



What happened in July?

Global stocks, U.S. and international alike, experienced upward movement in July in a relatively tight range with low volatility. After the Brexit turmoil in late June, market news headlines were light. Fears of a slowing economy, interest rate hikes and geo-political tension all subsided, allowing corporate earnings and macroeconomic data to lead the way.

The S&P 500 Index rallied +3.7% in July while international equities (ACWI ex-U.S.) advanced +5.0%. The S&P 500 Index finished the month at an all-time high.

[NORTHCOAST ETF MANAGED STRATEGIES HIGHLIGHTED IN INVESTOR'S BUSINESS DAILY](#)

"After stumbling out of the blocks to start the year, U.S. stocks have flexed their resilience. NorthCoast Asset Management kept its ETF retirement portfolios stocked with domestic ETFs amid the volatility. The conviction is being rewarded, as top holdings rallied to new heights in July. Here are some highlights from the portfolios for the month..." [CLICK HERE FOR MORE](#)

Moving into August

We decreased exposure in our U.S. tactical strategies throughout July as valuation and technical momentum indicators weakened. We enter August approximately 80% and 97% in our U.S. and international strategies respectively. With a strong economic backdrop and positive sentiment, we expect continued growth in the near-term but remain cautious as all-time market highs have stretched stock valuations.

NorthCoast Navigator



Indicators that Declined

Valuation

P/E multiples rose to their highest levels in over a year to 20.3 with Forward P/E at 18.4, stretching values on an absolute basis. With a continued inflow to safe-haven assets such as fixed income, equities continue to hold relative attractiveness.

Technical

The S&P 500 Index is 6% above its 200-day moving average and 3% above its 50-day, indicating a short-term reversal is more likely. Volatility (VIX) also sits at yearly lows which has historically foreshadowed complacency in the marketplace.

Indicators that Remained Positive

Macroeconomic

Continued low unemployment figures (< 5%) and better than expected payroll figures keep the U.S. economy on solid footing displaying modest growth. The U.S. market has enjoyed the longest set of consecutive monthly gains in history.

Sentiment

The UM Consumer Sentiment Index remains positive, while PMI data strengthened, showing signs of an improving U.S. manufacturing sector. Of reported earnings thus far, over 70% beat analysts' estimates.



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 7/31/2016. Data provided by Bloomberg, NorthCoast Asset Management.

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