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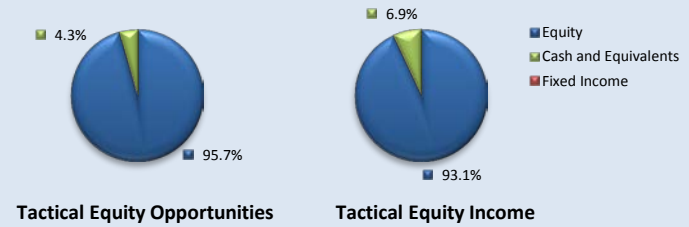
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Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	25.5%	Industrials	22.4%
Energy	17.4%	Energy	17.6%
Financials	16.9%	Financials	17.1%
Materials	15.2%	Information Technology	16.3%
Industrials	13.8%	Materials	7.9%

Asset Allocation



Preliminary Performance (net of fees)

	January	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities	3.36%	3.36%	12.35%	4.12%	5.02%	6.38%	100.55%
Tactical Equity Opp. WRAP **	3.24%	3.24%	11.44%	3.84%	5.06%	5.38%	80.36%
Tactical Equity Income	1.49%	1.49%	6.73%	4.98%	5.92%	7.44%	124.14%
Tactical Equity Income WRAP **	1.33%	1.33%	5.86%	3.98%	4.43%	5.61%	84.87%
<i>Dow Jones Industrial Average</i>	<i>0.51%</i>	<i>0.51%</i>	<i>20.63%</i>	<i>8.16%</i>	<i>9.47%</i>	<i>5.88%</i>	<i>90.27%</i>
<i>S&P 500 TR</i>	<i>1.90%</i>	<i>1.90%</i>	<i>20.04%</i>	<i>10.85%</i>	<i>14.09%</i>	<i>8.08%</i>	<i>139.75%</i>
<i>Barclay's Aggr Bond Index</i>	<i>0.21%</i>	<i>0.21%</i>	<i>1.53%</i>	<i>2.74%</i>	<i>2.21%</i>	<i>4.70%</i>	<i>67.73%</i>

* annualized
** net of all WRAP fees or 3% annually

Please note all Top Sectors, Asset Allocation and Performance information are as of January 31, 2017 and subject to change at any time. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

Insights and Actions – “Active or Passive Investing”

“The inherent irony of the efficient market theory is that the more people believe in it and correspondingly shun active management, the more inefficient the market is likely to become.” – Hedge Fund Manager Seth Klarman, February 2017

General Comments

While ETFs continue to see massive fund flows, it seems that we may be moving into an environment that will be better-suited to prudent active managers. We suggested that President Trump’s election ushered in a new environment, and we positioned our clients’ portfolios to own more of the beneficiaries of that environment. One of the best performing economic sectors in January was the materials sector, and that is a sector where we own a significantly greater allocation than would be recommended by copying the exposure of the index. Our tactical positioning across sectors, combined with our active stock selection, added real value for our clients.

Data Points and Global Economic Indicators

We mentioned that we look for three components to a healthy stock market. We look for improving earnings, modestly rising interest rates, and the confidence to invest. Interest rates were stable during the month, providing no clear message either way. On the bright side, we did continue to see an improving outlook for corporate earnings. Most impressively was the dramatic increase in both consumer confidence and small business confidence. Both of those indicators are now above the levels prior to the beginning of the Great Recession. The increase in small business confidence was nothing short of spectacular, and that gives us increased confidence that this rally will continue.

While our overall tone is positive, we note that there are always some data points that cause us a bit of indigestion. Recent weakness in durable goods and retail sales are among the more disappointing data points. We also are watching recent weakness in household formation which is a longer-term demographic indicator that deserves our attention. Still, we see the economic indicators as supportive, and we have made no changes to our positioning.

Asset Allocation

We continue to remain fully invested and have made no change to our asset allocation.

Continued on next page...

Insights and Actions Cont.

Sector Allocation

We have made no changes to our sector weights, and we continue to have heavy exposure to financial services, industrial, energy, and material names. We also remain exposed to technology companies where we continue to find above-average growth.

Conclusion

New Presidents have typically had a difficult time in the early months of their administration as their inexperience tends to lend uncertainty to the market. Even so, the market has been able to shrug off the seeming chaos and continue to climb the wall of worry. We are encouraged with the markets latest set of record highs, and see that as validation the domestic and global economic environments are improving. Further, our data points suggest there is no likelihood of an imminent market top. Overlay the impressive market performance with the prevailing low interest rates, and we cannot find any reason to make any changes as of this writing.

Disclosure

L&S Advisors, Inc. ("L&S") is a privately owned corporation headquartered in Los Angeles, CA. L&S was originally founded in 1979 and dissolved in 1996. The two founders, Sy Lippman and Ralph R. Scott, continued managing portfolios together and reformed the corporation in May 2006. The firm registered as an investment adviser with the U.S. Securities and Exchange Commission in June 2006. L&S performance results prior to the reformation of the firm were achieved by the portfolio managers at a prior entity and have been linked to the performance history of L&S Advisors. The firm is defined as all accounts exclusively managed by L&S from 10/31/2005, as well as accounts managed in conjunction with other, external advisors via the Wells Fargo DMA investment program for the periods 05/02/2014, through the present time.

L&S claims compliance with the Global Investment Performance Standards (GIPS®). L&S has been independently verified for the periods October 31, 2005 through December 31, 2015. Upon a request, L&S can provide the L&S Advisors GIPS Annual Disclosure Presentation which provides a GIPS compliant presentation as well as a list of all composite descriptions.

L&S performance shown includes that of the Tactical Equity Opportunities ("TEO") Composite, TEO WRAP Composite, Tactical Equity Income ("TEI") Composite and TEI WRAP Composite which contains fully discretionary accounts per that specific strategy. The TEO and TEO WRAP Strategies seek growth through capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate individual equities. The TEI and TEI WRAP Strategies seek income through yield and capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate equities. WRAP strategies are appropriate only for those clients whose account is on a WRAP platform. Composite performance results have been calculated by using time-weighted returns based on the beginning of period values on an adjusted capital basis. Performance results are total return and include the reinvestment of all income. For the periods prior to March 31, 2011 for TEO WRAP and December 31, 2014 for TEI WRAP, net of fee performance reflects the reduction of the highest WRAP fee charged (3.00% annually) and gross of fee performance has been reduced by transaction costs. For all other periods for TEO WRAP and TEI WRAP, net of fee performance reflects the deduction of actual wrap fees charged and gross of fee performance has not been reduced by transaction costs. Other than brokerage commissions, wrap fees include investment management, portfolio monitoring, consulting services, and in some cases, custodial costs. For TEO and TEI non-wrap strategies, net of fee performance reflects the deduction of actual management fees and transaction costs. For TEO and TEI non-wrap strategies, gross of fee performance has been reduced by transaction costs. Cash flows equal to or greater than 10% of an account's market value will cause the portfolio to be re-valued. Valuations and returns are computed and stated in U.S. dollars. Past performance does not guarantee future results and other calculation methods may produce different results. Results include accounts no longer with the firm. The minimum stated account size for the TEO and TEI non-wrap strategies is \$2,000,000; however, actual minimums may vary by client. The minimum account size for the TEO WRAP and TEI WRAP strategies is \$75,000; however, actual minimums may vary by platform. Inception performance is as of October 31, 2005.

The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. The S&P 500 TR Index is a free-float capitalization-weighted index of the prices of 500 large-cap common stocks actively traded in the United States and is calculated on a total return basis with dividends reinvested. The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index, maintained by Barclays Capital; the index is designed to reflect investment grade bonds traded in the United States. Indexes are not available for direct investment.

The beliefs espoused in this update represent the views of L&S Advisors in connection with the TEO, TEO WRAP, TEI and TEI WRAP investment strategies only. L&S Advisors reserves the right to hold differing views from this update in connection with other investment strategies offered. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the strategies, markets, or issues mentioned. The information contained herein, while not guaranteed as to accuracy or completeness, has been obtained from sources we believe to be reliable. Opinions expressed herein are subject to change without notice.

