



U.S. equities advanced over the final two weeks of May, temporarily dispelling the myth, "sell in May and go away". The S&P 500 Index increased +1.7%, while the Russell 2000 Index moved +2.2%. The S&P 500 Index now sits +3.3% YTD heading into June. The boost in U.S. equities coupled with positive macroeconomic data has reignited speculation of another rate hike by the Federal Reserve. The U.S. economy remains stable with solid retail sales, which were supported by auto sales, and improved industrial production data. Additionally, home sales and homebuilding are steadily improving. Thus far, the expectation of another raise in lending rates has not spooked investors. Since the early decline in January, and bottoming on February 11<sup>th</sup>, the S&P 500 Index has rallied over +14%.

International equities did not fare as well with the ACWI ex-U.S. -1.7% in May, bringing its YTD return to +0.5%. Many of the large economies abroad, including Japan, China, and some in Europe, continue to struggle with growth while their accommodative monetary policies are having mixed results.

### Moving into June

We slightly increased exposure in our tactical strategies throughout May and enter June approximately 85% and 95% in our U.S. and international strategies respectively. With a strong economic backdrop and positive technical support, we expect continued growth in the near-term.

TECHNICAL	SENTIMENT	MACROECONOMIC	VALUATION
<p>S&amp;P 500 Index ended the month +1.7% and +3.3% YTD with the ACWI ex-U.S. -1.7% in May and +0.5% YTD</p> <p>Volatility (VIX) dropped heading into the typically lightly traded summer months</p> <p>The S&amp;P 500 ended 1% above 50-day moving average while 4% above the 100-day and 4% above the 200-day</p>	<p>Equity (SPY) flows decreased in May by -2.4%</p> <p>The UM Consumer Sentiment Survey increased to its highest level in a year to 94.7</p> <p>Short Interest increased in May to 2.9</p> <p>The U.S. Purchasing Managers Index (PMI), an indicator in business confidence remained relatively unchanged at 50.7</p>	<p>U.S. unemployment remained at a low 5.0%, with jobless claims still below the 200k threshold</p> <p>U.S. leading indicators stayed at positive levels</p> <p>Aggregate consumer spending trends continued to be positive</p> <p>Japan postponed an increase to its sales tax while announcing a new stimulus package coming this fall</p>	<p>S&amp;P 500 P/E levels increased to 19.4 and forward P/E to 17.9</p> <p>Mid-cap stocks (+2.3%) took the lead in May outperforming their small (+1.6%) and large cap (+1.7%) counterparts</p> <p>Growth stocks (+2.5%) outperformed their value (0.9%) counterparts in May</p>

As of 5/31/2016. Data provided by Bloomberg, GoldmanSachs, Morningstar, Bureau of Economic Analysis, OECD.

The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current equity outlook. This aggregate metric is determined by multiple data points across four broad dimensions including Technical, Sentiment, Macroeconomic, and Valuation indicators. The daily result determines equity exposure in our tactical strategies.

This information contained herein has been prepared by NorthCoast Asset Management, LLC ("NorthCoast") on the basis of publicly available information, internally developed data and other third party sources believed to be reliable. NorthCoast has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. All opinions and views constitute judgments as of the date of writing without regard to the date on which the reader may receive or access the information, and are subject to change at any time without notice and with no obligation to update. This material is for informational and illustrative purposes only and is intended solely for the information of those to whom it is distributed by NorthCoast. No part of this material may be reproduced or retransmitted in any manner without the prior written permission of NorthCoast. NorthCoast does not represent, warrant or guarantee that this information is suitable for any investment purpose and it should not be used as a basis for investment decisions.

**PAST PERFORMANCE DOES NOT GUARANTEE OR INDICATE FUTURE RESULTS.**

This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or investment products or to adopt any investment strategy. The reader should not assume that any investments in companies, securities, sectors, strategies and/or markets identified or described herein were or will be profitable and no representation is made that any investor will or is likely to achieve results comparable to those shown or will make any profit or will be able to avoid incurring substantial losses. Performance differences for certain investors may occur due to various factors, including timing of investment. Investment return will fluctuate and may be volatile, especially over short time horizons.

**INVESTING ENTAILS RISKS, INCLUDING POSSIBLE LOSS OF SOME OR ALL OF THE INVESTOR'S PRINCIPAL.**

The investment views and market opinions/analyses expressed herein may not reflect those of NorthCoast as a whole and different views may be expressed based on different investment styles, objectives, views or philosophies. To the extent that these materials contain statements about the future, such statements are forward looking and subject to a number of risks and uncertainties.