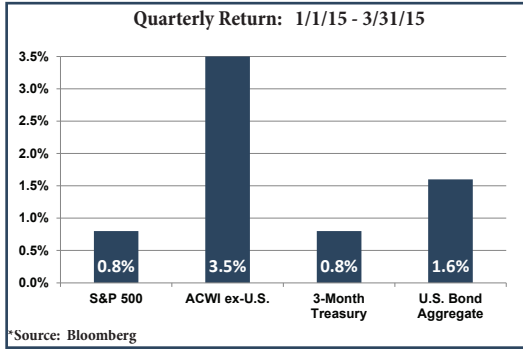




After a rocky start to January, equities (S&P 500) rebounded in February, and bounced around in March to end the quarter 0.8% YTD. Even though much of the headline news focused on global geopolitical tensions, fragile economies in the Eurozone and Asia, and decreasing oil prices, stocks continued to show resilience in Q1 of 2015.

Economic stimulus packages are propelling equities in Japan and China as both markets are experiencing big gains this year. International equities



(MSCI All-Country World Index minus U.S.) are +3.5% YTD. In the U.S., similarities to 2014 persist: a cold winter kept retail sales at bay with hope for a spring renewal on deck; unemployment is decreasing with fewer jobless claims; and even though wage growth remains stagnant, the economy continues to improve.

During the first three months of 2015, our tactical strategies (including CAN SLIM® and Tactical Growth) maintained equity exposure between 80%-90%. As markets rebounded in February, we locked in profits and reduced exposure due to increasing valuation concerns. Along the way, minor pullbacks in March provided attractive entry points as our overall market position remained “Opportunistic”. We believe this is a favorable environment to make money but risks exist.

Heading into the second quarter, we will closely monitor macroeconomic data along with a pivotal earnings season. Should the data warrant a change in our exposure or specific positions, we will act accordingly.

NorthCoast Navigator

An inside look at the four dimensions of our quantitative market analysis



Technical ↑	S&P 500 ended the month -1.6% and sits +0.8% YTD, with the ACWI ex-U.S. (All-Country World Index minus U.S.) also -1.6% in March and +2.0% YTD. Momentum diminished with the S&P 500 now in line with the 50-day and 100-day moving averages.
Sentiment ↑	Equity fund (SPY) flows decreased 2.5%, the UM Consumer Sentiment Survey ticked down for a 2nd consecutive quarter to 93.0, but short interest decreased. Retail investor sentiment turned slightly bearish throughout March.
Macroeconomic ↑	U.S. private sector added 189,000 jobs in March, lowest level since January 2014 (source: ADP). U.S. Industrial production increased for the 1st time in 3 months, while the Leading Economic Indicators level increased to its highest level since 2007.
Valuation ↔	S&P 500 P/E dropped in March to end at 18.3 with Forward P/E at 17.5. Growth stocks and value stocks performed alike in March posting negative returns but growth stocks are +2.5% for the year while value stocks lag at -0.7%.

As of 3/31/2015. Data provided by Bloomberg, GoldmanSachs, Morningstar.

March Madness

by NorthCoast President & CEO, Dan Kraninger

“Your biggest opponent isn’t the other guy. It’s human nature.” - Coach Bob Knight

With 43 years of coaching and over 900 wins under his belt, I’m inclined to take note when Bobby Knight talks about what it takes to win in March. It’s easy for me to see how emotions like fear, conceit, pride, and anxiety can creep into locker rooms and prevent teams from reaching their ultimate goals.

It’s the same thing that I’ve seen come between investors and better returns for my nearly 22 years in the asset management business. I feel lucky that I discovered this truth early in my career and was able to focus on uncovering profitable investment systems vs. trying to fine tune my own acumen. I have zero doubt that discipline and consistency will outperform my own instinct and intuition over time.

Interestingly, this parallel between basketball and money management also extends to filling out NCAA brackets. Emotions and bias run rampant for many when completing their picks—overconfidence, school loyalty, and even uniform colors often play a role. Only 273 out of 11.6 million people who filled out their brackets on ESPN correctly selected the first 16 games of Day 1. That’s .002%.

Well if you ever want to approach this endeavor with less madness and more method, take a look at www.fivethirtyeight.com. Founder and editor, Nate Silver, a statistician who was made famous by the accuracy of his November 2008 presidential election prediction, looks at the world through a mathematical lens and for the last several years his NCAA model has accurately predicted each game winner with a 70% accuracy. His model takes seven metrics per team into consideration and includes many commonly referred to measures such as BPI and AP ranking. The beauty is the model’s simplicity and his success comes from his willingness to relent to the system and discount his own predispositions.

I’m proud to say we 100% share his view on the usefulness of models when it comes to managing money. I only wish when it comes to basketball, Villanova didn’t have such a stranglehold on my heart and my bracket.

Individual Equity Portfolios

Strategy	2015 Q1 (Net)	Strategy Description	Strategy Highlights
CAN SLIM®	-2.9%	All-Cap Tactical Growth	Equity exposure and growth universe guided performance in Q1. The strategy added exposure during the January pullback and benefited from February's rebound. The omission of mega-cap names (i.e. AAPL) diminished relative strategy performance against the general market.
Growth & Income	-2.1%	75% CAN SLIM® / 25% Bond ETFs	
Balanced	-0.8%	50% CAN SLIM® / 50% Bond ETFs	
CAN SLIM® International	2.1%	All-Cap International Tactical Growth	Stimulus packages across the globe lifted international stocks with some indices experiencing double-digit gains. CAN SLIM® International added to its break-out February with a positive March.
CAN SLIM® Global	-0.6%	CAN SLIM® + CAN SLIM® International	<i>See commentary on CAN SLIM® and CAN SLIM® International</i>
Legends Value	2.1%	All-Cap Long-Only Value	NorthCoast's deep-value strategy benefitted from a positive market early in the year even though value stocks as a whole underperformed their growth counterparts. A few positions with double-digit gains for the year boosted strategy performance.
United Portfolio	-0.5%	CAN SLIM® + Legends Value	<i>See commentary on CAN SLIM® and Legends Value</i>
Vista	4.1%	All-Cap Long-Only Growth	Small-cap and mid-cap positions played a major role in the strong start for Vista.

NorthCoast Retirement Portfolios

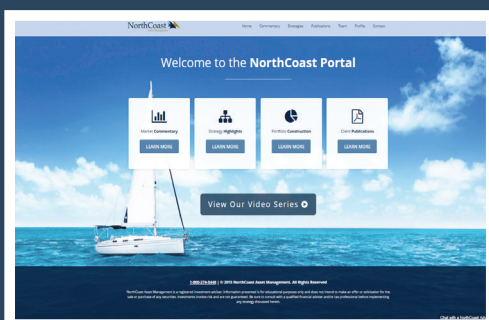
A MANAGED ETF SOLUTION

Strategy	2015 Q1 (Net)	Strategy Description	Strategy Highlights
Tactical Income	1.4%	Designed to generate income with protection against inflation and rising interest rates	Tactical Income holds its current positioning (no changes in March) with the belief that the economy is improving and the default rate is likely to remain stable. HYG (High Yield Corporate) remains the top holding, as high yield bonds are generally less sensitive to interest rate hikes, which are foreseen in the future.
Diversified Core	2.1%	Designed for a conservative retiree or investor near retirement	Diversified Core, Diversified Growth and Tactical Growth shifted global allocation in March with increased exposure to Japan (EWJ) and the Pacific ex Japan (EPP) and reduced exposure to large and mid-cap U.S. equities (IVV/IJH). The strategic change comes as U.S. valuations drew concerns while outlook for international equities continues to improve.
Diversified Growth	2.3%	Designed for a more growth-oriented retiree or investor retiring in 5-10 years	
Tactical Growth	3.2%	Designed to generate long-term appreciation with downside risk controls	

Past performance is not indicative of future results. All investments involve risk, including loss of principal. Further, the principal value of an investment will fluctuate; thus investor's equity when liquidated may be worth more or less than its original cost. Market commentary presented herein reflects our opinion as of the date of this material, is subject to change without notice, and is provided for informational purposes only.

NorthCoast Introduces Interactive Advisor Portal

<https://portal.northcoastam.com/>



Designed exclusively for NorthCoast brokers:

Market Commentary & Insight
Strategy Highlights & Relevant Position Updates
Portfolio Construction Tool
Market Research Reports

Questions?

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