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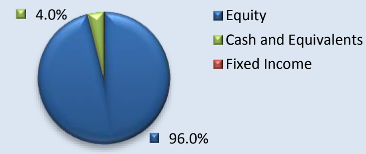
L&S Advisors Tactical Market Update
February 2018

Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Industrials	28.9%	Industrials	27.5%
Information Technology	22.1%	Information Technology	21.7%
Financials	17.1%	Financials	17.2%
Consumer Discretionary	9.0%	Consumer Discretionary	10.2%
Materials	8.6%	Materials	8.7%

Asset Allocation

Tactical Equity Opportunities



Tactical Equity Income

Preliminary Performance

	February	QTD	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities GROSS	-2.69%	2.99%	2.99%	17.83%	8.13%	9.35%	8.35%	168.86%
Tactical Equity Opportunities NET	-2.70%	2.76%	2.76%	16.76%	7.11%	8.28%	7.29%	138.14%
Tactical Equity Opp. WRAP GROSS	-2.51%	3.14%	3.14%	18.17%	8.17%	10.05%	8.74%	180.91%
Tactical Equity Opp. WRAP NET **	-2.51%	2.77%	2.77%	16.44%	6.49%	8.26%	6.35%	113.58%
Tactical Equity Income GROSS	-3.50%	1.44%	1.44%	13.98%	6.27%	8.12%	9.04%	190.65%
Tactical Equity Income NET	-3.50%	1.24%	1.24%	13.07%	5.34%	7.16%	8.00%	158.48%
Tactical Equity Income WRAP GROSS	-3.44%	1.57%	1.57%	14.11%	6.17%	8.01%	8.99%	189.16%
Tactical Equity Income WRAP NET **	-3.44%	1.19%	1.19%	12.37%	4.49%	5.97%	6.28%	111.85%
Dow Jones Industrial Average	*-4.28%*	*1.25%*	*1.25%*	*20.26%*	*11.34%*	*12.23%*	*7.35%*	*139.74%*
S&P 500 TR	*-3.69%*	*1.83%*	*1.83%*	*17.10%*	*11.14%*	*14.73%*	*9.07%*	*191.89%*
Barclay's Aggr Bond Index	*-1.00%*	*-2.20%*	*-2.20%*	*0.53%*	*1.20%*	*1.81%*	*4.39%*	*69.82%*

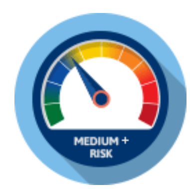
** annualized ** net of all WRAP fees or 3% annually*

Please note Top Sectors, Asset Allocation and Performance information is as of February 28, 2018. 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 – "To Inflation and Beyond (with apologies to Buzz Lightyear)"

General Comments

February started with stock markets reeling from concerns over higher labor costs, increasing inflation, and the likely Fed rate hikes that are on the horizon. Markets fell more than 10% at its worst, erasing the gains from January and reminding investors that markets do not go straight up. Corrections are a normal and healthy part of stock market advances. By early March the correction appeared over, and most of the losses were recovered.

Other surprises that took shook the market's confidence were the announcement of tariffs on steel and aluminum and the resulting departure of economic advisor Gary Cohn. In the past we have identified trade wars as one of those external shocks that could alter the course of economic growth. While the president did temporarily exclude Canada and Mexico from the imposition of tariffs, signaling to some that he seeks a middle ground, it is difficult to identify what good may come from these actions. We are not believers that tariffs will be effective, and history is littered with the destitute remains of nations who thought trade wars could easily be won. To be fair, Mr. Trump was clear about his desire to alter trade disparities, and this was just another campaign promise that he is trying to fulfill. The big question is whether the tariffs on steel and aluminum will be the end of such actions, or will other nations impose their own retaliatory tariffs, which will force us to retaliate with additional tariffs and trade restrictions until global economic activity grinds to a halt? So far the retaliation has been contained and exceedingly modest. What is likely is that policy surprises will keep investors on their toes, and will likely be an additional cause of increased volatility

Volatility, which measures the amplitude of swings in stock prices, is shown in the chart below. It is clear that volatility was very low throughout 2017, but February was a different animal altogether. The most volatile days in 2017 hardly compare to the February data. Volatility returned with vengeance, and we expect volatility to remain at a higher level than we saw last year. In many ways, the current level of volatility is more like long-term averages, and the very low levels of volatility seen last year were the aberration. It will take some time for investors to get more acclimated to greater volatility, and this may be another sign that this expansion is entering a later stage.

The recent market correction started with an employment report, and the most recent employment report gave reason to suggest that those fears may have been overblown. The economy created 313,000 jobs in February, with strength in nearly every sector. Further, that job creation occurred without

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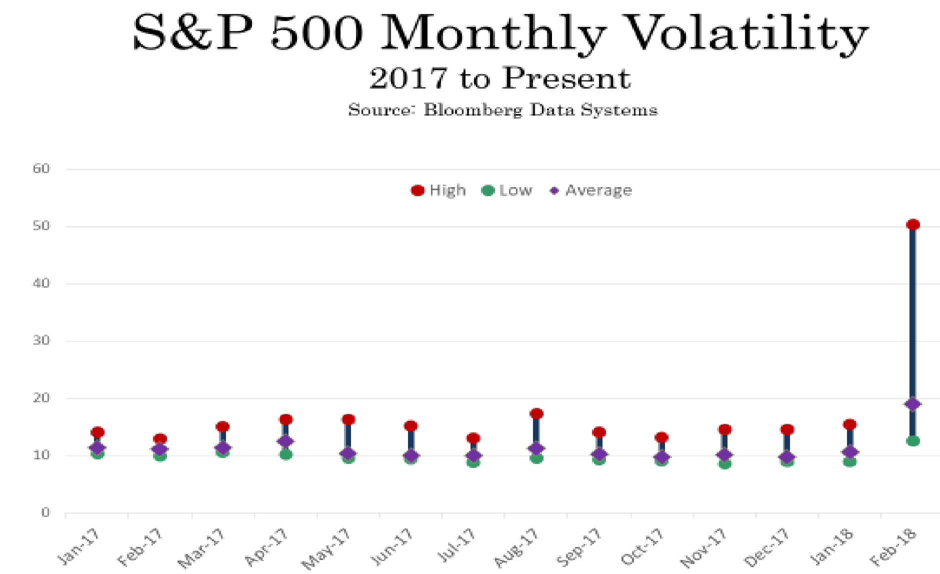
Insights and Actions Cont.

additional pressures on inflation. Average hourly earnings increased only 0.1% for the month and 2.6% for the year, and that number was below the troublesome number of 2.9% reported previously. We are seeing solid economic growth without inflation, the best of all possible worlds, and the market has responded quite positively as we move into the middle of March.

Data Points and Global Economic Indicators

In the long term, markets reflect corporate earnings. When earnings are rising, stock prices are likely to follow. There are times when valuations contract, and growth in corporate earnings do not lead to strong stock price gains. Expectations continue to suggest that corporate earnings growth will be robust in 2018, and that is one of the best reasons to be encouraged that the market will likely work its way higher as this year progresses.



Interest rates continue to trade in a range that is higher than last fall but not materially higher than the end of January. Any significant increase in rates would be a cause for concern.

Global economic growth remains strong, and troubling signs are few and far between. Volatility has increased, but valuations are more attractive then they were at the start of the year. We are hard-pressed to find economic indicators that suggest risks are rising dramatically.

Conclusion

It is important to watch out for increasing risks. The good news is that risk management is part of our culture. We are constantly monitoring economic indicators to see if risks are rising and if investors' positioning should be adjusted. We do expect higher volatility, but we also expect higher corporate earnings. We have not increased our Risk Pulse™ so far, but we remain on alert for data that suggests the status quo has changed. We do not expect a recession over the next few quarters, and we do believe that higher earnings will lead to higher stock prices even if the road to get there is far more volatile than we would like.

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.