



Global stocks regained footing in October with the S&P 500 rallying +8.4% and the All-Country World Index ex-U.S. (ACWI ex-U.S.) adding 7.4%, their largest monthly gains in four years. Much of the gain can be attributed to the overreaction to market sell-offs in August, coupled with central banks reaffirming enhanced stimulus efforts to bolster global markets. The Federal Reserve did not raise interest rates during its recent gathering while European Central Bank leader Mario Draghi signaled the bank is prepared to undertake another large stimulus package. The actions of central banks are evidence of slowdowns (or at least concern) in global economic growth, specifically emerging markets.

NorthCoast maintained sizable equity positions in its tactical strategies throughout August and September. Its flagship strategy, CAN SLIM®, was 85% invested prior to the October rally. During the market advance, the strategy raised cash capitalizing on recent gains and selling some positions. Valuation in stocks became less attractive throughout the rally and a pivotal earnings season will determine if the current valuations are warranted.

October's gain wiped out the losses created in August and September, resetting stocks to a "wait-and-see" status pending 3rd quarter earnings and central bank decisions. In a more defensive posture than usual, NorthCoast stands in position for some market weakness and will seek new opportunities if the data signals future growth.

TECHNICAL	SENTIMENT	MACROECONOMIC	VALUATION
<p>S&P 500 ended the month +8.4% and sits +2.2% YTD, with the ACWI ex-U.S. (All-Country World Index minus U.S.) +7.4% in October and -1.8% YTD</p> <p>Momentum turned positive in October with the S&P 500 5% above the 50-day moving average, 2% above the 100-day and 1% above the 200-day</p> <p>Volatility (VIX) ended October at three month low of 15.1</p> <p>Historically, low volatility follows complacency and fatigue in markets, signaling a potential pullback</p>	<p>Investors locked in profits as (SPY) flows decreased 1.6% in October</p> <p>The UM Consumer Sentiment Survey moved to 90.0 in October, its first increase in three months</p> <p>Short Interest ticked up for a second straight month to 2.7</p> <p>The AAll sentiment survey displayed more retail investors are bullish as they have been in over nine months, signaling caution as a contrarian indicator</p>	<p>U.S. unemployment rate was unchanged at 5.1%, while retail sales slightly increased</p> <p>U.S. housing prices continue to rise, results from the S&P/Case-Shiller Home Price Indices show</p> <p>China manufacturing data slumps again in October, indicating more caution for the country that has been at the forefront of global macroeconomic slowdown concerns</p> <p>Eurozone economy grew modestly but unemployment remains at 11%</p>	<p>S&P 500 P/E levels increased to 18.6 with forward P/E at 17.6, their highest levels in over three months</p> <p>Of the 500 largest companies, 350 have reported their Q3 sales and earnings, with 72% reporting better-than-expected earnings results and only 36% reported better-than-expected sales figures</p> <p>The data points to companies effectively reducing costs to produce profits but revenue may not be keeping pace</p>

As of 10/31/2015. 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	Equities rallied in October after the August/September pullback. CAN SLIM® experienced a major boost in performance but a roughly 30% cash position at the end of the month muted relative performance against equity benchmarks.	69%
CAN SLIM® INTERNATIONAL	All-Cap International Tactical Growth	International equities rallied in October and produced a monthly gain for the 1 st time in over six months. CAN SLIM® International maintained a bullish posture throughout the month as international markets continue to benefit from expanded stimulus packages across the globe.	91%
LEGENDS VALUE	All-Cap Value	Legends Value remained in line with the S&P 500 October rally as value and growth stocks performed alike. The strategy replaced sells of PLCM, AXP, WMT, DFS, ACN, and BAX with new positions, FOXA, XL, AA, VOYA, NAT, and WNC.	100% (no cash scaling)
TACTICAL GROWTH	Dynamic ETF Allocation Growth	Over the course of October, Tactical Growth removed exposure to EEM (emerging market equities) and EMB (emerging market bonds) as macro-economic signals showed signs of deterioration in emerging markets. Exposure in IVV (U.S. large-cap equities) was reduced earlier in the month due to lower macroeconomic signals after the quick equity rebound. The available cash was put to work in IJH (U.S. small-cap equities) and EZU (Eurozone), as the outlook in developed markets increased throughout the month.	86%
TACTICAL INCOME	Dynamic ETF Allocation Income	Conviction swayed away from emerging markets and back toward developed markets such as the U.S. in October. Tactical Income removed exposure to EMB (emerging market bonds) as macro-economic signals showed signs of deterioration in emerging markets. The available cash was put to work in U.S. fixed income positions, CIU (intermediate credit) and CLY (10+ year credit).	20%

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