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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
July	1.24%	3.72%	1.36%	3.72%	2.17%	3.72%	2.30%	3.72%	2.92%	3.72%	2.34%	3.72%
QTD	1.24%	3.72%	1.36%	3.72%	2.17%	3.72%	2.30%	3.72%	2.92%	3.72%	2.34%	3.72%
YTD	-0.56%	6.47%	-0.91%	6.47%	4.36%	6.47%	1.19%	6.47%	4.02%	6.47%	4.17%	6.47%
12 Mos	9.19%	16.24%	8.27%	16.24%	13.47%	16.24%	10.34%	16.24%	13.30%	16.24%	15.08%	16.24%
3 year*	5.77%	12.52%	3.87%	12.52%	6.17%	12.52%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	6.19%	13.12%	5.72%	13.12%	5.85%	13.12%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.77%	9.15%	7.55%	9.15%	6.77%	14.51%	13.98%	17.47%	14.57%	16.29%	14.49%	16.29%
ITD (cum)	130.44%	205.19%	152.98%	205.19%	43.41%	110.69%	31.34%	39.86%	19.88%	22.29%	19.77%	22.29%
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
July	2.87%	3.96%	0.87%	2.94%	0.32%	0.02%	0.27%	0.40%	0.08%	0.05%	0.69%	1.09%	0.62%	0.88%
QTD	2.87%	3.96%	0.87%	2.94%	0.32%	0.02%	0.27%	0.40%	0.08%	0.05%	0.69%	1.09%	0.62%	0.88%
YTD	6.64%	2.20%	15.01%	10.40%	-0.62%	-1.59%	-0.04%	0.16%	0.34%	0.13%	2.62%	1.25%	1.95%	2.18%
12 Mos	18.80%	9.54%	25.46%	22.84%	0.11%	-0.80%	0.55%	-0.16%	0.73%	0.00%	3.82%	2.60%	3.75%	3.31%
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*	22.47%	11.04%	25.00%	25.25%	1.92%	-0.66%	-0.03%	0.42%	1.33%	0.62%	5.29%	5.50%	6.25%	5.37%
ITD (cum)	40.19%	19.07%	45.05%	45.54%	3.88%	-1.31%	-0.06%	0.88%	2.23%	1.04%	8.51%	8.85%	10.64%	9.11%
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 July 31, 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 a high level for a majority of stocks.



L&S Risk Pulse™ Analysis – “The Few, The Proud, the Big 10”

General Comments

The S&P 500 is an index of 500 stocks that are weighted according to the market capitalization of the companies selected. This provides a biased index that tends to give the greatest importance to the very largest companies in the index. The top 10 companies of the index represent nearly 25% of the value of the index. Said another way, 2% of the stocks comprise 25% of the returns. Further, the largest company in the index, Apple, which was the first company to exceed a market capitalization of \$1 trillion, is over 200 times larger than the smallest company in the index. Imagine a portfolio manager that built a portfolio for you. In that portfolio, she purchased \$25,000 worth of Apple. In order to have the same weighting as the S&P 500 index, she would also own the smallest company (Brighthouse Financial, recently spun out of MetLife), but she would own only \$120 worth of that company. Why bother? If Brighthouse is up 100%, a gain of \$120 for your portfolio, Apple would need to be up only one-half of one-percent to provide the same \$120 gain. Seems like the deck is stacked.

This is the environment we have been living with, and it has been particularly noticeable so far this calendar year. The gains in the market have been concentrated in only a very small number of stocks. We can see that in the fact that the Dow Jones Industrial Average and the equal-weighted S&P 500 (where each of the 500 stocks in the index has the same contribution to the index) have dramatically underperformed the cap-weighted and biased S&P 500.

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L&S Risk Pulse™ Analysis Cont.

As you may recall, we spend significant energy following different economic indicators and data points with the goal of trying to identify risks as they unfold. This too has been a difficult period as many indicators have weakened this month as compared to previous levels. It is very difficult to determine whether recent weakness is a harbinger of further weakness to come, or whether the weakness is simply summer doldrums and is temporary. We will not know the answer to that for several more months. Stay tuned.

Domestic markets have been able to shrug off threats of trade tariffs, expanding federal deficits, and political noise, and have attempted to regain the highs posted in January. The market has been driven by strong gains in corporate earnings which are up over 20% for this quarter as compared to last year. We are firm believers that earnings drive markets, and we are even more encouraged by calculations that show roughly 2/3 of earnings gains are coming from strong underlying fundamentals, with another 1/3 coming from tax cuts. We do worry that higher input costs, caused in part by tariffs, suggest that corporate profit margins may be peaking. Peaking profit margins have typically preceded market tops, and we can't help but wonder whether this is another indicator that is simply weakening or whether it does portend further market weakness?

Conclusion

The market's gains have been concentrated in a very small number of stocks, and narrow participation is yet another sign of a market that is struggling. Still, corporate earnings gains are strong, and the market will respond quite positively to any reduction in trade concerns. We remain focused on the potential for a changing environment. The fundamentals do suggest the market has further room to run.

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, 2017. 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.

