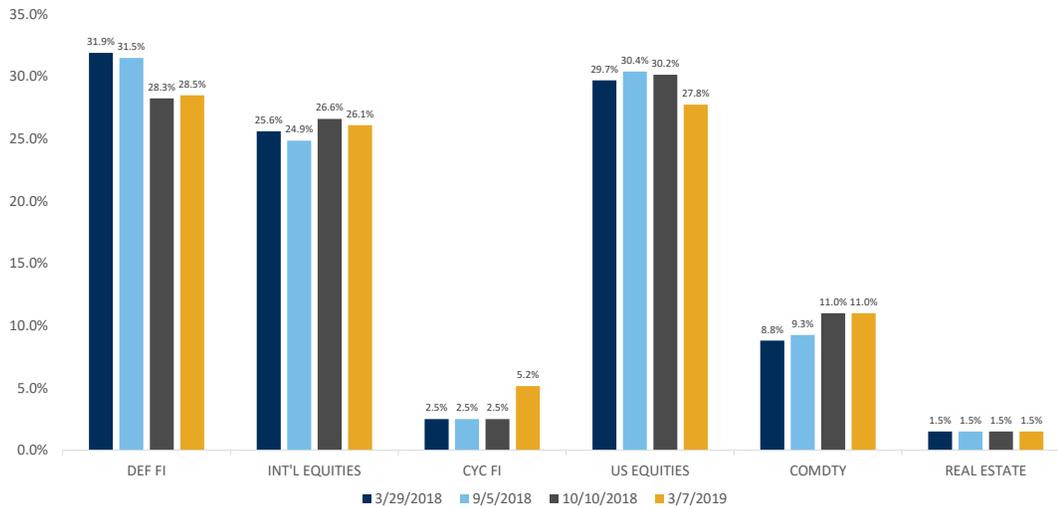
GLOBAL EQUITY DATA SNAPSHOT

Category	Measurement	US Equities	EAFE Equities	EM Equities
Fundamentals	Sales Growth	+	+	+
	Sales Acceleration	+	-	-
	Earnings Growth	+	+	+
	Earnings Acceleration	+	-	-
	Return on Equity Growth	+	-	-
	Return on Equity Acceleration	-	-	-
	Valuation implied five year return	+	-	+
Macroeconomic	Manufacturing Survey Growth	-	-	+
	Manufacturing Survey Acceleration	-	+	+
	Consumer Confidence Growth	-	+	+
	Consumer Confidence Acceleration	-	+	+
	Unemployment Growth	-	+	+
	Unemployment Acceleration	-	-	+
Behavioral	Return performance (twelve month)	+	-	-
	Return performance (six month)	-	-	+
	Implied Volatility Change	+	+	+

Source: Innealta Capital as of 02/28/2019. GLOBAL EQUITY DATA SNAPSHOT provides a subset of the signals used by the Innealta Capital investment team.

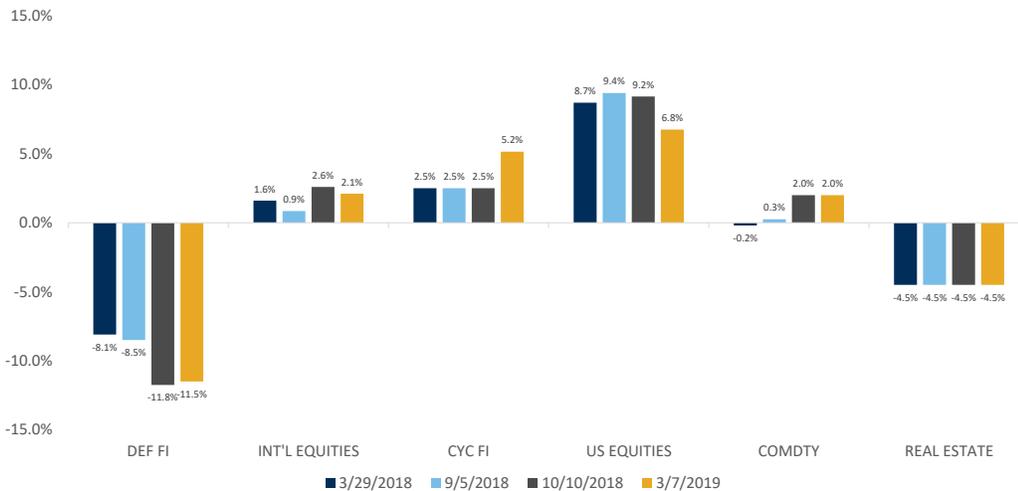
View
Positive
Negative

HOLDINGS CHANGES



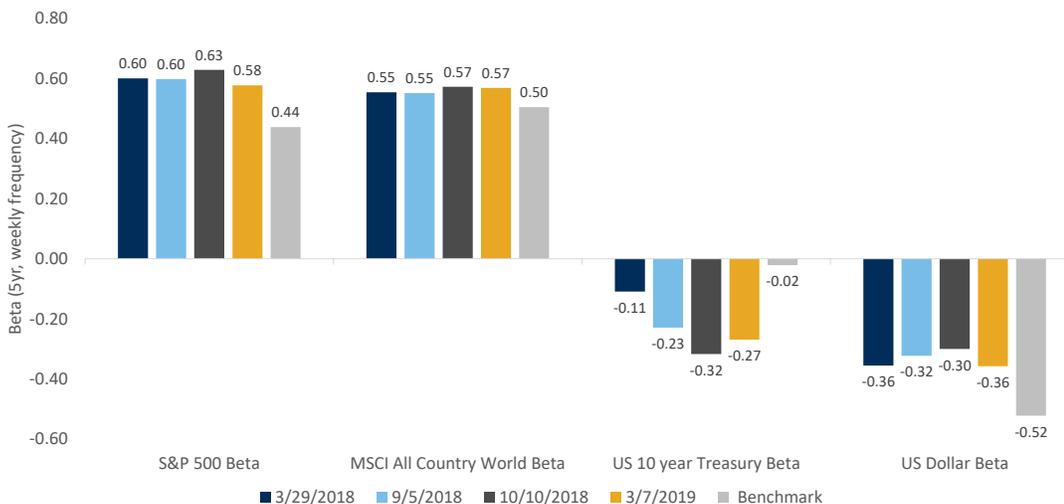
Source: Innealta Capital as of 03/07/2019. "3/29/2018", "9/05/2018", "10/10/2018", and "3/07/2019" each refer to the Global All Asset Moderate portfolio as of that respective date. "DEF FI", "INT'L EQUITIES", "CYC FI", "US EQUITIES", "COMDTY", and "REAL ESTATE" refer to portfolio holdings categorized as defensive fixed income, international equities, cyclical fixed income, U.S. equities, commodities, and real estate respectively. See disclosures for category descriptions.

HOLDINGS RELATIVE TO BENCHMARK



Source: Innealta Capital as of 03/07/2019. "3/29/2018", "9/05/2018", "10/10/2018", and "3/07/2019" each refer to the Global All Asset Moderate portfolio as of that respective date. "DEF FI", "INT'L EQUITIES", "CYC FI", "US EQUITIES", "COMDTY", and "REAL ESTATE" refer to portfolio holdings categorized as defensive fixed income, international equities, cyclical fixed income, U.S. equities, commodities, and real estate respectively. The "Benchmark" for the Global All Asset Moderate portfolio is assumed to be 40% DEF FI, 24% INT'L EQUITIES, 21% US EQUITIES, 9% COMDTY, and 6% REAL ESTATE. See disclosures for category descriptions.

WEIGHTED AVERAGE BETA



Source: Innealta Capital as of 03/07/2019. "3/29/2018", "9/05/2018", "10/10/2018", and "3/07/2019" each refer to the Global All Asset Moderate portfolio as of that respective date. All betas calculated using five years of weekly returns relative to either the S&P 500, the MSCI All Country World ex US Net Total Return Index, the Bloomberg Bellwethers 10 Year Total Return Index, and the Bloomberg Dollar Spot Index. The "Benchmark" for the Global All Asset Moderate portfolio is assumed to be 40% Bloomberg Barclays Global Aggregate Bond Index, 24% MSCI All Country World ex-US Net Total Return Index, 21% Russell 3000 Total Return Index, 9% S&P GSCI Real Estate Index, and 6% Dow Jones Global Select Real Estate Index. Weighted Average Beta for Benchmark calculated as of 03/07/2019.

Disclosures & Important Information

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 Innealta Capital's Form ADV Part 2A.

"DEF FI" refers to any debt type contained within the Bloomberg Barclays U.S. Aggregate Bond or the Bloomberg Barclays Global Aggregate Bond index as well as inflation protected debt and municipal debt. "CYC FI" refers to Emerging market debt, both USD and locally denominated, and U.S. High Yield. "Int'l Equities" refers to any investment whose primary investment focus is in equity markets outside of the U.S. "Real Estate" refers to any investment whose primary investment focus is in the real estate industry. "COMDTY" refers to any investment whose primary investment focus is commodities. "US Equities" refers to any investment whose primary investment focus is in U.S. equities. "EAFE Equities" refers to any investments whose primary investment focus is in developed equity markets, as classified by MSCI, outside the U.S. "EM Equities" refers to any investments whose primary investment focus is in emerging equity markets, as classified by MSCI.

The S&P 500 Total Return index measures the performance of top 500 capitalization equities within the United States. 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 and 24 emerging market countries. The Bloomberg Barclays US Treasury Bellwethers 10 year Total Return Index measures total return of a ten-year U.S. Treasury note. The Bloomberg Dollar Spot Index measures the performance of ten leading global currencies versus the U.S. Dollar. Each currency within the basket is weighted based on international trade and foreign exchange liquidity. The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies. The Bloomberg Barclays Global Aggregate Bond NR Index measures global investment grade debt performance across twenty-four different local currency markets and includes fixed-rate treasury, government-related, corporate and securitized bonds. The S&P GSCI Total Return Index measures the performance of a broad basket of global commodities. The Dow Jones Global Select Real Estate Index measures the performance of publicly traded real estate securities such as real estate investment trusts and real estate operating companies.

Innealta Capital, LLC is an independent registered investment advisor and is the investment advisor for certain mutual funds and individually managed client accounts. Investing involves risk, principal loss is possible, and there can be no assurance that investment objectives will be achieved. Past performance is no guarantee of future results. Innealta Capital, LLC only transacts business in states where it is properly registered or exempt from registration. Registration of an investment adviser does not imply any certain level of skill or training.

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INN: 163-INN-03/21/2019