Market Commentary

"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do." - **Pele**

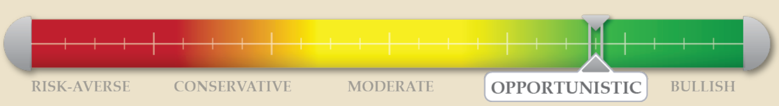
Given the occurrence of the World Cup, the quote above seems timely as solid performance in June across the majority of equity indices led to the S&P 500 gaining +2% for the month and now stands +6.8% YTD. With no major changes in the macroeconomic picture, stocks continued their slow climb. In the U.S., Q1 GDP was revised to show a 2.9% annualized decrease, but the news gained little traction in the markets as indicators in Q2 suggest a sharp rebound. Economic growth forecasts still remain at +2% for 2014 and +3% for 2015 according to the International Monetary Fund (IMF).

The University of Michigan reported that its consumer sentiment index rose in June to 82.5 from a May reading of 81.9. However, this confidence has not translated into more spending as consumer purchases rose just 0.2% in May after a flat April. The survey also found that more Americans are saying now is a good time to sell their home, which may boost the real estate market in the summer months. Globally, Japanese shares rose to a five-month high after a positive survey on Chinese manufacturing. Eurozone bond yields returned to historic lows after the Federal Reserve exhibited a dovish outlook on its monetary policy and the euro declined over 3% after the European Central Bank's cut its main lending rate. Our tactical strategies remain relatively unchanged with equity exposure near 80%.

NorthCoast Navigator

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

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.



Technical

- S&P 500 ended the quarter near its all-time high, up 2% in June
- Momentum was unchanged in June with the market 3% above its 50-day moving average, 4% above the 100-day, and 7% above the 200-day
- Volatility (VIX) ended the quarter near its yearly low

Sentiment

- SPY equity funds experienced positive flows (3.6%) in June
- Consumer sentiment experienced a slight uptick but little changed in consumer spending
- More Americans feel confident about selling their home indicating a possible increase in real estate over the next few months

Macro-economic

- Little change in unemployment, steady jobless claims, and stable housing starts kept the U.S. economy in a slow, albeit stable and growing environment
- U.S. GDP was revised slightly negative as Q1 activity was humbled by the cold winter

Valuation

- P/E increased to 18.0 and Forward P/E to 16.6 placing both above their 10-year historical averages and at their highest levels for the year

As of 6/30/2014. Data provided by Bloomberg, GoldmanSachs, Morningstar.

The President's Corner

by NorthCoast President & CEO, Dan Kraninger

"It is amazing what you can accomplish if you do not care who gets the credit." **- Harry S. Truman**

On June 26th we received a nice surprise - our firm was included as a member of the inaugural 2014 Financial Times Top 300 Registered Investment Advisers List. We joined a variety of investment advisers in being selected as one of the 300 top RIA firms in the country. The formula used to grade more than 2,000 advisers was based on six broad factors – assets under management, asset growth, a firm's years in existence, industry certifications of key employees, SEC compliance record and online accessibility. The announcement ran in the June 26th edition of the publication and was capped by a celebration that evening at the New York Yacht Club. It was a fun night and a great honor to be recognized, but more importantly the occasion motivated me to tell you one of the things I like best about our company – we are a team.

And we are the kind of team that Truman was referring to in the quote above. One in which we all speak at our Monday company meetings, one in which we all share in success if we hit our company's goals, one in which doors are always open and the best idea wins no matter where it comes from, and one which recognizes our sole purpose here is to serve our clients. It is this team that was recognized with this award and one I share with all of them and you, our clients. Your continued trust and support in our firm and the professionals at our firm has led to this acknowledgement.

FT FINANCIAL TIMES | Top Financial Advisers 2014

FT 300 Ranking June 2014

The FT recognition also reminds us that we must continue to work diligently to best serve our clients for the future. We heard in our March client survey that we need to provide more insight into our portfolio management techniques, and in reaction to that, today we are publishing a whitepaper that is now posted on our website called "Stock Selection". In it we detail the factors we use when selecting a stock for a CAN SLIM® portfolio. You may find the reading comprehensive and detailed but once you have labored through it, my hope is that we have delivered an amount of transparency that few other advisers would be willing to do. Thank you for your business and I hope you have a terrific summer.

The 2014 Financial Times Top 300 Registered Investment Advisors is an independent listing produced by the Financial Times (June, 2014). The FT 300 is based on data gathered from RIA firms, regulatory disclosures, and the FT's research. As identified by the FT, the listing reflected each practice's performance in six primary areas, including assets under management, asset growth, compliance record, years in existence, credentials and accessibility. Neither the RIA firms nor their employees pay a fee to The Financial Times in exchange for inclusion in the FT 300.

Individual Equity Portfolios

Strategy	Q2 (Net)	2014 YTD (Net)	Strategy Description	Strategy Highlights
CAN SLIM®	5.3%	7.7%	All-Cap Tactical Growth	CAN SLIM® outpaced the market in June as growth positions provided a boost to performance. Big winners included DAL, EOG, and PRU with the biggest boost coming from MU. Exposure remained unchanged in June.
Growth & Income	4.1%	5.9%	75% CAN SLIM® / 25% Bond ETFs	
Balanced	3.0%	4.4%	50% CAN SLIM® / 50% Bond ETFs	
CAN SLIM® International	2.6%	2.0%	All-Cap International Tactical Growth	CAN SLIM® International doubled the ACWI ex-US benchmark in June as the ADR universe propelled portfolio stocks. Top performers were BPOP, BIDU, CSIQ, and SU while positions such as BCS and UBS weakened performance.
CAN SLIM® Global	4.0%	5.0%	CAN SLIM® + CAN SLIM® International	*See commentary on CAN SLIM® and CAN SLIM® International*
Legends Value	7.7%	14.1%	All-Cap Long-Only Value	Stock picking excelled in Legends Value as it continued its outperformance of its value benchmark. Top performers were APA, EXH, MYGN, and WOR.
United Portfolio	6.4%	10.7%	CAN SLIM® + Legends Value	*See commentary on CAN SLIM® and Legends Value*
Vista*	3.6%	7.3%	All-Cap Long-Only Growth	NorthCoast's newest separate account offering!

NorthCoast Retirement Portfolios
A MANAGED ETF SOLUTION

Strategy	Q2 (Net)	2014 YTD (Net)	Strategy Description	Strategy Highlights
Tactical Income	3.1%	6.1%	Designed to generate income with protection against inflation and rising interest rates	Tactical Income saw an exit from IGF, a position viewed as a more dependable play than traditional dividend equities. As other investors caught on to this, the price was pushed up and its valuation was stretched providing an opportune exit point. SUB, an AMT-Free Municipal Bond ETF, replaced IGF.
Diversified Core	3.2%	3.7%	Designed for a conservative retiree or investor near retirement	With equity and fixed income markets in positive territory for the year, our 'Diversified' strategies continued to post solid and stable returns. A bias towards international equities lifted portfolio performance during the 2nd quarter.
Diversified Growth	3.6%	3.9%	Designed for a more-growth-oriented retiree or investor retiring in 5-10 years	
Tactical Growth	3.6%	4.0%	Designed to generate long-term appreciation with downside risk controls	Strategy allocation was unchanged in June with global equity performance increasing. The S&P 500 hit another record high in June and remained a large position in the portfolio. Foreign stocks experienced mixed results with Japanese equities in the black while European equities struggled.

Inside NorthCoast

NorthCoast welcomes two new members to our professional staff

Brian Moonan will lead the new Institutional Sales division for NorthCoast. In his role he oversees the marketing of NorthCoast's strategies to the growing client base of Family Offices, Endowments and Foundations. Previously Mr. Moonan was a Senior Vice President at Forbes Private Capital Group directing the private placement effort for all Western U.S. clients. Prior to that Brian served as a Vice President at Wilshire Associates.

Tom Earl joins the Operations team under the leadership of Megan Hall. Tom is a graduate of Pace University where he majored in Accounting. Tom brings a great work ethic and ambition to help facilitate effective operations at NorthCoast.

*Introducing Vista

Our newest strategy offers a fully-invested growth objective

For years, our clients have enjoyed the defensive cash scaling of CAN SLIM®, but a need developed to construct an all-stock growth portfolio designed to stay long the market, no matter the market conditions. Thus, we present our newest separate account strategy -- Vista.

Vista is grounded in its long-term growth objective and remains fully invested in equities throughout market cycles. The program actively searches for stocks that show consistent earnings growth above broad market levels while exhibiting attractive valuations and entry points.

Learn more by contacting our Private Client Group at **(800) 274-5448** to speak with an adivsor and see if Vista is right for your portfolio.

Stock Selection

An in-depth look into the enhancements to CAN SLIM®

Our second whitepaper, titled "Stock Selection", details our enhancements to the 2nd step of our investment process, deciding how and why we buy specific stocks within our CAN SLIM® strategy.

Our client survey in March called for more tranparency into our investment process. This effort arms our clients with the information they need to better understand the research and data that guides their CAN SLIM® portfolio. The whitepaper is now available in the 'Publications' section of our website at **www.northcoastam.com**.

NorthCoast
Asset Management

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