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Preliminary Performance (net of fees)

	L&S Guardian Equity Strategies						L&S Explorer Equity Strategies					
	Tactical Equity Opportunities		Tactical Equity Income		Tactical Equity ETF		Diversified Equity		Core		Core Select	
	Net	S&P 500TR	Net	S&P 500TR	Net	S&P 500TR	Net	S&P 500TR	Net	S&P 500TR	Net	S&P 500TR
March	-3.53%	-2.54%	-3.02%	-2.54%	-2.28%	-2.54%	-1.97%	-2.54%	-1.49%	-2.54%	-1.83%	-2.54%
QTD	-0.70%	-0.76%	-1.82%	-0.76%	-0.88%	-0.76%	-1.40%	-0.76%	-0.43%	-0.76%	0.81%	-0.76%
YTD	-0.70%	-0.76%	-1.82%	-0.76%	-0.88%	-0.76%	-1.40%	-0.76%	-0.43%	-0.76%	0.81%	-0.76%
12 Mos	13.44%	13.99%	10.40%	13.99%	11.52%	13.99%	14.00%	13.99%	14.74%	13.99%	15.90%	13.99%
3 year*	6.13%	10.78%	4.26%	10.78%	4.83%	10.78%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	6.87%	13.31%	5.80%	13.31%	5.72%	13.31%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.94%	8.78%	7.68%	8.78%	6.16%	13.95%	15.14%	16.36%	14.74%	13.99%	15.90%	13.99%
ITD (cum)	130.13%	184.48%	150.67%	184.48%	36.21%	96.39%	27.97%	30.37%	14.74%	13.99%	15.90%	13.99%
Inception	10/31/2005		10/31/2005		1/31/2013		6/30/2016		3/31/2017		3/31/2017	

	L&S Sprinter Equity Strategies				L&S Fixed Income Strategies									
	Income Equity		Equity Growth		Taxable Fixed Income		Tax-Free Fixed Income		Short Duration Investment Grade		High Yield		Short Duration High Yield	
	Net	RUS1000 VALUE	Net	RUS1000 GROWTH	Net	BARC US AGG	Net	BARC MUNI	Net	BARC 1-3 GOV	Net	BARC HYBOND	Net	ML HIGH YIELD
March	-3.08%	-1.76%	-2.33%	-2.74%	0.18%	0.64%	0.06%	0.11%	0.09%	0.16%	-0.03%	-0.60%	-0.35%	-0.08%
QTD	0.03%	-2.83%	6.85%	1.42%	-0.59%	-1.46%	-0.74%	-1.20%	-0.24%	-0.20%	0.69%	-0.86%	0.08%	0.14%
YTD	0.03%	-2.83%	6.85%	1.42%	-0.59%	-1.46%	-0.74%	-1.20%	-0.24%	-0.20%	0.69%	-0.86%	0.08%	0.14%
12 Mos	18.50%	6.95%	24.64%	21.25%	1.24%	1.20%	1.97%	1.26%	0.88%	0.24%	4.41%	3.78%	4.25%	3.69%
3 year*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	22.80%	9.75%	25.07%	24.33%	2.33%	-0.71%	-0.44%	-0.28%	1.23%	0.53%	5.15%	5.23%	6.38%	5.16%
ITD (cum)	31.51%	13.20%	34.75%	33.69%	3.92%	-1.18%	-0.77%	-0.49%	1.64%	0.71%	6.47%	6.58%	8.60%	6.94%
Inception	11/30/2016		11/30/2016		7/31/2016		6/30/2016		11/30/2016		12/31/2016		11/30/2016	

Please note performance information is as of March 31, 2018.

* annualized

L&S Risk Pulse™ Score

Caution (Increased)

Long-term macroeconomic conditions are strong, but at least several core economic indicators show weakness with noteworthy but outlying risk that requires monitoring. Valuations are approaching high for a majority of stocks.

L&S Risk Pulse™ Analysis – “A Bull Market in Volatility”

General Comments

We have increased our Risk Pulse™ from Medium+ (4 out of 10) to Caution (5 out of 10).

This has been a long expansion, and we expect the expansion to continue for several more quarters, or perhaps longer. Still, we must acknowledge that we are closer to the end of this economic cycle than we are to the beginning.

Valuations are somewhat stretched, even as they have corrected modestly as stock prices have come down since the end of January. Volatility is back, and we suspect the increase in volatility reflects more uncertainty among investors.

The Fed is raising interest rates, which typically occurs later in the economic cycle. While expectations remain for two additional rate hikes this calendar year, the Fed raised its forecast for 2019 calling for an additional rate hike next year. The Fed decided to begin the process of reducing its balance sheet last fall. Initially they began letting \$10 billion of assets mature without replacement each month. That amount was increased in \$20 billion per month in January, and it increases again in April to \$30 billion. So effectively the Fed is tightening in two different ways simultaneously: they are raising interest rates, and they are reducing the size of their balance sheet. Expansions have never (so far) died of old age, but policy mistakes have been a consistent cause for cycles to end, and we think the risks have increased so that a policy mistake could be made.

Perception of political risks seems higher than it has been since the election of Donald Trump. The high turnover in the administration, combined with Democratic successes in special elections, raises the likelihood of a political stalemate by the end of this year. While markets have typically been comfortable with a stalemate because nothing destructive gets done, we must also recognize that the exceedingly pro-business environment of the past 15 months may be coming to an end. We also think that the downside for the markets should Trump fire Special Counsel Mueller is far greater than the upside if Mueller were to go away quietly. Markets typically ignore political risks, but it seems that political risks have increased to a point where they are difficult to continue to ignore.

Most importantly is the administration's desire to try to eliminate our trade deficit with tariffs. We have always suggested that a trade war could easily become the policy mistake that ends the current expansion, and the recent escalation of threats clearly increases our concern. We recognize that we do not have “free trade,” and that China steals our intellectual property with alarming regularity. Trade is undertaken because it benefits both parties, and the notion that a trade war can be easily won is a seriously flawed policy position. Were there no other reasons to increase the Risk Pulse™, the potential for a trade war should be sufficient on its own.

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See important disclosures on next page.

L&S Risk Pulse™ Analysis Cont.

We are also concerned about the recent revelations that Facebook did not protect the personal data of more than 80 million users. Facebook has been an unqualified success, building from nothing to one of the most valuable companies in the world in little more than a decade. If Facebook was not a good citizen, then it is likely that other technology companies could also come under greater scrutiny. While we do not expect growth to slow materially, the risks of increased regulation, higher costs, and somewhat slower growth suggests the valuation of these companies may be pressured for several quarters or years. That could reduce valuations on the entire technology sector, one of the best performing parts of the market.

Data Points and Global Economic Indicators

While we can identify significant risks, we are also cognizant that our two best recession indicators do not suggest a recession is on the horizon anytime soon. Economic growth is occurring in 19 of the G-20 nations. Only Saudi Arabia reported a contracting economy in its latest report. Corporate earnings are projected to grow by 20% this year, driven not just by tax cuts but by solid organic growth, and we do believe that earnings drive stock prices in the long-term. Bank balance sheets are in very solid shape, and while credit risks have increased since the market started to wobble in late January, signs of systemic credit problems remain relatively rare.

Conclusion

We have increased cash positions, especially for our most conservative tactical strategies. For those strategies we believe our role is to play defense, and with higher risk comes a more cautious approach, especially until some of these issues settle down.

Our decision to increase the Risk Pulse™ is not suggestive of a market that is poised to enter a bear phase. With strong earnings growth, the market could easily push ahead to make new highs later this year. We do think it is prudent to recognize the risks of being later in the cycle, of increased political risk, and of a misguided trade policy. It is with risk management in mind that we made the determination that risks had risen and so too must our Risk Pulse™.

Disclosure

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.

The Tactical Equity Opportunities ("TEO") Strategy Composite seeks growth through capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate individual equities. The Tactical Equity Income ("TEI") Strategy Composites seek income through yield and capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate equities. The Tactical Equity ETF Strategy Composite seeks growth through capital appreciation primarily from the tactical investment in risk-appropriate ETFs. The Diversified Equity Strategy Composite seeks to generate long-term capital appreciation. The L&S Core Portfolio Strategy Composite will invest in Exchange Traded Funds (ETFs) that achieve a global investment presence with an emphasis on the United States. The L&S Core-Select Portfolio Strategy Composite will invest in a combination of Exchange Traded Funds (ETFs) and select individual equities. The Income Equity Strategy Composite seeks to provide income and capital appreciation through the selection of individual equity securities that are expected to consistently raise its dividends by 6% or more annually. The Equity Growth Strategy Composite selects a portfolio of companies that are expected to grow earnings and revenues at a rate faster than the average company. Short-Duration Investment Grade Fixed Income Strategy Composite seeks to generate taxable income, combined with relative portfolio stability for clients with little need or desire for long-term capital appreciation. Taxable Fixed Income Strategy Composite seeks to generate taxable income, combined with relative portfolio stability for clients with little need or desire for long-term capital appreciation. Tax-Free Fixed Income Strategy Composite seeks to generate tax-free income, combined with relative portfolio stability for taxable clients with little need or desire for long-term capital appreciation. High Yield Bonds Strategy Composite seeks to invest in bonds that are rated as below investment grade by the major bond rating agencies (below BBB or Baa). Short-Duration High Yield Bonds Strategy Composite seeks to invest in bonds that are rated as below investment grade by the major bond rating agencies (below BBB or Baa).

Composite performance results have been calculated by using time-weighted returns based on the beginning of period values on an adjusted capital basis. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Performance results are total return and include the reinvestment of all income. 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. Composite performance is presented gross of foreign withholding taxes on dividends, interest income, and capital gains. The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Non-wrap accounts: Gross-of-fee performance was calculated after the deduction of actual itemized trading expenses. Net-of-fee performance was calculated using actual management fees. Wrap accounts: Gross-of-fee performance was calculated gross of all fees and transaction costs. Net returns are reduced by all fees and transaction costs.

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 Russell 1000 Value Index is a market capitalization weighted index that measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 1000 Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index, meaning the securities in the index are weighted according to the market size of each bond type. The Bloomberg Barclays Municipal Bond 7 Year Total Return Index covers the USD-denominated intermediate term tax exempt bond market. The Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the USD-denominated, high yield fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's Fitch and S&P is Ba1/BB+/BB+ or below. The Bloomberg Barclays 1-3 Year Government/Credit Index is a broad-based benchmark that measures the non-securitized component of the U.S. Aggregate Index.

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.

