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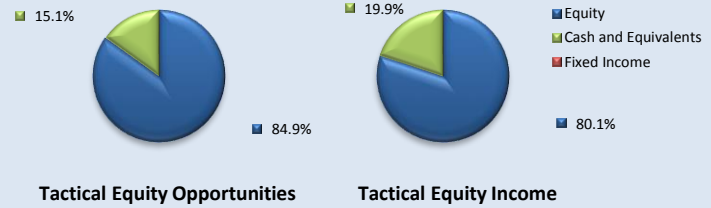
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Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	19.3%	Industrials	18.2%
Health Care	18.7%	Information Technology	14.9%
Industrials	18.4%	Health Care	12.6%
Financials	11.8%	Financials	11.8%
Materials	11.2%	Materials	10.2%

Asset Allocation



Preliminary Performance

	August	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities GROSS	0.60%	10.19%	12.55%	5.44%	8.48%	7.63%	138.62%
Tactical Equity Opportunities NET	0.60%	9.43%	11.51%	4.42%	7.41%	6.57%	112.32%
Tactical Equity Opp. WRAP GROSS	0.68%	10.42%	12.79%	5.67%	9.26%	8.02%	149.03%
Tactical Equity Opp. WRAP NET **	0.68%	9.16%	11.07%	4.00%	7.46%	5.61%	90.71%
Tactical Equity Income GROSS	0.27%	6.77%	8.86%	3.91%	7.57%	8.49%	162.41%
Tactical Equity Income NET	0.27%	6.08%	7.91%	2.99%	6.58%	7.46%	134.28%
Tactical Equity Income WRAP GROSS	0.36%	6.66%	8.73%	3.96%	7.42%	8.43%	160.51%
Tactical Equity Income WRAP NET **	0.36%	5.42%	7.04%	2.30%	5.24%	5.68%	92.33%
<i>Dow Jones Industrial Average</i>	<i>0.26%</i>	<i>11.06%</i>	<i>19.28%</i>	<i>8.68%</i>	<i>10.89%</i>	<i>6.48%</i>	<i>110.23%</i>
<i>S&P 500 TR</i>	<i>0.31%</i>	<i>11.93%</i>	<i>16.23%</i>	<i>9.54%</i>	<i>14.34%</i>	<i>8.53%</i>	<i>163.36%</i>
<i>Barclay's Aggr Bond Index</i>	<i>0.94%</i>	<i>3.83%</i>	<i>0.52%</i>	<i>2.79%</i>	<i>2.31%</i>	<i>4.78%</i>	<i>73.79%</i>

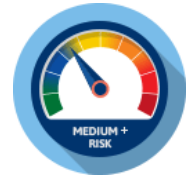
* annualized ** net of all WRAP fees or 3% annually

Please note Top Sectors, Asset Allocation and Performance information is as of August 31, 2017. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

L&S Risk Pulse™ Score

Medium +

Core economic indicators are healthy, but markets indicate potential near-term volatility and/or mild correction. Valuations are trending high.



L&S Risk Pulse™ Insights – “Suppose They Gave a War and Nobody Came”

General Comments

Suppose at the end of last month we told you that August would bring about a North Korean ICBM threateningly launched over Japan; the U.S. Government would portend to shut down over the budget deficit and President Trump's desire to have Americans pay for the border wall; a hurricane would flood another large American city; racial riots would break out in Virginia, and the President would suggest that all parties were to blame. These actual events, combined with the knowledge that August is typically one of the weakest months of the year, would suggest that we would be in for a significant market correction.

In actual fact, the market shrugged off all of those events and was roughly flat for the month. There was an act of war and nobody cared. It does surprise us that the market has been so resilient, and perhaps there are even some logical explanations. As belligerent as Kim Jong Un is, North Korea may be angling for some financial aid rather than outright war. Perhaps Kim realizes that war with the West and with China is unwinnable. He may land a solid punch, but then it would be lights out. Instead, by provoking the supreme negotiator, he may actually do more to help his beleaguered nation. Despite the summer malaise, GDP for the second quarter was revised up to +3%, and corporate earnings have come in better than expected. **This is one of the most critical foundations for the market – the economy is growing and corporate profits are expanding. Why not shrug off some “noise” when the basic underpinnings are solid?**

The tragedies in Houston and Florida border on being biblical, and our thoughts go out to the many thousands of families who were displaced and will return home to find that everything that remains is water-logged. Now the process of reconstruction will begin, and after a couple of quarters we would expect a positive impact on economic growth from the need to rebuild and replace. AutoNation suggested that an additional 500,000 cars will be needed in Houston to replace those that were lost to the flood. We remember how strong the L.A. economy was following the Northridge earthquake, and as cynical as it sounds, the disasters in Houston and to parts of Florida will actually bring about strong growth after a temporary set-back.

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Insights and Actions Cont.

Data Points and Global Economic Indicators

If there is one area of concern for us it is to be found in the credit markets. The 10-year yield, currently at 2.06%, is threatening to go below 2%, and that keeps us up at night. Low interest rates historically are the precursor of economic contraction and/or systemic risks in the market. At this point, there is no indication of either coming to fruition, but the low rates has us a little unnerved. Why are interest rates going down if purchasing managers indices are rising and economic growth is healthy?

Why too is unemployment low while wage inflation is almost non-existent. Here again, economic theory would suggest the opposite.

These inconsistencies give us pause for concern, and we remain cautious to the necessity of reducing equity exposure. So far, we continue to come back to the basics that economic growth both here and abroad is strong, and corporate earnings are growing. The probability of a recession seems quite low, and that helps us conclude that any market correction is unlikely to be the precursor to a more dire market decline.

Conclusion

For the moment, we are content to follow the tone of the market. While we are somewhat more cautious due to the very low level of interest rates, we will try to ignore some of the bad news as long as the basics remain solid. We do reserve the right to change our mind when the facts change.

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.

