

For the start of the New Year, our sector attractiveness rankings reflect a preference for cyclical exposure considering that the top 5 sectors (conglomerates, financials, construction, industrial products and basic materials) each have significant sensitivity to the economic cycle. At the bottom end, disdain for consumer oriented exposure is apparent with the retail, consumer discretionary and consumer staples sectors ranked among the bottom 5 sectors.

**Table 1 – Current Sector Rankings and Changed from Last Report (as of January 8, 2018)**

	<b>PREVIOUS INTEGRATED RANK</b>	<b>CURRENT INTEGRATED RANK</b>	<b>CHANGE IN RANK</b>
CONGLOMERATES	<b>1</b>	<b>1</b>	0
FINANCE	<b>12</b>	<b>2</b>	10
CONSTRUCTION	<b>8</b>	<b>3</b>	5
INDUSTRIAL PRODUCTS	<b>3</b>	<b>4</b>	-1
BASIC MATERIALS	<b>2</b>	<b>5</b>	-3
UTILITIES	<b>7</b>	<b>6</b>	1
AUTO-TIRES-TRUCKS	<b>6</b>	<b>7</b>	-1
TRANSPORTATION	<b>11</b>	<b>8</b>	3
OILS-ENERGY	<b>4</b>	<b>9</b>	-5
COMPUTER AND TECHNOLOGY	<b>5</b>	<b>10</b>	-5
BUSINESS SERVICES	<b>14</b>	<b>11</b>	3
RETAIL-WHOLESALE	<b>15</b>	<b>12</b>	3
CONSUMER DISCRETIONARY	<b>10</b>	<b>13</b>	-3
AEROSPACE	<b>9</b>	<b>14</b>	-5
CONSUMER STAPLES	<b>16</b>	<b>15</b>	1
MEDICAL	<b>13</b>	<b>16</b>	-3

**Table 2 – Current Sector Rankings with Rankings for Absolute-Scale & Relative-Scale Metrics**

SECTOR	CURRENT INTEGRATED RANK	ABSOLUTE-SCALE METRICS		RELATIVE-SCALE METRICS			
		Technical Outlook RANK	Fundamental Outlook RANK	CURRENT RELATIVE SCALE RANK	VALUATION RANK	TECHNICAL RANK	CATALYTIC RANK
CONGLOMERATES	1	3	1	11	13	4	4
FINANCE	2	2	6	3	9	2	5
CONSTRUCTION	3	10	2	6	10	16	6
INDUSTRIAL PRODUCTS	4	12	7	12	12	7	2
BASIC MATERIALS	5	11	3	5	6	15	8
UTILITIES	6	1	14	8	2	1	15
AUTO-TIRES-TRUCKS	7	15	5	4	1	11	9
TRANSPORTATION	8	7	11	7	4	12	7
OILS-ENERGY	9	14	4	2	5	14	1
COMPUTER AND TECHNOLOGY	10	13	8	15	14	8	14
BUSINESS SERVICES	11	9	10	13	11	13	12
RETAIL-WHOLESALE	12	16	9	1	3	9	3
CONSUMER DISCRETIONARY	13	6	13	9	7	6	10
AEROSPACE	14	4	16	16	16	10	16
CONSUMER STAPLES	15	8	12	10	8	3	11
MEDICAL	16	5	15	14	15	5	13

**Table 3 – Historical Sector Rankings (last 12 months)**

SECTOR	Current Sector Rank 01/05/2018	OCT 2017	SEP 2017	AUG 2017	JUL 2017	JUN 2017	MAY 2017	APR 2017	MAR 2017	FEB 2017	JAN 2017	DEC 2016	NOV 2016	AVG HST RANK
CONGLOMERATES	1	1	7	15	10	14	1	1	16	13	16	16	16	10.5
FINANCE	2	12	10	4	1	3	2	7	3	2	3	3	3	4.4
CONSTRUCTION	3	7	6	6	7	2	3	6	5	3	4	14	9	6.0
INDUSTRIAL PRODUCTS	4	2	5	3	4	5	4	4	2	5	2	6	5	3.9
BASIC MATERIALS	5	4	4	12	16	15	16	11	4	4	6	5	2	8.3
UTILITIES	6	8	8	8	8	10	15	16	9	8	14	10	15	10.8
AUTO-TIRES-TRUCKS	7	6	1	9	6	6	10	2	6	12	10	9	7	7.0
TRANSPORTATION	8	14	14	13	12	4	12	12	10	15	13	13	14	12.2
OILS-ENERGY	9	5	12	16	11	16	7	3	1	1	1	1	1	6.3
COMPUTER AND TECHNOLOGY	10	3	3	2	5	8	6	10	8	10	12	7	6	6.7
BUSINESS SERVICES	11	9	13	10	9	7	5	8	7	11	8	2	10	8.3
RETAIL-WHOLESALE	12	16	11	14	13	13	13	14	13	9	7	4	12	11.6
CONSUMER DISCRETIONARY	13	10	2	1	3	9	8	5	15	14	9	12	11	8.3
AEROSPACE	14	11	16	5	2	1	9	13	14	7	5	8	4	7.9
CONSUMER STAPLES	15	15	15	11	15	11	14	9	11	6	11	15	13	12.2
MEDICAL	16	13	9	7	14	12	11	15	12	16	15	11	8	11.9

Table 4 – Highlighted Names from Most and Least Attractive Sectors (January 5, 2018)

Most Attractive Names from the Most Attractive Sectors			Least Attractive Names from the Least Attractive Sectors		
<b>Polaris All-Cap Core Universe</b>			<b>Polaris All-Cap Core Universe</b>		
	Company	Ticker		Company	Ticker
	<b><u>CONGLOMERATES</u></b>			<b><u>MEDICAL</u></b>	
1	Itt Inc	ITT	1	Endo Intl Plc	ENDP
2	3M Co	MMM	2	Qiagen Nv	QGEN
3	Honeywell Intl	HON	3	Envision Hlthcr	EVHC
	<b><u>FINANCE</u></b>			<b><u>CONSUMER STAPLES</u></b>	
1	Genworth Finl	GNW	1	Post Holdings	POST
2	Utd Bankshares	UBSI	2	Archer Daniels	ADM
3	Validus Holding	VR	3	Edgewell Persnl	EPC
	<b><u>CONSTRUCTION</u></b>			<b><u>AEROSPACE</u></b>	
1	Tutor Perini Cp	TPC	1	Aar Corp	AIR
2	Rpm Intl Inc	RPM	2	Embraer Air-Adr	ERJ
3	William Lyon Hm	WLH	3	Lockheed Martin	LMT
	<b><u>INDUSTRIAL PRODUCTS</u></b>			<b><u>CONSUMER DISCRETIONARY</u></b>	
1	Owens-Illinois	OI	1	Liberty Brdbd-A	LBRDA
2	Terex Corp	TEX	2	Liberty Brdbd-C	LBRDK
3	Belden Inc	BDC	3	Tegna Inc	TGNA
	<b><u>BASIC MATERIALS</u></b>			<b><u>RETAIL-WHOLESALE</u></b>	
1	Fuller(Hb) Co	FUL	1	Cheesecake Fact	CAKE
2	Huntsman Corp	HUN	2	Nordstrom Inc	JWN
3	Eastman Chem Co	EMN	3	Bob Evans Farms	BOBE

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