

What happened in October?



In a month dominated by political news and anticipated legislative changes, U.S. and international equities continued their march upward, hitting new highs in October.

A narrow passage of the next fiscal year's budget plan last month opened the door for a tax reform that would lower federal revenue by \$1.5 trillion over the next decade. The tax bill's passage is still in question but generally viewed as a future boost to businesses and corporations. As U.S. equities moved higher, much of the gains were led by technology stocks with the sector gaining 7.7% in October and 35.7% YTD, far outpacing the other U.S. sectors.

The European Central Bank decided to scale back its bond buying program while extending it to September 2018. The move lengthens the program further than expected, but acknowledges that the Eurozone economy is solid. Emerging markets ended the month strong as the dollar's upward march paused and economic data in those countries bolstered confidence in the asset class.

October by the numbers:

U.S. Equities: +2.3% S&P 500 Index	International Equities +1.9% ACWI ex-U.S.	U.S. Bonds +0.1% Barclays U.S. Aggregate Bond Index	Global Bonds -0.3% JP Morgan Global Aggregate Bond Index
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Moving into November

The focus moving into November for domestic equities and bonds will be on the progress of legislative action, the likelihood of the fed raising rates before the end of the year and the final tallies from Q3 earnings. By October's end, 306 companies in the S&P 500 had reported with 73% above expectations, which is in-line with the previous 4 quarters. Valuations remain high, but sentiment indicators are on the rise again as investors wait on more macroeconomic data to be announced in early November. We enter November 91% invested in our U.S. tactical strategies and 100% invested in international strategies.

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



Negative Indicators

Valuation

Valuations remained high as rising prices continued to outpace earnings. As of 10/31/17, 73% of S&P 500 reported earnings above expectations.

Positive Indicators

Technical

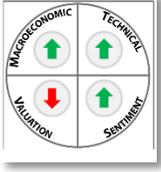
Indicators remained steady through October, as the 50, 100 and 200 day moving averages all kept their same positive paces: 2%, 4% and 6% respectively.

Macroeconomic

Propelled by strong non-real estate investment and consumer spending, U.S. GDP in the 3rd quarter beat estimates, coming in at a 3% rate of growth.

Sentiment

University of Michigan Consumer Sentiment survey hit its highest level since the start of 2004 at 100.7.



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 10/31/2017. Data provided by Bloomberg, NorthCoast Asset Management.

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