



L&S Advisors, Inc.
12121 Wilshire Blvd.
Suite 1100
Los Angeles, CA 90025

O 310.893.6060
F 310.893.6070
E info@lsadvisors.com
W lsadvisors.com



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 |
| December | 3.55% | 8.01% | 3.92% | 8.01% | 4.20% | 8.01% | 5.60% | 8.01% | 8.52% | 8.01% | 7.70% | 8.01% |
| QTD | 3.55% | 8.01% | 3.92% | 8.01% | 4.20% | 8.01% | 5.60% | 8.01% | 8.52% | 8.01% | 7.70% | 8.01% |
| YTD | 3.55% | 8.01% | 3.92% | 8.01% | 4.20% | 8.01% | 5.60% | 8.01% | 8.52% | 8.01% | 7.70% | 8.01% |
| 12 Mos | -10.31% | -2.31% | -8.50% | -2.31% | -5.75% | -2.31% | -11.64% | -2.31% | -6.40% | -2.31% | -4.45% | -2.31% |
| 3 year* | 7.14% | 14.02% | 5.29% | 14.02% | 7.53% | 14.02% | N/A | N/A | N/A | N/A | N/A | N/A |
| 5 year* | 4.32% | 10.96% | 4.82% | 10.96% | 3.78% | 10.96% | N/A | N/A | N/A | N/A | N/A | N/A |
| ITD* | 6.11% | 8.54% | 7.00% | 8.54% | 5.24% | 12.65% | 7.46% | 12.53% | 7.18% | 9.77% | 8.69% | 9.77% |
| ITD (cum) | 119.51% | 196.05% | 145.11% | 196.05% | 35.85% | 104.38% | 20.44% | 35.67% | 13.56% | 18.63% | 16.50% | 18.63% |
| 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 |
| December | 8.86% | 7.78% | 14.63% | 8.99% | 0.99% | 1.06% | 0.71% | 1.13% | 0.50% | 0.39% | 3.51% | 4.52% | 3.91% | 3.37% |
| QTD | 8.86% | 7.78% | 14.63% | 8.99% | 0.99% | 1.06% | 0.71% | 1.13% | 0.50% | 0.39% | 3.51% | 4.52% | 3.91% | 3.37% |
| YTD | 8.86% | 7.78% | 14.63% | 8.99% | 0.99% | 1.06% | 0.71% | 1.13% | 0.50% | 0.39% | 3.51% | 4.52% | 3.91% | 3.37% |
| 12 Mos | -5.95% | -4.81% | -1.98% | 0.24% | 0.35% | 2.25% | 1.38% | 3.70% | 2.14% | 2.27% | 2.44% | 1.73% | 2.66% | 3.48% |
| 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* | 13.00% | 6.75% | 15.42% | 17.38% | 1.87% | 0.54% | 0.33% | 1.36% | 1.80% | 1.34% | 4.40% | 4.69% | 5.44% | 5.00% |
| ITD (cum) | 30.33% | 15.19% | 36.43% | 41.50% | 4.75% | 1.36% | 0.85% | 3.55% | 3.94% | 2.92% | 9.39% | 10.02% | 12.17% | 11.15% |
| 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 January 31, 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 a Difference a Month Makes”

General Comments

So much of the pessimism prevalent at the end of December has dissipated, and markets have responded with solid gains during the month of January.

To begin, the Fed has backed off their position that rates must rise several times in 2019. While the “dot plot” (the Fed governors forecast of interest rates) does call for some modest interest rate increases in 2019, recent comments from Fed Chair Powell suggest that the Fed is likely to be on hold for the first several months of this year, and perhaps longer. Further, the Fed has also backtracked on their comments that reductions of their balance sheet would continue on “autopilot.” While the Fed does want to see its balance sheet return to a more normal level after the huge increases undertaken during the financial crisis, they have recently suggested that a more normal level is likely to be significantly higher than previously indicated. For many investors who perceived the Fed on the cusp of a major policy mistake that could precipitate a recession, this news was a welcome relief and helps reduce the risks facing the market.

In December, there were significant concerns that slowing growth in Europe and China would lead to slower growth in the U.S. There is certainly some validity to this concern. Offsetting this concern were reports of strong gains in employment for both December and January. Over the past three months, the average number of new jobs created has been a very strong 240,000. Strong job growth does not portend a recession in the very near future.

Another fear focused on concerns that corporate profits would enter a recession even if the economy did not. Further, many investors have been worried about the potential for profit margins to peak. Corporate earnings reports have not been as dire as some had feared, and operating profit margins have actually been expanding since the recent June lows. Another worry taken off the front burner, at least for the present.

Continued on next page...

See important disclosures on next page.

L&S Risk Pulse™ Analysis Cont.

The government itself was one of the reasons confidence was declining at the end of last year. The self-inflicted government shut-down was harmful to the economy and harmful to the perception that leaders from either party could actually provide leadership. Thankfully, the government shut-down ended following the realization that air traffic control workers were not showing up to work without pay at an alarming rate. While the threat of another shutdown looms, we do not think either party wishes a repeat of the senseless pain inflicted on government workers solely for political gain.

Credit spreads, the premium charged to lower quality borrowers, had been rising throughout most of 2018, and had reached multi-year highs as the year ended. This raised questions of whether companies would be able to refinance their debts, or whether credit would be available for investment in projects that could lead to future growth and profitability. Here too, concerns have reduced. Credit costs have declined, and worries about a liquidity crisis have proven to be without merit.

Finally, markets continued to be troubled by concerns that trade tariffs would likely be a policy mistake. While no formal resolution has been reached, the perception is that both China and the U.S. would benefit from a reduction in hostilities, and investors have grown more optimistic that some kind of resolution will be reached.

Slowly and surely nearly all the fears and concerns that were plaguing markets seemed to dissipate, and markets were able to recapture some of the severe losses suffered in the fourth quarter, and particularly in December.

Conclusion

Risks that weighed heavily on financial markets last year seem to have diminished, and stock prices responded by recouping some of the losses suffered in the fourth quarter. That poses two problems for us: First, it is unlikely that we will see a repeat of such a dramatic reduction in perceived risks. That begs the question of what will continue to drive stock prices higher from here? Second, what happens if some of these risks come back to the foreground? Trade, as we mentioned, is not settled. Growth in China remains weak, and growth in Europe continues to disappoint. Will slower global growth drag the U.S. down with it? Will there be meaningful conclusions from the Mueller investigation that damage the Presidency? It does seem as though risks are still apparent, even if they are less threatening than they were at the end of 2018.

We continue to believe that the current environment is more favorable than it was in the fourth quarter of last year, but the situation is not without its risks. We remain vigilant to changes in the data points that help us determine when those risks pose a threat to investors.

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 Bank of America/Merrill Lynch 1-5 Year Cash Pay High Yield Index measures the USD denominated, high yield, fixed rate corporate bond market with maturities less than 5 years. 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.

