

## What happened in June?



This news boosted confidence that any blow of continued tensions between the U.S. and China would be softened.

The Group of 20 (G-20) meeting occurred the last weekend of June where President Trump and President Xi met face-to-face for the first time since rhetoric intensified in May. Initial reports appeared positive and further details from this round of trade talks will likely influence market action and volatility.

Around the globe, emerging markets bounced back after a dismal May and European stocks also experienced their best first half of a year in two decades. These markets' actions were driven by similar factors as the S&P 500 and are likely to be influenced by trade discussions in the coming weeks.

The U.S. equity market experienced a sharp reversal from the downturn that occurred in May. Stocks rose 7.0% during the month on their way to notching the best first half of a year in 22 years for the S&P 500. Positive market action in the second quarter was driven largely by the Federal Reserve signaling the possibility of cutting rates in the event of tariffs negatively impacting the economy.

### June by the Numbers:

U.S. Equities: **7.0%**  
S&P 500 Index

International Equities: **6.0%**  
ACWI ex-U.S.

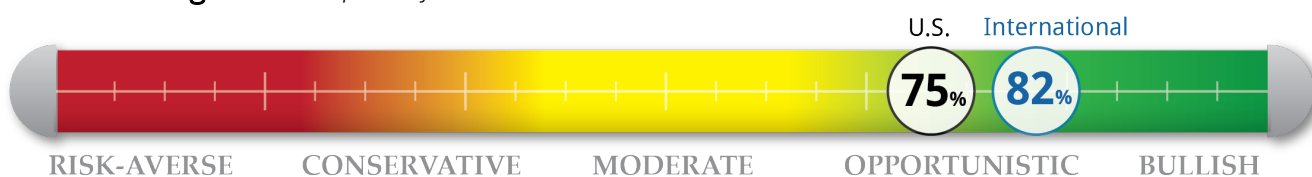
U.S. Bonds: **1.3%**  
Barclays U.S. Aggregate Bond Index

Global Bonds: **2.0%**  
JP Morgan Global Aggregate Bond Index

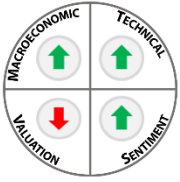
## Moving into July

The second quarter was dominated by geopolitical headlines that drove volatility. Most of these headlines revolved around trade and the Federal Reserve, which are related at the moment. A good outcome from the G-20 meeting should be a positive sign for the economy but could lessen the chance that the Fed cuts rates. Initial reports from the G-20 detail some thawing of trade talks and that discussions should resume. Continued news from these discussions and upcoming earnings reports are likely to drive some market action in the coming weeks. At the end of June, we are 75% invested in our tactical U.S. strategy and 82% in our international tactical strategy. Stronger international valuation indicators are driving the higher investment level.

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



Neutral Indicators	Positive Indicators		
<p><b>Valuation</b></p> <p>The upswing in June brought valuations back to April levels and indicators appear stretched once again. P/E ratios sit at 17.7. Valuation indicators have been the laggards this year. There will be more clarity on these indicators with upcoming earnings reports.</p>	<p><b>Macroeconomic</b></p> <p>There is still some uncertainty surrounding the economic outlook despite trade discussions resuming. The current economic state is rosy, however, as unemployment remains extremely low and inflation appears to be recovering. Household spending and income also rose in May.</p>	<p><b>Sentiment</b></p> <p>Sentiment declined slightly in June as the University of Michigan sentiment survey moved to 98.2 from 100. Indicators still remain elevated and the 98.2 reading was above June estimates. Any decline in sentiment at the moment appears to be driven by uncertainty about the future because current conditions for consumers are strong.</p>	<p><b>Technical</b></p> <p>The major turnaround in market action from May negatively impacted reversal indicators as expected, but momentum benefited from the strong June. The S&amp;P 500 also moved higher above its moving averages and currently sits 2%, 3% and 6% above the 50, 100 and 200-day moving averages, respectively.</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 6/30/2019. Data provided by Bloomberg, NorthCoast Asset Management.

The information contained herein has been prepared by NorthCoast Asset Management LLC ("NorthCoast") on the basis of publicly available information, internally developed data and other third party sources believed to be reliable. NorthCoast has not sought to independently verify information obtained from public and third party sources and makes no representations or warranties as to accuracy, completeness or reliability of such information. All opinions and views constitute judgments as of the date of writing without regard to the date on which the reader may receive or access the information, and are subject to change at any time without notice and with no obligation to update. This material is for informational and illustrative purposes only and is intended solely for the information of those to whom it is distributed by NorthCoast. No part of this material may be reproduced or retransmitted in any manner without the prior written permission of NorthCoast. NorthCoast does not represent, warrant or guarantee that this information is suitable for any investment purpose and it should not be used as a basis for investment decisions.

**PAST PERFORMANCE DOES NOT GUARANTEE OR INDICATE FUTURE RESULTS.**

This material should not be viewed as a current or past recommendation or a solicitation of an offer to buy or sell any securities or investment products or to adopt any investment strategy. The reader should not assume that any investments in companies, securities, sectors, strategies and/or markets identified or described herein were or will be profitable and no representation is made that any investor will or is likely to achieve results comparable to those shown or will make any profit or will be able to avoid incurring substantial losses. Performance differences for certain investors may occur due to various factors, including timing of investment. Investment return will fluctuate and may be volatile, especially over short time horizons.

**INVESTING ENTAILS RISKS, INCLUDING POSSIBLE LOSS OF SOME OR ALL OF AN INVESTMENT.**

The investment views and market opinions/analyses expressed herein may not reflect those of NorthCoast as a whole and different views may be expressed based on different investment styles, objectives, views or philosophies. To the extent that these materials contain statements about the future, such statements are forward looking and subject to a number of risks and uncertainties.