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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
September	1.46%	0.57%	0.98%	0.57%	0.41%	0.57%	0.36%	0.57%	-0.35%	0.57%	-0.35%	0.57%
QTD	5.19%	7.71%	4.05%	7.71%	4.59%	7.71%	4.49%	7.71%	4.38%	7.71%	3.77%	7.71%
YTD	3.32%	10.56%	1.72%	10.56%	6.83%	10.56%	3.27%	10.56%	5.49%	10.56%	5.62%	10.56%
12 Mos	10.11%	17.91%	8.03%	17.91%	13.24%	17.91%	8.56%	17.91%	12.00%	17.91%	12.98%	17.91%
3 year*	10.10%	17.31%	7.44%	17.31%	10.87%	17.31%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	6.51%	13.95%	6.80%	13.95%	6.42%	13.95%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.99%	9.34%	7.67%	9.34%	7.01%	14.82%	13.90%	18.04%	13.91%	17.27%	13.83%	17.27%
ITD (cum)	139.43%	216.93%	159.70%	216.93%	46.80%	118.80%	34.03%	45.24%	21.57%	27.00%	21.44%	27.00%
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
September	-0.24%	0.20%	1.49%	0.56%	0.17%	-0.64%	-0.27%	-0.57%	0.08%	-0.07%	0.46%	0.56%	0.47%	0.52%
QTD	4.76%	5.70%	8.92%	9.17%	0.53%	0.02%	0.02%	-0.11%	0.54%	0.33%	2.21%	2.40%	2.21%	2.06%
YTD	8.60%	3.92%	24.20%	17.09%	-0.41%	-1.60%	-0.29%	-0.36%	0.79%	0.42%	4.17%	2.57%	3.57%	3.37%
12 Mos	17.21%	9.45%	32.20%	26.30%	-0.22%	-1.22%	-0.34%	-0.58%	0.91%	0.21%	4.99%	3.05%	4.64%	3.71%
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*	21.44%	10.99%	27.73%	26.71%	1.87%	-0.61%	-0.14%	0.16%	1.46%	0.72%	5.68%	5.74%	6.58%	5.54%
ITD (cum)	42.77%	21.07%	56.62%	54.35%	4.10%	-1.31%	-0.31%	0.36%	2.70%	1.33%	10.15%	10.27%	12.38%	10.38%
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 September 30, 2018. * annualized

L&S Risk Pulse™ Score

Caution + (unchanged) 6 out of 10

The composite economic picture is mixed or unclear, indicating confusion in global markets. Valuations are questionable and volatility must be monitored.



L&S Risk Pulse™ Analysis – “What, me worry??”

General Comments

The U.S. recovery, currently 114 months long, is the longest in history (the Ibbotson data goes back to 1926). It is one of the most profitable, although the run from 1990 to 2000 provided somewhat higher gains. Still, this has been a wonderful cycle in which to participate.

While the economic recovery has been long, it has actually been quite shallow. On average, post-war economic cycles have experienced about 49% GDP growth from the beginning of the cycle. Despite the length of this cycle, GDP growth has only expanded by 42%, somewhat below average. Other cycles that were longer showed dramatically greater expansions in GDP growth. This may be a reason to suggest that this cycle has further to go.

The data that we look for to support the market seems surprisingly intact. Over the long term, stock prices are driven by corporate earnings. Valuations ebb and flow, as does investor sentiment, but companies that grow earnings are likely to be rewarded with higher share prices. Here the news is exceptional. Over the past two quarters, S&P 500 company earnings have grown by 27% as compared to the same quarter last year. That growth is driven by higher margins emanating from the lower tax rates, higher revenue driven by solid economic growth, and corporate buybacks. As we enter the reporting season for the third calendar quarter, expectations are for similar growth again. Earnings growing at more than 20% in the 10th year of an expansion is an extraordinary occurrence. It is hard to find data that suggests this expansion is quickly coming to an end.

While we remain encouraged, we do see some signs that might suggest the market is getting tired. It is important to reinforce the fact that market corrections without recessions are much shallower and much less damaging. Still, we see some signs that give us a reason for some concern. Heavy IPO and merger and acquisition activity are signs that typically occur near a market top. Higher credit spreads and peaking operating margins are also signals that can suggest market turmoil. Fewer stocks participating and former leadership groups lagging can be indicators of a market that struggles. Still, there are no signs of speculation and of heavy retail affinity for the stock market, signals which can also be typical of market tops.

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Conclusion

Signs of a recession remain missing. This bull market is one of the longest ever. It has been willing and able to climb the proverbial wall of worry. The Fed is tightening, but the market goes higher. The yield curve flattens, and the market goes higher. Trump is elected and the market advances. Supreme court nominees are heavily scrutinized and the market ignores the distraction. Midterm elections are on the horizon, but the market recognizes the outcome is a return to the normalcy of a divided government.

Corporate earnings are strong, and confidence is high. Economic growth remains robust especially here in the US. Valuations are middling, and this expansion is one of the longest in history. Still, we recognize that expansions do not die of old age. Expansions typically end with policy mistakes or external shocks. The Fed is raising rates, but the pace of these increases is as shallow as in any time in the past 50 years. A correction is possible for stock market investors, but any correction that might occur is likely to be fairly mild.

It is easy to get distracted by political noise. The market does not care about the outcome of the mid-term election, and neither should we. L&S ignores the partisanship and focuses on the potential for mankind to make amazing advances over the next few decades. Finding some of these themes and investing in them is likely to provide solid returns. This is where our focus continues to be.

Epilogue

On October 11th, the Risk Pulse was raised from Caution (5 of 10) to Caution+ (6 of 10).

Much of the data that seems to have spooked the market is not different from what we have seen over the past several months. Why do interest rate increases matter now when the Fed has been transparent about its intent all year? Why do worries about European banks matter now when these stories have been recirculating since 2012? It is impossible to know, but we do know that the market's behavior has been different over the past couple of weeks.

The biggest discrepancy in the economic data is the fact that the US economy remains robust while the European and Chinese economies have slowed this year. That does not suggest that those economies are declining, but we have seen a noticeable decline in the rate of growth, and that alone creates a greater risk that one or more of those economies will slip into recession. We live in a global market, and at some point it is likely that the international and US economies will again become more synchronized. Does that mean that the US will slow down to catch up with the rest of the world, or does it mean that international markets will pick-up. We simply do not know the answer.

The IMF recently cited trade concerns as a reason for lowering global growth estimates, so perhaps the more likely outcome is the US slows to coincide with our global partners, and that is a concern that could easily push markets lower.

It is with this in mind that we increased the Risk Pulse to Caution+ (6) from Caution (5).

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 net of management fees and include the reinvestment of all income. Non-wrap accounts: Net-of-fee performance was calculated using actual management fees. Wrap accounts: 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.

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