



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



## 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 |
| April     | -0.80%                         | 0.38%     | -0.50%                 | 0.38%     | 0.05%               | 0.38%     | 0.18%                          | 0.38%     | 0.18%     | 0.38%     | 0.35%       | 0.38%     |
| QTD       | -0.80%                         | 0.38%     | -0.50%                 | 0.38%     | 0.05%               | 0.38%     | 0.18%                          | 0.38%     | 0.18%     | 0.38%     | 0.35%       | 0.38%     |
| YTD       | -1.49%                         | -0.38%    | -2.31%                 | -0.38%    | -0.83%              | -0.38%    | -1.22%                         | -0.38%    | -0.26%    | -0.38%    | 1.16%       | -0.38%    |
| 12 Mos    | 13.53%                         | 13.27%    | 9.75%                  | 13.27%    | 11.03%              | 13.27%    | 12.34%                         | 13.27%    | 13.76%    | 13.27%    | 14.84%      | 13.27%    |
| 3 year*   | 7.05%                          | 10.57%    | 4.81%                  | 10.57%    | 5.11%               | 10.57%    | N/A                            | N/A       | N/A       | N/A       | N/A         | N/A       |
| 5 year*   | 6.80%                          | 12.96%    | 5.16%                  | 12.96%    | 5.32%               | 12.96%    | N/A                            | N/A       | N/A       | N/A       | N/A         | N/A       |
| ITD*      | 6.83%                          | 8.76%     | 7.59%                  | 8.76%     | 6.07%               | 13.80%    | 14.51%                         | 15.80%    | 13.72%    | 13.25%    | 14.97%      | 13.25%    |
| ITD (cum) | 128.30%                        | 185.57%   | 149.41%                | 185.57%   | 36.28%              | 97.14%    | 28.21%                         | 30.87%    | 14.94%    | 14.43%    | 16.31%      | 14.43%    |
| 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 |
| April     | 0.83%                          | 0.33%         | 0.37%         | 0.35%          | -0.48%                      | -0.74%      | -0.41%                | -0.38%    | 0.05%                           | -0.10%       | 0.17%      | 0.65%       | 0.52%                     | 0.64%         |
| QTD       | 0.83%                          | 0.33%         | 0.37%         | 0.35%          | -0.48%                      | -0.74%      | -0.41%                | -0.38%    | 0.05%                           | -0.10%       | 0.17%      | 0.65%       | 0.52%                     | 0.64%         |
| YTD       | 0.87%                          | -2.51%        | 7.25%         | 1.77%          | 1.06%                       | -2.19%      | -1.15%                | -1.58%    | -0.18%                          | -0.30%       | 0.87%      | -0.21%      | 0.59%                     | 0.79%         |
| 12 Mos    | 17.29%                         | 7.50%         | 24.31%        | 18.96%         | 0.36%                       | -0.32%      | 1.03%                 | -0.06%    | 0.85%                           | -0.05%       | 3.78%      | 3.26%       | 3.85%                     | 3.43%         |
| 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*      | 22.04%                         | 9.40%         | 23.76%        | 23.05%         | 1.94%                       | -1.10%      | -0.65%                | -0.47%    | 1.20%                           | 0.42%        | 4.95%      | 5.41%       | 6.38%                     | 5.32%         |
| ITD (cum) | 32.61%                         | 13.58%        | 35.25%        | 34.16%         | 3.42%                       | -1.91%      | -1.18%                | -0.86%    | 1.70%                           | 0.60%        | 6.66%      | 7.28%       | 9.16%                     | 7.63%         |
| 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 April 30, 2018.

\* annualized

## L&S Risk Pulse™ Score

### Caution

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 – “I Don’t Think We’re In Kansas Anymore, Toto”

### General Comments

Like the political environment, stocks seem to be lacking leadership. The semiconductor and jumbo-cap technology stocks that led the market throughout last year have stumbled. Interest rates have moved modestly higher, yet the banks and financial services stocks, companies that would be prime beneficiaries of higher interest rates, have lost their way. Industrial stocks that typically do well later in the economic cycle have also struggled. The high-flying defense stocks are under fire. Materials stocks that would benefit from higher inflation and rising commodity prices also seem to have lead shoes. Where is the leadership?

The lack of leadership is a significant concern for us as the market seems directionless. The good news is that markets have not made lower lows after the early February swoon. The bad news is that without direction or leadership it is difficult to expect markets to return to the old highs. Perhaps, even more disconcerting, is the fact that those groups that we would expect to perform under certain circumstances are not behaving as expected. In fact, companies that reported excellent results are not being rewarded by the market. There are other concerns as well. The Purchasing Managers surveys have weakened. From global synchronized growth, we are looking at a global synchronized slowdown. Admittedly, the slowdown is not yet severe, and indicator levels still reflect reasonable growth ahead. The direction of the indicators is the problem. The USA, China, Germany, Spain, Italy, France, the Eurozone, Emerging Markets, and Global indicators all have slowed over the past several months. We wish we knew the answer to whether the slowdown is over or whether it has really just begun.

Concerns over slower growth were exacerbated when Caterpillar suggested that “the first quarter adjusted profit per share will be the high watermark for the year.” Cat usually shows the highest profit during the second calendar quarter, so why were they suggesting that the peak has passed? Certainly Cat will be hurt by higher steel tariffs which raises the price of materials needed to manufacture their products. Even with announced product price increases, Cat is worried that they will be unable to recover all of the cost increases they face for the remainder of the year. If slower growth leads to peaking profits and potentially declining profit margins, how much higher can the market go?

We have seen a massive change in investor psychology and orientation. Elation over tax cuts has turned to concern over deficits. Global synchronized growth has morphed into a global synchronized slowdown. A victorious Trump has quickly become a worry over mid-term election losses. Deregulation has faded to concerns that giant technology stocks with access to immense personal data will need to be regulated. Complacency is over, and investors will need to work much harder to earn meaningful returns. I don’t think we’re in Kansas anymore, Toto.

Continued on next page...

## L&S Risk Pulse™ Analysis Cont.

### Conclusion

This has been one of the longest economic cycles in U.S. history, and we do not see an end just yet. Still, we recognize that we are closer to the end of the expansion than we were a year ago. Concerns over slower growth, weaker margins, political risks, and the lateness of the cycle will all work to lower potential market multiples. It will be a much more difficult environment for investors.

It is, however, a market that will reward the efforts necessary to find good ideas and good industries and sectors. Active managers can add tremendous value in this market. The ability to raise cash for our most conservative and tactical clients should also add value. We remain concerned over the lack of leadership, but we are encouraged that active and tactical managers can add value in different ways.

## 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](mailto: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.

