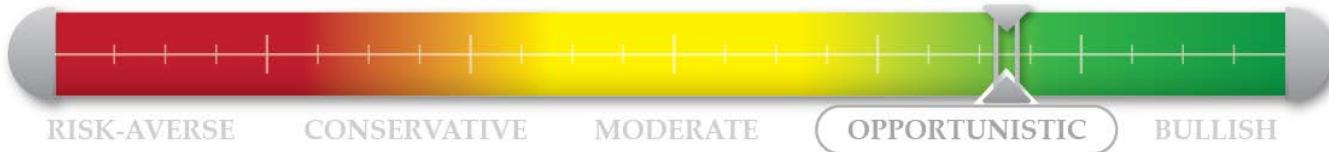


NorthCoast Navigator

July 2015



"Volatility is not the same thing as risk, and anyone who thinks it is will cost themselves money" - Warren Buffett

Most of the major indices are hitting the reset button today as we enter the 2nd half of 2015 with the S&P 500 +0.9% YTD after a -2.0% June and a flat Q2. The Dow is -1.2% YTD and the Nasdaq is +5.5% YTD. Health Care (+8.7%) and Consumer Discretionary (6.0%) stocks led all sectors in the first six months of 2015 while Utilities (-12.1%), Energy (-6.0%), and Industrials (-4.1%) lagged. Small and mid-cap stocks outperformed their large-cap counterparts, while growth stocks slightly outperformed value. Thanks, in part, to multiple quantitative easing programs, international stocks (as measured by the ACWI ex-U.S.) are +4.0% YTD. [Two major stories](#) continue to dominate the global financial headlines; 1) the Federal Reserve's inevitable yet undetermined decision to raise federal interest rates, and 2) Greece's showdown with creditors and possible default/removal from the Eurozone. While these events create uncertainty in equities, they only account for a few of the many factors and signals that determine how we invest moving forward.

Where do we go from here?

After a yearly-low exposure level (74% equity invested) in some of our tactical strategies at the end of May, we strategically increased our exposure throughout June. Sustained U.S. economic growth, along with strong analyst sentiment and attractive valuation levels, provided good entry points into positions as others reached their respective sell-stops and were liquidated. The nearly 2.0% decline in June stemmed from uncertainty in the equity markets. But, as Warren Buffett so eloquently put, it is important to decipher the difference between "risk" and "volatility". As many signals continue to paint a positive outlook moving forward, we enter Q3 in an opportunistic position and will look to increase exposure if the data warrants.

TECHNICAL	SENTIMENT	MACROECONOMIC	VALUATION
 <ul style="list-style-type: none"> S&P 500 ended the month -1.2% and sits +0.9% YTD, with the ACWI ex-U.S. (All-Country World Index minus U.S.) -2.8% in May and +4.0% YTD Momentum halted in June with the S&P 500 2% below the 50-day and 100-day moving averages, and even with 200-day (a key indicator for many technical analysts) Volatility (VIX) jumped to its highest level since January at 18.2 on recent Greece debt headlines 	 <ul style="list-style-type: none"> Approx. \$60 billion has been pulled from equities (stocks/funds) in 2015 The UM Consumer Sentiment Survey rose to its highest level since January at 96.1 Short Interest decreased in June as many short-sellers capitalized on a decreasing market in the month All Sentiment shows a slight uptick in retail investors feeling bullish and a decrease in bearish investors 	 <ul style="list-style-type: none"> U.S. unemployment remains at a low 5.5%, jobless claims near post-crisis lows, and housing starts continue to increase Leading Economic Indicators survey data displays its highest mark in 2015. Greece missed a key debt payment to creditors signaling a possible default and removal from the Eurozone Chinese equities slid amid a slowing and centralized economy calling for major reform 	 <ul style="list-style-type: none"> S&P 500 P/E levels decreased to 18.2 with forward P/E at 17.5 Growth and value stocks performed alike in June (decreasing approx. -2.0%) Small-cap stocks displayed a slight gain in June with mid and large-cap stocks in negative territory. Consumer Discretionary was the only sector to post a positive June while all other sectors were in negative territory for the month

As of 6/30/2015. Data provided by Bloomberg, GoldmanSachs, Morningstar, Bureau of Economic Analysis.

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 dimensions including Technical, Sentiment, Macroeconomic, and Valuation indicators. The daily result determines equity exposure in our tactical strategies.

STRATEGY	DESCRIPTION	COMMENTARY	EQUITY EXPOSURE (END OF MONTH)
CAN SLIM®	All-Cap Tactical Growth	Much like the majority of equities, CAN SLIM® slid in June. The strategy lags the benchmark YTD as its cash holding and stock selection hindered growth. The strategy aims to take advantage of the recent decline by adding exposure at attractive entry points.	82%
CAN SLIM® INTERNATIONAL	All-Cap International Tactical Growth	CAN SLIM® International dipped into negative territory as international equities declined almost 3% in June. A high exposure to Canada dampened performance in the strategy as Canadian stocks have not kept pace with the majority of international markets. The strategy maintains a high equity exposure as international outlook remains bullish.	98%
LEGENDS VALUE	All-Cap Value	Legends Value remained in line with its value competitors and remains positive YTD. Value stocks as whole have underperformed their growth counterparts.	100% (no cash scaling)
TACTICAL GROWTH	Dynamic ETF Allocation Growth	In part to its exposure to international equities, Tactical Growth has kept pace with its global benchmark in 2015. Increased exposure to the Eurozone and a modest holding in fixed income has provided steady returns for strategy.	90%
TACTICAL INCOME	Dynamic ETF Allocation Income	Tactical Income reduced exposure to emerging market bonds (EMB) by 5% due to weaker macroeconomic indicators and added 5% to high-yield debt (HYG) as outlook for the U.S. economy continues to improve.	10%

The securities shown are for informational purposes only. They can change and are not a recommendation to buy or sell any of these securities or to allocate a portfolio in this manner. Data and performance shown is through 6/30/2015. Provided by Bloomberg, Investor's Business Daily, NorthCoast Asset Management.

NorthCoast Asset Management is an established leader in the field of tactical investment management, specializing in quantitative research and constructing risk-managed equity portfolios. Our experienced management team, long-term portfolio performance, and premier partnerships make NorthCoast a preferred choice for astute growth-oriented investors seeking downside risk protection.

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