

## What happened in May?



Corporate earnings and signs of a growing global economy boost equities in May, offsetting falling commodity prices and geo-political turmoil.

U.S. stocks (measured by the S&P 500 Index) moved +1.3% in May even though the index experienced its largest one-day decline year-to-date on May 17. The S&P 500 Index is now +8.4% YTD while international equities (MSCI ACWI ex-U.S.) advanced +3.3% for the month and +13.7% YTD.

Q1 profits across corporate America increased at their highest rate since 2011 while the U.S. GDP growth estimate was revised up to 1.2%. The healthy macroeconomic data buoyed stocks while volatility remained near historic lows. The lack of stock price swings can be attributed to a number of factors, including desensitized investors when it comes to turbulent geo-political events or the absence of any substantial change in market-moving data.

## Moving into June

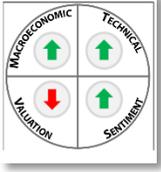
As equities remained in a consistent uptrend, our data signals followed suit. Little changed over the month as macroeconomic, sentiment and technical indicators remained positive indicating potential for further growth in the near term. Valuation metrics, while still negative, got a positive lift thanks to the record profits across U.S. companies helping justify the high stock prices. In our U.S. tactical strategies, we increased exposure to take advantage of the mid-month dip, then locked in profits on a few positions at the end of the month as the rally continued.

We enter June with a bullish posture at 92% invested in our tactical U.S. strategies and 100% exposure outlook in our international strategies.

## NorthCoast Navigator: A snapshot of NorthCoast's market outlook



Negative Indicators	Positive Indicators		
<p><b>Valuation</b></p> <p>Stock price valuations remained in line from the prior month as the Q1 earnings boost validated the increased price moves.</p>	<p><b>Macroeconomic</b></p> <p>U.S. retail sales rose in April after a sluggish February and March.</p> <p>U.S. private businesses added 253,000 jobs in May, per ADP survey.</p>	<p><b>Sentiment</b></p> <p>UM Consumer Survey ticked up to 97.1, a third consecutive monthly increase.</p> <p>U.S. manufacturing survey indicates continued expansion as ISM reading edged up to 54.9.</p>	<p><b>Technical</b></p> <p>Short-term momentum increased as the S&amp;P 500 traded 2% above its 50-day moving average and remained 6% above the 200-day.</p>



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 5/31/2017. Data provided by Bloomberg, NorthCoast Asset Management.

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