Quarterly Client Update

2015 Q3

September 30, 2015

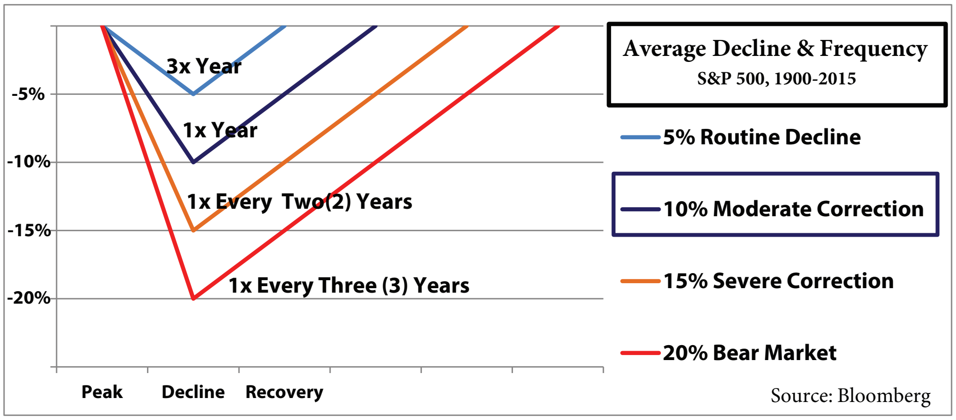
NorthCoast
Asset Management

President's Post

President & CEO Dan Kraninger reflects on a volatile 3rd quarter and provides insight moving forward

"The cave you fear to enter holds the treasure you seek." - Joseph Campbell

Below is a depth and frequency chart displaying stock market declines over the last 115 years. I'd be willing to bet almost every investor has seen it at some point in their life. It is standard industry fare that we even include in our investment advisory agreement that everyone signs upon becoming a client.



Why is it then that people seem so surprised when the market declines 10%? We know, based on historical data, it is going to happen about once every year. Essentially the same frequency as Thanksgiving... an event in my home that we seem to prepare for months in advance. The only difference is we ***don't*** know when market corrections will start and end -- there are no warning or "all clear" bells that ring. The key to successful investment management is differentiating between 10% corrections and bad bear markets - something our firm has done a very good job of over the years. If an investor moves to cash in every 10% decline, he or she will never make equity like returns over time (~10% a year). In fact, in some markets, he or she will create an unnecessary loss by selling at a low (i.e. 2011). Instead, remember that people (institutional and retail alike) get scared and short term price movements in the market often reflect that fear. A decline in stock prices when valuations are reasonable and the economy is growing should be viewed as a buying opportunity. But declines when valuations are high and the economy is weak are a signal to raise cash and avoid. Based on our research, this market displays the former.

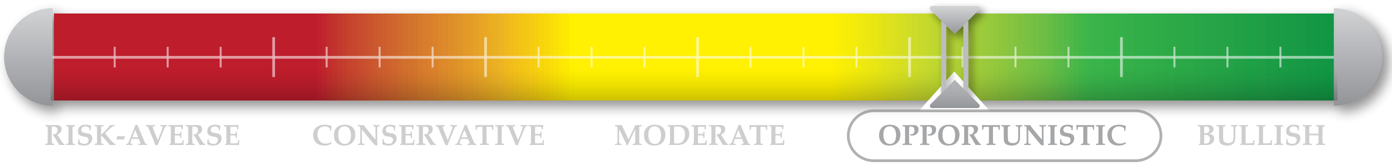
Don't fear declines. They are part of the market fabric. Instead, be prepared. From our perspective, this is a time to add to your account. Declines like this happen almost every year, just as Thanksgiving and taxes . . . try to embrace them. Understandably embrace these declines more like "tax day", because even though I know its coming, I still don't enjoy it.

The Plan Moving Forward

- **As always, allow data & discipline to drive our decisions**
- **Liquidate positions when the risk outweighs the future return potential**
- **Strategically increase market exposure with positions displaying the most attractive return/risk ratio**
- **Continue to monitor the market and adjust accordingly**

NorthCoast Navigator

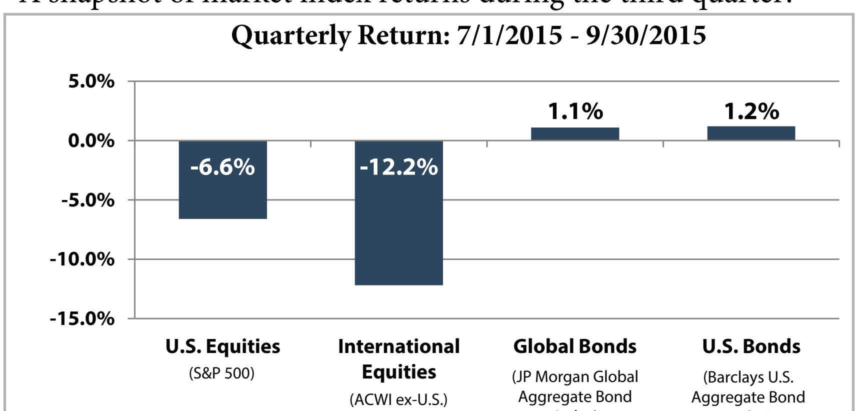
The NorthCoast Navigator is a market "barometer" displaying NorthCoast's current equity outlook. This aggregate metric is determined by multiple data points across **four** broad dimensions including Technical, Sentiment, Macroeconomic, and Valuation indicators. The daily result determines equity exposure in our tactical strategies.



Fear, concern, and uncertainty have dominated headline news since late August when global equities began a quick descent, followed by a series of volatile price movements. The S&P 500 experienced an up or down move greater than 1.0% on 10 of the 21 trading days in September. These headline words referenced above are emotional and are more often used by people interested in selling newspapers than managing money.

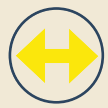
As investors, we make decisions about what we know based on facts. From our perspective, little has changed in the data since the major decline on August 25, 2015. U.S. growth continues to move forward. Jobless claim benefits reached a 15-year low, manufacturing output increased, and the home price index rose, signaling continued demand among consumers. Globally, data signals painted a more moderate picture. Growth in China is expected to slow as evidenced by the government's attempt to prop up equities by devaluing its currency. Economic stimulus remains at all-time highs in Japan and the Eurozone as those regions recover from weakening growth. The composite result of the 40+ indicators NorthCoast monitors continues to be positive. However, risks do exist. These risks provided the rationale for an average cash position of 20% in CAN SLIM® and an almost 10% fixed income position in Tactical Growth ETF during September.

A snapshot of market index returns during the third quarter:



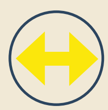
Source: Bloomberg

Technical



S&P 500 ended the month -2.5% and sits -5.7% YTD, with the ACWI ex-U.S. (All-Country World Index minus U.S.) -4.6% in September and –8.6% YTD. After a calm start to the month, Volatility (VIX) increased and ended September at 24.5.

Sentiment



The UM Consumer Sentiment Survey retreated a 3rd straight month to 87.2 while short interest ticked up to 2.9 signaling possible fatigue in global equities.

Macroeconomic

U.S. unemployment rate was unchanged at 5.1%, while jobless claim benefits reached a 15-year low. The Leading Economic Indicators survey data remained at yearly highs and U.S. Housing starts reached the 1,000+ mark again in August.

Valuation

S&P 500 P/E levels decreased again to 17.0 with forward P/E at 16.3, providing attractive entry points for new buys. Large-cap stocks outperformed their small and mid-cap counterparts.

Data as of 9/30/2015. Data provided by Bloomberg, GoldmanSachs, Morningstar, Bureau of Economic Analysis.

Strategy Performance

NorthCoast
Asset Management

Individual Equity Portfolios

Strategy	Overview	Q3 (Net)	2015 YTD (Net)
CAN SLIM®	All-Cap Tactical Growth	**-7.0%**	**-10.6%**
Growth & Income	75% CAN SLIM® / 25% Bond ETFs	**-5.7%**	**-9.6%**
Balanced	50% CAN SLIM® / 50% Bond ETFs	**-3.3%**	**-6.7%**
CAN SLIM® International	All-Cap International Tactical Growth	**-8.2%**	**-9.5%**
CAN SLIM® Global	CAN SLIM® + CAN SLIM® International	**-7.8%**	**-10.5%**
Legends Value	All-Cap Long-Only Value	**-8.4%**	**-8.2%**
United Portfolio	CAN SLIM® + Legends Value	**-7.6%**	**-9.4%**
Vista	All-Cap Long-Only Growth	**-9.7%**	**-4.1%**

NorthCoast Retirement Portfolios
A MANAGED ETF SOLUTION

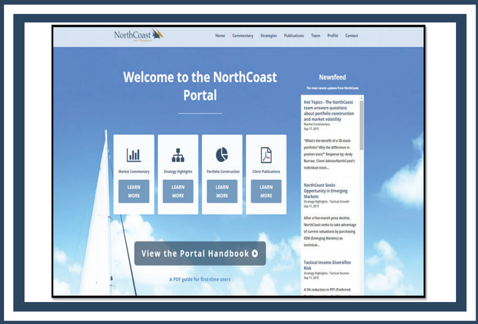
Strategy	Overview	Q3 (Net)	2015 YTD (Net)
Tactical Income	Designed to generate income with protection against inflation and rising interest rates	**-1.9%**	**-3.7%**
Diversified Core	Designed for a conservative retiree or investor near retirement	**-5.4%**	**-5.5%**
Diversified Growth	Designed for a more growth-oriented retiree or investor retiring in 5-10 years	**-7.1%**	**-6.7%**
Tactical Growth	Designed to generate long-term appreciation with downside risk controls	**-7.2%**	**-7.9%**

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.

Get On. Get Active.

The NorthCoast Portal

https://portal.northcoastam.com/



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