



What happened in August?

August was a quiet month for global stocks as investors geared up for the fall. U.S. stocks traded inside a tight range with relatively little movement. For the first time this year, the S&P 500 Index did not end a trading session with a move greater than +/- 1.0%. International stocks (ACWI ex-U.S.) fared slightly better, advancing 0.6% in the month.

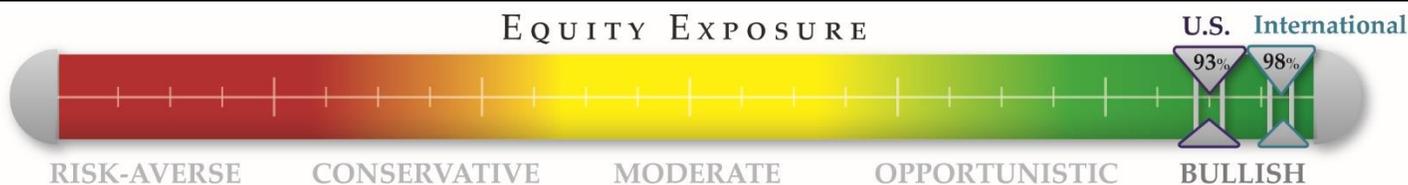
Corporate earnings surprised to the upside pushing valuations higher in the U.S., while the Eurozone showed its early resilience amid the Brexit aftermath. Continue reading below for additional commentary.

YTD, the S&P 500 Index is +7.3%, while the ACWI ex-U.S. is +4.5%.

Moving into September

The majority of market-moving indicators remained or turned bullish in August. Ending July with a 75% exposure to U.S. equities, we increased exposure throughout August and entered September 93% invested. In our international strategies, we maintained a bullish posture throughout August and entered September 98% invested.

NorthCoast Navigator



Indicators that Improved

Valuation

Even though U.S. stocks valuations are a bit stretched, they present attractive entry when compared against historical averages as well as against today's interest-yielding alternatives.

Technical

The S&P 500 Index is 5% above its 200-day moving average and now only 1% above its 50-day, providing a case for near-term positive advances. Volatility (VIX) also ticked up in August.

For additional market commentary, click [here](#).

Indicators that Remained Positive

Macroeconomic

July stamped the best two-month stretch in hiring for 2016 while the unemployment rate remains low in the U.S. Wage growth matched its strongest annual pace in seven years.

Sentiment

Corporate earnings, while diminished, continued to surprise to the upside in Q2. Economists tempered down the fallout of Brexit and consumer sentiment remained at bullish levels.



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 market-moving dimensions: Technical, Sentiment, Macroeconomic, and Valuation. The daily result determines equity exposure in our tactical strategies.

As of 8/31/2016. Data provided by Bloomberg, NorthCoast Asset Management.

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.