

Our sector attractiveness rankings were stable at both the top and bottom end. Other than some modest shifting in order, there was no change in the top 5 most attractive sectors. In the bottom 5 group the consumer staples swapped positions with the retail sector, as the staples sector was subject to factor weakness in both fundamental and technical properties.

Table 1 – Current Sector Rankings and Changed from Last Report (as of October 3, 2017)

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

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

Table 3 – Historical Sector Rankings (last 12 months)

SECTOR	Current Sector Rank 10/03/2017	AUG 2017	JUL 2017	JUN 2017	MAY 2017	APR 2017	MAR 2017	FEB 2017	JAN 2017	DEC 2016	NOV 2016	OCT 2016	SEP 2016	AVG HST RANK
CONSUMER DISCRETIONARY	1	3	9	8	5	15	14	9	12	11	10	13	13	10.2
COMPUTER AND TECHNOLOGY	2	5	8	6	10	8	10	12	7	6	1	2	2	6.4
INDUSTRIAL PRODUCTS	3	4	5	4	4	2	5	2	6	5	11	16	12	6.3
FINANCE	4	1	3	2	7	3	2	3	3	3	9	3	14	4.4
CONSTRUCTION	5	6	2	3	6	5	3	4	14	8	13	9	4	6.4
AEROSPACE	6	2	1	10	13	14	7	5	8	4	7	7	15	7.8
UTILITIES	7	8	10	15	16	9	8	14	10	15	2	15	7	10.8
AUTO-TIRES-TRUCKS	8	7	6	9	2	6	12	10	9	7	6	5	1	6.7
MEDICAL	9	15	12	11	15	12	16	15	11	9	5	6	3	10.8
BUSINESS SERVICES	10	10	7	5	8	7	11	8	2	10	12	8	10	8.2
RETAIL-WHOLESALE	11	12	13	13	14	13	9	7	4	12	15	10	6	10.7
BASIC MATERIALS	12	16	15	16	11	4	4	6	5	2	8	11	11	9.1
CONSUMER STAPLES	13	14	11	14	9	11	6	11	15	13	3	1	8	9.7
TRANSPORTATION	14	9	4	12	12	10	15	13	13	14	16	14	16	12.3
OILS-ENERGY	15	13	16	7	3	1	1	1	1	1	4	4	5	4.8
CONGLOMERATES	16	11	14	1	1	16	13	16	16	16	14	12	9	11.6

Table 4 – Highlighted Names from Most and Least Attractive Sectors (October 3, 2017)

**Most Attractive Names
from the
Most Attractive Sectors**

Polaris All-Cap Core Universe		
	Company	Ticker
<u>CONSUMER DISCRETIONARY</u>		
1	Coach Inc	COH
2	Twenty-First Cf	FOX
3	Under Armour-C	UA
<u>COMPUTER AND TECHNOLOGY</u>		
1	Synaptics Inc	SYNA
2	Pandora Media	P
3	Super Micro Com	SMCI
<u>INDUSTRIAL PRODUCTS</u>		
1	Alcoa Corp	AA
2	Valmont Inds	VMI
3	Enpro Indus Inc	NPO
<u>FINANCE</u>		
1	First Bncrp P R	FBP
2	Assured Guarnty	AGO
3	Diamondrock Hos	DRH
<u>CONSTRUCTION</u>		
1	Lennar Corp -A	LEN
2	Primoris Servcs	PRIM
3	Pulte Group Onc	PHM

**Least Attractive Names
from the
Least Attractive Sectors**

Polaris All-Cap Core Universe		
	Company	Ticker
<u>CONGLOMERATES</u>		
1	Utd Techs Corp	UTX
2	Genl Electric	GE
3	Carlisle Cos In	CSL
<u>OILS-ENERGY</u>		
1	Eog Res Inc	EOG
2	Parsley Engy-A	PE
3	Southwestrn Ene	SWN
<u>TRANSPORTATION</u>		
1	Genesee & Wyo	GWR
2	Kirby Corp	KEX
3	Ship Fin Intl	SFL
<u>CONSUMER STAPLES</u>		
1	Time Inc	TIME
2	Revlon Inc-A	REV
3	Snyders-Lance	LNCE
<u>BASIC MATERIALS</u>		
1	Sensient Tech	SXT
2	Balchem Cp Cl-B	BCPC
3	Cal-Maine Foods	CALM

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.