

TRADE UPDATE

On February 28th, 2019 the Innealta Capital investment team rebalanced the Sector Rotation Strategy (“SRS”) to reflect the opportunity set within the U.S. equity markets. 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 defensive positions, relative to the previous portfolio, due to adverse shifts in certain macroeconomic indicators, such as declining consumer confidence and increasing unemployment claims.

Overall, SRS increased its fixed income allocation from 23.5% to 30.5% by opening positions in intermediate investment grade corporate credit, increasing its allocation to intermediate U.S. Treasuries, and reducing equity allocations in the Information Technology, Communication Services, and Consumer Discretionary sectors. SRS also closed its allocation to floating rate debt given the view that U.S. monetary policy is likely to be on hold for the next few months. The net duration effect was a gradual increase in SRS’s overall duration from approximately 3.0 to approximately 4.0. SRS still maintains overall lower duration risk than the Bloomberg Barclays U.S. Aggregate Bond Index (“AGG”), as the Innealta Capital investment team prefers investing in short to intermediate maturities. The Innealta Capital investment team estimates the expected risk level, in annualized volatility, of SRS decreased by approximately 20%.

Moving forward, SRS maintains three core thematic investments that the Innealta investment team believe will add to long-term performance. First, the strategy holds an overweight equity allocation, relative to its internal benchmark, in the Financials sector. The Financials sector appears attractive, in the investment team’s, opinion, due to cheap valuation relative to other sectors and the expectation of performance in a positive, macroeconomic growth environment. Second, the strategy holds an overweight allocation, relative to its internal benchmark, in the Energy sector. Similar to the Financials sector, the Energy sector appears attractive due to cheap valuation relative to other sectors and strong earnings growth. Finally the strategy holds an overweight allocation, relative to its internal benchmark, in small capitalization U.S. equities. Small capitalization U.S. equities, particularly those with a value tilt, appear attractive as the valuation gap between large capitalization and small capitalization equities is at or near multi-year wides.

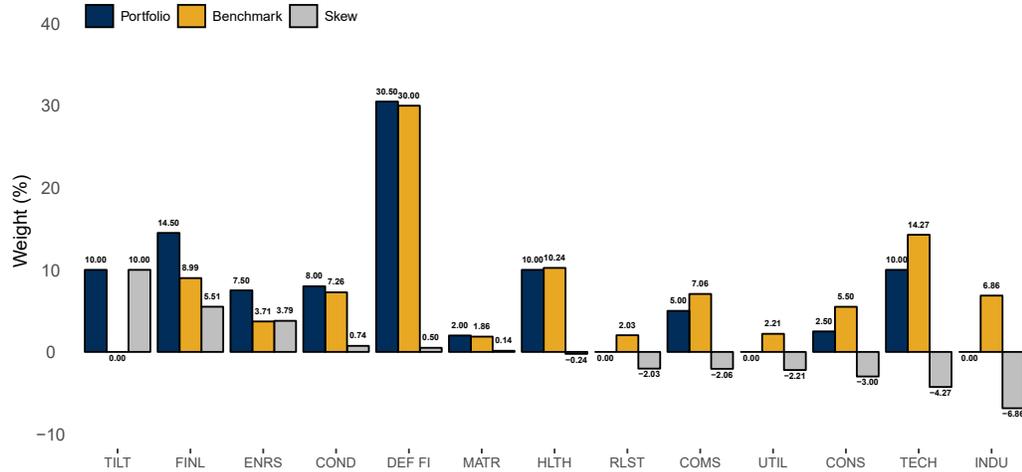
U.S. DATA SNAPSHOT

Category	Measurement	View
Fundamentals	Earnings Growth	+
	Earnings Acceleration	+
	Earnings Estimate Growth	+
	Earnings Estimate Acceleration	-
	Return on Asset Growth	+
	Return on Asset Acceleration	+
Macroeconomic	Manufacturing Survey Growth	+
	Manufacturing Survey Acceleration	-
	Consumer Confidence Growth	+
	Consumer Confidence Acceleration	-
	Unemployment Claims Growth	-
	Unemployment Claims Acceleration	+
Behavioral	Return performance (twelve month)	+
	Return performance (six month)	-
	Implied Volatility Change	+

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

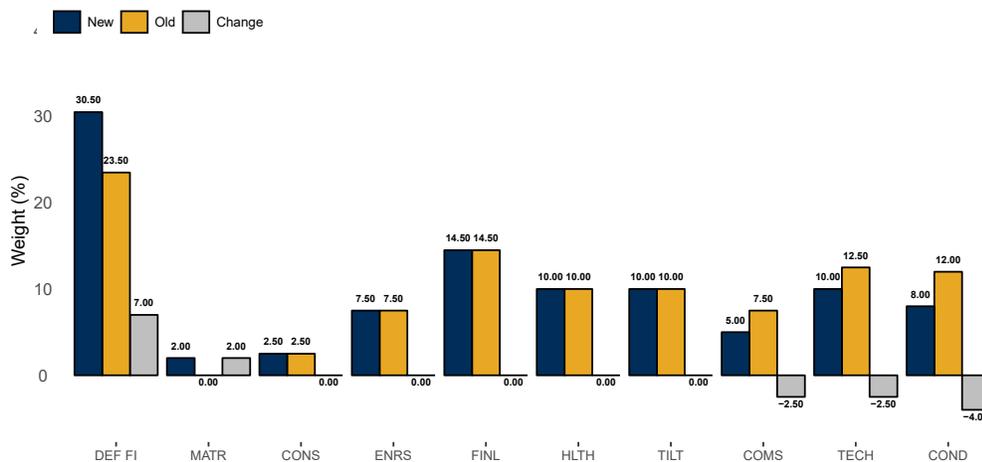
View
Positive
Negative

HOLDINGS RELATIVE TO BENCHMARK



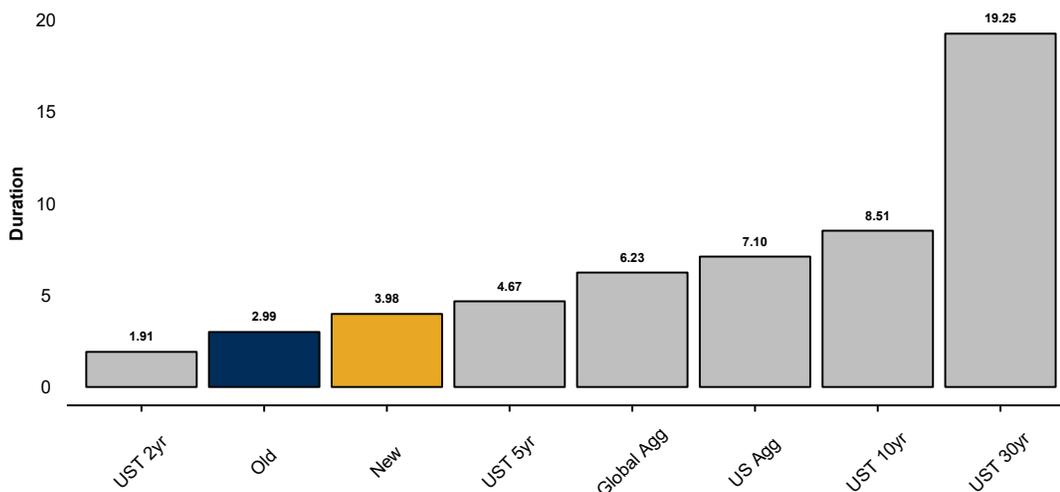
Source: Innealta Capital as of 02/28/2019. Note that "Benchmark" refers to the Innealta Capital benchmark which consists of 70% S&P 500 Total Return Index and 30% Bloomberg Barclays U.S. Aggregate Bond index. "Portfolio" refers to the Innealta Capital Sector Rotation Portfolio as of 02/28/2019. "Skew" refers to the difference between Portfolio and Bench. See disclosures for category descriptions.

HOLDINGS CHANGES



Source: Innealta Capital as of 02/28/2019. "New" refers to the Innealta Capital Sector Rotation portfolio as of 02/28/2019. "Old" refers to the Innealta Capital Sector Rotation portfolio as of 01/17/2019. "Change" refers to the difference between each portfolio. See disclosures for category descriptions.

DURATION COMPARISON - FIXED INCOME



Source: Innealta Capital as of 02/28/2019. "New" refers to the Innealta Capital Sector Rotation portfolio as of 02/28/2019. "Old" refers to the Innealta Capital Sector Rotation portfolio as of 01/17/2019. "UST 2yr" refers to the Bloomberg Barclays US Treasury Bellwethers 2 Year Total Return Index. "UST 5yr" refers to the Bloomberg Barclays US Treasury Bellwethers 5 Year Total Return Index. "UST 10yr" refers to the Bloomberg Barclays US Treasury Bellwethers 10 Year Total Return Index. "UST 30yr" refers to the Bloomberg Barclays US Treasury Bellwethers 30 Year Total Return Index. "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, municipal debt and cash. 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. The **Bloomberg Barclays US Treasury Bellwethers 2 year Total Return Index** measures total return of a two-year U.S. Treasury note. The **Bloomberg Barclays US Treasury Bellwethers 5 year Total Return Index** measures total return of a five-year U.S. Treasury note. The **Bloomberg Barclays US Treasury Bellwethers 10 year Total Return Index** measures total return of a ten-year U.S. Treasury note. The **Bloomberg Barclays US Treasury Bellwethers 30 year Total Return Index** measures total return of a thirty-year U.S. Treasury bonds.

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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