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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
August	2.40%	3.26%	1.66%	3.26%	1.95%	3.26%	1.76%	3.26%	1.80%	3.26%	1.76%	3.26%
QTD	3.67%	7.10%	3.04%	7.10%	4.16%	7.10%	4.10%	7.10%	4.77%	7.10%	4.14%	7.10%
YTD	1.83%	9.94%	0.73%	9.94%	6.39%	9.94%	2.97%	9.94%	5.89%	9.94%	6.00%	9.94%
12 Mos	11.14%	19.66%	9.78%	19.66%	15.27%	19.66%	11.78%	19.66%	14.92%	19.66%	16.65%	19.66%
3 year*	8.60%	16.11%	6.24%	16.11%	9.41%	16.11%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	6.79%	14.52%	6.80%	14.52%	6.91%	14.52%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.92%	9.36%	7.64%	9.36%	7.04%	14.94%	14.32%	18.49%	15.09%	17.90%	14.98%	17.90%
ITD (cum)	135.97%	215.14%	157.18%	215.14%	46.20%	117.56%	33.65%	44.42%	22.03%	26.28%	21.87%	26.28%
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
August	2.05%	1.48%	6.39%	5.47%	0.03%	0.64%	0.02%	0.06%	0.38%	0.35%	1.05%	0.74%	1.07%	0.65%
QTD	5.01%	5.49%	7.32%	8.56%	0.35%	0.67%	0.29%	0.46%	0.46%	0.41%	1.73%	1.84%	1.69%	1.54%
YTD	8.86%	3.71%	22.38%	16.44%	-0.59%	-0.96%	-0.02%	0.21%	0.71%	0.49%	3.68%	2.00%	3.04%	2.84%
12 Mos	19.40%	12.47%	31.94%	27.23%	-0.32%	-1.05%	-0.01%	-0.79%	0.95%	0.15%	5.21%	3.40%	4.72%	3.79%
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*	22.73%	11.42%	28.14%	27.74%	1.86%	-0.32%	-0.02%	0.43%	1.49%	0.80%	5.67%	5.69%	6.59%	5.50%
ITD (cum)	43.11%	20.83%	54.33%	53.49%	3.92%	-0.68%	-0.05%	0.94%	2.62%	1.40%	9.64%	9.65%	11.82%	9.82%
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 – “Soft or Just Softer”

General Comments

Since the market topped in late January, we have been struggling with some of the economic data points that showed signs of weakening economic growth. For example, the Purchasing Managers index of non-manufacturing activity declined from 59.9 in January to 55.7 in July. Did that suggest a weakening of activity, or simply a correction from unsustainably high levels? On an absolute basis, any number above 50 shows expansion, so 55.7 is a solidly expansionary report. Still, it is understandable that the weakness caused us to pause and consider whether risks were rising, especially as other data points showed similar trends.

The problem with economic data is that the answer will come with time, but, as portfolio managers, we sometimes struggle with the patience necessary to let things play out. With quarterly performance reviews, sometimes several months can seem like an eternity.

Data reported recently supports the notion that the US economy remains quite strong. The Purchasing Managers Manufacturing Index just moved to new cycle highs and is as high as it has been since May of 2004. Likewise, consumer confidence, as measured by the Conference Board, also rose to new cycle highs, and is as high as it has been since November of 2000. The unemployment rate, at 3.9%, is as low as it has been since December of 2000. The question of slow versus slower seems to have been answered definitively in favor of slower. The US economy remains one of the bright spots.

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L&S Risk Pulse™ Analysis Cont.

To be fair, that is not the whole picture. Foreign markets, both developed and emerging, have struggled this year, and the data points have not turned. These trends look somewhat troubling. Is our theme of global synchronized growth in jeopardy? So far, we cannot find any nations within the G20 that are mired in a recession. A strong United States will be a locomotive engine that can pull many other nations along with it. Trade wars continue to add risk to the system, and while we are hopeful that a full-blown trade war can be avoided, we are not willing to ignore the risks entirely. We acknowledge that these global uncertainties may have contributed to the slower growth we have seen in other parts of the world.

As the calendar has turned to September, we are reminded that this month has, on average, been the most difficult month of the year. Technology stocks seem over-bought, and it seems that the leaders over the past several quarters may be yielding leadership to other industries and stocks. Mid-term elections have historically led to increased market volatility, and that adds to some of our concerns at this time.

Conclusion

Earnings remain the mother's milk of stock markets, and earnings in the US are quite strong. This economic strength should continue the trend for quite some time. It is interesting to note that earnings are growing in emerging markets as well, but those markets are struggling due to other concerns. We continue to suggest that risks are mid-level. We see no signs of an emerging recession and expect the stock market to be higher 12 months from now.

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, 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.

