



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
February	3.35%	3.21%	3.10%	3.21%	2.60%	3.21%	2.89%	3.21%	3.07%	3.21%	3.35%	3.21%
QTD	7.02%	11.48%	7.15%	11.48%	6.90%	11.48%	8.65%	11.48%	11.85%	11.48%	11.31%	11.48%
YTD	7.02%	11.48%	7.15%	11.48%	6.90%	11.48%	8.65%	11.48%	11.85%	11.48%	11.31%	11.48%
12 Mos	-4.90%	4.68%	-2.23%	4.68%	-0.01%	4.68%	-5.07%	4.68%	0.49%	4.68%	1.98%	4.68%
3 year*	8.17%	15.28%	6.30%	15.28%	8.10%	15.28%	N/A	N/A	N/A	N/A	N/A	N/A
5 year*	4.41%	10.67%	5.25%	10.67%	3.64%	10.67%	N/A	N/A	N/A	N/A	N/A	N/A
ITD*	6.34%	8.74%	7.20%	8.74%	5.61%	13.05%	8.37%	13.46%	8.56%	11.14%	10.17%	11.14%
ITD (cum)	126.87%	205.55%	152.71%	205.55%	39.38%	110.94%	23.92%	40.03%	17.05%	22.44%	20.40%	22.44%
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
February	2.76%	3.20%	4.59%	3.58%	0.36%	-0.06%	0.42%	0.56%	0.26%	0.16%	1.03%	1.66%	0.57%	1.30%
QTD	11.87%	11.23%	19.89%	12.89%	1.35%	1.00%	1.14%	1.70%	0.77%	0.55%	4.57%	6.26%	4.50%	4.72%
YTD	11.87%	11.23%	19.89%	12.89%	1.35%	1.00%	1.14%	1.70%	0.77%	0.55%	4.57%	6.26%	4.50%	4.72%
12 Mos	-1.31%	3.16%	3.42%	6.62%	1.30%	3.17%	2.13%	4.76%	2.61%	2.52%	3.75%	4.31%	3.50%	5.20%
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*	13.86%	7.99%	17.11%	18.52%	1.95%	0.50%	0.48%	1.53%	1.85%	1.36%	4.72%	5.31%	5.50%	5.41%
ITD (cum)	33.93%	18.87%	42.68%	46.56%	5.12%	1.31%	1.28%	4.13%	4.22%	3.08%	10.50%	11.85%	12.80%	12.59%
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 February 28, 2019.

\* 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 – “The Healing Continues”

### General Comments

The S&P has posted gains in 10 of the past 11 weeks and has recovered almost all of the December swoon. While still lower than the late September highs, the recovery has been quite substantial.

As we mentioned last month, the risks that were so threatening in December seem to have dissipated. The Fed has backed away from suggesting it will continue to raise rates throughout this year. Further, they have also suggested that they will not be reducing the size of their balance sheet so aggressively.

Worries over the escalation of the trade war between China and the U.S. also seems to have cooled. Tariffs that were scheduled to go into effect at the beginning of March have been delayed. Comments coming from the administration are far less bellicose, and the markets have been fed a continuing story that much progress on trade is being made. While it is unclear whether actual progress will occur, or whether this is simply a political move by the administration to feed the market what it wants to hear, the fact that the tone is less aggressive has been very well received by investors.

Continued on next page...

See important disclosures on next page.

**L&S Risk Pulse™ Analysis Cont.**

The market has also been able to ignore some bad news and continue to move higher. This is typically a good sign that the market can “climb the proverbial wall of worry.” India and Pakistan have shot down each other’s fighter planes, and the market shrugged off this potential act of war from two nuclear powers. A dispute over leadership in Venezuela, a member of OPEC, has also been met by the market with a shrug.

That is not to suggest that the market is without risks. Valuations, which were cheap at the end of December, are no longer quite as attractive. S&P operating margins have peaked, and overall earnings growth is quite weak. In some respects, the price weakness in the fourth quarter may have been a reaction to the expected slowdown of corporate earnings growth we are seeing this quarter. Economic growth remains slow in Europe, and China recently reduced its growth expectations for the coming year. The U.S. economy will most certainly be impacted by slower growth abroad, and we saw that in the recently reported trade deficit where the export of American goods was quite anemic.

**Conclusion**

Markets have rebounded from a weak fourth quarter where many investors seemed to think global economies were on the cusp of a recession. The strength of the market since Christmas has been remarkable and reflects a reduced risk profile. The likelihood of a policy mistake either from the Fed, or with regard to trade has diminished materially. There are no signs of systemic credit problems, and the market has been able to shrug off geopolitical risks that could have been unsettling. While growth remains slow, and valuations are no longer as attractive as they were, the path of least resistance for the market seems likely to continue higher. Pauses along the way are normal and to be expected. Remember too, that one symptom of being in the later innings of a market cycle is an increase in volatility, and that has certainly been the case. We remain vigilant to changes in the data points that help us determine when those risks pose threat to investors. Still, we are encouraged by the recent tone of the market.

**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](mailto: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 taxable 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-secured 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.*

