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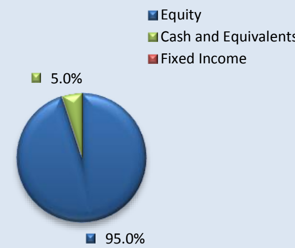
L&S Advisors Tactical Market Update
August 2018

Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	22.5%	Information Technology	18.2%
Health Care	16.3%	Financials	16.5%
Financials	14.5%	Health Care	15.0%
Industrials	14.4%	Industrials	12.5%
Index ETF	10.0%	Index ETF	10.1%

Asset Allocation

Tactical Equity Opportunities



Tactical Equity Income

Preliminary Performance

	August	QTD	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities GROSS	2.40%	3.90%	2.50%	12.14%	9.62%	7.82%	7.97%	167.58%
Tactical Equity Opportunities NET	2.40%	3.67%	1.83%	11.14%	8.60%	6.79%	6.92%	135.97%
Tactical Equity Opp. WRAP GROSS	2.37%	3.98%	2.51%	12.14%	9.57%	8.24%	8.33%	179.20%
Tactical Equity Opp. WRAP NET **	2.37%	3.60%	1.41%	10.53%	7.91%	6.51%	5.98%	110.75%
Tactical Equity Income GROSS	1.66%	3.24%	1.31%	10.62%	7.15%	7.75%	8.66%	190.29%
Tactical Equity Income NET	1.66%	3.04%	0.73%	9.78%	6.24%	6.80%	7.64%	157.18%
Tactical Equity Income WRAP GROSS	1.65%	3.26%	1.51%	11.01%	7.11%	7.65%	8.62%	189.00%
Tactical Equity Income WRAP NET **	1.65%	2.87%	0.36%	9.33%	5.45%	5.77%	5.96%	110.13%
Dow Jones Industrial Average	*2.16%*	*6.98%*	*5.04%*	*18.30%*	*16.25%*	*11.88%*	*7.36%*	*148.70%*
S&P 500 TR	*3.26%*	*7.10%*	*9.94%*	*19.66%*	*16.11%*	*14.52%*	*9.36%*	*215.14%*
Barclay's Aggr Bond Index	*0.68%*	*0.70%*	*-1.01%*	*-1.10%*	*1.85%*	*2.63%*	*4.31%*	*71.88%*

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

Please note Top Sectors, Asset Allocation and Performance information is as of August 31, 2018. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

L&S Risk Pulse™ Score

Caution (unchanged) 5 out of 10

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™ Insights – "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.

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.