

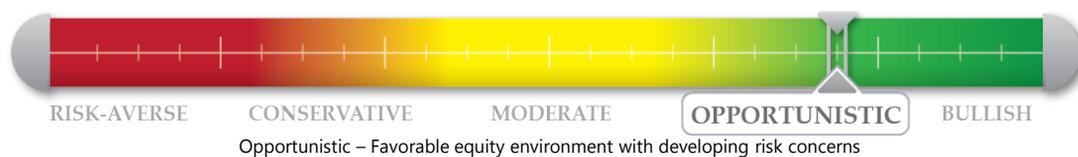
A rocky March leaves equities (S&P 500) around 2% for Q1 and YTD 2014. After three months of action the market continues to grind along at a slow, albeit positive pace.

In the U.S., the stock market's performance has been tremendous over the past few years. The current environment can be described as one in which U.S. equity valuations are neither cheap nor stretched, inflation is low, and modest growth is supported by an accommodative monetary policy. Despite concerns over the harsh weather, leading economic indicators still point to an improved outlook.

Assuming the current pace of the recovery stays the same, the Fed tapering is expected to continue. The new Federal Reserve Chair has further expanded on her policy outlook by detailing what information is being most closely monitored. Instead of tying the interest rate policy to the unemployment rate, the Fed is going to consider a wider range of factors including inflation and other "financial developments".

Abroad, our exposure to Russia across all our portfolios is low; Russia and Eastern Europe represent less than 1% of market cap in the MSCI ACWI Index, and less than 0.5% in our Tactical Growth ETF strategy. Russia's military activity did not disguise the weaknesses in its economy where growth has been decelerating and its main engine, private consumption growth, is unsustainable in a falling profit environment. In other parts of the world there is ongoing restructuring. Momentum in Italy and France and the European parliamentary elections should advance better austerity measures and stimulate reforms.

We increased our exposure throughout the month and remain in an 'Opportunistic' posture. During the quarter our equity exposure was between 65% and 95%, ending the quarter at 80% invested across many of our tactical strategies.



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"> The S&P 500 reached new highs in March and closed the month just below its record high Momentum stalled from February with the S&P 500 now 2% above its 50-day moving average, 3% above the 100-day, and 7% above the 200-day, with a key support level at 1850 Volatility (VIX) levels remain in a more neutral range
SENTIMENT <i>neutral</i>		<ul style="list-style-type: none"> SPY equity funds experienced a third straight month of outflows (-1.0%) A down tick occurred in retail sentiment as fewer investors are bullish while more became bearish
MACROECONOMIC <i>positive</i>		<ul style="list-style-type: none"> U.S. GDP forecast ticked down to 2.7 on the year from 2.9 (quarter-over-quarter) PMI data from China painted a mixed picture with the official gauge edging up to 50.3 from 50.2 and the HSBC index slipping to 48 from 48.5 with annual growth rate below the goal of 7.5%
VALUATION <i>Neutral</i>		<ul style="list-style-type: none"> P/E increased to 17.3 and Forward P/E to 16.0, both below 10-year historical averages but the highest level over the last year

As of 3/31/2014. Data provided by Bloomberg, GoldmanSachs, Morningstar.

STRATEGY	HIGHLIGHTS	EQUITY EXPOSURE
	Winners and losers traded blows in CAN SLIM® as the strategy ended the month flat. Big winners including ATVI, DAL, and SLB boosted performance while the strategy was hampered by CELG, MU, and V. Exposure increased 15% to end the month just under 80% invested. BAC, GILD, NTAP, QCOR, and SLB were added to the strategy.	78%
	A strong final day of the month brought the International strategy back to even. Top performers were CPA, MGA, and FENG while positions such as CSIQ, MPEL, and BIDU kept strategy performance at bay. 4 positions were liquidated and 6 purchased, including HLF and VALE, as exposure increased 5% to end the quarter 95% invested with a 'Bullish' outlook in international equities.	95%
	Legends Value powered through the month as value stocks outperformed. Top performers were LO and STO as 16 others enjoyed positive performance while only 11 moved negatively. WNR, MXIM, and FSLR were liquidated and replaced with JNJ, NOV, and MBT.	100% (no cash scaling)
	Cash equivalents remained at a 13% weighting while EFA continued to be a top holding as the international equity outlook remained bullish. Equities as a whole currently account for an 87% weighting in the strategy. The strategy was helped by an almost +4% boost in EEM.	87%
	With equities moving sideways, Tactical Income enjoyed a positive start to the year. Dividend equities (IGF and IDV) continued to gain ground while the Fed's stimulus package has kept interest rates from spiking.	20%

Past performance is not indicative of future results. All investments involve risk, including loss of principal.

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