

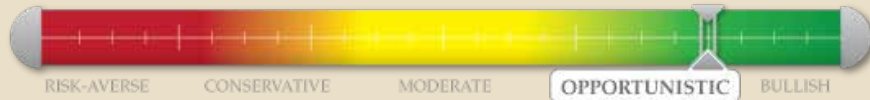
For a sixth consecutive calendar year, U.S. equities closed in positive territory. The S&P 500 ended 2014 +13.0% (including dividends), the third straight year of double-digit gains.

Positive macroeconomic data in the U.S. propelled stocks throughout 2014. Increasing GDP growth, positive job growth, decreasing unemployment and confidence in the economy from the Federal Reserve to end Quantitative Easing all contributed to the positive movement.

Much of the concern and many of the 2014 market pull-backs were caused by instability and geopolitical factors outside the United States. A weakened recovery in Europe, slow growth in Emerging Markets including China, and political tensions with Russia caused international equities to fall in 2014 with the ACWI ex-US (All-Country World Index excluding U.S.) ending the year -3.9%, an almost 17% difference from the S&P 500. Heading into 2015, many of the same themes exist. Positive momentum in the U.S. and uncertainty globally guide the investment decisions. NorthCoast remains cautiously bullish or "Opportunistic" in this environment, with our tactical portfolios between 85%-90% equity invested.

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 year +13.0% with momentum continuing to build even though volatility (VIX) rose during geopolitical tensions and weak global markets.

Sentiment



Indicators show positive momentum for a sustained upward move with an 8.7% increase in equity flows, an eight-year high in consumer confidence, rising home-builder confidence, and positive retail sales.

Macroeconomic



U.S. GDP continued to advance with expectations of 4% - 5% growth in 2014. Positive wage growth, declining unemployment, and reduced oil prices could lead to positive movement in 2015, even though global markets are experiencing weakness in macroeconomic data.

Valuation



P/E multiples across U.S. equities ended near their yearly highs and remain above their 10-year historical averages, but inline with valuation ratios experienced during the recent financial recession.

The President's Post

by NorthCoast President & CEO, Dan Kraninger

"The only function of economic forecasting is to make astrology look respectable." -- John Kenneth Galbraith

2015 is here and with it comes the inane Wall Street annual ritual of consensus forecasts. For years I have kept Barron's January issue as a constant reminder why data and discipline will outperform instinct and intellect over time. Every year experts from the biggest firms on Wall Street gather to predict how markets will unfold in the year ahead. Their firms manage billions, employ thousands, and arguably have more access to information and insight than anyone else, and as you probably already well know, their forecasts tend to be laughable when looking back at them each December.

Let's take a couple of big doozies from 2014 -- bonds crashing and oil not. Twelve months ago, with long-term Treasuries trading with a 3.9% yield, everyone pounded his or her table about the inevitable inflation pick-up and bond crash. And they're still waiting, I guess. Long-term Treasuries closed the year yielding 2.7% and made a robust +27% return. In response to this forecast, many folks sold their bonds and bought income generating assets like limited partnerships (many of which are linked to oil.) And what was the biggest investment story of the year? Oil. A certifiable crash. The kind that puts companies out of business. Crude oil dropped 50% in value - from well over \$100/barrel to close the year near \$50/barrel. How many experts do you think saw this one coming last January? The answer, of course, zero.

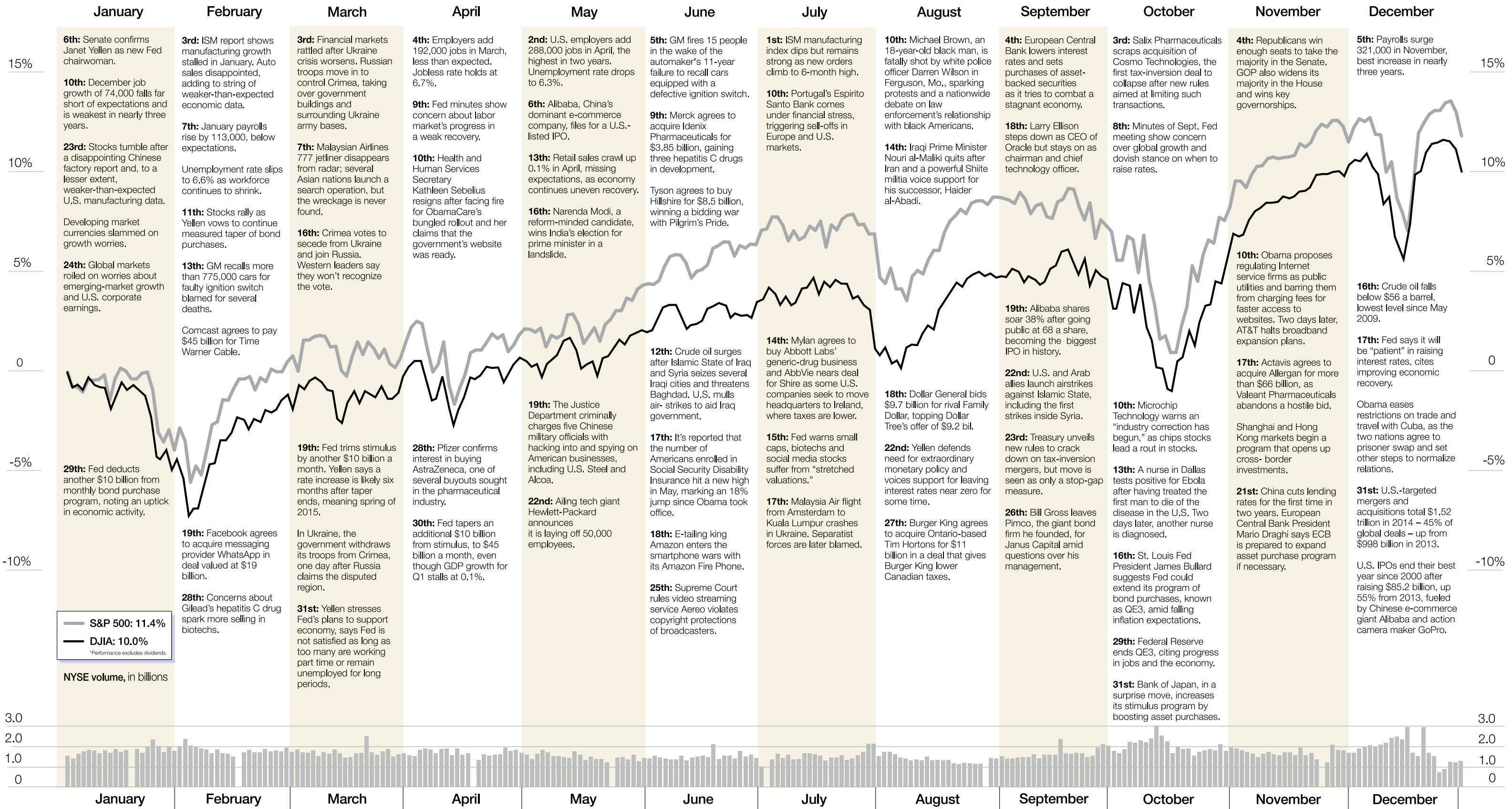
So be careful of consensus. Often it is misleading. One current issue, in particular, that seems to be close to consensus is the gloom and doom associated with international investing. Because U.S. equities have outperformed international equities for two years, many are selling their international exposure even though stocks outside the U.S. represent 50% of global equity. As the table (below) demonstrates, international stocks play an important role in diversifying one's portfolio and have terrific periods of outperformance vs. U.S. stocks.

Annual Returns: S&P 500 vs. ACWI ex-U.S. (Global Equities outside U.S.)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
S&P 500	-12.2%	-22.5%	28.0%	10.2%	4.3%	15.1%	4.9%	-37.4%	25.5%	14.4%	1.5%	15.2%	31.5%	13.0%	88.8%
ACWI ex-U.S.	-19.7%	-14.9%	40.8%	20.9%	16.6%	26.7%	16.7%	-45.5%	41.4%	11.2%	-13.7%	16.8%	15.3%	-3.9%	91.6%

As of 12/31/2014. Data provided by Bloomberg, GoldmanSachs, Morningstar, Bureau of Economic Analysis. S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe. ACWI ex-U.S. is designed to provide a broad measure of stock performance throughout the world, with the exception of U.S.-based companies.

2014: The Stock Market Marches Higher, Despite Two Corrections



Individual Equity Portfolios

Strategy	Q4 (Net)	2014 (Net)	Strategy Description	Strategy Highlights
CAN SLIM[®]	3.8%	12.4%	All-Cap Tactical Growth	With a high equity investment level near 100% and a low at 65% invested, CAN SLIM [®] navigated a volatile yet positive 2014. Keeping in line with the S&P 500, CAN SLIM [®] posts a double-digit gain for the 2nd year in a row as quality stock picking and improved risk metrics propel the strategy.
Growth & Income	3.2%	9.5%	75% CAN SLIM [®] / 25% Bond ETFs	
Balanced	2.3%	6.4%	50% CAN SLIM [®] / 50% Bond ETFs	
CAN SLIM[®] International	-1.2%	-0.7%	All-Cap International Tactical Growth	CSI felt the effects of an underperforming global marketplace. Across international markets, including Europe and China, equities ended negatively, but with an average 15% cash level throughout the year and profitable stock selection, CAN SLIM [®] International ended slightly below even.
CAN SLIM[®] Global	1.4%	6.1%	CAN SLIM [®] + CAN SLIM [®] International	<i>See commentary on CAN SLIM[®] and CAN SLIM[®] International</i>
Legends Value	0.0%	7.9%	All-Cap Long-Only Value	Value stocks underperformed their growth counterparts in 2014. Legends Value's fully-invested mandate provided strong returns off the periodic pullbacks but its high exposure to oil stocks in the 2nd half of the year dampened performance.
United Portfolio	1.9%	9.9%	CAN SLIM [®] + Legends Value	<i>See commentary on CAN SLIM[®] and Legends Value</i>
Vista	3.3%	8.0%	All-Cap Long-Only Growth	NorthCoast's newest separate account offering provides a fully-invested strategy selecting stocks at a reasonable price.

NorthCoast Retirement Portfolios

A MANAGED ETF SOLUTION

Strategy	Q4 (Net)	2014 (Net)	Strategy Description	Strategy Highlights
Tactical Income	1.7%	6.3%	Designed to generate income with protection against inflation and rising interest rates	Tactical Income took advantage of the Federal Reserve's dovish outlook throughout the year and maximized exposure to higher duration and higher yield offerings which boosted performance. Positions in high-yield corporate debt, dividend equities, and real estate were a few of the top performers.
Diversified Core	1.3%	2.5%	Designed for a conservative retiree or investor near retirement	The strategies ended the year in positive territory, but with high exposure to international equities, they struggled as foreign stocks underwhelmed and small-cap equities significantly underperformed their large-cap counterparts. The large holding in IVV guided the positive performance. The strategies were slightly underweight U.S. equities, neutral on Europe and modestly overweight on Japan. The underlying reason for this allocation was that, when comparing historical equity valuation multiples of the different regions, the valuation indicators were very attractive. For more info visit: www.northcoastam.com/2014-ETF.pdf
Diversified Growth	1.3%	2.2%	Designed for a more-growth-oriented retiree or investor retiring in 5-10 years	
Tactical Growth	1.5%	1.6%	Designed to generate long-term appreciation with downside risk controls	

Past or current results do not guarantee future performance. 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. This document provides only impersonal advice and statistical data and is not intended to meet objectives or suitability requirements of any specific account.

By The Numbers

200 - # of data factors taken into account before Google delivers a result on a search query ¹

\$1.8+ Trillion - U.S. ETF Assets
(2007: \$500 Billion) ²

1999 - Last occurrence (before 2012-2014) of 3-straight years of double digit gains in the S&P 500 (2000: -9.1%) ³

207,000 - Population of Green Bay, WI; smallest U.S. city with a major professional sports team

11 - Percentage of adults who have used an online dating site ⁴

2008 - The last time crude oil prices fell below \$60/barrel ⁵

5 - Babies welcomed into the world by NorthCoast team members in 2014

¹ Business Insider; ² Investment Company Institute, August 2014;

³ Bloomberg; ⁴ Pew Research; ⁵ Barchart Market Data Solutions

Private Clients

Is your portfolio properly allocated?

Now may be the time to get a better understanding of your overall investment portfolio and see how NorthCoast can help build a solution for your long-term goals and objectives. Contact our Private Client Group for a complimentary portfolio review at 203-532-7000 or 800-274-5448.

Do you know someone who could benefit from NorthCoast's investment services?

NorthCoast offers family fee-sharing. Refer a family member, friend, or even a co-worker and you'll receive a reduction in your quarterly management fee. Contact us for more information.

Inside NorthCoast

NorthCoast celebrated its 26th year in 2014 – one of the longest-tenured investment management firms utilizing quantitative and rules-based strategies.



From our family to yours, Happy New Year - wishing you a happy, healthy and prosperous 2015!