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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
October	-6.07%	-6.84%	-4.89%	-6.84%	-6.91%	-6.84%	-8.70%	-6.84%	-7.71%	-6.84%	-5.51%	-6.84%
QTD	-6.07%	-6.84%	-4.89%	-6.84%	-6.91%	-6.84%	-8.70%	-6.84%	-7.71%	-6.84%	-5.51%	-6.84%
YTD	-2.96%	3.01%	-3.26%	3.01%	-0.56%	3.01%	-5.72%	3.01%	-2.64%	3.01%	-0.20%	3.01%
12 Mos	0.95%	7.35%	0.07%	7.35%	3.91%	7.35%	-3.42%	7.35%	0.79%	7.35%	3.37%	7.35%
3 year*	5.90%	11.52%	4.06%	11.52%	6.09%	11.52%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	4.30%	11.34%	5.15%	11.34%	4.65%	11.34%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.43%	8.69%	7.20%	8.69%	5.58%	13.19%	9.04%	13.84%	7.54%	11.21%	9.08%	11.21%
ITD (cum)	124.88%	195.27%	146.99%	195.27%	36.66%	103.84%	22.36%	35.31%	12.20%	18.32%	14.75%	18.32%
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
October	-8.67%	-5.18%	-13.77%	-8.94%	-0.89%	-0.79%	-0.81%	-0.30%	0.00%	0.11%	-1.59%	-1.60%	-1.12%	-0.82%
QTD	-8.67%	-5.18%	-13.77%	-8.94%	-0.89%	-0.79%	-0.81%	-0.30%	0.00%	0.11%	-1.59%	-1.60%	-1.12%	-0.82%
YTD	-0.82%	-1.46%	7.10%	6.62%	-1.30%	-2.38%	-1.09%	-0.65%	0.79%	0.52%	2.52%	0.93%	2.40%	2.53%
12 Mos	3.52%	3.03%	9.60%	10.71%	-1.06%	-2.05%	-1.06%	-0.94%	0.86%	0.34%	2.66%	0.98%	2.85%	2.47%
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*	14.85%	7.47%	16.98%	19.43%	1.40%	-0.94%	-0.48%	0.03%	1.40%	0.75%	4.50%	4.55%	5.66%	4.84%
ITD (cum)	30.39%	14.80%	35.06%	40.55%	3.17%	-2.09%	-1.12%	0.07%	2.69%	1.44%	8.40%	8.50%	11.12%	9.48%
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+ (Increased) 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 – “The Election Cycle that Never Ends”

General Comments

As the final election tallies are still being counted, the results of the election are fairly well-known. Democrats regained control of the House of Representatives while the Republicans kept a solid hold on the Senate. This is pretty much as expected, and we hoped to heave a sigh of relief that the uncertainty surrounding the mid-term election was finally over. That was not to be the case. In his first press conference following the election, Donald Trump asked Mike Pence to be his Veep for the 2020 election. We do not even get a day off before the next campaign begins.

October was a rough month to be sure. U.S. markets corrected, and foreign markets were dragged down along with domestic indices. By late in October, more than 44% of the stock in the S&P 500 were down more than 20% from their 52-week highs. We typically define a bear market as being down 20% from the recent highs, so much of the market was already in a bear market. The market decline (peak to trough) was just over 11%, highlighting how the construction of indices, such as the S&P 500, obscures the damage done to individual stocks.

By late October, U.S. markets had given back all of their gains for the year. Even without positive returns, the US market was the shining star of world's stock markets. The UK was down 11%. Emerging Markets were down 16%. Italy was down 17%. Germany was down 18%, and China was down nearly 25%. There was no place to hide, and any exposure to foreign markets was an albatross on performance.

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Market concerns seemed to focus on a few key factors. First, economic growth has been slowing all year, particularly in international markets, and markets became concerned that the weakness overseas would drag down the domestic economy. As if adding insult to injury, comments from the Fed suggested they would continue to raise interest rates unabated through this year and into next. Market participants worried that if signs of slowing economic growth were prevalent, why was the Fed continuing down the path of raising rates? While the probability of an interest rate hike in December remains quite high, many traders are hoping that the Fed will back down about raising rates so aggressively as the New Year unfolds.

The economic uncertainties created an environment where people started to sell their winners to book some profits. Soon, the most successful names and sectors were down dramatically, and computer trading algorithms pushed prices ever lower. There is an old adage that stocks take the stairs up, but the elevator down, and October was no exception. Hard-earned gains for the year disappeared in a very short period.

Conclusion

October has historically been a difficult month, while November and December are frequently significantly friendlier to investors. Corporate profits are reasonably strong, but it would not surprise us to see slower profit growth as we look ahead to 2019. The positive impact of the tax cuts will not be repeated next year, and higher input costs, caused in part by tariffs, suggest that profit margins may also be peaking. Peaking profits and margins have often made for a more trying environment for investors.

Economic growth has slowed, especially in Europe and China, although it is tough to find developed or emerging economies that are on the precipice of a recession. Still, at the margin, growth is slower today than it was at the start of the year. As we wrote last month, we do think that risks have increased somewhat, although the recent correction does make equity ownership somewhat more palatable.

We do not expect a recession over the next several quarters, but as we saw in October, that does not negate the potential for market corrections. We take some solace in the knowledge that corrections that occur without economic recessions tend to be milder.

With the calendar friendlier, and with companies able to buy back their own shares after a mandated delay following the reporting of quarterly results, we think the markets may be poised for a positive finish to the year. Should there be any thaw in the constant trade war bickering between the U.S. and China, that could even add more fuel to the potential for a year-end rally.

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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