NorthCoast
Asset Management

For a fifth consecutive year, U.S. equities closed in positive territory. The market (S&P 500) reported its highest annual gain in 16 years at 31.5%, topping all time highs.

U.S. GDP growth in 2013 is estimated to close at around 2.3%, inflation at around 1.5%, and job growth at around 190,000 (monthly average). The economic recovery is now in its 5th year. Although continuing at a snail's pace, it is progressing. In December, the Federal Reserve announced a modest taper of $10 billion a month in its bond-purchase program and kept interest-rates unchanged, propelling equities. Retail sales continue to improve and housing starts will reach their highest levels since before the housing-market collapse.

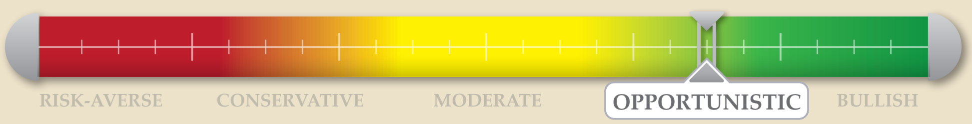
In his annual shareholder letter to investors, Warren Buffet stated, "The risks of being out of the game are huge compared to the risks of being in it." The statement rings true for 2013 as equities posted a banner year across the board. Though the risks are greater to be out of the game, for us it is important to monitor the indicators daily. Our four dimensions of market risk analysis (below) provide a fact-based approach to our equity exposure, and over the years has kept our clients in good stead.

At the beginning of 2014, NorthCoast remains "Opportunistic" in its exposure with a favorable equity environment with some developing risk concerns.

Chief Investment Officer, Patrick Jamin provides his remarks on NorthCoast's investment process... *"Rather than speculate on the future, we rely on quantitative data to obtain a market outlook and select which holdings are most appropriate in this environment. Alternative scenarios can develop for the better or the worse. Thus, when building a portfolio, we take into account the most likely scenario but also the smaller probability of some more extreme scenarios. This process is updated daily as new information comes in and changes our outlook on the market or on any specific holding."*

NorthCoast Navigator

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



Technicals ↑	The S&P 500 advanced to all-time highs, ending the month +2.5%, and the year +31.5%. Momentum continues to build with the market 3% above its 50-day moving average, 7% above the 100-day, and 10% above the 200-day. Volatility (VIX) remained low and closed the year just under -7%.
Sentiment ↑	Sentiment indicators show positive momentum for a sustained upward move. UM consumer survey, a trend-following metric, increased while Short Interest among institutional investors decreased. The AAII Bull/Bear Ratio (a contrarion indicator) increased to its highest levels of 2013.
Macroeconomic ↑	Due to increased economic recovery, the Federal Reserve was forced to reduce its bond-purchasing program by $10 Billion a month. In the U.S., unemployment decreased to 7%, housing starts increased, industrial production grew, and the small business confidence index rose sharply in December to its highest level in 2013.
Valuation ↔	The market (S&P 500) again reached new highs, putting the market in a less than attractive entry point with P/E at 17.4 and a forward P/E of 16.4, their highest levels of 2013 but only 2% above their 10-year historical averages.

As of 12/31/2013. Data provided by Bloomberg, GoldmanSachs, Morningstar.

Outlook 2014

by NorthCoast President & CEO, Dan Kraninger

"Wall Street experts have perfected the art of being wrong with confidence."

– Bennett Goodspeed

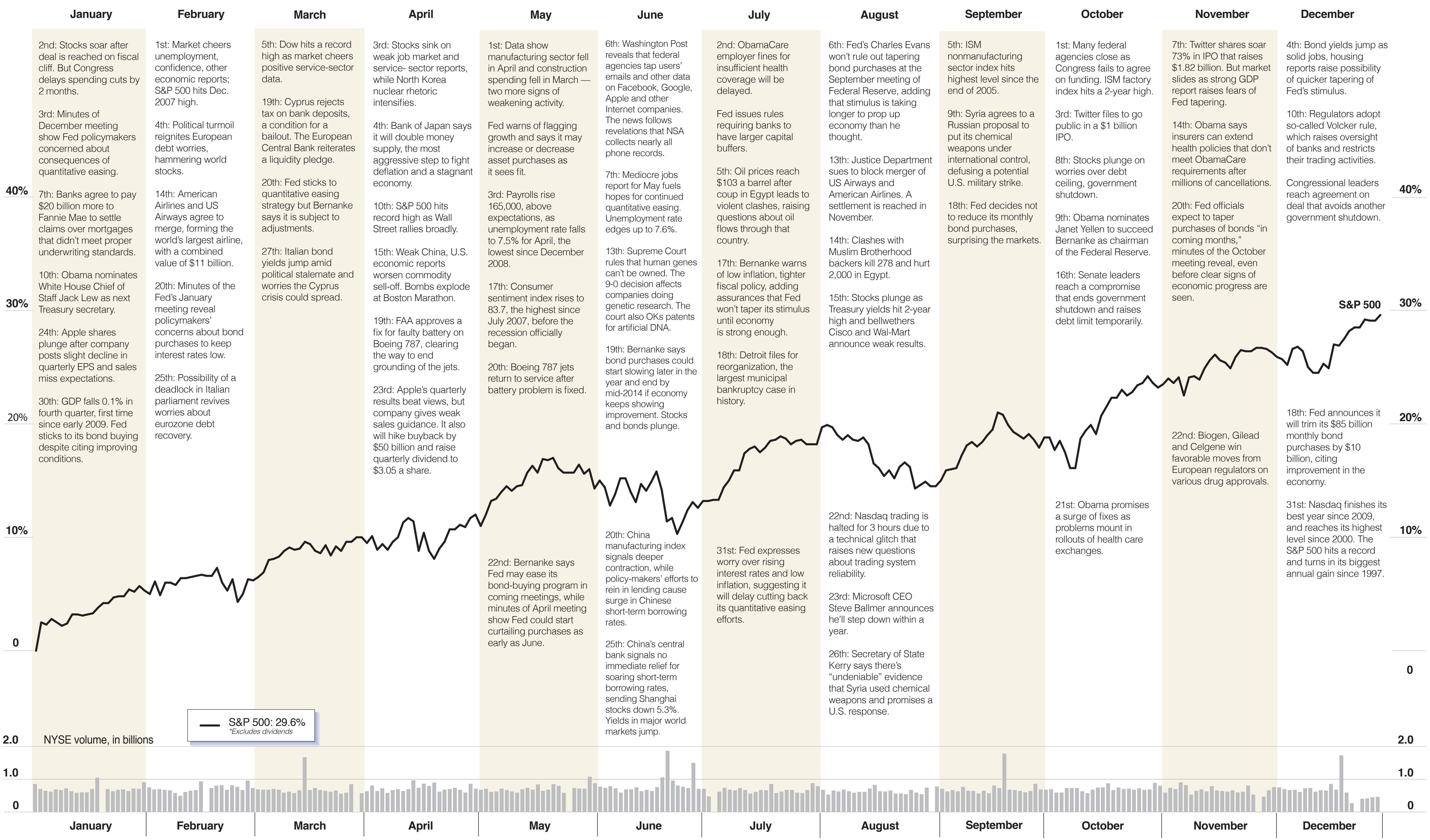
Barrons published its Outlook 2014 roundtable just as it did last year, and the year before that, and the year before that and so forth and so on. For me, these annual predictions serve as a wonderful reminder why I pay no attention to them. Why? Because we track their results.

Last year another stellar showing (tongue in cheek). The 10 Chief Investment Strategists from the biggest investment firms in the country including JP Morgan, Bank of America, Goldman, and Citibank convened in December, 2012 and together forecasted the S&P 500 would nudge ahead 6.6% and finish at 1,562. Four of them went on to speak eloquently as to why consumer discretionary stocks would badly underperform. So, of course, the S&P finished up 30%, had its best year since my first son was born, and was led by the consumer discretionary sector which rose 40% for the year.

Forecasting is an old profession, easily traced back to the Shang Dynasty in China prior to 1,000 BC and frequently cited in ancient Greece when the Oracle at Delphi was believed to be inspired by Apollo. The Oracle exerted considerable influence throughout the Greek world and was consulted before all major undertakings: wars, the founding of colonies, and economic enterprises. Oracles often interpreted signs sent through birds, animal entrails, and other various methods even modern day tarot card readers would find extremely odd. Some believe the phrase "gut instinct" comes from these readings when animal bones and innards were spilled on the table.

My point in sharing this is to be clear of my reaction when I read market outlooks, review analyst reports, or watch CNBC - I rarely buy what they are selling and often believe their reports are worth little more than the animals bones spilled to create them.

2013: Stocks Hit New Highs As Investors Eye Fed's Easing, And Signs It Will End



Individual Equity Portfolios

Strategy	Q4 (Net)	2013 (Net)	Strategy Description	Strategy Highlights
CAN SLIM® Investment Program	**8.2%**	**28.6%**	All-Cap Tactical Growth	Equities rallied to close the year, boosting the CAN SLIM® portfolio to its highest annual return since 2004. Top performers in December were AGN, COG, and GMCR. Exposure mirrored the end of November with 6 liquidations including DF and IBM, while adding 5 new positions such as EOG and GME.
Growth & Income	**6.4%**	**20.2%**	75% CAN SLIM® / 25% Bonds	
Balanced	**3.9%**	**11.5%**	50% CAN SLIM® / 50% Bonds	
CAN SLIM® International	**7.2%**	**27.8%**	All-Cap International Tactical Growth	In 2013, the portfolio outperformed its benchmark (ACWI ex U.S.) by over 10%. The top performer for the month EJ, gained 30% in December alone. Portfolio exposure remained high with global macroeconomic data providing positive risk-adjusted return potential. New positions, including RY, provided a boost to overall performance.
Legends Value	**7.0%**	**29.3%**	All-Cap Long-Only Value	Legends Value dipped in December as value stocks took a back seat to riskier growth options. Top performers BWC, CSC, and PWR paced the portfolio while EXPR and MYGN kept returns at bay. PMT, RWT, ANF, FCX, CVX, and JBL were liquidated and replaced with MRO, MXIM, PENN, PRAA, RY, and VZ.
United Portfolio	**7.6%**	**28.6%**	CAN SLIM® + Legends Value	See commentary on CAN SLIM® and Legends Value

NorthCoast Retirement Portfolios
A MANAGED ETF SOLUTION

Strategy	Q4 (Net)	2013 (Net)	Strategy Description	Strategy Highlights
Tactical Income	**1.3%**	**1.9%**	Designed to generate income with protection against inflation and rising interest rates	iShares iBoxx $ High Yield Corporate Bond ETF (HYG), taking a 16% allocation, retained its top billing for Tactical Income in December. The ETF gained gained 0.34% for the month through 12/30. Since the position was started in the portfolio, the ETF produced a gain of 8.4%.
Diversified Core	**4.4%**	**10.5%**	Designed for a conservative retiree or investor near retirement	The portfolio ended year 58% invested in equity ETFs across the globe with holdings such as EWJ and IEV, and kept a modest weighting in fixed income with a 42% allocation.
Diversified Growth	**5.4%**	**15.6%**	Designed for a more-growth-oriented retiree or investor retiring in 5-10 years	Adhering to the to the opportunistic market outlook, the portfolio retained large holdings of equities with EFA and IVV, which helped boost returns. The 27% allocation to fixed income was a conservative hedge keeping performance at bay.
Tactical Growth	**6.3%**	**20.0%**	Designed to generate long-term appreciation with downside risk controls	iShares MSCI EAFE ETF (EFA) finished the year as the top holding. EFA is heavily weighted with Japanese equities which have been subject to efforts by Prime Minister Shinzo Abe to spur economic recovery. IVV remains a sizable position as a positive outlook exists for the holding even though profit growth for companies may be harder to come by in 2014.

Inside NorthCoast

NorthCoast celebrated its 25th year in 2013 – one of the longest-tenured investment management firms utilizing quantitative and rules-based strategies.

Welcome to the team
NorthCoast welcomes the following members to our team for 2014...

Joseph Iraci
Counsel and Chief Compliance Officer

Sam Drost
SVP – Investment Advisor, Texas/Central Region

Lisa Pullia
Office Manager

Meet the rest of the group – You can read about all of NorthCoast's team members on our website at www.northcoastam.com/team.html.

Questions on your account? - Contact us at (800) 274-5448 and speak with our dedicated Private Client Advisors.

By The Numbers

500 – The number of banks taken over control by the FDIC since the start of the economic crisis in 2008.

10,000 - Number of cars sold weekly through EBAY... on their mobile app alone

400 million – Cups of coffee consumed every day in the U.S.

50 – Percentage of start-up companies in Silicon Valley that were started by immigrants

17 – Most playoff wins by an NFL quarterback (Tom Brady)

11 – Most playoff losses by an NFL quarterback (Peyton Manning)

185 – Number of countries Amazon.com shipped products to in 2013

55-64 Year Olds – Twitter's fastest growing demographic

Giving Back

We value investments in the community. Roughly 45 miles northeast of our home office in Greenwich is the town of Newtown, CT, where the tragic Sandy Hook Elementary event took place. Close to our home, and close to our hearts, NorthCoast donated a portion of quarterly profits to "The Sandy Ground: Where Angels Play".

"Where Angels Play" raises money in effort to create 26 living memorials in the form of playgrounds to youth victims of violence while creating safe, fun places for children to be children.

You can learn more about "Where Angels Play" at their website, http://www.thesandygroundproject.org/.

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