L&S ADVISORS

L&S Advisors, Inc.
12121 Wilshire Blvd.
Suite 1100
Los Angeles, CA 90025

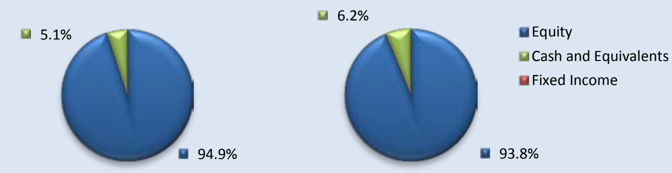
O 310.893.6060
F 310.893.6070
E info@lsadvisors.com
W lsadvisors.com

L&S Advisors Tactical Market Update
June 2017

Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	33.9%	Industrials	25.2%
Industrials	22.2%	Information Technology	21.6%
Consumer Discretionary	15.2%	Consumer Discretionary	16.2%
Health Care	12.7%	Health Care	8.4%
Financials	6.5%	Consumer Staples	7.7%

Asset Allocation



Tactical Equity Opportunities   Tactical Equity Income

Preliminary Performance (net of fees)

	June	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities	0.31%	5.97%	11.20%	3.42%	7.30%	6.37%	105.60%
Tactical Equity Opp. WRAP **	0.29%	5.75%	10.60%	3.06%	7.43%	5.40%	84.75%
Tactical Equity Income	0.02%	4.06%	6.55%	2.99%	6.65%	7.39%	129.81%
Tactical Equity Income WRAP **	0.00%	3.41%	5.54%	2.26%	5.26%	5.59%	88.67%
Dow Jones Industrial Average	*1.62%*	*8.03%*	*19.07%*	*8.26%*	*10.64%*	*6.32%*	*104.50%*
S&P 500 TR	*0.62%*	*9.34%*	*17.90%*	*9.61%*	*14.63%*	*8.44%*	*157.26%*
Barclay's Aggr Bond Index	*0.11%*	*2.40%*	*-0.33%*	*2.62%*	*2.34%*	*4.73%*	*71.39%*

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

Please note all Top Sectors, Asset Allocation and Performance information is as of June 30, 2017 and subject to change at any time. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

Insights and Actions – "The News Is: The News Does Not Matter"

General Comments

The 24-hour news cycle requires a constant stream of headlines, and the more profound the headlines, the greater the potential audience. That is why the news often leads with "a baby caught in a well" or something similar.

Stock market pundits like to have a reason why the market went up or sold off. Sometimes those reasons seem very credible and compelling. The reality is that we often do not know why the market responded the way it did. Why does the market sell off on one employment report, but not on a similar report? The answer is that most of the news does not really matter to the market. Does the news of Donald Trump Jr.'s emails really alter the picture for corporate profits? Does it suggest a recession is closer at hand? We think not.

We are guilty of having one of those 24-hour news channels on in our offices around the clock. We see the talking heads discuss the ramifications of the Fed's latest pronouncement, the latest on the potential that the GOP conspired with the Russians to alter the outcome of the election, the likely outcome of the upcoming vote on the repeal and replacement of the Affordable Care Act (Obamacare), and everything in between. Sometimes it is easy to get drawn in to a compelling story, told well, with important implications.

The market has an uncanny ability to look through the noise that is the 24-hour news cycle. Sometimes the markets get drawn in, and prices are altered for a short period of time. Often by the end of the day, or within a very short period of time the market has returned to its senses. Following the assassination of JFK on November 22, 1963, the market was higher by the end of the month. Even after 9-11, and despite the disruption of the market being closed for a week, the market was higher by the end of the year. News, no matter how important it seems at the time, often has very little long-term impact on stock prices.

That is why we rely on data points not on talking heads. Are credit problems bubbling up? Are bank lending standards tighter? Are Purchasing Manager reports turning down? Are Fed reports negative? Are employment trends changing? Are Leading Economic Indicators advancing or declining? What is happening with commodity prices? With interest rates? With the shape of the yield curve? With the dollar? Most of the indicators we watch are behaving well, and we will continue to rely on them to tell us when risks are rising. Remember that CNN viewership was never higher than it was in the week following 9-11. The news is no longer a public service, but instead is an entertaining and very profitable method for delivering information (useful or not). For us, the data points are the only part of the news cycle that truly matters to the market.

Data Points and Global Economic Indicators

As we mentioned above, many of the data points we watch do not suggest concern. Instead, we see global growth improving. The big U.S. banks recently passed

Continued on next page…

Insights and Actions Cont.

the latest stress test, and credit problems seem quite contained. Commodity prices are not soaring, but they have certainly stopped going down. The spread between short-term and longer-term interest rates has declined somewhat, but they remain at levels that do not indicate a recession is on the horizon any time soon.

It is true that the economic data coming out of China has weakened somewhat. The potential for growth to accelerate well above 2-2 ½% seems unlikely, but so too do the prospects for growth to slow much below 2%. Employment trends are good, although we recognize that many people have simply stopped looking for work. We do acknowledge that much of that is demographic, but still the trends seem reasonably positive. It is hard for us to be very negative in the face of data points that remain quite supportive.

Asset Allocation

We believe it is prudent to hold less cash than usual. Our targeted cash position for clients in our Tactical Equity Income and Tactical Equity Opportunities strategies is roughly 8%. This is the same as it was as of this time last month.

Sector Allocation

We have continued to reduce our exposure to the defensive economic sectors, and have increased exposure to those areas that will continue to benefit from growth. We have reduced our exposure to the very defensive consumer staples sector, and we have continued to add modestly to our industrial exposure. Our largest exposure continues to be in the technology and industrial groups where we find the potential for above-average growth.

Conclusion

We will continue to ignore the news, and focus on the data. The news may be negative by design so as to increase ratings, but the data points do not have an ulterior motive. It is summer, trading can be thin, and markets can be whipsawed. Turn off the TV and enjoy your vacation. We are here to worry so that you can get away. When the data changes, we will adjust. Until then, ignore the news.

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 by Ashland Partners & Company LLP for the periods October 31, 2005 through December 31, 2015 and ACA Performance Services for the periods January 1, 2016 to December 31, 2016. Upon a request to Sy Lippman at slippman@lsadvisors.com, 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. 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.