

Dynamic Portfolio Series - Moderate

FIRST QUARTER 2012



Investment Strategy

The Dynamic Portfolio Series (DPS) is a blend of strategic and tactical asset allocation strategies. The approach combines a long-term-oriented All Cap Value portfolio with the tactical management of two ETF portfolios. The 'Dynamic' in Dynamic Portfolio Series is suggestive of the portfolio's ability to tactically rotate between assets classes based on relative risk/reward characteristics. This construct allows investors the opportunity to participate in both the equity and fixed income capital markets with the long-term upward bias of the market and provides potential downside protection in difficult markets for equities.

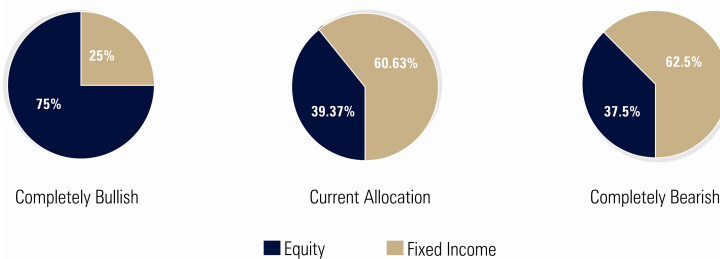
STRATEGIC: AFAM Select Value

For the strategic investment component, the manager seeks diversification through exposure to a range of sectors via roughly 60 to 90 positions, chosen independent of market capitalization. Greatly influenced by macroeconomic and industry data, stock selection is driven by bottom-up fundamental analysis. The manager distills company fundamentals, growth prospects and potential valuations into fair-value target prices. Stocks with significant risk-adjusted appreciation potential relative to these target prices become available for selection. The manager may sell positions as they reach or approach their target price, if a lower target price results from a reassessment of fair value, or if a more attractive stock is identified.

Valuation Metrics and Equity Sector (GICS) Breakout*

P/E Ratio	12.81	Consumer Discretionary %	13.47
P/B Ratio	1.41	Consumer Staples %	6.71
P/S Ratio	0.63	Energy %	13.22
Dividend Yield	2.53	Financials %	12.68
Average Market Cap (mil)	13,201.41	Healthcare %	10.08
		Industrials %	14.90
		Information Technology %	20.47
		Materials %	4.23
		Telecom Services %	2.62
		Utilities %	1.62

Tactical Asset Allocation Ranges

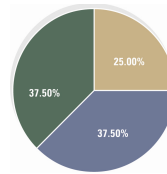


Bullish or bearish signals generated by the quantitative model are used to tactically adjust asset allocation exposures in the Country Rotation Portfolio, and consequently, at the aggregate portfolio level in the DPS Moderate Portfolio. When capital is not allocated to equities in the Country Rotation Portfolio, exposure to fixed income increases, and therefore, the aggregate weighting to fixed income in the DPS Moderate Portfolio also increases. Overall equity exposure then decreases proportionately.

When the quantitative model is completely bullish toward equities, a maximum of 75% of the total portfolio may be allocated to equities, with the remainder in fixed income and cash. Conversely, when the model is completely bearish, a maximum of 37.5% will be allocated to equities with the remainder in fixed income and cash. The portfolio can be fully bullish, fully bearish, or somewhere in-between at any time.

*Data shown as supplemental information to the Composite.

Portfolio Components



- AFAM Select Value Portfolio
- Innealta Country Rotation Portfolio
- Innealta Fixed Income Portfolio

TACTICAL: Innealta Country Rotation and Fixed Income

The tactical investment components of the portfolio employ a multifactor quantitative model that dynamically alters asset class exposures based on economic, fundamental, risk and technical factors. The Country Rotation Portfolio potentially invests in a series of 20 countries, including several emerging markets, from a growing list of 28 countries. Each country is modeled independently and its risk/reward profile is compared to an equal investment in fixed income. If the expected return per unit of risk of a country is more favorable than that of a fixed income alternative, the portfolio will invest in the country. If the expected return per unit of risk of a country is less favorable than that of a fixed income alternative, the potential allocation (5%) filters to the fixed income portion of the portfolio.

The Fixed Income Portfolio is an actively managed portfolio of fixed income ETFs, chosen according to specific yield, modified duration, and volatility targets. The portfolio aims to generate above-average yield with strict risk controls by investing in those fixed income sectors that have favorable risk-adjusted performance potential and eligible ETF representation.

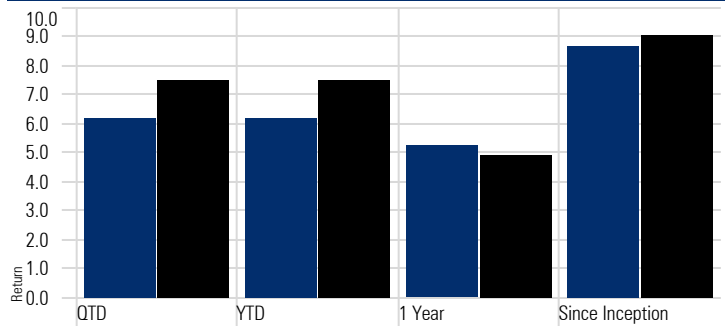
Country Rotation Portfolio Holdings*

ETF	Weighting %
SPDR Barclays Capital High Yield Bond	23.27
Vanguard Interm-Tm Corp Bd Idx ETF	23.21
Vanguard Long-Term Corp Bond Idx ETF	18.25
Vanguard Total Bond Market ETF	13.94
iShares MSCI Singapore Index	5.08
Vanguard Short-Term Corp Bd Idx ETF	4.70
Market Vectors EM Local Curr Bond ETF	4.64
SPDR Barclays Capital EM Local Bond ETF	4.62

Fixed Income Portfolio Holdings*

ETF	Weighting %
SPDR Barclays Capital High Yield Bond	25.02
Vanguard Interm-Tm Corp Bd Idx ETF	23.04
Vanguard Long-Term Corp Bond Idx ETF	19.65
Vanguard Total Bond Market ETF	15.04
Vanguard Short-Term Corp Bd Idx ETF	5.04
SPDR Barclays Capital EM Local Bond ETF	4.97
Market Vectors EM Local Curr Bond ETF	4.96

Performance (net of fees)



	QTD	YTD	1 Year	Since Inception Annualized (12.31.09)
Dynamic Portfolio Series - Moderate	6.19	6.19	5.23	8.65
Dynamic Portfolio Series - Moderate Benchmark	7.47	7.47	4.91	9.04



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About AFAM | Innealta Capital

Founded in 1977, Al Frank Asset Management (AFAM) is an independent Registered Investment Advisor based in Aliso Viejo, CA. The firm exercises diligence and prudence in applying a value-based investment philosophy to help meet the investment goals and objectives of individuals, corporations and pension and profit sharing plans. AFAM offers four no-load proprietary mutual funds and individually managed client accounts. AFAM also serves as editor of *The Prudent Speculator* newsletter, a top-ranked investment newsletter in terms of total return performance according to the *Hulbert Financial Digest*.

Innealta Capital is a quantitative asset management firm specializing in the active management of Exchange Traded Fund (ETF) portfolios. Innealta's competitive advantage is its quantitative investment strategy driven by a proprietary econometric model, which was created by the company's founder and chief investment officer. The investment management team's focus is to capitalize on attractive market environments for ETFs, tactical strategies, and low cost portfolio alternatives. AFAM and Innealta Capital manage and advise to approximately \$2.9 billion in assets.

Disclosures

Al Frank Asset Management (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 by Ashland Partners & Company, LLP from for the periods Jan. 1, 1996, through Dec. 31, 2011. A copy of the verification report is 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.

Innealta Capital is a division of Al Frank Asset Management, Inc (AFAM). AFAM is an independent, registered investment advisor, wholly owned by AF Holdings, Inc. The firm maintains a complete list and description of composites, which is available upon request. The firm had total assets under management of \$585 million as of March 31, 2012. The Dynamic Portfolio Series – Moderate Composite was created December 31, 2009. Minimum account size for inclusion in the composite is \$200,000.

The Dynamic Portfolio Series - Moderate Composite includes discretionary portfolios using our tactical strategy that combines a near-term adaptable tactical portfolio component that emphasizes risk management (country rotational strategy) with a long-term-oriented strategic portfolio component focused on undervalued U.S.-traded equities (select value strategy) and then wraps that combination around a fixed-income ballast.

Composite policy requires the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets for any given month. Such a temporary removal of an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the subsequent month. Additional information regarding the treatment of significant cash flows is available upon request. Past performance is not indicative of future results.

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. In most cases, this fee also includes investment management and portfolio monitoring. As a percentage of assets, the composite is comprised of 12.60% bundled fee paying accounts as of Dec. 31, 2011. Portfolios eligible for this composite must follow the stated strategy. Live returns are presented net of management fees 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. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request. A non-fee paying seed account is included in the composite. In 2010, it represented 8.4% of the composite and in 2011 less than 3%. Actual investment management fees will vary, beginning at 1.5% per annum. Our full management fee schedule is described in more detail in Form ADV Part 2A. The Innealta Dynamic Portfolio Series - Moderate Composite was created on December 31, 2009. Prior to November 1, 2010, it was known as Innealta Dynamic Portfolio Series DPS Moderate. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year.

Any investment is subject to risk. 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's Form ADV Part 2A. Diversification does not protect against loss in declining markets.

Effective Dec. 31, 2011, the DPS Moderate benchmark changed to a blend of 37.5% Russell 3000 TR, 22.5% MSCI ACWI ex USA NR and 40% Barclays Capital US Aggregate Bond TR. Prior to that, the benchmark consisted of 37.5% Russell 3000 TR, 22.5% MSCI EAFE GR and 40% Barclays Capital US Aggregate Bond TR. The Advisor believes the revised benchmark more fully reflects the breadth of the investment opportunity set. The Russell 3000 Index measure the performance of the largest 3,000 U.S. companies. The iShares MSCI ACWI ex US Index Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of the MSCI All Country World Index ex USA. The Barclays Capital Aggregate Bond Index covers the U.S.-dollar-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. Blended benchmark is compounded daily and rebalanced quarterly.

Investment Highlights

Objective

Long-term capital appreciation and income

Benchmark

37.5% Russell 3000 / 22.5% MSCI ACWI ex-US / 40% Barclays US Aggregate

- Strategic and Tactical
- Domestic and International
- Passive and Active
- Fundamental and Quantitative Analysis
- Equity and Fixed Income
- Top Down and Bottom Up Research

Composite Performance

Year	Total Firm Assets	Composite Assets	Number of Accounts	Comp. Gross (%)	Comp. Net (%)	Benchmark (%)	Composite Dispersion
2011	\$476 M	\$11,956,151	23	3.04	1.94	1.35	0.08
2010	\$486 M	\$4.01 M	7	12.02	11.31	11.42	NA

NA - Data is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. The standard deviation is not presented for 2010 through 2011 because there is not 36 months of history for the composite.

Contact Information

AFAM | Innealta Capital
85 Argonaut, Suite 220
Aliso Viejo, CA 92656
P: 949.499.3215 / 888.994.6837 F: 949.499.3218
info@alfrank.com | afamcapital.com



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