



L&S Advisors, Inc.

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Form ADV, Part 2A Brochure

June 13, 2019

This brochure provides information about the qualifications and business practices of L&S Advisors, Inc. If you have any questions about the contents of this brochure, please contact us at (310) 893-6060 or tvankirk@lsadvisor.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms "registered investment adviser" or "registered," does not imply that L&S Advisors, Inc. or any person associated with L&S Advisors, Inc. has achieved a certain level of skill or training. Additional information about L&S Advisors, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

The purpose of this page is to inform you of any material changes to our brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

L&S Advisors, Inc. (“L&S”) reviews and updates our brochure at least annually to make sure that it remains current. Below is a summary of the material changes made to our brochure with the annual update, dated June 13, 2019.

Item 5 – Fees and Compensation:

- We have updated our standard fee schedules
- We changed the way that we bill on withdrawals and contributions made to accounts

If you wish to receive a complete copy of our Form ADV Part 2A brochure, please send a written request to our office.

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ITEM 4 - ADVISORY BUSINESS

Description of Advisory Firm

L&S Advisors, Inc. (“L&S,” “we,” “our,” or “us”) 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, reformed the corporation in May 2006, and the firm registered as an investment adviser with the U.S. Securities and Exchange Commission in June 2006.

Advisory Services Offered

Investment Management Services

L&S provides continuous and regular investment supervisory services on a discretionary basis. Sy Lippman, Ralph R. Scott, Bennett Gross, Craig Weston, Kenneth Malamed, Anita Brown, Matthew Nussbaum, and Heather Liu work with clients and have the ongoing responsibility to select investments, based upon the objectives of the client, as to specific securities or other investments that they purchase or sell in client portfolios.

L&S primarily offers different portfolio types for managing client accounts, and clients may request to further modify these strategies to fit their particular needs and objectives. We describe the investment strategy for each portfolio type in **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss** below. Additionally, client-specific investment strategies and/or additional strategies geared toward preserving the integrity of incoming portfolios may be offered at the client’s request subject to L&S’ discretion.

Depending on the strategy selected, L&S will primarily utilize the following investment types when making investment purchases in client accounts:

1. Equity securities including stocks and foreign securities listed on US exchanges (ADRs)
2. Securities with equity and debt characteristics including preferred stocks
3. Exchange traded funds (ETFs)
4. Master limited partnerships (MLPs)
5. Money market funds and cash

Additionally, L&S’ investment selections depending on the individual investment objectives and needs of the client may include:

1. Fixed income securities, such as corporate bonds
2. Municipal bonds
3. U.S. government securities
4. Closed-end funds
5. Options contracts on securities
6. Real estate investment trusts (REITs)

L&S may also occasionally utilize additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. L&S may offer

investment advice on any investment held by the client at the start of the advisory relationship. We describe the material investment risks for many of the securities that we utilize under the heading ***Specific Security Risks*** in ***Item 8*** below.

We discuss our discretionary authority below under ***Item 16 - Investment Discretion***. For more information about the restrictions clients can put on their accounts, see ***Tailored Services and Client Imposed Restrictions*** in this item below.

We describe the fees charged for investment management services below under ***Item 5 - Fees and Compensation***.

Sub-Advisory Relationships

Clients can also access L&S' investment management services through unaffiliated third parties under a sub-advisory relationship. L&S has entered into sub-advisory agreements for portfolio management with outside managers. The fees L&S receives under these arrangements are described below under ***Item 5 - Fees and Compensation***.

Limitations on Investments

In the event L&S is managing assets within a retirement plan such as 401(k), 403(b), or other employer plan, L&S is limited to those investment providers and investment options chosen by the plan administrator.

Tailored Services and Client Imposed Restrictions

L&S manages client accounts based on the investment strategy the client chooses as discussed below under ***Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss***. L&S applies the selected strategy for each client based on the client's individual circumstances and financial situation. We make investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our investment selections may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep L&S informed of any changes to their investment objectives or restrictions.

Clients may also request their accounts to be margined and/or to place restrictions on the account such as when a client needs to keep a minimum level of cash in the account or does not want L&S to buy or sell certain specific securities or security types in the account. L&S reserves the right not to accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

Wrap Fee Programs

L&S also manages accounts in wrap fee programs sponsored by other financial services firms. As part of these programs, the client pays a single bundled fee to the company offering the wrap fee program, instead of paying separately for L&S' advisory services, commissions on transactions, custodian fees, and other transaction-related fees. The company sponsoring the program then pays L&S a portion of the wrap fee for our investment management services. L&S chooses investments and manages the accounts

of clients in the wrap fee program the same way we manage other client accounts with similar objectives.

Assets Under Management

L&S manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of 03/31/2019, the total amount of assets under our management was:

Discretionary Assets	\$833,336,016
Non-Discretionary Assets	\$ 7,042,903
Total Assets	\$840,378,919

ITEM 5 - FEES AND COMPENSATION

Fee Schedule

Investment Management Services

L&S charges advisory fees for investment management services based on a percentage of the client's total assets under management using one of the two methods below:

1. Fees are billed at a rate of 0.25% to 1.50% annually based on the size of the client's portfolio, and the scope and complexity of the services provided; or
2. Fees are billed according to the following breakpoint schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
Up to \$2,000,000	1.00%
Next \$1,000,000	0.90%
Next \$1,000,000	0.85%
Next \$1,000,000	0.75%
\$5,000,000+	0.65%

Some accounts are under different fee schedules honoring prior agreements. Fee rates are negotiable based on a number of factors which include, but are not limited to "grandfathered" accounts, account size, related accounts, accounts referred to us from unaffiliated broker-dealers, and other structures that we may consider in special situations. Cash balances and balances subject to currently outstanding margin loans are included for fee calculation purposes.

L&S generally aggregates client accounts that have family relationships with each other for purposes of calculating the advisory fee rate applicable to each client. We also manage some family and related accounts with fees waived or at a reduced charge. For additions or withdrawals to existing accounts, L&S will review at the end of each quarter the net flow of all additions and withdrawals on an existing account ("Net Flow"). If the Net Flow is in excess of \$1,000,000 (plus/minus) and represents an addition or withdrawal in excess of 50% of Total Assets Under Management at Quarter-End of previous quarter ("Excessive Net Flow"), the account will be billed or rebated accordingly. Such rebate or additional bill

amount will be calculated using the difference in the average capital value during the Excessive Net Flow quarter and the amount billed in the beginning quarter.

Sub-Advisory Relationships

L&S receives annual fees through third party sub-advisory programs. Fee amounts may vary based upon the program, minimum investment requirements, and asset levels. The fees we receive for providing investment management services do not include other fees charged by the third-party adviser to the client. Fees under these programs may be billed in arrears or advance, and L&S may be paid by the third-party adviser or directly by the client, depending on the program. Clients using L&S as a sub-adviser through third party adviser may terminate our management services per the terms in the agreement, which vary by program.

Billing Method

L&S' advisory fees are payable quarterly in advance at the beginning of each calendar quarter. We charge one fourth of the annual fee each quarter based on the market value of the client's portfolio as of the last day of the prior calendar quarter. The formula used for the calculation is as follows: $(Annual\ Rate) \times (Total\ Assets\ Under\ Management\ at\ Quarter-End) / 4$.

For new client accounts, the first payment is a pro-rata calculation that takes into consideration the number of days remaining in the quarter and the initial value of the portfolio on the day account management begins. We consider account management to begin when L&S conducts the first transaction in the account or the beginning of the following calendar month, whichever is sooner. The formula used to calculate the initial advisory fee would be as follows: $(Result\ of\ Quarterly\ Calculation) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$. For advisory fee calculation purposes, a calendar quarter is a period beginning on January 1, April 1, July 1, or October 1 and ending on the day before the next quarter. A day is any calendar day including weekends and holidays.

With client authorization, L&S will automatically withdraw L&S' advisory fee from the client's account held by an independent custodian. Typically, the custodian withdraws advisory fees from the client's account during the first month of each quarter based on L&S' instruction. All clients will receive brokerage statements from the custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee.

Other Fees and Expenses

L&S' fees do not include custodian fees. Clients pay all brokerage commissions, bond broker fees, stock transfer fees, margin charges, foreign exchange and settlement fees, and/or other charges incurred in connection with transactions in accounts, from the assets in the account. These charges are in addition to the fees client pays to L&S. See **Item 12 - Brokerage Practices** below for more information.

If mutual fund shares are held in a client's account, the client may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to L&S for investment management services are separate

and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares.

Termination

Investment Management Services

Either party may terminate the agreement upon thirty (30) days written notice to the other party. The client may terminate the agreement by writing to L&S at our office. L&S will refund any prepaid, unearned advisory fees based on the effective date of termination, using the following formula: $(Fees\ Paid) \times (Days\ Remaining\ in\ Quarter) / (Total\ Number\ of\ Days\ in\ Quarter)$.

Terminations will not affect liabilities or obligations from transactions initiated in client accounts prior to termination. In the event the client terminates the investment advisory agreement, L&S will not liquidate any securities in the account unless instructed by the client to do so. In the event of client's death or disability, L&S will continue management of the account until we are notified of client's death or disability and given alternative instructions by an authorized party. Our ongoing management and/or ability to effect transactions in a client's account(s) may be limited by restrictions placed on accounts by the client's broker/custodian.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

L&S does not charge performance-based fees or other fees based on a share of capital gains or on capital appreciation of the assets of a client.

ITEM 7 - TYPES OF CLIENTS

L&S provides discretionary and/or non-discretionary investment advisory services to individuals, high net worth individuals, trusts and estates, pension and profit-sharing plans, charitable organizations, and businesses.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

L&S conducts investment management services by providing continuous management of a client's portfolio based on the individual needs of the client determined through personal discussions in which goals, objectives, and risk tolerance are established. In general, portfolios are customized to meet the investment needs of each client, and accounts with the same investment objectives are generally managed in a similar manner.

A review of worldwide economic and monetary cycles with emphasis on domestic and worldwide commodity, currency, and interest rate fluctuations governs L&S' asset allocation process in client accounts. We regularly and continuously monitor significant economic data points to assist us in making investment decisions. We construct portfolios based on perceived present and future macro-economic

and monetary cycles. We believe that individual equities and exchange-traded funds (ETFs) best reflect market cycles and use them in an asset allocation model for each investment strategy we offer.

L&S offers different strategies for managing client accounts. Based on the client's personal situation, we will generally recommend managing the client's assets following one or more of these strategies:

Tactical Equity Opportunities Investment Strategy

The Tactical Equity Opportunities Strategy seeks growth through capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate individual equities. Like all L&S long/cash strategies, this strategy seeks to maintain the proper risk exposure through the active allocation of equities and cash. Typically, this strategy consists of a blend of 30-40 growth stocks which may or may not include dividend paying stocks and and/or bond alternative investments such as exposure to Master Limited Partnerships (MLPs) and REITs. The growth portion of this investment strategy utilizes mostly large cap U.S. equities and from time to time may purchase American Depositary Receipts ("ADRs") for foreign securities. Frequently, this strategy will not be diversified, but rather will take concentrated positions in the economic cycle appropriate sectors. Clients may choose to invest either in a version of the strategy, which holds MLPs directly, or they may choose to invest in a version that utilizes an ETF to gain MLP exposure. The core client for this strategy would be a risk-tolerant client seeking primarily capital growth with a secondary emphasis on income.

Tactical Equity Income Investment Strategy

The Tactical Equity Income Strategy seeks to provide income through yield and capital appreciation primarily from the tactical and unconstrained investment in risk-appropriate individual equities. Like all L&S long/cash strategies, this strategy seeks to maintain the proper risk exposure through the active allocation of equities and cash. This strategy consists primarily of 30-40 dividend-paying stocks and exposure to bond alternative investments such as MLPs and REITs as well as other fixed income vehicles. The strategy utilizes mostly large cap equities and may purchase American Depositary Receipts ("ADRs") for foreign securities. Frequently, this strategy will not be diversified, but rather will take concentrated positions in the economic cycle appropriate sectors. Clients may choose to invest either in a version of the strategy, which holds MLPs directly or they may choose to invest in a version that utilizes ETFs to gain MLP exposure. The core client for this strategy would be a risk-intolerant client seeking primarily income with a secondary emphasis on capital growth.

Tactical Equity ETF Investment Strategy

The Tactical Equity ETF Strategy seeks growth through capital appreciation primarily from the tactical investment in risk-appropriate ETFs. Like all L&S long/cash strategies, this strategy seeks to maintain the proper risk exposure through the active allocation of equities and cash. This strategy consists primarily of 8-10 concentrated positions in economic cycle appropriate sector ETFs. The core client for this strategy would be a risk-tolerant client seeking capital growth through investment only in 8-10 ETF positions. For Tactical Equity ETF accounts under \$25,000 held as an accommodation to our clients, we waive L&S' management fee and allocate all funds to SPY, the SPDR S&P 500 ETF Trust, which tracks the S&P 500 index.

Long-term Growth and Income Strategy

The objective of the strategy is to seek income and capital appreciation from any and all risk-appropriate securities, while focusing on capital preservation. This strategy consists of growth and dividend paying stocks. This strategy may also hold equities, fixed-income, open-end mutual funds, closed-end mutual funds, Exchange Traded Funds (ETFs), unit investment trusts, money market funds, Master Limited Partnerships (MLPs) and REITs. Securities are chosen based on a mixture of technical and fundamental analysis. This strategy may be varied depending on Client's individual risk profile and circumstances.

Balanced Tactical Growth and Income Strategy

The Balanced Tactical Growth and Income Investment Strategy seeks to balance the client's need for income and stability with the desire for long-term capital appreciation. Balance and diversification will be achieved through the selection of individual stocks, mutual funds, index, and actively managed funds, and Exchange Traded Funds (ETFs) that provide access to different asset classes such as, but not limited to, mid and small capitalization stocks, international and emerging markets, investment grade and non-investment grade fixed income securities and bonds. Domestic equity exposure will consist mostly of dividend paying stocks, including REITs, and MLPs with client approval. Risk appropriate securities will be chosen using fundamental analysis, combined with technical evaluation. Like other L&S strategies, this strategy will seek to maintain the proper risk exposure through the active allocation of risk assets and cash. The strategy will be tactical and unconstrained. At times, this strategy may not be diversified, and may take concentrated positions in economic cycle-appropriate sectors. The strategy and exposure to risk assets may be varied depending on the clients' individual risk tolerance and circumstances.

Diversified Equity Strategy

The Diversified Equity Strategy seeks to generate long-term capital appreciation. Diversification will be achieved through the selection of individual stocks, mutual funds, index, and actively managed funds, and Exchange Traded Funds (ETFs) that provide access to different asset classes such as, but not limited to, mid and small capitalization stocks, international and emerging markets. Domestic equity exposure will consist mostly of dividend paying stocks, including REITs, and MLPs with client approval. Risk appropriate securities will be chosen using fundamental analysis, combined with technical evaluation. Like other L&S strategies, this strategy will seek to maintain the proper risk exposure through the active allocation of risk assets and cash. The strategy will be tactical and unconstrained. At times, this strategy takes concentrated positions in economic cycle-appropriate sectors. The strategy and exposure to risk assets may be varied depending on the clients' individual risk tolerance and circumstances.

Tax-Free Fixed Income Strategy

The Tax-Free Fixed Income Strategy seeks to generate tax-free income, combined with relative portfolio stability for taxable clients with little need or desire long-term capital appreciation. Diversification will be achieved through the selection of individual municipal bonds, mutual funds, index, and actively managed funds, and Exchange Traded Funds (ETFs) that provide access to different asset classes such as, but not limited to, investment grade and non-investment grade fixed income securities and bonds, international and emerging market fixed income, and other income generating securities. More than half the securities held will generate tax-free income, although not all income will be tax free, and some additional diversification will include municipal bonds issued by states other than the client's state of residence. Risk appropriate securities will be chosen using fundamental analysis, combined with technical evaluation. Like other L&S strategies, this strategy will seek to maintain the proper risk

exposure through the active allocation of risk assets and cash. The strategy will be tactical and unconstrained. The strategy and exposure to risk assets may be varied depending on the clients' individual risk tolerance and circumstances.

Taxable Fixed Income Strategy

The Taxable Fixed Income Strategy seeks to generate taxable income, combined with relative portfolio stability for clients with little need or desire long-term capital appreciation. Diversification will be achieved through the selection of individual bonds, mutual funds, index, and actively managed funds, and Exchange Traded Funds (ETFs) that provide access to different asset classes such as, but not limited to, investment grade and non-investment grade fixed income securities and bonds, international and emerging market fixed income, and other income generating securities. Risk appropriate securities will be chosen using fundamental analysis, combined with technical evaluation. Like other L&S strategies, this strategy will seek to maintain the proper risk exposure through the active allocation of risk assets and cash. The strategy will be tactical and unconstrained. The strategy and exposure to risk assets may be varied depending on the clients' individual risk tolerance and circumstances.

Income Equity Strategy

The Income Equity strategy seeks to provide income and capital appreciation through the selections of individual equity securities that have consistently raised its dividends by 6% or more annually. The universe of potential investments for this strategy is all listed equity securities, including REITs and MLPs if they meet the criteria of increasing dividends. Large capitalization issues are the focus, but the strategy may select smaller companies and American Depository Receipts (ADRs) if they meet the investment criteria. Additionally, up to 15% of the portfolio may be invested in non-dividend paying stocks, and covered calls may be written on these positions to create "synthetic dividends" or income on these investments. Appropriate securities will be chosen using fundamental analysis, combined with technical evaluation. It is anticipated that the portfolio will be diversified and will include 30-60 different securities. Most of the dividends received will be "qualified" dividends, which may help reduce the tax consequences of the income received and makes this strategy appropriate for all taxable and tax-exempt portfolios. This portfolio will generally be fully invested and does not utilize cash tactically. This strategy is appropriate for clients who need or desire a current stream of income, and also desire some capital appreciation.

Equity Growth Strategy

This strategy selects a portfolio of companies that are expected to grow earnings and revenues at a rate faster than the average company. The portfolio is suitable for those clients willing to accept above average volatility of a portfolio of growth-oriented stocks. The focus of this strategy is large-capitalization companies, but smaller companies may be selected at the manager's discretion. Appropriate securities will be chosen using fundamental analysis, combined with technical analysis. The strategy tends to be long only, expects to remain fairly fully invested, and does not utilize cash tactically to reduce risk. At times the portfolio manager may write covered calls on select positions in the portfolio as a means for reducing downside exposure and increasing portfolio income. The portfolio manager tends to select stocks that fit a specific investment theme, such as the aging of America, or the potential for energy independence. It is anticipated that the portfolio will be diversified and will include 25-45 different positions. Individual positions are permitted to grow following purchase, but positions

above 6% of the portfolio will be trimmed at the manager's discretion. This portfolio is expected to generate significant upside when markets are increasing but is also expected to generate downside during falling markets, and this strategy is therefore only appropriate for clients willing and able to accept a high level of volatility.

High Yield Bonds

High yield bonds are those bonds that are rated as below investment grade by the major bond rating agencies (below BBB or Baa). High yield bonds are typically issued by companies with above average debt levels on their balance sheet. High yield bonds may also include bonds of companies that have been downgraded by rating agencies. High yield bonds are rarely issued with maturities longer than 10 years, so a high yield portfolio is likely to have an average maturity of intermediate duration. High yield bonds provide significantly higher income for investors than do government bonds or investment grade corporate bonds. This high level of income, combined with the shorter average maturities, tends to help these bonds perform well in rising interest rate environments. Individual high yield issues will be selected by a thorough analysis of a company's ability to meet its obligations. In general, high yield portfolios will attempt to be well-diversified to reduce the risk of any singular credit event. This strategy is particularly attractive for investors seeking a higher level of income than that available in most other assets. Portfolios of high yielding bonds carry a higher credit risk than do investment-grade bond portfolios, but this higher risk tends to be compensated for with a significantly higher level of income.

Short-Duration High Yield Bonds

High yield bonds are those bonds that are rated as below investment grade by the major bond rating agencies (below BBB or Baa). High yield bonds are typically issued by companies with above average debt levels on their balance sheet. High yield bonds may also include bonds of companies that have been downgraded by rating agencies. High yield bonds are rarely issued with maturities longer than 10 years, but this strategy limits purchases to those securities with a final maturity no longer than five years from the date of purchase. These high yield portfolios are likely to have an average maturity of short-to-intermediate duration. High yield bonds provide significantly higher income for investors than do government bonds or investment grade corporate bonds. This high level of income, combined with the shorter average maturities, tends to help these bonds perform well in rising interest rate environments. Individual high yield issues will be selected by a thorough analysis of a company's ability to meet its obligations. In general, high yield portfolios will attempt to be well-diversified to reduce the risk of any singular credit event. This strategy is particularly attractive for investors seeking a higher level of income than that available in most other assets. Portfolios of high yielding bonds carry a higher credit risk than do investment-grade bond portfolios, but this higher risk tends to be compensated for with a significantly higher level of income.

Short-Duration Investment Grade Fixed Income Strategy

The short duration investment grade fixed income strategy seeks to generate taxable income, combined with relative portfolio stability for clients with little need or desire for long-term capital appreciation. Risk will be reduced through the selection of securities that have a final maturity no longer than five years from the date of purchase. The shorter nature of this portfolio will provide clients with a portfolio that is likely to be much less sensitive to rising interest rates than most other income generating investments. Diversification will be achieved through the selection of individual bonds, bond funds,

index funds, actively managed funds, and exchange-traded funds (ETFs) that may provide access to different asset classes such as, but not limited to, investment grade fixed income securities and bonds, international and emerging market fixed income, and other income generating securities. Risk appropriate securities will be chosen using fundamental analysis combined with technical evaluation. Like other L&S strategies, this strategy may seek to maintain proper risk exposure through the active allocation of risk assets and cash. The strategy may be tactical and unconstrained. The strategy and exposure to risk assets may be varied depending on the clients' individual risk tolerance and circumstance.

L&S Core Portfolio Strategy

The L&S Core Portfolio strategy will invest in Exchange Traded Funds (ETFs) that achieve a global investment presence with an emphasis on the United States. Domestically exposed ETFs may include, but are not limited to, the S&P 500, Dow Jones Industrial Average, NASDAQ 100, mid-cap stocks, small-cap stocks, and micro-cap stocks. International exposure may include ETFs of developed, emerging, and frontier markets. The strategy will seek to be fully invested except for a small exposure to cash or cash equivalents to meet liquidity needs.

L&S Core-Select Portfolio Strategy

The L&S Core-Select Portfolio strategy will invest in a combination of Exchange Traded Funds (ETFs) and select individual equities. The goal is to invest approximately 50-80% of the strategy in ETFs that achieve a global investment presence with an emphasis on the United States. Domestically exposed ETFs may include, but are not limited to, the S&P 500, Dow Jones Industrial Average, NASDAQ 100, mid-cap stocks, small-cap stocks, and micro-cap stocks. International exposure may include ETFs of developed, emerging, and frontier markets. This represents the Core part of the portfolio. Money that is not invested in these Core ETFs may be invested in individual equities that the manager and the firm believe represent attractive opportunities. The strategy may have different amounts of short-term liquidity to take advantage of market circumstances.

Client-Specific Investment Strategies

L&S Advisors manages numerous accounts, which are managed to a client-specific strategy. The objectives of these client-specific strategies can vary and depend on the investment goals of the client. Such strategies may purchase American Depositary Receipts ("ADRs") for foreign securities, Master Limited Partnerships (MLPs), REITS, Options and other securities deemed appropriate according to client investment goals. Equities are chosen based on an asset class/sector with an emphasis on above average earnings, revenue, and cash flow projections for the next 12 months. Accounts managed according to a client-specific investment strategy may not be diversified and may frequently take very concentrated positions that are sector specific and/or stock specific in an attempt to capture what the manager believes may be outsized gains in the investment portfolio. The investment strategy may seek to profit from volatility that exists in the market and specific sectors of the market. These strategies may seek to benefit from a discerned positive macro picture and to capture a trend in the market. L&S will not hedge against changes in currency exchange rates.

Additional Information

L&S may take positions for certain clients' accounts that are different than the positions it takes for other clients' accounts based on differing investment strategies and restrictions that may be imposed by individual clients, the age of the account owner, the commencement of the timing of the account, the size of the account as well as other factors that may distinguish accounts.

Methods of Analysis for Selecting Securities

L&S may use fundamental, cyclical, charting, and/or technical analysis in the selection of individual equity securities. Additionally, L&S may use specific strategies or resources in the method of analysis and selection of fixed income securities.

Fundamental Analysis

Fundamental analysis typically involves analysis of corporate financial statements, management presentations, specialized research publications, and general news sources.

Cyclical Analysis

Cyclical analysis involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

Technical Analysis

Technical analysis is a methodology for finding insights into the direction of prices through the study of past market data, primarily price and volume. Technical analysts believe past trading activity and price changes of a security can be valuable indicators of the security's future price movements.

The effectiveness of technical analysis depends upon the accurate forecasting of major price moves or trends in the securities traded by L&S. However, there is no assurance of accurate forecasts or that trends will develop in the markets we follow. In the past, there have been periods without discernible trends and similar periods will presumably occur in the future. Even where major trends develop, outside factors like government intervention could potentially shorten them.

Furthermore, one limitation of technical analysis is that it requires price movement data, which can translate into price trends sufficient to dictate a market entry or exit decision. In a trendless or erratic market, a technical method may fail to identify trends requiring action. In addition, technical methods may overreact to minor price movements, establishing positions contrary to overall price trends, which may result in losses. Finally, a technical trading method may under perform other trading methods when fundamental factors dominate price moves within a given market.

The calculations that underlie L&S' system, methods, and strategies involve many variables, including determinants from information generated by computers and/or charts. The use of a computer in collating information or in developing and operating a trading method does not assure the success of the method because a computer is merely an aid in compiling and organizing trade information. Accordingly, no assurance is given that the decisions based on computer-generated information will produce profits for a client's account.

Debt Securities (Fixed Income)

L&S relies on credit rating agencies to help determine the financial strength of issuing creditors. L&S considers the financial strength of the issuer, call provisions, liquidity factors, and bond insurance in selecting bonds for purchase.

Specific Investment Strategies for Managing Portfolios

L&S may use tactical asset allocation, cash as a strategic asset, long-term holding, short-term trading, option (covered call), trend, defensive, inverse/enhanced market, and/or concentrated portfolio strategies in the construction and management of client portfolios. There is no guarantee that any of the following strategies will be successful and we make no promises or warranties as to the accuracy of our market analysis.

Tactical Asset Allocation

L&S may use a tactical asset allocation strategy in the shorter term to deviate from a client's long-term strategic asset allocation target in an effort to take advantage of what we perceive as market pricing anomalies or strong market sectors or to avoid perceived weak sectors. Once L&S achieves the desired short-term opportunities or perceives that opportunities have passed, we generally return a client's portfolio to the original strategic asset mix.

Cash as a Strategic Asset

L&S may use cash as a strategic asset and may at times move or keep client's assets in cash or cash equivalents. While high cash levels can help protect a client's assets during periods of market decline, there is a risk that our timing in moving to cash is less than optimal upon either exit or reentry into the market, potentially resulting in missed opportunities during positive market moves.

Long-term Holding/Short-term Trading

L&S does not generally purchase securities for clients with the intent to sell the securities within 30 days of purchase. However, there may be times when L&S will sell a security for a client when the client has held the position for less than 30 days.

General Option Strategies

Under very limited circumstances, and only with the client's express written consent, L&S may utilize option strategies as investment strategies in client accounts. Clients should read the option disclosure document, "Characteristics and Risks of Standardized Options," which can be obtained from any exchange on which options are traded, by calling 1-888-OPTIONS, or by contacting L&S.

Covered Call Strategy

A covered call is an option strategy whereby the investor holds a position in a stock and writes (sells) call options on that same stock in an attempt to generate increased income from the stock. L&S may employ covered calls when we have a short-term neutral view on the stock, and for this reason hold the stock long, and simultaneously hold a short position via the option to generate income from the option premium. L&S may use this investment strategy in an attempt to hedge risk and increase return by the sale of covered calls against the positions in the account.

Long Put Strategy

For clients that authorize options trading in their accounts, L&S may purchase puts to protect against the decline of underlying equity prices. If the underlying security's price decreases, its corresponding put

option value increases, and is therefore beneficial for the purchaser. L&S can then sell the option when we believe the price will not decrease any further, or we can wait until the expiration date to sell the option.

Uncovered Calls

On extremely rare occasions, L&S may find it advantageous to participate in uncovered (“naked”) options trading on behalf of clients. In all instances of naked options trading, L&S will receive permission in advance from the client.

Additional Option Strategies

Under certain circumstances, L&S may use other option strategies based on:

1. The investment objectives and risk tolerance of the client;
2. Disclosures to and discussions with the client; and
3. As specifically agreed upon with the client.

We describe the risks of options trading further under ***Specific Security Risks*** in this section, below.

Trend

L&S may at times consider a trend following methodology based on the 200-day average and grounded in a strong sell discipline for all positions within the portfolio.

Defensive Strategies

If L&S anticipates poor near-term prospects for equity markets, we may adopt a defensive strategy for clients’ accounts by investing substantially in fixed income securities and/or money market instruments, by purchasing put options on indexes, securities or index funds, index options or index funds, and/or via other derivative hedging techniques. There can be no guarantee that the use of derivatives and other defensive techniques would be successful in avoiding losses. In addition, we would use these defensive strategies for a client’s account only to the extent not prohibited by the governing management agreement and applicable law.

L&S will not rebalance accounts to any specific target allocation. Actual allocation will vary over time in accounts. At any time, client accounts may hold significant levels of cash and/or cash equivalents. Account allocations are likely to vary significantly compared to the overall equity markets as well as compared to any particular benchmark.

Inverse/Enhanced Market

L&S may also use ETFs that are either leveraged long or short and/or designed to perform in either an:

1. Inverse relationship to certain market indices (at a rate of one or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside market risk; or
2. Enhanced relationship to certain market indices (at a rate of one or more times the actual result of the corresponding index) as an investment strategy and/or in an effort to increase gains in an advancing market.

There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct L&S, in writing, not to employ any or all such strategies for the client's accounts.

Margin

Some clients of L&S maintain margin accounts. Accordingly, we may use margin transactions to implement investment advice given to these clients. Clients are responsible for any brokerage or margin charges in addition to advisory fees. Risks of using margin include "margin calls" (also called "fed calls" or "maintenance calls"). Margin calls occur when account values decrease below minimum maintenance margin levels established by the broker-dealer that holds the securities in the client's account, requiring the investor to deposit additional money or securities into their margin account. While the use of margin borrowing can increase returns, it can also magnify losses. L&S generally manages accounts on margin only at the client's request.

Concentrated Portfolios

L&S may manage some client accounts by investing in a limited number of securities and/or sectors. Clients should consider that the risk of a very concentrated portfolio with limited diversification may increase the possibility of substantial losses in the account. Additional risks include depreciation of the portfolio caused by outside events/factors, underperformance of the concentrated stock or sector, and/or deteriorating economic or market circumstances domestically and/or internationally.

Initial Public Offerings IPOs

Generally, L&S will only purchase shares in IPO's at a client's request. In the event that multiple clients request the same offering, it is our intention to allocate IPO shares among participating accounts in an equitable manner so as not to give one client preference over another.

Third-Party Advisers

L&S may recommend other investment advisers to manage a portion of the client's account based on the client's investment objectives and financial situation, and the other investment adviser's management style. Depending on our agreement with the third-party manager, L&S pays a percentage of the management fees we collect from clients to the third-party advisers that manage portions of their accounts. We do not charge clients additional advisory fees than those described in **Item 5 – Fees and Compensation**, above, for assets managed by outside managers. However, fees paid to L&S attributable to assets managed by third party manager(s) may be higher than if Client contracted directly through the third-party manager(s).

Clients with assets managed by outside managers will sign a separate agreement with the manager and should understand the strategies and risks unique to each manager. Clients with assets managed by third-party advisers will receive a copy of each manager's Form ADV Part 2 to assist with understanding the strategies that will be used, risks of investing specific to that manager's style, and other important information. Clients should contact us at the number on the front of this brochure if they do not receive a current copy of each manager's ADV 2 when applicable.

Similarly, outside managers may contract with L&S to manage a portion of their clients' assets. In these instances, L&S or the third-party manager will provide a copy of our most current ADV 2 (and summary of material changes, when applicable) to each outside client who has assets under our management.

Investing Involves Risk

Prior to entering into an agreement with L&S, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis.

Specific Security Risks

General Risks of Owning Securities

The prices of securities held in client accounts and the income they generate may decline in response to certain events taking place around the world. These include events directly involving the issuers of securities in a client's account, conditions affecting the general economy, and overall market changes. Other contributing factors include local, regional, or global political, social, or economic instability and governmental or governmental agency responses to economic conditions. Finally, currency, interest rate, and commodity price fluctuations may also affect security prices and income.

Equity Securities

Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of stocks and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the business sector the company does business in, and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to dispose of those equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities.

Small Capitalization Equity Securities

Investing in smaller companies may pose additional risks as it is often more difficult to dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

American Depositary Receipts (ADR)

An ADR is a security that trades on U.S. exchanges but represents a specified number of shares in a foreign corporation. Investors buy and sell ADRs on American markets just like regular stocks. Some banks and brokerage firms issue/sponsor ADRs. ADRs are subject to risks of investing in foreign securities, including, but not limited to, less complete financial information available about foreign issuers, less market liquidity, more market volatility, and political instability. In addition, currency exchange-rate fluctuations affect the U.S. dollar-value of foreign holdings.

Some ADRs and ordinary shares of foreign securities pay dividends, and many foreign countries impose dividend withholding taxes up to 30%. Depending on a custodian's ability to reclaim any withheld foreign taxes on dividends, taxable accounts may be able to recoup a portion of these taxes by use of the foreign tax credit. However, tax-exempt accounts, to the extent they pay any foreign withholding taxes, may not be able to utilize the foreign tax credit. Therefore, investors may be unable to recover any foreign taxes withheld on dividends of foreign securities or ADRs.

Securities with Equity and Debt Characteristics

Some securities have a combination of equity and debt characteristics. These securities may at times behave more like equity than debt or vice versa. Some types of preferred stocks or other preferred securities automatically convert into common stocks or other securities at a stated conversion ratio and some may be subject to redemption at the option of the issuer at a predetermined price. These securities, prior to conversion, may pay a fixed rate of interest or a dividend. Because convertible securities have both debt and equity characteristics, their values vary in response to many factors, including the values of the securities into which they are convertible, general market and economic conditions, and convertible market valuations, as well as changes in interest rates, credit spreads and the credit quality of the issuer.

These securities may include hybrid securities, which also have equity and debt characteristics. Such securities are normally at the bottom of an issuer's debt capital structure. As such, they may be more sensitive to economic changes than more senior debt securities. Investors may also view these securities as more equity-like by the market when the issuer or its parent company experience financial problems.

The prices and yields of nonconvertible preferred securities or preferred stocks generally move with changes in interest rates and the issuer's credit quality, similar to the factors affecting debt securities. Nonconvertible preferred securities may be treated as debt for account investment limit purposes.

Preferred Stocks

Preferred stock is a class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred stock generally has a dividend that must be paid out before dividends to common stockholders. In addition, preferred shares usually do not have voting rights. Each preferred offering is structured specific to the issuing corporation's needs. Preferred shareholders have priority over common stockholders on earnings and assets in the event of liquidation and they have a fixed dividend (paid before common stockholders), but investors must weigh these positives against the negatives, including giving up their voting rights and less potential for appreciation.

Exchange-Traded Funds (ETFs)

An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) containing a basket of stocks. Typically, the objective of an ETF is to achieve returns similar to a particular market index, including sector indexes. An ETF is similar to an index fund in that it will primarily invest in securities of companies that are included in a selected market. Unlike traditional mutual funds, which can only be redeemed at the end of a trading day, ETFs trade throughout the day on an exchange. Like stock mutual funds, the prices of the underlying securities and the overall market may affect ETF prices. Similarly, factors affecting a particular industry segment may affect ETF prices that track that particular sector. ETFs traditionally have been index funds, but in 2008, the U.S. Securities and Exchange Commission began to authorize the creation of actively managed ETFs.

Master Limited Partnerships (MLPs)

MLPs are publicly traded partnerships that trade mainly on the New York Stock Exchange and/or the NASDAQ, the same as stocks. With a few exceptions, MLPs hold and operate assets related to the transportation and storage of energy (certain MLPs may have commodity risk). Most publicly traded companies are corporations. Corporate earnings are usually taxed twice. The business entity is taxed on any money it makes and then shareholders are taxed on the earnings the company distributes to them.

In the 1980s, Congress allowed public trading of certain types of companies as partnerships instead of as corporations. The main advantage a partnership has over a corporation is that partnerships are “pass through” entities for tax purposes. This means that the company does not pay any tax on its earnings. Distributions are still taxed, but this avoids the problem of double taxation that most publicly traded companies face. Congress requires that any company designated as an MLP has to produce 90% of its earnings from “qualified resources” (natural resources and real estate). Most MLPs are involved in energy infrastructure, i.e. things like pipelines. MLPs are required to pay minimum distributions to limited partners. A contract establishes the payments, so distributions are predictable. Otherwise, the shareholders could find the company in breach of contract.

In addition to general business risks, MLPs bear the following risks:

Risk of Regulation or Change

A major advantage of an MLP is its tax-advantaged status under the current Internal Revenue Code. Therefore, changes in the tax code resulting in the loss of its preferential treatment could significantly affect the viability of MLP investments.

Interest Rate Risk

It is commonly thought that MLPs perform better when interest rates are low, making their yield higher in relation to the safest investments, such as Treasury bills and securities that are guaranteed by the U.S. government. Consequently, MLPs may perform better during periods of declining or relative low interest rates and more poorly during periods of rising or high interest rates.

Tax Risk

MLPs are pass-through entities, passing earnings through to the limited partners. Investors must be aware that there are potentially significant tax implications of investing in MLPs and they should consult with their tax advisor before investing in these securities.

Cash and Cash Equivalents

The account may hold cash or invest in cash equivalents. Cash equivalents include:

1. Commercial paper (for example, short-term notes with maturities typically up to 12 months in length issued by corporations, governmental bodies or bank/corporation sponsored conduits (asset-backed commercial paper));
2. Short-term bank obligations (for example, certificates of deposit, bankers' acceptances (time drafts on a commercial bank where the bank accepts an irrevocable obligation to pay at maturity)) or bank notes;
3. Savings association and savings bank obligations (for example, bank notes and certificates of deposit issued by savings banks or savings associations);
4. Securities of the U.S. government, its agencies or instrumentalities that mature, or may be redeemed, in one year or less;
5. Treasury ETFs, which may hold fixed income securities of varying maturities issued by government agencies, floating rate treasury bonds, and TIPS; and
6. Corporate bonds and notes that mature, or that may be redeemed, in one year or less.

Cash and cash equivalents are the most liquid of investments. Cash and cash equivalents are considered very low-risk investments meaning, there is little risk of losing the principal investment. Typically, low risk also means low return and the interest an investor can earn on this type of investment is low relative to other types of investing vehicles.

Debt Securities (Bonds)

Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero-coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. The longer the time to a bond's maturity, the greater its interest rate risk.

Certain additional risk factors relating to debt securities include:

Reinvestment Risk

When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.

Inflation Risk

Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.

Interest Rate and Market Risk

Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices.

Call Risk

Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors.

Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond to a risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.

Credit Risk

If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.

Liquidity and Valuation Risk

There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

It may be possible to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that we will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

Bond rating agencies may assign modifiers (such as +/-) to ratings categories to signify the relative position of a credit within the rating category. Unless we state otherwise, clients should include any security within that category without considering the modifier when reading their investment policies based on ratings categories.

High-Yield Debt

Lower rated debt securities generally have higher rates of interest and involve greater risk of default or price changes due to changes in the issuer's creditworthiness than higher rated debt securities. The

market prices of these securities may fluctuate more than higher quality securities and may decline significantly in periods of general economic difficulty.

There may be little trading in the secondary market for high-yield debt securities, which may make them more difficult to value or sell. The prices of, and the income generated by, most debt securities held by client accounts may be affected by changing interest rates and by changes in the effective maturities and credit ratings of these securities. For example, the prices of debt securities in client accounts generally will decline when interest rates rise and increase when interest rates fall. In addition, falling interest rates may cause an issuer to redeem, "call" or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities.

All debt securities are also subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Longer maturity debt securities generally have higher rates of interest and may be subject to greater price fluctuations than shorter maturity debt securities.

Municipal Bonds

Municipal bonds are debt obligations generally issued to obtain funds for various public purposes, including the construction of public facilities. Municipal bonds pay a lower rate of return than most other types of bonds. However, because of a municipal bond's tax-favored status, investors should compare the relative after-tax return to the after-tax return of other bonds, depending on the investor's tax bracket. Investing in municipal bonds carries the same general risks as investing in bonds in general. Those risks include interest rate risk, reinvestment risk, inflation risk, market risk, call or redemption risk, credit risk, and liquidity and valuation risk. Investing in municipal bonds carries risk unique to these types of bonds, which may include:

Legislative Risk

Legislative risk includes the risk that a change in the tax code could affect the value of taxable or tax-exempt interest income.

Tax-Bracket Changes

Municipal bonds generate tax-free income, and therefore pay lower interest rates than taxable bonds. Investors who anticipate a significant drop in their marginal income-tax rate may benefit from the higher yield available from taxable bonds.

Alternative Minimum Tax (AMT)

L&S invests in a variety of fixed income securities for clients. We seek to limit or avoid municipal bonds subject to AMT For those accounts seeking preservation of capital and current income exempt from taxation.

Obligations Backed by the "Full Faith and Credit" of the U.S. Government

U.S. government obligations include the following types of securities:

U.S. Treasury Securities

U.S. Treasury securities include direct obligations of the U.S. Treasury, such as Treasury bills, notes, and bonds. For these securities, the U.S. government unconditionally guarantees the payment of principal and interest, resulting in the highest possible credit quality. Fluctuations in interest rates subject U.S. Treasury securities to variations in market value. However, they are paid in full when held to maturity.

Federal Agency Securities

Certain U.S. government agencies and government-sponsored entities guarantee the timely payment of principal and interest with the backing of the full faith and credit of the U.S. government. Such agencies and entities include The Federal Financing Bank (FFB), the Government National Mortgage Association (Ginnie Mae), the Veterans Administration (VA), the Federal Housing Administration (FHA), the Export-Import Bank (Exim Bank), the Overseas Private Investment Corporation (OPIC), the Commodity Credit Corporation (CCC) and the Small Business Administration (SBA).

Other Federal Agency Obligations

Additional federal agency securities neither are direct obligations of, nor guaranteed by, the U.S. government. These obligations include securities issued by certain U.S. government agencies and government-sponsored entities. However, they generally involve some form of federal sponsorship: some operate under a government charter; specific types of collateral back some; the issuer's right to borrow from the Treasury supports some; and only the credit of the issuing government agency or entity supports others. These agencies and entities include but are not limited to the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and the Tennessee Valley Authority and Federal Farm Credit Bank System.

Closed-end Fund

Closed-end funds do not continually offer their shares for sale. Rather, they sell a fixed number of shares at an initial offering, after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the NASDAQ Stock Market. Risk factors pertaining to closed-end funds vary from fund, including the following:

Valuation Risk

Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, and could either dilute positive performance or compound negative performance. There is no assurance that discounted funds will appreciate to their NAV.

Fluctuating Dividends in Actively Managed Portfolios

The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. There is no guarantee of dividends from these common stocks. Fluctuations in dividend levels over time, up and down, are to be expected.

Options

An option is the right but not the obligation to either buy or sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option that gives a right to buy is a call option. An option that gives a right to sell is a

put option. Calls and puts are distinct types of options and the buying or selling of one type does not involve the other.

Options may involve certain costs and risk such as liquidity, interest rate, market, credit, and the risk that a position could not be closed when most favorable. Selling covered call options may place a limit on upside gains, while selling put options may result in the purchase of a security at a price higher than the current market price.

Covered Calls

Accounts utilizing covered calls will attempt to hedge risk and increase return by the sale of covered calls against the positions in the account. An investor should consider that the risk level in these accounts is somewhat reduced by the sale of the calls, but the upside potential of the account is also limited by the sale of the calls. These accounts will bear the risks of the utilized investment strategy, as described above, but the risk will be somewhat modified by the sale of the covered calls.

Uncovered Options

When writing (selling) naked calls, the risk is unlimited, since there is theoretically no limit to the rise in price that could be achieved by the underlying stock. The risk in the naked put is slightly different from that of the naked call in that the investor could lose the most if the stock went to zero. That is still a significant risk when compared to the potential reward. Since L&S only participates in uncovered (“naked”) options trading on behalf of clients in extremely rare circumstances, we will provide those clients with additional risk disclosures, when applicable.

Real Estate Investment Trusts (REIT)

Securities issued by real estate investment trusts (REITs) primarily invest in real estate or real estate-related loans. Equity REITs own real estate properties, while mortgage REITs hold construction, development and/or long-term mortgage loans. Changes in the value of the underlying property of the trusts, the creditworthiness of the issuer, property taxes, interest rates, tax laws, and regulatory requirements, such as those relating to the environment all can affect the values of REITs. Both types of REITs are dependent upon management skill, the cash flows generated by their holdings, the real estate market in general, and the possibility of failing to qualify for any applicable pass-through tax treatment or failing to maintain any applicable exemptive status afforded under relevant laws.

Investing Outside the U.S.

Investing outside the United States may involve additional risks of foreign investing. These risks may include currency controls and fluctuating currency values, and different accounting, auditing, financial reporting, disclosure, and regulatory and legal standards and practices. Additional factors may include changing local, regional, and global economic, political, and social conditions. Further, expropriation, changes in tax policy, greater market volatility, different securities market structures, and higher transaction costs can be contributors. Finally, various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk.

Initial Public Offerings

Before a company goes public, its shareholders are likely limited to management, employees, and possibly a small number of private investors. Investors in IPO's should consider the fundamentals of the business, its products/services, competitors, market share, and likelihood of success after the offering's capital is raised. Three specific areas of risk to consider:

Business Risk

Does this company have a sound business plan and management with education, training, experience sufficient to execute the plan?

Financial Risk

Is this company solvent with sufficient capital to weather short-term business setbacks?

Market Risk

Are other investors likely to buy this stock on the secondary market? Does this company possess sufficient appeal to investors in the current market environment (income, growth, or short-term capital gains)? How long is the attraction likely to last?

ITEM 9 - DISCIPLINARY INFORMATION

L&S and our personnel seek to maintain the highest level of business professionalism, integrity, and ethics. L&S does not have any disciplinary information to disclose.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Licensed Insurance Agents

In their capacities as California-licensed insurance agents, associates of L&S sometimes recommend insurance products to the firm's clients. Consequently, these associated persons receive commissions for products they sell. While L&S does not receive any commissions for insurance recommendations, a conflict of interest exists between the interests of these individuals and those of the advisory clients because these individuals may have an incentive to recommend products and services based on the additional compensation they receive. However, clients are under no obligation to act upon any recommendations of these individuals or effect any transactions through them if they decide to follow their recommendations.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

L&S believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. L&S' personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

L&S' Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. L&S' personnel are required to follow clear guidelines from the Code of Ethics in

areas such as gifts and entertainment, other business activities, prohibitions of insider trading, and adherence to applicable state and federal securities laws. Additionally, individuals who formulate investment advice for clients, or who have access to nonpublic information regarding any clients' purchase or sale of securities are subject to personal trading policies governed by the Code of Ethics (see below).

L&S will provide a complete copy of the Code of Ethics to any client or prospective client upon request.

Personal Trading Practices

L&S and our personnel may purchase or sell securities for themselves, regardless of whether the transaction would be appropriate for a client's account. L&S and our personnel may purchase or sell securities for themselves that we also utilize for clients. This includes related securities (e.g., warrants, options, or futures). This presents a potential conflict of interest as we may have an incentive to take investment opportunities from clients for our own benefit, favor our personal trades over client transactions when allocating trades, or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients.

Our policies to address these conflicts include the following:

1. The client receives the opportunity to act on investment decisions prior to and in preference to accounts of L&S and our personnel.
2. L&S prohibits trading in a manner that takes personal advantage of price movements caused by client transactions.
3. If we wish to purchase or sell the same security as we recommend or take action to purchase or sell for a client, we will not do so within 24 hours of the purchase or sale of the same security for a client except when any of the following conditions are met:
 - a. when the client receives a favorable price
 - b. when engaging in transactions that fall under our *de minimis* policy, as described in our Code of Ethics
 - c. when we are aggregating personal and proprietary trades in the same block with client trades (see **Aggregation with Client Orders** for more information, below)

As a result of this policy, it is possible that clients may receive a better or worse price than L&S or any employee for the same security one or more days before or after the client's transaction.

4. L&S requires our personnel to report personal securities transactions on a quarterly basis.
5. Conflicts of interest also may arise when L&S' personnel become aware of Limited Offerings or IPOs, including private placements or offerings of interests in limited partnerships or any thinly traded securities, whether public or private. Given the inherent potential for conflict, Limited Offerings and IPOs demand extreme care. L&S' personnel are required to obtain pre-approval from the Chief Compliance Officer before trading in these types of securities.

6. Under certain limited circumstances, we make exceptions to the policies stated above. L&S will maintain records of these trades, including the reasons for any exceptions.

Aggregation with Client Orders

L&S generally aggregates orders for clients in the same securities in an effort to seek best execution and/or allocate differences in prices and other transaction costs equitably among our clients. These are benefits of aggregating orders that we might not obtain if we placed those orders independently.

L&S aggregates trades in like securities among client accounts as well as with accounts of L&S and our personnel, as described in the policies below. Aggregation could theoretically present a potential conflict of interest if we were to allocate more favorable executions to our own accounts or to the accounts of our personnel. However, our policies to address this conflict are as follows:

2. We will disclose our aggregation policies in this brochure;
3. We will not aggregate transactions unless we believe that aggregation is consistent with our duty to seek best execution (which includes the duty to seek best price) for our clients. The trade also needs to be consistent with the terms of our investment advisory agreement with each client that has an account included in the aggregation;
4. We will not favor any account over any other account. This includes accounts of L&S or any of our personnel. Each account in the aggregated order will participate at the average share price for all of our transactions in a given security on a given business day (per custodian). All accounts will pay their individual transaction costs;
5. Transactions in the same security placed throughout the trading day may be priced differently for certain groups of accounts based on several factors, which may include the following:
 - a. L&S generally aggregates (blocks) orders with those of other clients for execution by the same broker. Block transactions are generally split into two major groups:
 - i. Wells Fargo (“WF”) accounts; and
 - ii. Accounts custodied at Schwab or Fidelity.

On a daily basis, L&S will alternate the order for entering aggregated transactions between WF and Schwab/Fidelity accounts. Further, in an effort to avoid creating competing orders within the firm, L&S waits until the first order is executed before submitting the second block. Finally, transactions executed through prime brokers are entered concurrently with those submitted for execution through Schwab/Fidelity.

- b. L&S generally aggregates (blocks) orders with those of other clients investing in the same strategy. It is possible that different strategies will decide to trade at different times during the trading day, and the price received may vary from the price received by other clients managed in a different strategy.
- c. Additionally, a small number of managed accounts are also held outside of WF, Schwab, and Fidelity (“Outside Accounts”). L&S is unable to enter orders in outside accounts

within the aforementioned blocks as a result of technical requirements put in place by the client's custodian such as mandatory telephonic order transmission. Transactions that cannot be aggregated as described above will commence immediately following block trades. Consequently, each group of accounts may receive more or less favorable pricing based on the direction of the markets.

Irrespective of the above, all clients will be treated fairly and equally, and no allocation will be made in a manner designed to benefit any account or group of accounts.

6. Before entering an aggregated order, we will prepare a written statement (the "Allocation Statement") specifying the participating accounts and how we intend to allocate the order among those accounts;
7. If the aggregated order is filled entirely, we will allocate shares among clients according to the Allocation Statement; if the order is partially filled, we will allocate it pro-rata according to the Allocation Statement.
8. However, we may allocate the order differently than specified in the Allocation Statement if all client accounts receive fair and equitable treatment. (See also **Item 12 – Brokerage Practices** below) In this case, we will explain the reasons for a different allocation in writing, which the CCO must approve;
9. Our books and records will separately reflect each aggregated order and the securities held by, bought, and sold for each client account;
10. Funds and securities of clients participating in an aggregated order will be deposited with one or more qualified custodians. Clients' cash and securities will not be held collectively any longer than is necessary to settle the trade on a delivery versus payment basis. Following settlement, cash or securities held collectively for clients will be delivered out to the qualified custodian as soon as practical;
11. We do not receive additional compensation or remuneration of any kind as a result of aggregating orders (we may earn soft dollars on orders as described under Item 12 below); and
12. We will provide individual investment advice and treatment to each client's account.

ITEM 12 - BROKERAGE PRACTICES

The Custodian and Brokers We Use

Clients must maintain assets in an account at a "qualified custodian," generally a broker-dealer or bank. We recommend that most clients use Charles Schwab & Co., Inc. ("Schwab"), or Fidelity Institutional Wealth Services, a division of Fidelity Brokerage Services, Inc. ("Fidelity"), registered broker-dealers, members SIPC, as the qualified custodian. We are independently owned and operated, and unaffiliated with Schwab/Fidelity. Schwab/Fidelity will hold client assets in a brokerage account and buys and sells securities when we instruct them to.

While we recommend that most clients use Schwab/Fidelity as custodian/broker, the client must decide whether to do so and open accounts with Schwab/Fidelity by entering into account agreements directly with them. We do not open accounts for clients, although we may assist them in doing so. Even though clients maintain accounts at Schwab/Fidelity, we can still use other brokers to execute trades for client accounts (see ***Client Brokerage and Custody Costs***, below).

Clients' accounts custodied at a brokerage firm other than one of these custodial brokers will be traded after client accounts custodied at Schwab or Fidelity, and as a result, may receive less or more favorable prices than the client accounts custodied at Schwab or Fidelity.

How We Select Brokers/Custodians

We seek to recommend a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

1. Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
2. Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
3. Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
4. Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
5. Availability of investment research and tools that assist us in making investment decisions
6. Quality of services
7. Competitiveness of the price of those services (commission rates, other fees, etc.) and willingness to negotiate the prices
 - a. L&S generally assigns a higher priority to order execution than to per ticket commission rates
8. Reputation, financial strength, and stability
9. Prior service to L&S and our other clients
10. Availability of other products and services that benefit us, as discussed below (see ***Products and Services Available to Us from Schwab/Fidelity***)

Client Brokerage and Custody Costs

For our clients' accounts that Schwab/Fidelity maintains, Schwab/Fidelity generally does not charge separately for custody services. However, Schwab/Fidelity receives compensation by charging commissions or other fees on services and on trades that it executes or that settle into clients' Schwab/Fidelity accounts. This commitment benefits our clients because the overall commission rates they pay may be lower than they would be otherwise.

In addition to commissions, Schwab/Fidelity charges a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab/Fidelity account. These fees are in addition to the commissions or other compensation the client pays the

executing broker-dealer. L&S executes trades consistent with our duty to seek “best execution.” Schwab and Fidelity generally charge different commissions (ticket charges) for placing trades. In seeking best execution for all clients, L&S considers each custodian’s respective commission rate when recommending Schwab/Fidelity; however, we do not consider them to be the sole criteria for recommending one custodian over the other. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see ***How We Select Brokers/Custodians***).

Products and Services Available to Us from Schwab/Fidelity

Schwab Advisor Services™ (formerly called Schwab Institutional®) and Fidelity Institutional Wealth Services are Schwab/Fidelity’s business serving independent investment advisory firms like us. They provide L&S and our clients with access to their institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab/Fidelity retail customers. Schwab/Fidelity also makes available various support services. Some of those services help us manage or administer our clients’ accounts; others help us manage and grow our business. Schwab/Fidelity’s support services generally are available on an unsolicited basis (we do not have to request them) and at no charge to us.

Following is a more detailed description of Schwab/Fidelity’s support services:

Services That Benefit Our Clients

Schwab/Fidelity’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab/Fidelity include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab/Fidelity’s services described in this paragraph generally benefit our clients and their accounts.

Services That May Not Directly Benefit Our Clients

Schwab/Fidelity also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab/Fidelity’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab/Fidelity. In addition to investment research, Schwab/Fidelity also makes available software and other technology that:

1. Provide access to client account data (such as duplicate trade confirmations and account statements)
2. Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
3. Provide pricing and other market data
4. Facilitate payment of our fees from our clients’ accounts
5. Assist with back-office functions, recordkeeping, and client reporting

Services That Generally Benefit Only Us

Schwab/Fidelity also offers other services intended to help us manage and further develop our business enterprise. These services include:

1. Educational conferences and events
2. Consulting on technology, compliance, legal, and business needs
3. Publications and conferences on practice management and business succession
4. Access to employee benefits providers, human capital consultants, and insurance providers

Schwab/Fidelity may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab/Fidelity may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab/Fidelity may also provide us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in Schwab/Fidelity's Services

The availability of these services from Schwab/Fidelity benefits us because we do not have to produce or purchase them. This may give us an incentive to recommend that clients maintain accounts with Schwab/Fidelity, based on our interest in receiving Schwab/Fidelity's services that benefit our business rather than based on our clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab/Fidelity as custodian and broker is in the best interests of our clients and primarily support our selection of Schwab/Fidelity by the scope, quality, and price of Schwab/Fidelity's services (see ***How We Select Brokers/Custodians***, above) and not Schwab/Fidelity's services that benefit only us.

Sub-Advisory Relationships

Clients introduced to us through sub-advisory platforms are not required to use Schwab/Fidelity. Generally, the platform provider will determine the custodian to be used.

Products and Services Available to Us from Other Brokers and Third Parties

Subject to the policy of seeking best execution for transactions in circumstances where L&S has brokerage discretion, we may place trades with a broker that is providing brokerage and research services to us ("Research Broker"). Brokerage and research services provided by Research Brokers may include, among other things, effecting securities transactions and performing incidental services (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation, political developments, legal developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, and performance analysis. L&S receives this research in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a Research Broker may be proprietary and/or provided by a third party (i.e. originates from a party independent from the broker who provided the execution services).

In selecting a Research Broker, L&S will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the brokerage and research services received, viewed in terms of either the specific transactions or our overall responsibility to clients. L&S may pay a Research Broker a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research

services provided by the broker. This practice is commonly referred to as “soft dollars.” L&S believes it is imperative to its investment decision-making process to have access to this type of research and brokerage.

L&S may use research services provided by Research Brokers in servicing any or all of our clients, including in connection with clients other than those making the payment of commissions to a Research Broker. In other words, there may be certain client accounts that benefit from the research services, which did not make the payment of commissions to the Research Broker providing the services. The receipt of brokerage and research services from any broker executing transactions for L&S’ clients will not result in a reduction of our customary and normal research activities, and the value of such information is, in our view, indeterminable. Nevertheless, the receipt of this research may be deemed the receipt of an economic benefit by L&S, and although customary, may potentially create a conflict of interest between L&S and its clients.

Some clients have opted out of prime broker trades and therefore may benefit from soft dollar arrangements, as described above, without proportionately contributing to soft dollar credits L&S receives, as other client accounts do when included in prime broker trades.

Goldman Sachs Agreement

L&S has entered into an agreement with Goldman, Sachs & Co. and Goldman Sachs Execution & Clearing, L.P. (the “Goldman Sachs Agreement”), under which L&S accrues credits not only for brokerage and research services but also for other products and services. L&S in good faith segregates brokerage and research services received as a result of the Goldman Sachs Agreement (which may be treated as “soft dollars” as described above) from all other products and services received. For the brokerage and research services, L&S will make a good faith determination of reasonable value, as described above. For any other products or services, L&S seeks best execution for its clients and will, if appropriate, pay hard dollars instead of using credits under the Goldman Sachs Agreement.

Schwab Agreements

Additionally, L&S has entered into agreements with Schwab where we received a benefit to be used toward various products and services in exchange for a commitment to custody at least \$110 million in client assets with Schwab prior to August 2017. These types of arrangements raise conflicts of interest since we have an incentive to require/recommend that clients maintain accounts with Schwab based on our interest in receiving products and services that benefit our business and reduce operating expenses rather than based on our clients’ interest in receiving the best value in custody services. However, our participation in such benefits does not diminish our duty to seek best execution for client accounts and we believe that our selection of Schwab as custodian and broker is in the best interest of our clients despite these benefits.

Directed Brokerage Transactions

Generally, clients must use the broker-dealers that L&S recommends. However, at our discretion, we may allow clients to direct L&S to use a specific broker-dealer to execute transactions. Not all investment advisers require their clients to trade through specific brokerage firms. By generally requiring clients to use the brokers we recommend, L&S believes we may be able to more effectively

manage the client's portfolio, achieve favorable execution of client transactions, and overall lower the costs to the portfolio.

Since we recommend that clients maintain their accounts with Schwab/Fidelity, it is also important for clients to consider and compare the significant differences between having assets custodied at another broker-dealer, bank or other custodian prior to opening an account with us. Some of these differences include, but are not limited to; total account costs, trading freedom, transaction fees/commission rates, and security and technology services.

Retirement plan such as 401(k), 403(b), or other employer plan are not required to use Schwab/Fidelity and may appoint a custodian of their choosing.

Aggregation and Allocation of Transactions

We describe our aggregation practices in detail under *Item 11 - Aggregation with Client Orders* above.

ITEM 13 - REVIEW OF ACCOUNTS

Managed Account Reviews

Sy Lippman, Senior Portfolio Manager, Ralph R. Scott, Senior Portfolio Manager, Bennett Gross, President, Craig Weston, Managing Director, Kenneth Malamed, Sr. Managing Director, Anita Brown, Sr. Managing Director, Matthew Nussbaum, Analyst/Relationship Manager, and Heather Liu, Senior Portfolio Analyst, typically review all client accounts on a weekly basis and generally monitor account holdings daily. Accounts are reviewed in the context of each client's stated investment objectives. In addition, each of the above individuals is available during business hours to review accounts and account reports with clients.

Account Reporting

Each client receives a written statement from the custodian that includes an accounting of all holdings and transactions in the account for the reporting period. In addition, L&S may provide written reports detailing performance in client accounts and/or additional reporting as agreed upon by L&S and the client on a case-by-case basis.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Schwab/Fidelity Support Products and Services

We receive an economic benefit from Schwab/Fidelity in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at Schwab/Fidelity. These products and services, how they benefit us, and the related conflicts of interest are described above (see *Item 12 – Brokerage Practices*). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of Schwab/Fidelity's products and services to us.

Client Referral Fees

If an unaffiliated or an affiliated solicitor introduces a client to L&S, we may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, and any corresponding state securities law requirements. L&S pays the referral fee to the solicitor solely from our standard investment advisory fee. Further, although clients are not billed separately for the referral fee, our payment of the referral fee may limit the client's ability to negotiate the advisory fee rate we charge for management of the referred client's accounts.

If an unaffiliated solicitor introduces a client to L&S, that solicitor will disclose the nature of the solicitor relationship with L&S at the time of the solicitation. In addition, the solicitor will provide each prospective client with a copy of this brochure, and a copy of the written disclosure statement from the solicitor to the client disclosing the terms and conditions of the arrangement between L&S and the solicitor, including the compensation the solicitor will receive from L&S. Any affiliated solicitor of L&S will disclose the nature of the relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of this brochure.

Outside Compensation

L&S may refer clients to unaffiliated professionals for a variety of services such as insurance, mortgage brokerage, real estate sales, and estate planning, legal, and/or tax/accounting services. In turn, these professionals may refer clients to L&S.

L&S may refer clients to unaffiliated professionals for specific needs, such as legal, and/or tax/accounting services. In turn, these professionals may refer clients to L&S for investment management. We do not have any agreements with individuals or companies that we refer clients to, and we do not receive any compensation for these referrals. However, it could be concluded that L&S is receiving an indirect economic benefit from the arrangement, as the relationships are mutually beneficial. For example, there could be an incentive for us to recommend services of firms who refer clients to L&S.

L&S only refers clients to professionals we believe are competent and qualified in their field, but it is ultimately the client's responsibility to evaluate the provider, and it is solely the client's decision whether to engage a recommended firm. Clients are under no obligation to purchase any products or services through these professionals, and L&S has no control over the services provided by another firm. Clients who chose to engage these professionals will sign a separate agreement with the other firm. Fees charged by the other firm are separate from and in addition to fees charged by L&S.

If the client desires, L&S will work with these professionals or the client's other advisers (such as an accountant, attorney, or other investment adviser) to help ensure that the provider understands the client's investments and to coordinate services for the client. L&S does not share information with an unaffiliated professional unless first authorized by the client.

ITEM 15 - CUSTODY

L&S has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a

broker-dealer, bank, trust company, or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the client's funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our fee.

L&S is also deemed to have custody of clients' funds or securities when clients have standing authorizations with their custodian to move money from a client's account to a third-party ("SLOA") and under that SLOA authorize us to designate the amount or timing of transfers with the custodian. The SEC has set forth a set of standards intended to protect client assets in such situations, which we follow.

Clients should carefully review the account statements they receive from the qualified custodian. When clients receive statements from L&S as well as from the qualified custodian, they should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive a statement from their qualified custodian at least quarterly should also notify us.

ITEM 16 - INVESTMENT DISCRETION

L&S has full discretion to decide the specific security to trade, the quantity, and the timing of transactions for client accounts. L&S will not contact clients before placing trades in their account, but clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the contracts they sign with us. Clients also give us trading authority within their accounts when they sign the custodian paperwork.

For accounts that we exercise non-discretionary authority over, the client will inquire about specific securities to buy or sell, and we will offer advice on the proposed transaction, as applicable. L&S may also recommend securities to clients with non-discretionary accounts. Once we receive approval from the client to go forward, we will place the trade(s) in the client's account. Non-discretionary accounts will require the active participation of the client in investment decisions either for the account in total or for agreed upon sectors of the account. Non-discretionary clients will receive a letter outlining our responsibilities and obligations.

When implementing investment decisions, it is usually the case that discretionary accounts will be reviewed and portfolio changes made where appropriate prior to contacting non-discretionary clients with the same recommendations. This methodology could result in non-discretionary accounts underperforming discretionary accounts. Thus, performance among client accounts with the same objectives could vary significantly from year to year.

Certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also ***Tailored Services and Client Imposed Restrictions*** under ***Item 4***, above.

ITEM 17 - VOTING CLIENT SECURITIES

Proxy Voting

L&S generally votes client securities (proxies) on behalf of our clients. L&S has adopted and implemented policies and procedures that we believe are reasonably designed to help ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC rule 206(4)-6 under the Investment Advisers Act of 1940.

L&S has retained, at its expense, Institutional Shareholder Services (ISS) to handle the voting of proxies. ISS is an unaffiliated third-party vendor that provides written vote recommendations/guidelines and administrative and record-keeping assistance. L&S has adopted ISS's recommended Policy Guidelines and client proxies will be voted by ISS according to these ISS Policy Guidelines. L&S believes that ISS has developed policies and procedures that ensure client proxies are voted in the best interest of our clients. L&S reviews the ISS guidelines yearly. Copies of ISS Policy Guidelines are available to clients upon request. Clients can obtain information regarding how their proxies were voted by making a request to L&S. Clients cannot direct our vote in particular solicitations.

L&S may occasionally be subject to conflicts of interest in the voting of proxies due to business or personal relationships. If we become aware of a conflict of interest, we will promptly document and handle the conflict by making sure that proxies continue to be voted according to the best interest of our clients.

Class Actions

For clients that engage L&S directly, L&S utilizes a third-party service provider to provide class action litigation monitoring and securities claim filing services. For a contingency fee, the provider secures class action claims, monitors each client's claim, collects the applicable trade history, interprets the terms of each settlement, files the appropriate claim form, interacts with the administrators, and distributes awards on the client's behalf. In order to perform the above services, L&S makes certain client nonpublic information available to the service provider, including but not limited to beneficial ownership and social security number.

Clients referred to us through wrap fee programs are not eligible for class action litigation monitoring and securities claim filing services since the program sponsor provides limited account information to L&S.

ITEM 18 - FINANCIAL INFORMATION

Registered investment advisers are required in this item to provide clients with certain financial information or disclosures about the firm's financial condition. L&S does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.

Form ADV, Part 2B Brochure Supplement

**Sy Lippman
Ralph R. Scott
Heather Liu
Craig Weston
Bennett Gross, CFA, CAIA
Kenneth Malamed
Matthew Nussbaum, CFA
Anita Brown, CFA**

L&S Advisors, Inc.

12121 Wilshire Blvd.
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June 13, 2019

This brochure supplement provides information about Sy Lippman, Ralph R. Scott, Heather Liu, Craig Weston, Bennett Gross, Kenneth Malamed, Matthew Nussbaum, and Anita Brown that supplements the L&S Advisors, Inc. brochure. You should have already received a copy of that brochure. Please contact Tanis Van Kirk-Lange at the above number if you did not receive our brochure or if you have any questions about the contents of this supplement. Additional information about the above-named individuals is available on the SEC's website at www.adviserinfo.sec.gov.

Sy Lippman

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Sy Lippman, Chief Financial Officer, Chief Executive Officer, Senior Portfolio Manager, Chief Compliance Officer, b. 1941

Education:

Graduated from American University with a BA in Political Science in 1964 and from American University Law School with a Juris Doctorate in 1967

Business Background:

- Chief Financial Officer, Chief Executive Officer, Senior Portfolio Manager, Chief Compliance Officer, L&S Advisors, Inc. 05/2006 to present
- President, L&S Advisors, Inc. 05/2006 to 06/2016
- Senior Portfolio Manager with L&S Group, a division of FCA Corp., from 11/2005 to 06/2006
- First Vice President, Portfolio Manager, Merrill Lynch from 07/1997 to 10/2005
- Partner, Lippman, Scott and Associates from 01/1979 to 03/2017
- President, L&S Advisors, Inc. (this corporation was previously dissolved) from 01/1979 to 12/1996

ITEM 3 - DISCIPLINARY INFORMATION

Sy Lippman has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Sy Lippman's only business is providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Sy Lippman's only compensation comes from his regular salary and ownership of L&S.

ITEM 6 - SUPERVISION

Sy Lippman is the Chief Compliance Officer of L&S and supervises all employees.

Ralph R. Scott

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Ralph R. Scott, Executive Vice President, Chief Investment Officer, Senior Portfolio Manager, b. 1943

Education:

Graduated from University of Vermont with a BA in Political Science in 1964 and from George Washington University Law School with a Juris Doctorate in 1967

Business Background:

- Executive Vice President, Chief Investment Officer, Senior Portfolio Manager, L&S Advisors, Inc. 05/2006 to present
- Senior Portfolio Manager with L&S Group, a division of FCA Corp from 11/2005 to 06/2006
- First Vice President, Portfolio Manager, Merrill Lynch from 07/1997 to 10/2005
- Partner, Lippman, Scott and Associates from 01/1979 to 03/2017
- Executive Vice President, L&S Advisors, Inc. (this corporation was previously dissolved) from 01/1979 to 12/1996

ITEM 3 - DISCIPLINARY INFORMATION

Ralph R. Scott has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Ralph R. Scott's only business is providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Ralph R. Scott's only compensation comes from his regular salary and ownership of L&S.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Ralph R. Scott's investment activities. Sy Lippman monitors the advice provided by Ralph R. Scott for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Heather Liu

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Heather Liu, Sr. Portfolio Analyst, b. 1978

Education:

Graduated from UCLA with a BA in Economics in 2003. Attended East Los Angeles College from 1998 to 2000; transferred to UCLA.

Business Background:

- Sr. Portfolio Analyst, L&S Advisors, Inc., 09/2009 to present
- Portfolio Analyst, L&S Advisors, Inc., 07/2006 to 09/2009
- Administrative Assistant, L&S Group, 11/2005 to 07/2006
- Branch Office Administrator, UBS Financial Services, Inc., 02/2003 to 11/2005

ITEM 3 - DISCIPLINARY INFORMATION

Heather Liu has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Heather Liu's only business is servicing clients and providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Heather Liu's only compensation comes from her regular salary at L&S.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Heather Liu's investment activities. Sy Lippman monitors the advice provided by Heather Liu for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Craig Weston

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Craig Weston, Managing Director, b. 1964

Education:

Graduated from Amherst College with a B.S in American Studies (cum laude) in 1986

Business Background:

- Managing Director, L&S Advisors, Inc., 04/2016 to present
- President (2015-2016), CCO (2007-2016), Vice President (1989-2015), Weston Capital Management, 09/1989 to 04/2016

ITEM 3 - DISCIPLINARY INFORMATION

Craig Weston has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Craig Weston's only business is servicing clients and providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Craig Weston's only compensation comes from his regular salary at L&S.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Craig Weston's investment activities. Sy Lippman monitors the advice provided by Craig Weston for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Bennett Gross

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Bennett Gross, CFA, CAIA, President, b. 1959

Education:

BA Economics, University of California, Irvine, 1981

MBA, University of California, Berkeley Haas School of Business, 1985

CFA®, CFA Institute, 1993

CAIA, self-study, 2015

Business Background:

- President, L&S Advisors, Inc., 06/2016 to present
- Investment Strategist, EP Wealth Advisors, 01/2012 to 06/2016
- Director of Wealth Management, Pacific Income Advisors, 06/2008 to 01/2012
- Managing Director, Equities, Financial Management Advisors, 2004 to 2008
- President & Chief Investment Officer, Windward Capital Management Company, 1996 to 2004
- Investment Adviser Representative, Scudder, Stevens & Clark, 1991 to 1996
- Investment Representative, Morgan Stanley & Co, 1986 to 1991

Professional Designations

Bennett Gross holds the following professional designations:

Chartered Alternative Investment Analyst (“CAIA”)

The CAIA Charter, recognized globally, is administered by the Chartered Alternative Investment Analyst Association, and requires a comprehensive understanding of core and advanced concepts regarding alternative investments, structures, and ethical obligations. To qualify for the CAIA Charter, finance professionals must complete a self-directed, comprehensive course of study on risk-return attributes of institutional quality alternative assets; pass both the Level I and Level II CAIA examinations at global, proctored testing centers; attest annually to the terms of the Member Agreement; and hold a US bachelor's degree (or equivalent) plus have at least one year of professional experience or have four years of professional experience. Professional experience includes full-time employment in a professional capacity within the regulatory, banking, financial, or related fields. Once a qualified candidate completes the CAIA program, he or she may apply for CAIA membership and the right to use the CAIA designation, providing an opportunity to access ongoing educational opportunities. More information regarding the CAIA is available at <https://www.caia.org/>.

Chartered Financial Analyst® (“CFA®”)

The CFA designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The three proctored course exams

correspond to three 250-hour self-study levels. Completing the Program takes most candidates between two and five years. More information regarding the CFA is available at <https://www.cfainstitute.org>.

ITEM 3 - DISCIPLINARY INFORMATION

Bennett Gross has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Bennett Gross' only business is servicing clients and providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Bennett Gross receives compensation for managing the assets of clients he brings to the firm.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Bennett Gross' investment activities. Sy Lippman monitors the advice provided by Bennett Gross for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Kenneth Malamed

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Kenneth Malamed, Sr. Managing Director, b. 1943

Education:

UCLA, B.S. Finance, 1964

UCLA, Law School, J.D., 1967

Member California State Bar, 1967 (currently inactive)

Business Background:

- Investment Adviser Representative, L&S Advisors, Inc., 10/2016 to Present
- Investment Adviser Representative, First Western Capital Management Company, 04/2010 to 09/2016
- CIO Fixed Income, First Western Capital Management, Inc., 06/2008 to 03/2010
- President and Chief Investment Officer, Financial Management Advisors, 12/1995 to 06/2008

ITEM 3 - DISCIPLINARY INFORMATION

L&S is required to disclose all material facts regarding any legal or disciplinary event that would be material to your evaluation of each of the Firm's investment persons, including Kenneth Malamed, providing advice to you. Mr. Malamed has applicable legal or disciplinary events required to be disclosed under this Item.

Mr. Malamed was a defendant in three civil litigation proceedings through the Los Angeles County Superior Court of California, each settled out of court, which alleged the following:

- Improperly supervised equity portfolio; risks of investment not properly disclosed; 1999-2003; settled in 2004; Mr. Malamed's contribution to the settlement was \$1,000,000;
- Risks not properly disclosed; 1999-2001; settled in 2007; Mr. Malamed's contribution to the settlement was \$3,750,000; and
- Risks not properly disclosed; settled in 2010; Mr. Malamed's contribution to the settlement was \$270,000.

Additional information can be found on the Investment Adviser Public Disclosure ("IAPD") website. The IAPD link is www.adviserinfo.sec.gov. To access the Firm's disciplinary information, click on the link above and follow the instructions to access the IARD system.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Kenneth Malamed's only business is servicing clients and providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Kenneth Malamed's compensation is based on a percentage of fees collected from the accounts he manages at L&S.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Kenneth Malamed's investment activities. Sy Lippman monitors the advice provided by Mr. Malamed for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Matthew Nussbaum

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Matthew Nussbaum, CFA, Analyst/Relationship Manager, b. 1981

Education:

UCLA Extension, Certificate in Finance, 2015

UCLA, B.A., Economics, 2016

CFA®, CFA Institute, 2018

Business Background:

- Analyst/Relationship Manager, L&S Advisors, Inc., 04/2017 to present
- Analyst, Prestige Estate Agency, 06/2016 to 04/2017
- Student, UCLA, 12/2013 to 06/2016
- Equity Research Analyst Intern, Stevens First Principles Investment Advisors, 12/2013 to 04/2014
- Vice president - Int'l Business Development, Prestige Estate Agency, 06/2010 to 12/2013

Professional Designations

Matthew Nussbaum holds the following professional designation:

Chartered Financial Analyst® (“CFA®”)

The CFA designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The three proctored course exams correspond to three 250-hour self-study levels. Completing the Program takes most candidates between two and five years. More information regarding the CFA is available at <https://www.cfainstitute.org>.

ITEM 3 - DISCIPLINARY INFORMATION

Matthew Nussbaum has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

Matthew Nussbaum’s only business is servicing clients and providing investment advice through L&S.

ITEM 5 - ADDITIONAL COMPENSATION

Matthew Nussbaum receives a salary and bonus for managing accounts at L&S.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Matthew Nussbaum's investment activities. Sy Lippman monitors the advice provided by Matthew Nussbaum for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

Anita Brown

ITEM 2 - EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Anita Brown, Sr. Managing Director, b. 1943

Education:

University of Arizona, Tucson, AZ, Bachelor of Science - Marketing, 1964

University of Southern California, Los Angeles, CA, MBA - Finance, 1982

Business Background:

- Sr. Managing Director, L&S Advisors, Inc., 09/2018 to present
- Sr. Vice President/Wealth Management Advisor, Beverly Hills Wealth Management, LLC, 07/2011 to 09/2018
- Sr. Vice President/Wealth Management Advisor, OakShore Partners, LLC, 12/2016 to 06/2017
- Registered Representative, Calton & Associates, Inc., 04/2016 to 05/2016
- Registered Representative, Mutual Securities, Inc., 03/2012 to 02/2016
- Registered Representative, Purshe Kaplan Sterling, 07/2011 to 03/2012
- Investment Adviser Representative, Morgan Stanley Smith Barney, 06/2009 to 07/2011
- Investment Adviser Representative, Morgan Stanley & Co., Inc., 04/2007 to 07/2011

Professional Designations

Anita Brown holds the following professional designation:

Chartered Financial Analyst® (“CFA®”)

The CFA designation is sponsored by CFA Institute. To earn a CFA charter, candidates must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program. The CFA Program is organized into three levels, each culminating in a six-hour exam. The three proctored course exams correspond to three 250-hour self-study levels. Completing the Program takes most candidates between two and five years. More information regarding the CFA is available at <https://www.cfainstitute.org>.

ITEM 3 - DISCIPLINARY INFORMATION

Anita Brown has no disciplinary history to disclose.

ITEM 4 - OTHER BUSINESS ACTIVITIES

In her capacity as insurance agent (CA license # 0G21828), Anita Brown sometimes recommends insurance products to the firm’s clients. Consequently, she receives commissions for products she sells. Therefore, a conflict of interest exists between the interests of Anita Brown and those of the advisory clients because she may have an incentive to recommend products and services based on the additional compensation she receives. However, clients are under no obligation to act upon any recommendations of Anita Brown or effect any transactions through her as they decide whether or not to follow her recommendations.

ITEM 5 - ADDITIONAL COMPENSATION

Anita Brown's primary compensation comes from managing the assets of clients she brings to the firm. She also derives insurance-based commission income from an unaffiliated outside insurance agency for the activity described in *Item 5 - Additional Compensation*, above.

ITEM 6 - SUPERVISION

Sy Lippman, Chief Compliance Officer, is responsible for supervising Anita Brown's investment activities. Sy Lippman monitors the advice provided by Anita Brown for consistency with client objectives and L&S' policies. Sy Lippman can be reached by calling (310) 893-6060.

FACTS**WHAT DOES L&S ADVISORS, INC.
DO WITH YOUR PERSONAL INFORMATION?****Why?**

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What?

The types of personal information we collect and share depend on the product or service you have with us. This information can include:

- Social Security number and income
- account balances and transaction history
- assets and risk tolerance

When you are *no longer* our customer, we continue to share your information as described in this notice.

How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons L&S Advisors, Inc. chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does L&S Advisors, Inc. share?	Can you limit this sharing?
For our everyday business purposes - as permitted by law	YES	NO
For our marketing purposes - to offer our products and services to you	NO	We Don't Share
For joint marketing with other financial companies	NO	We Don't Share
For our affiliates' everyday business purposes - information about your transactions and experiences	NO	We Don't Share
For our affiliates' everyday business purposes - information about your creditworthiness	NO	We Don't Share
For nonaffiliates to market to you	NO	We Don't Share

Questions?

Call (310) 893-6060 or go to <http://www.lsadvisors.com/>

WHO WE ARE

Who is providing this notice? **L&S Advisors, Inc.**

WHAT WE DO

How does L&S Advisors, Inc. protect my personal information? To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

How does L&S Advisors, Inc. collect my personal information? We collect your personal information, for example, when you

- seek advice about your investments
- enter into an investment advisory contract
- tell us about your investment or retirement portfolio
- tell us about your investment or retirement earnings
- give us your contact information

We also collect your personal information from other companies.

Why can't I limit all sharing? Federal law gives you the right to limit only:

- sharing for affiliates' everyday business purposes - information about your creditworthiness
- affiliates from using your information to market to you
- sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

DEFINITIONS

Affiliates Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *L&S Advisors, Inc. has no affiliates*

Nonaffiliates Companies not related by common ownership or control. They can be financial and non-financial companies.

- *L&S Advisors, Inc. does not share with nonaffiliates so they can market to you*

Joint Marketing A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

- *L&S Advisors, Inc. does not jointly market*