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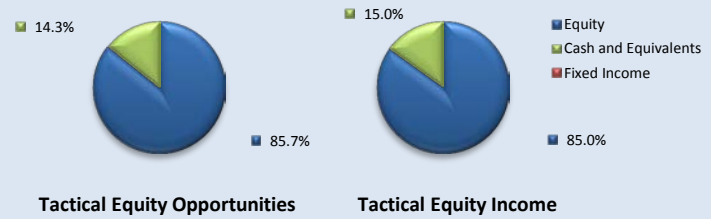
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## Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	23.5%	Information Technology	16.7%
Industrials	14.2%	Industrials	15.4%
Health Care	11.8%	Energy	10.7%
Energy	10.0%	Indices	9.9%
Indices	9.9%	Materials	9.4%

## Asset Allocation



## Preliminary Performance (net of fees)

	March	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities	-0.54%	4.56%	9.01%	4.12%	5.02%	6.39%	102.87%
Tactical Equity Opp. WRAP **	-0.51%	4.47%	8.21%	3.69%	5.19%	5.41%	82.51%
Tactical Equity Income	-0.68%	2.81%	3.70%	4.86%	5.90%	7.45%	127.05%
Tactical Equity Income WRAP **	-0.64%	2.68%	2.91%	3.99%	4.53%	5.65%	87.34%
<i>Dow Jones Industrial Average</i>	-0.72%	4.56%	16.84%	7.88%	9.36%	6.16%	97.92%
<i>S&amp;P 500 TR</i>	0.12%	6.07%	17.17%	10.37%	13.30%	8.34%	149.56%
<i>Barclay's Aggr Bond Index</i>	-0.06%	0.86%	0.46%	2.83%	2.47%	4.69%	68.82%

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

Please note all Top Sectors, Asset Allocation and Performance information are as of March 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 – “Trumponomics”

### General Comments

Last month we commented that we thought the market was due for a pullback. Markets were flat or down very modestly during March, but we do think that risks have risen over the past month, and we did increase our Risk Pulse™ from Medium+ (4 out of 10) to Caution (5 out of 10).

Following the election, markets embraced the notion that growth would accelerate, aided, in part, by the Trump Administration's promises to revitalize the tax code and reduce regulation. Both of these items were expected to help the economy grow at a somewhat quicker pace.

As March progressed, the market started to deviate from the reflation trade that had been so successful since election day. Interest rates, which had increased modestly, began to reverse. So too did oil prices, copper prices, and other commodity prices. If the economy was on a path to stronger growth, why were signs confirming that growth lagging? Why was the Atlanta Fed suggesting that first quarter growth would only be 1%? While confidence remained very robust, and other economic data points were generally confirming economic growth, there was enough data to give us pause.

### Data Points and Global Economic Indicators

As we mentioned above, some of the indicators that have confirmed expectations for stronger economic growth have recently reversed. In particular, 10-year interest rates have declined from 2.63% as the Fed raised rates in mid-March, to 2.33% as of this writing.

Copper prices have recently fallen by roughly 5%, iron ore prices have fallen by nearly 22%, and oil prices fell by 13%, even as they have more recently rebounded smartly. Why, we ponder, are interest rates and commodity prices falling in an environment where growth is supposed to be picking up?

Confirming the recent weakness were Purchasing Manager Index reports that confirmed a mild slowdown in March. Chinese growth was also a tad weaker in March, although European and global indicators remained strong, and some metrics even gained strength during the month.

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## Insights and Actions Cont.

The number of new jobs created in March rose a mere 98,000, and previous reports were revised lower. This was the weakest report since May of last year, and one of the weakest over the past few years.

We did take a look at quarterly GDP growth, and there has been consistent weakness in first quarter numbers since the end of the Great Recession. Perhaps this year is no different, and growth will re-accelerate as Spring progresses.

### Asset Allocation

With our perspective that risk has increased somewhat, we have raised a modest amount of cash. Our targeted cash position for clients in our Tactical Equity Income and Tactical Equity Opportunities strategies is currently 14%. Of course the actual cash in any client's account may differ from that number.

### Sector Allocation

We have tried to take some risk out of our clients' portfolios, and have reduced our exposure to those parts of the deflation trade that seem to be struggling. In particular, we have reduced our exposure to financial services and energy, and have increased our exposure to healthcare. We continue to hold significant exposure to technology and industrial companies where we find the potential for above-average growth.

### Conclusion

Confidence in Mr. Trump's ability to advance his agenda has been shaken with the failure to pass legislation that would repeal and replace Obamacare. This raises questions about how much of the agenda will be passed soon enough to impact corporate profits in 2017. We do expect that some things may be postponed, and the full impact will not be felt until next year. Even with some delay, the market will start to look ahead toward 2018 earnings over the next few months, and we suspect that any weakness will be short-lived. We do not see systemic risks building, and we do not expect a recession this year, or into the first part of 2018. From that perspective, any current weakness may actually provide a good buying opportunity.

## 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.*

