

The aerospace and auto sectors have essentially swapped places in our rankings this week. Otherwise, our sector attractiveness rankings were stable. Expected earnings momentum for the aerospace stocks improved significantly as indicated in our fundamental outlook metrics. In contrast, deterioration in the technical outlook was the impetus behind the lower ranking for the auto sector. It is not news that the fundamental picture for the energy sector remains suspect. Accordingly, the energy sector fell back into the bottom 5 due to a decline in underlying catalytic scores.

**Table 1 – Current Sector Rankings and Changed from Last Report (as of July 14, 2017)**

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

**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	4	5	4	4	13	12
CONSUMER STAPLES	2	3	6	2	2	3	4
BUSINESS SERVICES	3	5	9	12	9	9	7
COMPUTER AND TECHNOLOGY	4	10	1	7	10	10	6
AEROSPACE	5	15	3	11	3	16	5
FINANCE	6	9	2	13	16	5	10
INDUSTRIAL PRODUCTS	7	12	4	3	6	12	3
MEDICAL	8	8	11	8	5	14	8
CONSUMER DISCRETIONARY	9	7	8	9	8	6	9
CONSTRUCTION	10	16	7	6	11	15	2
TRANSPORTATION	11	11	12	1	14	7	1
AUTO-TIRES-TRUCKS	12	14	10	16	15	8	15
RETAIL-WHOLESALE	13	2	14	10	13	2	14
UTILITIES	14	6	13	5	1	4	11
OILS-ENERGY	15	1	16	14	12	1	16
BASIC MATERIALS	16	13	15	15	7	11	13

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

SECTOR	Current Sector Rank 07/14/2017	MAY 2017	APR 2017	MAR 2017	FEB 2017	JAN 2017	DEC 2016	NOV 2016	OCT 2016	SEP 2016	AUG 2016	JUL 2016	JUN 2016	AVG HST RANK
CONGLOMERATES	1	1	16	14	16	16	16	15	12	9	15	14	16	13.3
CONSUMER STAPLES	2	8	11	6	12	15	13	4	1	8	3	7	6	7.8
BUSINESS SERVICES	3	9	6	11	8	2	11	12	7	10	5	3	2	7.2
COMPUTER AND TECHNOLOGY	4	10	8	9	3	6	6	1	2	2	7	5	12	5.9
AEROSPACE	5	13	15	7	7	8	4	7	6	15	12	10	5	9.1
FINANCE	6	7	3	2	4	3	3	9	10	14	13	11	11	7.5
INDUSTRIAL PRODUCTS	7	4	2	5	2	7	5	11	16	12	10	4	8	7.2
MEDICAL	8	15	12	16	15	11	10	5	5	4	2	6	7	9.0
CONSUMER DISCRETIONARY	9	5	14	13	10	12	8	10	14	13	14	12	3	10.7
CONSTRUCTION	10	6	4	3	5	13	9	13	8	3	4	2	10	6.7
TRANSPORTATION	11	11	10	15	14	14	15	14	13	16	16	15	15	14.0
AUTO-TIRES-TRUCKS	12	2	5	12	11	9	7	6	4	1	8	13	1	6.6
RETAIL-WHOLESALE	13	14	13	10	9	5	12	16	9	6	11	16	13	11.2
UTILITIES	14	16	9	8	13	10	14	2	15	7	6	9	14	10.3
OILS-ENERGY	15	3	1	1	1	1	1	3	3	5	1	1	9	2.5
BASIC MATERIALS	16	12	7	4	6	4	2	8	11	11	9	8	4	7.2

Table 4 – Highlighted Names from Most and Least Attractive Sectors (July 14, 2017)

Most Attractive Names from the Most Attractive Sectors			Least Attractive Names from the Least Attractive Sectors		
Polaris All-Cap Core Universe			Polaris All-Cap Core Universe		
Company		Ticker	Company		Ticker
<b><u>CONGLOMERATES</u></b>			<b><u>BASIC MATERIALS</u></b>		
1	Honeywell Intl	HON	1	Freeport Mc Moran	FCX
2	3M Co	MMM	2	Novagold Resources	NG
3	Crane Co	CR	3	Pretium Resources Inc	PVG
<b><u>CONSUMER STAPLES</u></b>			<b><u>OILS-ENERGY</u></b>		
1	Sysco Corp	SY	1	Halcon Resources	HK
2	Hershey Co/The	HSY	2	Energy Transfer Eqpt	ETE
3	Hormel Foods Corp	HRL	3	Dril-Quip Inc	DRQ
<b><u>BUSINESS SERVICES</u></b>			<b><u>UTILITIES</u></b>		
1	Cardtronics Plc	CATM	1	Dynegy Inc-New	DYN
2	Wageworks Inc	WAGE	2	Oneok Inc	OKE
3	Booz Allen Hamilton	BAH	3	Telefonica S.A.	TEF
<b><u>COMPUTER AND TECHNOLOGY</u></b>			<b><u>RETAIL-WHOLESALE</u></b>		
1	Shutterstock Inc	SFLY	1	Ethan Allen Int	ETH
2	Zayo Group Holding	ZAYO	2	Asbury Automotive Group	ABG
3	Nic Inc	EGOV	3	Autonation Inc	AN
<b><u>AEROSPACE</u></b>			<b><u>AUTO-TIRES-TRUCKS</u></b>		
1	General Dynamics	GD	1	Ford Motor Co	F
2	Aerovironment	AVAV	2	American Axle & Manufacturing	AXL
3	Boeing Co	BA	3	Navistar International	NAV

Sturdivant & Co. conducts bottom-up fundamental analysis for a wide range of large and small cap US equities. The sector rankings reported herein reflect a top-down view of our bottom-up analysis of over 2,000 stocks. Utilizing the flexibility of Polaris, our proprietary equity guidance system, we are able to provide timely market intelligence to support stock selection, sector allocation and style rotation decisions. The structure of Polaris is based on the belief that the principal determinants of stock price behavior are 1) valuation, 2) technical, and 3) catalytic properties. Historical performance of our ranking system shows that it has been effective at providing guidance that supports consistent benchmark outperformance (though historical results are no guarantee of future performance). Working closely with each client, the output from Polaris is customized in accordance with the client's organizational structure and their specific investment universe or focus list. Our goal at Sturdivant & Co is to provide differentiated research that is truly client-centered. We accomplish this by providing customized analysis that is singularly focused on investment performance. To learn more about how we can support your team please contact us.

**Brian T. Hannon, CFA**

**Sr. VP & Director of Equity Research**

**Sturdivant & Co., Inc.**

**(856) 433-6126**

**bhannon@sturdivant-co.com**

## **DISCLOSURES AND DEFINITIONS**

Sturdivant & Co. and its employees, officers, and members deal as principal in transactions involving the securities referred to herein (or options or other instruments related thereto), including in transactions which may be contrary to any recommendations contained herein. This publication does not constitute an offer to sell or solicitation to buy of any transaction in any securities referred to herein. Any recommendation contained herein may not be suitable for all investors. Although the information contained in the subject report (not including disclosures contained herein) has been obtained from sources we believe to be reliable, the accuracy and completeness of such information and the opinions expressed herein cannot be guaranteed. This publication and any recommendation contained herein speak only as of the date hereof and are subject to change without notice. Sturdivant & Co. and its employees shall have no obligation to update or amend any information or opinion contained herein. This publication is being furnished to you for informational purposes only and on the condition that it will not form the sole basis for any investment decision. Each investor must make their own determination of the appropriateness of an investment in any securities referred to herein based on the tax, or other considerations applicable to such investor and its own investment strategy. By virtue of this publication, neither Sturdivant & Co. nor any of its employees shall be responsible for any investment decision. This report may not be reproduced, distributed, or published without the prior consent of Sturdivant & Co. All rights reserved by Sturdivant & Co. This report may discuss numerous securities, some of which may not be qualified for sale in certain states and may therefore not be offered to investors in such states. This document should not be construed as providing investment services. Investing in non-U.S. securities including ADRs involves significant risks such as fluctuation of exchange rates that may have adverse effects on the value or price of income derived from the security. Securities of some foreign companies may be less liquid and prices more volatile than securities of U.S. companies. Securities of non-U.S. issuers may not be registered with or subject to Securities and Exchange Commission reporting requirements; therefore, information regarding such issuers may be limited.