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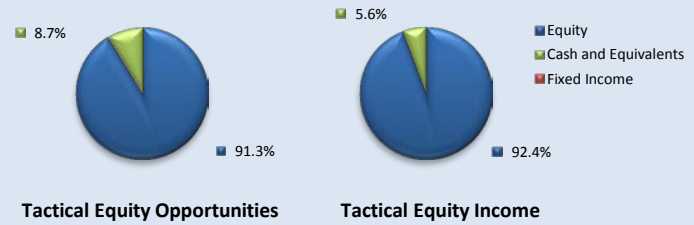
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## Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	29.5%	Information Technology	22.2%
Energy	15.4%	Industrials	18.6%
Financials	14.9%	Energy	15.9%
Industrials	14.7%	Financials	15.1%
Materials	9.5%	Materials	6.8%

## Asset Allocation



## Preliminary Performance (net of fees)

	February	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities	1.73%	5.15%	13.82%	3.73%	4.62%	6.49%	104.01%
Tactical Equity Opp. WRAP **	1.72%	5.02%	12.91%	3.35%	4.73%	5.50%	83.47%
Tactical Equity Income	2.03%	3.56%	8.69%	5.35%	5.65%	7.57%	128.70%
Tactical Equity Income WRAP **	2.03%	3.39%	7.80%	4.52%	4.21%	5.76%	88.62%
<i>Dow Jones Industrial Average</i>	4.77%	5.31%	26.01%	8.44%	9.95%	6.28%	99.35%
<i>S&amp;P 500 TR</i>	3.97%	5.94%	24.98%	10.63%	14.01%	8.39%	149.27%
<i>Barclay's Aggr Bond Index</i>	0.71%	0.92%	1.49%	2.79%	2.36%	4.73%	68.92%
							* annualized
** net of all WRAP fees or 3% annually							

Please note all Top Sectors, Asset Allocation and Performance information are as of February 28, 2017 and subject to change at any time. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

## Insights and Actions – “Overbought and Time for a Correction?”

### General Comments

While we were quick to see the changes that were appearing before the election and even more enthusiastic about the prospects since then, we must admit we are a bit concerned about the potential for a pullback or mild correction. Trees do not grow to the sky, and markets do not go up every single day. Yet, here we are with the market up substantially since early November, and without even a 3-5% pullback. New presidential administrations have frequently stumbled early in their first year as they make some beginner mistakes before gaining their footing. The Teflon Don has done just that, but markets seem unperturbed. What is most surprising is that there remains a tremendous amount of skepticism, and markets do not show signs of complacency. Despite the strong market move, many investors are waiting for something more sinister to happen, and some have missed an extraordinary investment opportunity. We invest based on the data we see, and the data remains supportive.

### Data Points and Global Economic Indicators

Last month we mentioned confidence as an important indicator of the market's ability to continue upward. While consumer sentiment, as measured by the University of Michigan, did pull back slightly, consumer confidence remains robust, and the strength in small business confidence remains quite strong. This confidence should help to carry the market higher still.

Last week Fed Chair Janet Yellen telegraphed the Fed's desire to raise interest rates when it meets on the Ides of March. The market was not really anticipating another interest rate quite so quickly, but with inflation creeping up and with the unemployment rate well below 5%, we think it makes sense for the data-dependent Fed to raise interest rates. We view this as a positive since the Fed would not be raising interest rates if they were uncertain about the economy's ability to handle higher rates. This too adds to our comfort.

### Asset Allocation

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

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## 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

This market has been questioned and unloved since President Trump's election. The market has displayed a remarkable resilience and ability to shake off surprising and even mouth-dropping political mistakes and biases. This has perplexed investors, encouraged skeptics, and created a huge wall of worry. The market has, however, repeatedly climbed that wall of worry throughout this period.

We have endeavored to utilize portfolio rotation and rebalancing to create a portfolio that seeks to gain from those data points that are now reflecting a business-friendly, stimulus-focused agenda. With monetary policy moving toward interest rate normalization, we remain cautiously optimistic. However, markets do not, and should not go straight up, and some pullback or correction would not be that surprising. Our data points do not suggest the recovery is ending or even stumbling, and any pull-back should be viewed as an opportunity to put idle cash back to work, or to maintain existing positions.

## 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.

