

Our sector attractiveness rankings were relatively stable this week. Minor shifting took place principally due to volatility in technical scores. The basic materials sector moved up a few spots and the auto sector slipped out of the top 5 group, otherwise our rankings were mostly unchanged.

Table 1 – Current Sector Rankings and Changed from Last Report (as of December 15, 2017)

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

Table 3 – Historical Sector Rankings (last 12 months)

SECTOR	Current Sector Rank 12/15/2017	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
BASIC MATERIALS	2	4	4	12	16	15	16	11	4	4	6	5	2	8.3
INDUSTRIAL PRODUCTS	3	2	5	3	4	5	4	4	2	5	2	6	5	3.9
OILS-ENERGY	4	5	12	16	11	16	7	3	1	1	1	1	1	6.3
COMPUTER AND TECHNOLOGY	5	3	3	2	5	8	6	10	8	10	12	7	6	6.7
AUTO-TIRES-TRUCKS	6	6	1	9	6	6	10	2	6	12	10	9	7	7.0
UTILITIES	7	8	8	8	8	10	15	16	9	8	14	10	15	10.8
CONSTRUCTION	8	7	6	6	7	2	3	6	5	3	4	14	8	5.9
AEROSPACE	9	11	16	5	2	1	9	13	14	7	5	8	4	7.9
CONSUMER DISCRETIONARY	10	10	2	1	3	9	8	5	15	14	9	12	11	8.3
TRANSPORTATION	11	14	14	13	12	4	12	12	10	15	13	13	14	12.2
FINANCE	12	12	10	4	1	3	2	7	3	2	3	3	3	4.4
MEDICAL	13	13	9	7	14	12	11	15	12	16	15	11	9	12.0
BUSINESS SERVICES	14	9	13	10	9	7	5	8	7	11	8	2	10	8.3
RETAIL-WHOLESALE	15	16	11	14	13	13	13	14	13	9	7	4	12	11.6
CONSUMER STAPLES	16	15	15	11	15	11	14	9	11	6	11	15	13	12.2

Table 4 – Highlighted Names from Most and Least Attractive Sectors (December 15, 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
	<u>CONGLOMERATES</u>			<u>CONSUMER STAPLES</u>	
1	Itt Inc	ITT	1	Altria Group	MO
2	3M Co	MMM	2	Dr Pepper Snapl	DPS
3	Honeywell Intl	HON	3	Time Inc	TIME
	<u>BASIC MATERIALS</u>			<u>RETAIL-WHOLESALE</u>	
1	Monsanto Co-New	MON	1	Brinker Intl	EAT
2	Southern Copper	SCCO	2	Macys Inc	M
3	Huntsman Corp	HUN	3	Cheesecake Fact	CAKE
	<u>INDUSTRIAL PRODUCTS</u>			<u>BUSINESS SERVICES</u>	
1	Owens-Illinois	OI	1	Ritchie Bros	RBA
2	Regal Beloit	RBC	2	Omnicom Grp	OMC
3	Reliance Steel	RS	3	Corelogic Inc	CLGX
	<u>OILS-ENERGY</u>			<u>MEDICAL</u>	
1	Pdc Energy Inc	PDCE	1	Pacira Pharmact	PCRX
2	Noble Energy	NBL	2	Endo Intl Plc	ENDP
3	Whiting Petrolm	WLL	3	Alkermes Inc	ALKS
	<u>COMPUTER AND TECHNOLOGY</u>			<u>FINANCE</u>	
1	Viavi Solutions	VIAV	1	Simon Property	SPG
2	Benchmark Eletr	BHE	2	Ggp Inc	GGP
3	Ma-Com Tech Sol	MTSI	3	Commnty Bk Sys	CBU

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.