



What happened in October?

Ahead of the U.S. election and Federal Reserve meetings, global equities retreated in October posting their largest monthly declines since January. Uncertainty across multiple asset classes including equities, fixed income and real estate is pushing volatility measures higher. October also witnessed the mergers of multiple industry titans. Almost a half a trillion dollars of [mergers and acquisitions](#) were announced globally, an all-time high. The existing low growth environment and a fear of rising rates helped drive much of the M&A action.

U.S. equities (S&P 500 Index) ended the month **-1.8%** and are +5.9% YTD while the international stocks (ACWI ex-U.S.) declined **-1.4%** in October and sit +4.3% YTD.

Moving into November

The majority of market-moving indicators remained bullish throughout October but a decline in sentiment data ahead of major political and policy events provided basis for a reduction in equity exposure in the U.S. markets. We enter November with an 80% U.S. investment level. In our international strategies, we maintained a bullish posture throughout the month and enter November 99% invested.

NorthCoast Navigator: A snapshot of NorthCoast market outlook



Positive Indicators		Neutral Indicators	
Technical The short-term equity decline with a rise in volatility (VIX) without supporting data indicates a bullish opportunity and provides guarded optimism for market advancement.	Macroeconomic U.S. unemployment remained low while wage growth improved. U.S. economic growth rebounded and expanded at an annualized 2.9% in Q3.	Valuation Corporate earnings surprised to the upside in Q3 while the slight market pullback loosened the stretched valuation levels. Focus turns to inflation and possible rising interest rates.	Sentiment The UM Consumer survey declined to its lowest level of the year highlighting caution ahead of the vital holiday retail season while equity fund flows remained relatively flat.



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 10/31/2016. Data provided by Bloomberg, NorthCoast Asset Management.

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