

Top Sectors

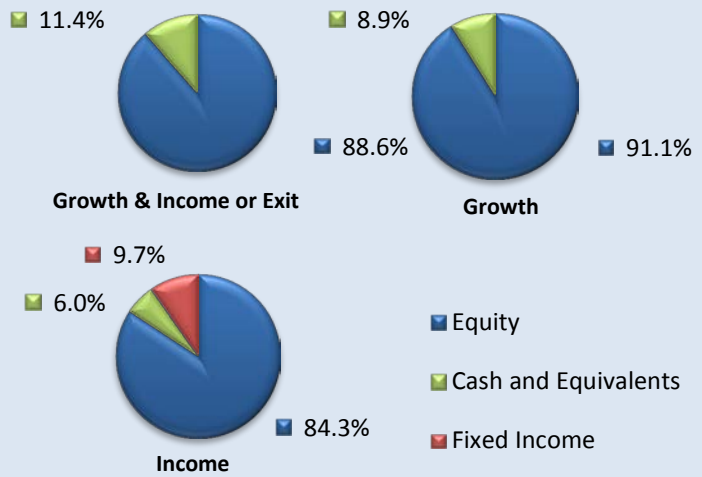
Growth & Income or Exit		Growth		Income	
Energy	20.6%	Energy	21.6%	Energy	20.8%
Healthcare	19.5%	Healthcare	19.5%	Healthcare	10.6%
Market Indices	17.9%	Market Indices	17.9%	Financials	9.2%
Industrials	11.9%	Industrials	11.9%	Consumer Staples	9.1%
Financials	5.9%	Financials	7.1%	Telecom	8.7%

Performance (net of fees)

	March	YTD	ITD*	ITD
Growth & Income or Exit	3.20%	10.60%	7.48%	70.72%
Growth	3.17%	11.00%	5.07%	44.34%
Income	3.26%	9.37%	7.73%	73.71%
S&P 500 TR	3.75%	10.61%	5.84%	52.33%
Barclay's Aggr Bond Index	0.08%	-0.13%	6.13%	55.41%
HFRI Equity Hedge Index	1.45%	5.29%	4.12%	34.95%

* annualized

Asset Allocation



Please note all Top Sectors, Asset Allocation and Performance information are as of March 31, 2013 and subject to change at any time. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

Insights and Actions

“The afternoon knows what the morning never suspected.” - Robert Frost

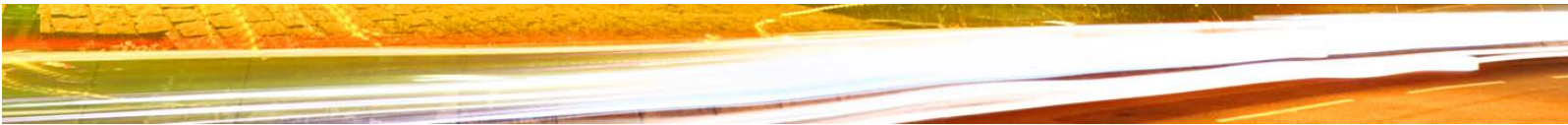
Our investment strategies in the beginning of the first quarter of 2013 reflected our investment posture from the close of 2012. In the last quarter of 2012, we saw economic expansion not only in the U.S. but in Asia and in Northern Europe. We track a dynamic list of more than 25 global economic indicators; however, we follow some more closely than others. Two of our more favored indicators gave support to our view in an expanding global environment. The credit markets throughout the world began to experience both increased yields coupled with good liquidity, a perfect recipe in our minds for economic growth. In addition, we also observed the price of crude rising in a slow and measured manner. These positive global economic indicators led us to continue to position both our Growth and Growth & Income or Exit strategies in sectors primed to participate in a worldwide economic expansion during an economic “risk-on” cycle. These sectors included deep cyclicals, cyclicals, industrials, transportation, technology and financials. In our Income strategy, our end of 2012 and beginning of 2013 posture was more defensive and yield sensitive, and thus we favored healthcare and consumer staples sectors. For all our strategies, we continued to hold our positions throughout January and most of February, and as a result experienced significant appreciation in keeping with the total markets performance.

Towards the end of February and continuing into early March, our indicators began to reflect a slowing in the various worldwide economic regions such as Europe and Asia and, to a somewhat lesser extent, here in the U.S. as well. We saw the 10 year note yield, crude and manufacturing numbers begin to deteriorate at a slow but measured rate throughout March.

Given these signals, we slowly began to realign our Growth and Growth & Income or Exit strategies to join our Income strategy in reflecting a more “risk-off” posture. As of the end of March, all strategies tilted toward defensive stocks sectors such as healthcare and consumer staples.

We continue to monitor our data points to see if the U. S. economic momentum follows the rest of the world. In particular we are concerned that the yield on the 10 year note continues to drop (1.84% as of April 1st). This does not correspond to a healthy growing and dynamic economy. The same can be said for the declining price of crude.

Going forward it is not about being bearish, bullish or agnostic. It is about managing risk and generating decent risk-adjusted returns across all of our investment strategies. Managing risk remains paramount - all the more so as the market continues to make new highs and renders future expected returns more difficult. We are alert though to the nuances in the markets and are prepared to react accordingly as they develop.



Disclosure

Past performance is no guarantee of future results. 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.

L&S Advisors performance shown includes that of the Growth & Income or Exit Composite, Growth Composite and Income Composite which contains discretionary growth and income or exit, growth and income accounts. Accounts with significant client imposed restrictions have been excluded from the composites. 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. Net of fee performance reflects the deduction of actual management fees charged and transaction costs. Cash flows equal to or greater than 10% of a portfolio's market value may 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 are based on fully discretionary accounts under management, and include accounts no longer with the firm. Inception performance is as of October 31, 2005.

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 index is shown as a general market indicator and used to represent a buy and hold strategy. L&S receives its S&P 500 performance figures from Interactive Data Corporation ("IDC"), which IDC adjusts as internal 'in house' calculations. The figures represent IDC's own price using the S&P 500 as a base value in the calculation, and will differ in price from the regular S&P Index. The HFRI Equity Hedge Index is a fund-weighted (equal-weighted) total return composite of constituent hedge funds in the HFR Database that meet certain inclusion criteria determined by Hedge Fund Research, Inc.; the index is designed to reflect hedge fund industry performance and is used to represent a long/short strategy. 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. These indexes should not be considered an appropriate benchmark for individual account or composite performance; the management style for client accounts in the composite may utilize positions and strategies, such as covered calls, that are not reflected in the index. Indexes are not available for direct investment.

