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Top Sectors

Tactical Equity Opportunities		Tactical Equity Income	
Information Technology	18.5%	Industrials	17.1%
Industrials	17.1%	Information Technology	16.4%
Health Care	15.7%	Energy	11.4%
Financials	10.1%	Real Estate	10.5%
Real Estate	8.3%	Financials	9.2%

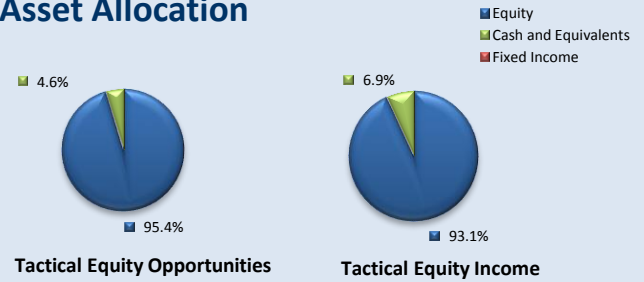
Preliminary Performance

	February	QTD	YTD	12 Mos	3 Yr*	5 yr*	ITD*	ITD
Tactical Equity Opportunities GROSS	3.35%	7.26%	7.26%	-4.05%	9.17%	5.42%	7.38%	158.41%
Tactical Equity Opportunities NET	3.35%	7.02%	7.02%	-4.90%	8.17%	4.41%	6.34%	126.87%
Tactical Equity Opp. WRAP GROSS	3.44%	7.47%	7.47%	-3.86%	9.21%	5.67%	7.73%	170.00%
Tactical Equity Opp. WRAP NET **	3.44%	7.08%	7.08%	-5.25%	7.58%	4.01%	5.43%	102.31%
Tactical Equity Income GROSS	3.10%	7.33%	7.33%	-1.50%	7.17%	6.16%	8.21%	186.28%
Tactical Equity Income NET	3.10%	7.15%	7.15%	-2.23%	6.30%	5.25%	7.20%	152.71%
Tactical Equity Income WRAP GROSS	3.12%	7.32%	7.32%	-1.43%	7.17%	6.18%	8.17%	184.95%
Tactical Equity Income WRAP NET **	3.12%	6.92%	6.92%	-2.93%	5.52%	4.47%	5.55%	105.60%
<i>Dow Jones Industrial Average</i>	3.67%	11.10%	11.10%	3.54%	16.20%	9.69%	7.06%	148.24%
<i>S&P 500 TR</i>	3.21%	11.48%	11.48%	4.68%	15.28%	10.67%	8.74%	205.55%
<i>Barclay's Aggr Bond Index</i>	-0.06%	1.06%	1.06%	3.34%	1.78%	2.44%	4.31%	75.48%

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

Please note Top Sectors, Asset Allocation and Performance information is as of February 28, 2019. Annualized and cumulative ITD returns are as of inception on October 31, 2005.

Asset Allocation



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™ Insights – “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.

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.

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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 a 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, 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.

