

What happened in March?



U.S. stocks closed out Q1 2019 with a positive March and notched the largest quarterly gains since 1998. The uptick was driven in part by growing consensus that the U.S. Federal Reserve will hold interest rates low due to concerns of slowing global economic growth and by some renewed optimism about U.S. – China trade talks. Valuations were also more attractive

after the volatile market decline pared back stock prices in the final months of 2018.

Domestic equities have recouped almost all of last year's 4th quarter losses and prices have returned to more elevated levels.

Both U.S. and global bond prices increased in the month of March, which appears to have been driven by some investors' movements to safer assets due to global economic growth concerns and the general lack of inflation. Uncertainty across the globe has continued, especially regarding Brexit negotiations, which garnered a lot of attention last month because of the inability of the U.K parliament to pass a Brexit agreement.

March by the Numbers:

U.S. Equities: **1.9%**
S&P 500 Index

International Equities: **0.6%**
ACWI ex-U.S.

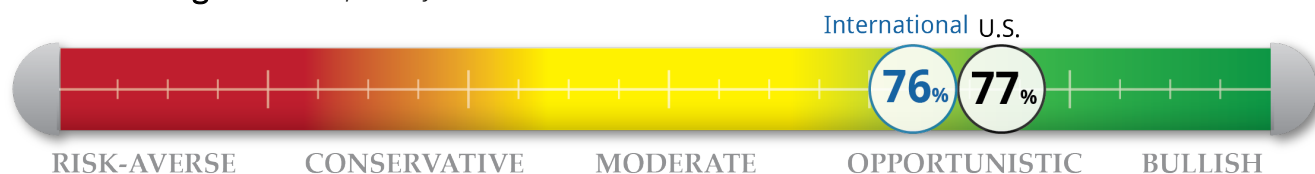
U.S. Bonds: **1.9%**
Barclays U.S. Aggregate Bond Index

Global Bonds: **1.6%**
JP Morgan Global Aggregate Bond Index

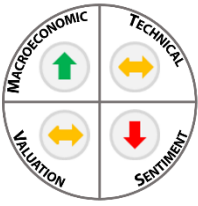
Moving into April

With so much attention on the Federal Reserve, equities may have unexpected reactions to both positive and negative news. Investors may have to keep in mind the impacts of slowing growth versus rising interest rates. Economic data pointing to possible slowing growth could actually bolster stocks because the possibility of near-term rate increases would become less likely. We have been monitoring this development for a long time to understand all of its impacts independent of the implications on rate policy. At the end of Q1 we sit 77% invested in our domestic tactical strategy and 76% in the international tactical strategy. We feel confident with the room to increase exposure in the case of more positive data in the coming weeks and months, and to scale to more cash should the data turn more negative.

NorthCoast Navigator: *A snapshot of NorthCoast's market outlook*



Negative Indicators	Neutral Indicators		Positive Indicators
<p>Valuation</p> <p>Valuation indicators remain negative after more positive price action in March. P/E ratios are hovering around the same levels as February. The recovery from the losses at the end of last year has brought prices back to elevated levels similar to September of 2018.</p>	<p>Macroeconomic</p> <p>Macroeconomic indicators moderated slightly in March. Data released last month showed that personal consumption expenditure rose by less than anticipated in January. Inflation also appears to be lagging behind the Federal Reserve's 2% target. The government shutdown in December and January may have impacted some data.</p>	<p>Sentiment</p> <p>Sentiment indicators continued their modest recovery in March. The University of Michigan Consumer Sentiment Survey rose almost 5 points to 98.4. Investment flows into the SPY ETF were positive again last month. Lowered mortgage rates could see an uptick in housing sales.</p>	<p>Technical</p> <p>A positive March and first quarter boosted major stock indexes above their long term averages. The S&P 500 sat 3% above its 200-day moving average at the end of last month. Volatility also lowered slightly with the VIX moving from 14.8 to 13.7 on 3/31/2019.</p>



The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current U.S. 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 3/31/2019. Data provided by Bloomberg, NorthCoast Asset Management.

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