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

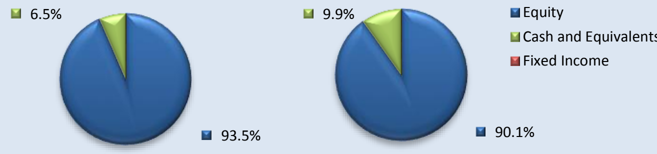
O 310.893.6060
F 310.893.6070
E info@lsadvisors.com
W lsadvisors.com

L&S Advisors Tactical Market Update
October 2017

Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Industrials	27.3%	Industrials	23.2%
Information Technology	22.3%	Information Technology	19.1%
Financials	12.4%	Financials	12.4%
Health Care	11.7%	Health Care	12.4%
Materials	8.1%	Materials	8.1%

Asset Allocation



Tactical Equity Opportunities   Tactical Equity Income

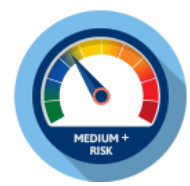
Preliminary Performance

	October	QTD	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities GROSS	2.69%	2.69%	15.87%	22.91%	7.40%	9.65%	7.97%	150.94%
Tactical Equity Opportunities NET	2.46%	2.46%	14.82%	21.79%	6.37%	8.58%	6.90%	122.77%
Tactical Equity Opp. WRAP GROSS	2.70%	2.70%	16.03%	23.00%	7.45%	10.40%	8.35%	161.69%
Tactical Equity Opp. WRAP NET **	2.32%	2.32%	14.30%	21.17%	5.77%	8.59%	5.93%	99.68%
Tactical Equity Income GROSS	2.85%	2.85%	12.68%	18.47%	6.37%	8.39%	8.86%	176.95%
Tactical Equity Income NET	2.65%	2.65%	11.74%	17.48%	5.43%	7.40%	7.82%	146.78%
Tactical Equity Income WRAP GROSS	2.92%	2.92%	12.58%	18.27%	6.22%	8.23%	8.80%	174.99%
Tactical Equity Income WRAP NET **	2.53%	2.53%	10.84%	16.44%	4.53%	6.06%	6.04%	102.23%
Dow Jones Industrial Average	*4.34%*	*4.34%*	*18.29%*	*28.85%*	*10.36%*	*12.29%*	*6.95%*	*123.92%*
S&P 500 TR	*2.33%*	*2.33%*	*16.91%*	*23.65%*	*10.77%*	*15.18%*	*8.80%*	*175.06%*
Barclay's Aggr Bond Index	*0.06%*	*0.06%*	*3.37%*	*0.95%*	*2.53%*	*2.15%*	*4.67%*	*73.03%*

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

Please note Top Sectors, Asset Allocation and Performance information is as of October 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 – "Why is the Market Up When Our Political System is Falling Down?"

General Comments

The S&P 500 is up dramatically since the election of Donald J. Trump one year ago, yet many people feel a sense of dread about the prospects for our democracy. That palpable sense of dread is not just prevalent among those who did not vote for Mr. Trump, but also among those who are disappointed that the infighting within the Republican party has prevented significant legislative accomplishments. Prospects for the corporate tax cut seem difficult because the plan calls for elimination of the deductibility of state and local taxes, and for a smaller mortgage interest deduction. The elimination of these benefits is putting pressure on Republicans elected in strongly blue states to disavow the plan. We suspect that the probability of success for the tax cut plan are no better than 50/50 as it is currently written. Following the inability of the Republicans to repeal and replace Obamacare, another legislative failure could be damaging to their mid-term prospects.

There are two good reasons why the market is going up when our political system seems to be in disarray. The first answer is that very little of a presidential candidate's agenda ever gets passed into law. A JPMorgan study showed that since Nixon, only about 9% of the pre-election agenda ever makes it into legislation. If you don't like the agenda, fear not because only a modest amount of it is likely to come to fruition. If you do like the agenda, take solace in your victory even as very little is likely to get done.

The second, and most important reason why the market is going up is the simple fact that global economic growth is solid. For the first time since the end of the Great Recession we have synchronized global growth. Even beleaguered Brazil is growing after years of being mired in a serious recession. The chart below shows that all 20 of the G-20 nations are growing. We are witnessing global synchronized growth, and with strong economic growth comes strong corporate earnings, and that leads to higher stock prices. In many ways, the stock market is ignoring the political ineptitude and is properly focused on strong economic growth.

Data Points and Global Economic Indicators

We look for risk every day, every week, every month. It is not that we are morbidly hoping for a catastrophe. It is simply that we do not want to be blind to a looming problem. We see this as one of the things that differentiates us from other firms. Our L&S Risk Pulse™ is a qualitative summary of the risk data we collect each period. Yes, we acknowledge that valuations are somewhat extended.

Further, we recognize that this has been one of the longest expansions in history. Still, we are hard-pressed to find data that suggests a pending end to the current expansion.

Continued on next page…

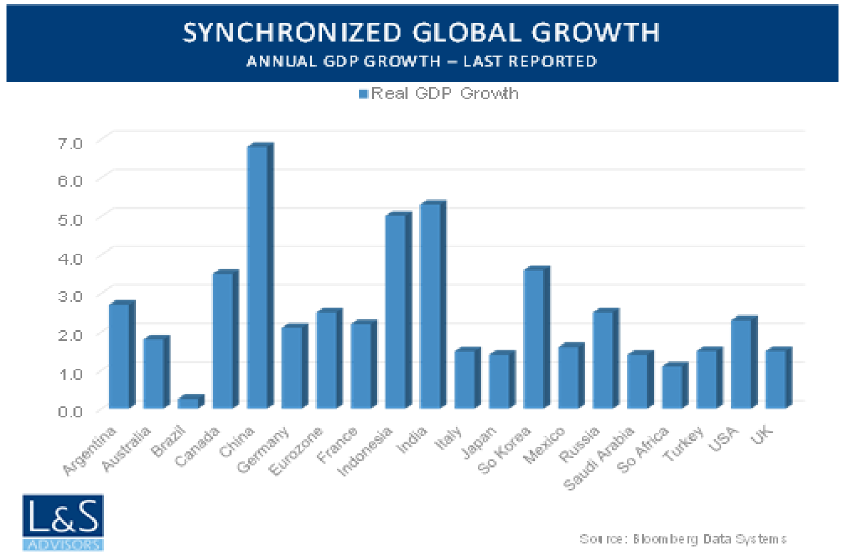
See important disclosures on next page.

Insights and Actions Cont.

We do not want to see a border adjustment tax, or a trade war, or tariffs on imported goods. These things would likely slow growth, reduce earnings, and lower stock prices. Further, we do not want to see the Fed err by raising interest rates too aggressively. The recent appointment of Jerome Powell as Chair of the Fed suggests that the current monetary policy will remain unchanged. We expect some regular but modest interest rate increases, but we do not see the makings of a policy error that would put the current expansion in jeopardy.

Conclusion

We remain cautiously optimistic regarding the prospects for continued economic growth. The fact that some people are dissatisfied with the current political paralysis is not a good thing. So far, that negativity has not had a deleterious impact on consumer, small business, or corporate confidence. We will continue to look for signs that confidence is being eroded in a meaningful way. Until the data suggests otherwise, we will continue to be fairly fully invested in the sectors that we feel will best participate in the global economic growth currently occurring.



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.