

TRADE UPDATE

On November 21st, 2018 the Innealta Capital investment team rebalanced the Sector Rotation Portfolio (“SRP”) to reflect the opportunity set within the U.S. equity markets. The current portfolio reflects three key themes of positive corporate and macroeconomic growth, tightening monetary policy, and value opportunities within small capitalization equities. Across broad sectors, the portfolio increased allocations to the Healthcare and Communication Services sectors while the portfolio decreased allocations in defensive fixed income and the Consumer Discretionary sector. The investment team viewed the recent equity market weakness as an attractive opportunity to allocate to the equity market, particularly the Communication Services sector, given its attractive valuations. The portfolio’s changes within fixed income, only slightly increased the weighted-average duration and the weighted-average duration (1.88 years) remains significantly less than the duration of the Bloomberg Barclays U.S. Aggregate bond index (6.29 years). SRP maintains overweights, relative to the Innealta Capital internal benchmark, in small cap equities, Financial, Energy, Communication Services, and Consumer Discretionary, while keeping underweights in Defensive Fixed Income, Industrials, Healthcare, Consumer Staples, Materials, Real Estates, Information Technology, and Utilities.

OVERVIEW

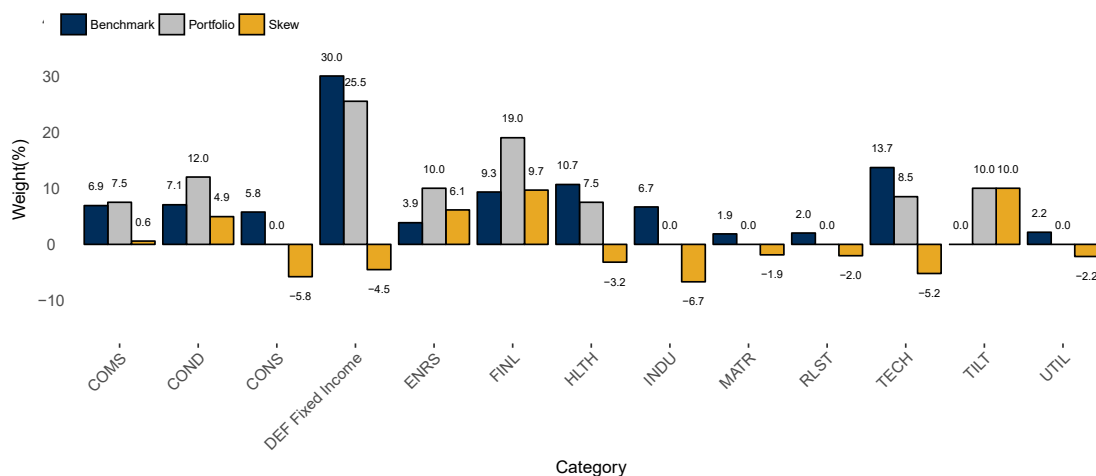
Themes

- Macroeconomic growth and earnings growth are positive
- Tightening U.S. monetary policy and potentially higher U.S. inflation
- Small capitalization equities relative to large capitalization equity offer value opportunities

Portfolio implications

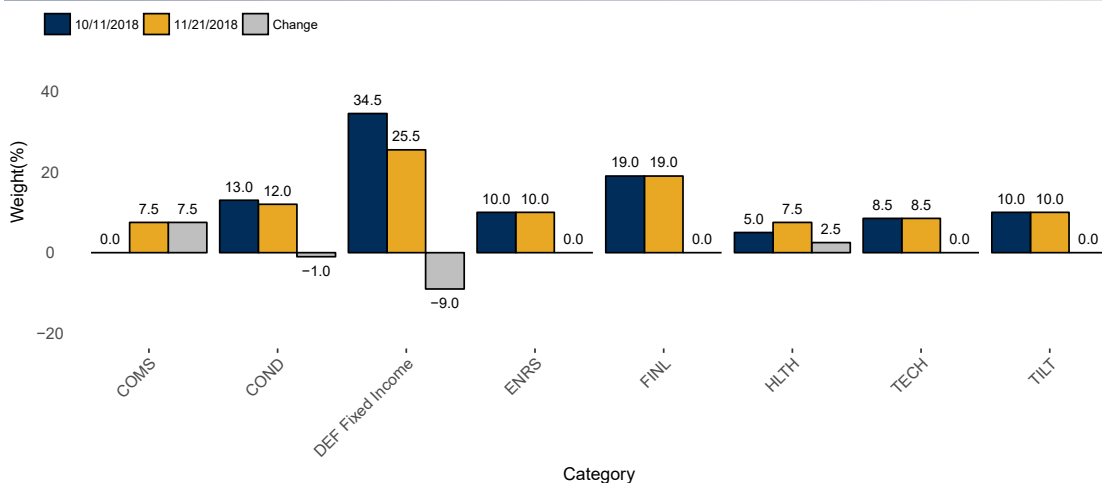
- Prefer equities over fixed income
- Prefer Financials, Energy, and Consumer Discretionary sectors
- Prefer shorter duration debt rather than longer duration debt
- Prefer floating-rate debt over fixed-rate debt

HOLDINGS RELATIVE TO BENCHMARK



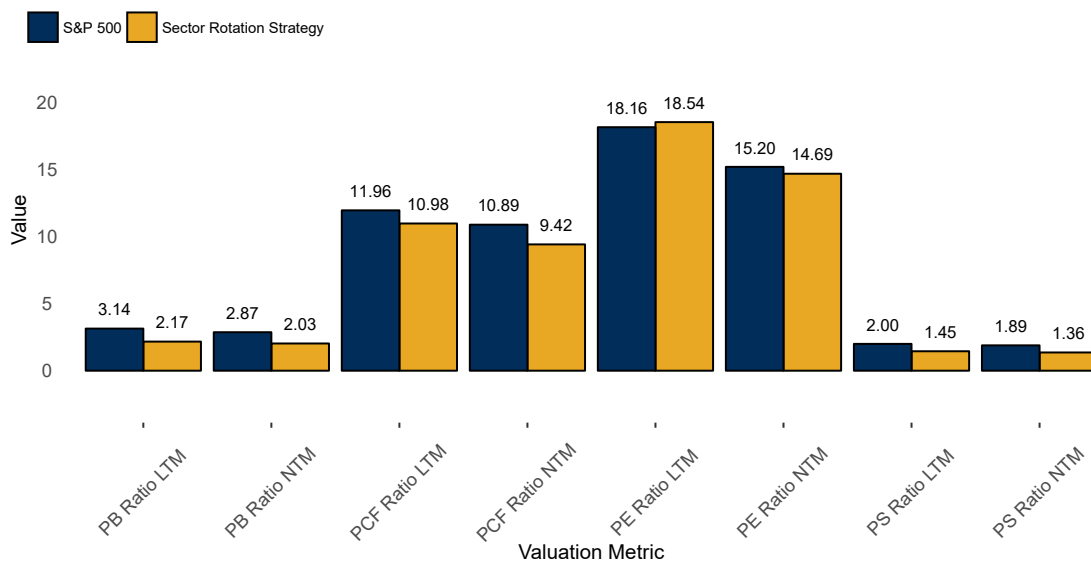
Source: Innealta Capital as of 11/21/2018. Note that “Benchmark” refers to the Innealta Capital benchmark which consists of 70% S&P 500 Total Return Index and 30% Bloomberg Barclays U.S. Aggregate Bond index. “Portfolio” refers to the Innealta Capital Sector Rotation Portfolio as of 11/21/2018. “Skew” refers to the difference between Portfolio and Bench. See disclosures for category descriptions.

HOLDINGS CHANGES



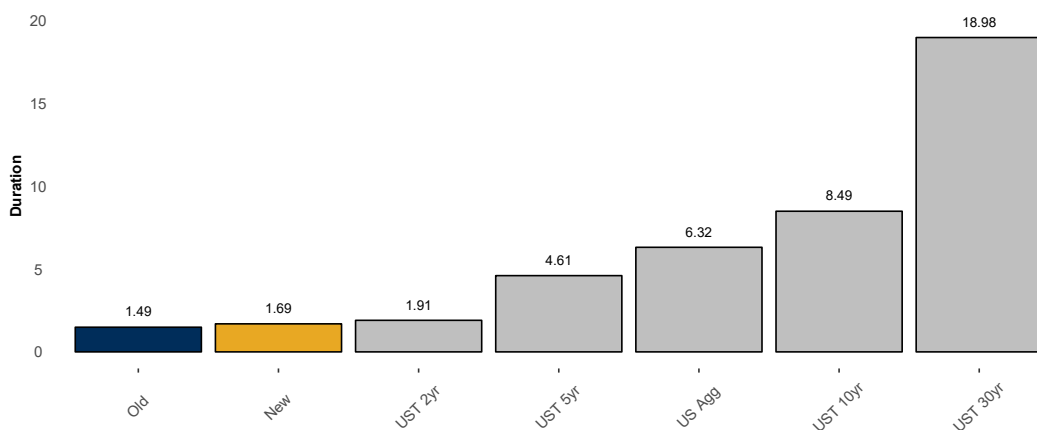
Source: Innealta Capital as of 11/21/2018. "10/11/2018" refers to the Innealta Capital Sector Rotation portfolio as of 10/11/2018. "11/21/2018" refers to the Innealta Capital Sector Rotation portfolio as of 11/21/2018. "Change" refers to the difference between each portfolio. See disclosures for category descriptions.

EQUITY VALUATION COMPARISON



Source: Innealta Capital as of 11/21/2018. "NTM" refers to next-twelve months. "LTM" refers to last-twelve months. "PB Ratio" refers to the price-to-book ratio. "PCF Ratio" refers to the price-to-cash flow ratio. "PE Ratio" refers to the price-to-earnings ratio. "PS Ratio" refers to the price-to-sales ratio.

DURATION COMPARISON - FIXED INCOME



Source: Innealta Capital as of 11/21/2018. "New" refers to the Innealta Capital Sector Rotation portfolio as of 11/21/2018. "Old" refers to the Innealta Capital Sector Rotation portfolio as of 09/05/2018. "UST 2yr" refers to the on-the-run two-year U.S. Treasury. "UST 5yr" refers to the on-the-run five-year U.S. Treasury. "UST 10yr" refers to the on-the-run ten-year U.S. Treasury. "UST 30yr" refers to the on-the-run thirty-year U.S. Treasury. "US Agg" refers to the Bloomberg Barclays U.S. Aggregate Bond Index.

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 Fixed Income: Defensive Fixed Income 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 Fixed Income:** Cyclical Fixed Income refers to Emerging market debt, both USD and locally denominated, and U.S High Yield.

"COND" refers to the Consumer Discretionary Sector. "CONS" refers to the Consumer Staples Sector, "ENRS" refers to the Energy sector. "FINL" refers to the Financial sector. "HLTH" refers to the Healthcare sector. "INDU" refers to the Industrials sector. "MATR" refers to the Materials sector. "RLST" refers to the Real Estate sector. "TECH" refers to the Technology sector. "coms" refers to the Communications Services sector. "TILT" refers to any holding, regardless of sector, that emphasizes capitalizations or value/growth tilts. "UTIL" refers to the Utilities sector

The S&P 500 Index is a broad market sample based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. **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.

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.

13215 Bee Cave Pkwy | Building A, Suite 240 | Austin, TX 78738 | p: 737.808.4640 | innealtacapital.com

INN: 098-INN-12/10/2018