

"Cable TV. Social media. Even newspapers. With all the information swirling around us, it's easy to get obsessed with watching the market's gyrations. And it's tempting to think you can outperform everyone else if you just listen closely enough. The truth is, most of what's out there is just noise." These are the words from Larry Fink, Chairman & CEO of BlackRock, from a recent commentary.

These words echo the investment beliefs of NorthCoast. Silence the noise and rely on data. With all the news-worthy events this year, few have had any major effect on the financial markets at this point. Over the last two months exposure in our tactical strategies has marginally changed, specifically with CAN SLIM ranging from 78%-86%... Why? Because the data we analyze and interpret shows a stable equity market environment without any cause for major changes in exposure. The big gamble "all-in/all-out" trading methods of investors, which are generally based on speculation and market news, are crippling many retail investors; a pit-fall we aim to avoid.

As such, the market (S&P 500) rose again in May and finished the month +2.2%, and is +4.7% YTD. It now sits at all-time highs as positive momentum, decreasing volatility and relatively unchanged investor sentiment provides steady growth to U.S. stocks. Strengthening business activity in the eurozone, increasing trade in China, and the GDP growth in Japan all contributed to the rise in global stocks.

Minor exposure changes kept our tactical programs between 80%-90% equity invested as we continue to sit in an 'Opportunistic' posture.



The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current equity outlook. This score 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.

MARKET DIMENSION	OUTLOOK	COMMENTARY
TECHNICAL <i>positive</i>		<ul style="list-style-type: none"> ▪ S&P 500 ended the month at an all-time high, up 2.2% for the month ▪ Momentum picked up in May with the market 3% above its 50-day moving average, 4% above the 100-day, and 7% above the 200-day ▪ Volatility (VIX) continued to fall and is now at its lowest point over the last five years
SENTIMENT <i>positive</i>		<ul style="list-style-type: none"> ▪ SPY equity funds experienced negative flows (-2.6%) as more investors turned to bonds ▪ Retail sentiment remained unchanged with many investors taking a neutral stance ▪ Short interest ticked up as institutional investors are most likely looking to capitalize on the rising valuations of stocks
MACROECONOMIC <i>positive</i>		<ul style="list-style-type: none"> ▪ Decreasing unemployment, steady jobless claims, and increasing housing starts kept the U.S. economy in a slow, albeit stable and growing environment ▪ Strong eurozone business activity, growth in Chinese trade, and increasing GDP growth in Japan boosted global stocks
VALUATION <i>negative</i>		<ul style="list-style-type: none"> ▪ P/E increased to 17.7 and Forward P/E at 16.3 placing both above their 10-year historical averages and at their highest levels for the year

As of 5/31/2014. Data provided by Bloomberg, GoldmanSachs, Morningstar.

Want to read the full post from BlackRock's Larry Fink? You can view the article by clicking the link below—

[Want to Be A Better Investor? Tune Out the Noise](#)

STRATEGY	HIGHLIGHTS	EQUITY EXPOSURE
	<p>CAN SLIM® ended the month positive as stocks moved higher. Big winners included DAL, EOG, and MU with the biggest boost coming from GMCR, increasing after a strong earnings report. Exposure marginally decreased to end the month 80% invested.</p>	80%
	<p>Global stocks continued their momentum in May with CAN SLIM® International experiencing a slight uptick in performance bringing the strategy close to even for the year. Top performers were BIDU and EJ while positions such as MEOH, NVO, and MT weakened performance. Market outlook for international equities turned down and we decreased exposure throughout the month.</p>	78%
	<p>Value stocks kept in line with the market and continued to outperform for the year, contributing to strategy's out-performance of its benchmark (S&P 500). Top performers were WOR, APA, and VZ.</p>	100% (no cash scaling)
	<p>Strategy allocation remained the same in May with international equities accounting for over half of the portfolio including EFA, EEM, IEV, and EWJ, with 13% in cash. Positive performance across all global equities helped performance during the month.</p>	87%
	<p>Fixed-income investments have served the strategy well including MBB and MUB, which have been mainstay holdings of the portfolio. "MBB has little equity beta exposure and an effective duration of 4.18 years and a yield to maturity of 2.15%. Beyond the preferential tax treatment, MUB can benefit from improvements in the fundamentals of the municipal markets as well as rising taxes," states CIO Patrick Jamin.</p>	20%

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