

“So, first of all, let me assert my firm belief that the only thing we have to fear is...fear itself”

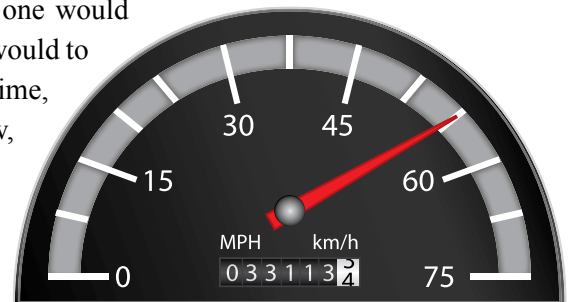
—*Franklin D. Roosevelt*

Our 32nd President boldly delivered these words during his first inauguration speech, and after three months of market action this year, we struggle to find a quotation that better captures today’s mindset. Many investors are scared. The data (put/call ratios, bull/bear sentiment indicators, and dollars redeeming from equity funds) not only supports this view but also the intelligence we garner in simply speaking with investors daily in the course of our business.

As our investors know, however, fear or any emotion for that matter, does not guide our investment portfolios. Data does. And though it felt scary along the way, a strong market helped propel the CAN SLIM[®] Investment Program to a return of +11.0% versus the benchmark S&P 500’s +10.4% in the first quarter.

That doesn’t mean that there aren’t frightening news stories out there. There are -- Italian elections, Cyprus, sequestration, and fiscal cliff negotiations -- to name a few. But headline news doesn’t drive the market and no one makes much money watching CNBC. The market moves over time because of *data*. We measure that data everyday and adjust accordingly. We rely on a rigorously tested combination of technical, valuation, sentiment, and macroeconomic indicators. These together signaled an opportunistic market in the first quarter and based on that, we invested and our clients gained.

Our approach to managing market exposure is similar in design to how one would drive a car. We adjust investments to market conditions much like a driver would to driving conditions. Consider the speed at which one drives – most of the time, on the highway at least, 55 mph is a pretty comfortable ride. We all know, however, that there are factors in which changes in speed (faster or slower) are necessary. The quickest and most efficient drive is the one that *actively* adapts to the driving environment. Clear roads and less drivers allow us to drive faster, while heavy traffic and snowstorms will inevitably slow us down. Driving 65 mph through a snowstorm makes for a dangerous, anxiety-filled ride...just as driving 35 mph on an open highway isn’t getting you where you need to go in the time you need to get there. You adapt your driving to the conditions around you. No single condition determines our speed on the road just as no single factor can navigate the market. It’s the aggregate that matters.



For clients interested in reading more about the research behind our cash scaling approach, please refer to www.ncamadvisors.com/whitepaper.pdf.

At the end of the first quarter, our market outlook hasn’t varied. It still calls for a bullish posture, and as the second quarter unfolds, we will continue to monitor these indicators *daily* and act accordingly. That doesn’t mean a -5%/-10% trap door doesn’t open up and wreak havoc for 4-6 weeks. In fact, *Barrons* this weekend reported that we should expect as many as five, 5% corrections a year now as markets move more quickly. That could happen. But what the outlook does mean is that the current market condition is strong and that a bear market decline is unlikely. Consider the following data from five years ago versus today:

Market Indicator	3/31/2008	3/31/2013
Valuation - Earnings Yield minus 10 Yr Treasury	2.7%	4.7%
Valuation - Inflation	4.0%	2.9%
Macroeconomic - Current Economic Activity	Declining	Steady/Increasing
Sentiment - Net Equity Mutual Fund Flow	Strongly Negative	Steady
Technical - VIX (Volatility Index)	25.6	12.7

Source: Bloomberg

NorthCoast Asset Management Portfolio Options

CAN SLIM® Investment Program

Long-term growth portfolio that invests in CAN SLIM® stocks as markets are rising and scales to cash as markets weaken. Its objective is capital appreciation.

Growth and Income

Distributes the investment between our CAN SLIM® strategy (75%) and laddered bonds (25%) for a more conservative approach.

Balanced

Even more conservative, Balanced utilizes a 50/50 approach of investment dollars between CAN SLIM® and laddered bonds. A popular option for those nearing retirement.

CAN SLIM® International

A long-term growth portfolio that invests exclusively in foreign based stocks (ADRs) exhibiting CAN SLIM® attributes as markets are rising and scales to cash as markets weaken.

Legends Value

Utilizes the strategies of the best value managers of the past 30 years by dissecting their strategies and determining which factors they favor.

United Portfolio

Distributes the investment evenly between our CAN SLIM® strategy (50%) and our Legends Value strategy (50%).

Tactical Growth ETF

A long-term growth portfolio that invests in leading ETFs as markets strengthens and moves to protect capital as markets weaken.

NorthCoast Portfolio Options	1 st Quarter (Net of Fees)
CAN SLIM® Investment Program	11.0%
Growth and Income (75% CAN SLIM & 25% Bonds)	8.4%
Balanced (50% CAN SLIM & 50% Bonds)	5.4%
CAN SLIM® International	6.2%
Legends Value	10.2%
United Portfolio (50% CAN SLIM & 50% Legends Value)	10.5%
Tactical Growth ETF	5.1%
S&P 500	10.4%

Housekeeping

Want More Information? Check out our website, www.ncamadvisors.com, for a complete review of our investment process. You can explore the following:

- ▶ Strategy descriptions for all of our separately-managed investment portfolios
- ▶ Updated quarterly performance information
- ▶ Research papers and archived quarterly newsletters
- ▶ Video introductions for our management process
- ▶ Team member biographies

Form ADV: This form is our formal registration document with the Securities and Exchange Commission. It is updated annually and available for viewing online at www.ncamadvisors.com under the “Company” section. Here are three exciting updates we wanted to share with you.

Last year brought the arrival of our co-Chief Investment Officer, Patrick Jamin. 1) After a successful and extensive transition with Patrick, we announce the retirement of Managing Director of Research, Brentin C. Elam. Patrick has now joined our team as a partner in the firm. 2) NorthCoast launched two new investment programs specifically designed for investors in or near retirement. 3) We are also allowing for the possibility of mark-ups/mark-downs if necessary for best execution. Contact our team to learn more.

Privacy Policy: Further, we are required annually to disclose our privacy policy. As such, NCAM maintains safeguards to comply with federal and state standards to guard each client’s nonpublic personal information. NCAM does not share any nonpublic personal information with any nonaffiliated third parties, except in the following circumstances; (1) As necessary to provide the service that the client has requested or authorized, or to maintain and service the client’s account; (2) As required by applicable law; and (3) To the extent reasonably necessary to prevent fraud and unauthorized transactions. Employees are prohibited, either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside NCAM, including family members, except under the circumstances described above. An employee is permitted to disclose nonpublic information only to such other employees who need to have access to such information to deliver our services to the client.