



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 18 Issue 4

2-for-1.com

April 19, 2013

MARCH SPLITS – OUR BUY

TELUS Corp.

Splits in March included Colgate-Palmolive Co. (CL), TELUS (TU), Salesforce.com (CRM), and Radware Ltd. (RDWR). I jumped ahead and recommended Colgate last month so we choose from the remaining three for this month's buy. I am picking TELUS because it's ranked highest by the 2 for 1 screening formula, but also because I just prefer the proven, more stable telecom stock over the two software businesses.

TELUS is a Canadian telecom company traded on the NYSE. TU provides wireless and wireline services to a growing customer base. Its wireless network covers 99.9% of the Canadian population and its wireline services are available in many of the more heavily populated areas of Canada. TU pays a 3.6% dividend and is only half as volatile as the overall market. PE, price-to-book value, growth rates, and profits are all better than its industry peers. And for some reason I like the fact that this is a Canadian company. Canadian businesses often seem more stable and transparent than their American counterparts and, in my opinion, this description fits for TELUS. I will be putting in our buy order on Monday.

Salesforce.com (CRM) is a cloud computing company providing products and services I don't understand. Competitors include Amazon, Oracle, Microsoft, and SAP. It has presented a vigorous fast growth scenario over the past five years. However, earnings were negative last year and, at the moment, the company is not profitable. Volatility is high, there is no dividend, and the stock seems overpriced. This may be one of those situations where the split announcement was simply a publicity stunt rather than a signal of the Board's optimism for the future.

Radware (RDWR) is a micro-cap (171M) Israeli software company. Many of the numbers look good but the company is very small and, again, I don't understand what it sells. Why gamble on an unknown if you don't have to?

PORTFOLIO ITEMS

Truck Traffic

Interstate 5 is the most Western north/south freeway in the country, going from San Diego, CA to Vancouver, British Columbia. I drove I-5 from Seattle to central California this week and was struck by the concentrated, non-stop commercial traffic going in both directions. Big-rig traffic of all kinds was heavy; lots of logging trucks in Washington and Oregon, heavy construction equipment being moved on flatbeds, agricultural machinery and new cars going to market, plus numerous UPS, FedEx, Target, and Wal-Mart rigs. I make this drive several times a year and the traffic this time seemed unusually heavy. It's only anecdotal evidence, but if the economy is humming along like the truck traffic on I-5, we should consider ourselves in pretty good shape.

A.O. Smith (AOS) announced a 2 for 1 split this week so, as has been our practice in the past, we will move our AOS position to the bottom of the list to restart its 2½ year trek toward eventual sale.

The 2 for 1 portfolio finished out the 1st quarter up 15.6%, the best 1st quarter since the start of 2 for 1. The first few weeks of this month have, of course, reminded us the market does not always and forever go up, especially in the short term.

THIS MONTH'S SELL

Tractor Supply

Tractor Supply (TSCO) has been a terrific stock for the 2 for 1 portfolio over the last 2½ years. It's always hard to let go of a winner like TSCO but our buy/sell routine is important here. And a close look at the numbers tells me this is not a bad time to sell. TSCO is near its all time high, it's PE and price-to-book ratios are far higher than when we bought and, given the number of analysts covering the stock, it has now been "discovered" by Wall Street, not a good thing, in my opinion. We sold a portion of our TSCO position in 10/2011 for a 78.4% annualized return. The remaining shares were sold on 4/5/13 for a 53.4% annualized return. Thank you TSCO!

2 for 1 MODEL PORTFOLIO – MARCH STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 3/28/13	BASIS	START MONTH	END MONTH	% OF PORT
CASH							10978.21	2523.84	0.09%
TSCO	TRACTOR SUPPLY CO	120	08/16/10	34.150	104.130	4105.49	12478.80	12495.60	4.45%
RMD	RESMED, INC	175	09/20/10	33.070	46.360	5797.24	7785.75	8113.00	2.89%
ASA	ASA LIMITED	230	10/18/10	31.645	19.260	7278.38	4333.20	4429.80	1.58%
AOS	A. O. SMITH	165	11/15/10	38.294	73.570	6318.49	11802.45	12139.05	4.33%
HRL	HORMEL FOODS	264	12/20/10	25.934	41.320	6846.59	9876.24	10908.48	3.89%
PATR	PATRIOT TRANSPORTATION	305	01/19/11	31.280	27.820	9007.45	8289.90	8485.10	3.02%
WEC	WISCONSIN ENERGY	250	02/22/11	29.185	42.890	7306.24	10325.00	10722.50	3.82%
EEP	ENBRIDGE ENERGY PARTNERS	224	03/28/11	32.219	30.140	7217.10	6207.04	6751.36	2.41%
USTR	UNITED STATIONERS	200	04/18/11	35.350	38.650	7079.99	7240.00	7730.00	2.75%
CWT	CALIFORNIA WATER SERVICE GRP	400	05/16/11	18.350	19.900	7349.99	8024.00	7960.00	2.84%
CHD	CHURCH & DWIGHT	175	06/20/11	39.900	64.630	6992.49	10843.00	11310.25	4.03%
OKS	ONEOK PARTNERS LP	165	07/18/11	43.850	57.400	7245.24	9043.65	9471.00	3.38%
OZRK	BANK OF THE OZARKS	280	08/16/11	22.786	44.350	6379.99	10749.20	12418.00	4.43%
CLW	CLEARWATER PAPER	175	09/19/11	37.000	52.690	6484.99	8468.25	9220.75	3.29%
BLL	BALL CORP.	200	11/21/11	33.400	47.580	6689.99	8882.00	9516.00	3.39%
ROST	ROSS STORES	150	12/19/11	46.520	60.620	6987.99	8700.00	9093.00	3.24%
TJX	TJX INC	220	01/17/12	32.620	46.750	7186.39	9893.40	10285.00	3.67%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	47.740	5593.49	5298.30	5012.70	1.79%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	21.860	7581.93	7816.00	8744.00	3.12%
CPRT	COPART INC	300	04/16/12	25.780	34.270	7733.98	10242.00	10281.00	3.66%
KO	COCA-COLA	200	05/21/12	37.174	40.440	7434.84	7744.00	8088.00	2.88%
CME	CME GROUP	140	06/21/12	54.923	61.410	7689.27	8353.80	8597.40	3.06%
AZZ	AZZ INC	250	07/16/12	32.320	48.200	8079.99	11165.00	12050.00	4.29%
TROX	TRONOX LTD.	310	08/20/12	25.612	19.810	7939.79	6367.40	6141.10	2.19%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	56.480	8078.49	9855.00	10166.40	3.62%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	53.430	7992.99	9028.80	9617.40	3.43%
SCL	STEPAN CO	160	11/19/12	47.062	63.100	7529.99	9798.40	10096.00	3.60%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	40.100	7644.39	9902.40	9624.00	3.43%
PRA	PROASSURANCE	194	01/25/13	44.601	47.330	8652.68	9096.66	9182.02	3.27%
CL	COLGATE-PALMOLIVE	80	03/18/13	111.645	118.030	8931.59	8931.59	9442.40	3.36%
TOTAL CASH AND EQUITIES						217157.47		280615.15	100.00%

ACCOUNT VALUE SUMMARY - 3/28/13

Description	Amount
Last Month's Closing Equity	268587.85
Change in Stock Value	11550.08
Interest & Dividends	477.22
This Month's Closing Equity	280615.15

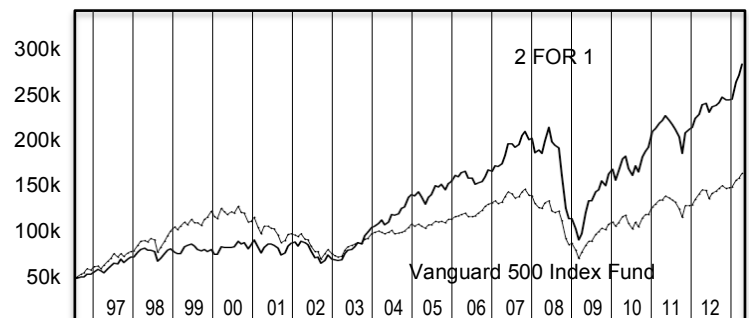
ANNUALIZED RETURN 7/31/96 – 3/28/13

2 for 1: +10.91% Vanguard 500 Fund: +7.36%
(all costs and dividends included for both)

THE FINE PRINT

The above list represents all of the securities recommended, bought and which are now present in the 2 for 1 portfolio. The 29 stocks on this list constitute the entire 2 for 1 portfolio. The graph of the performance of the 2 for 1 portfolio to the right was adjusted to equal the Vanguard 500 Index Fund at the end of July, 1996, adjusted for and including dividends. The Vanguard 500 Index Fund tracks the S&P 500, an index tracking the 500 largest U.S. companies. 2 for 1 tracks an actual portfolio of only 30 companies, large and small. 2 for 1 may be more or less volatile than the S&P 500. The 2 for 1 portfolio was started in July, 1996 with \$50,000. The \$217,157 basis above reflects the \$167,157 in capital gains, dividends, and interest accrued since the portfolio's inception. It shall not be assumed that recommendations made in this issue of 2 for 1, or in any future issues, will be profitable or will equal the performance of the securities on this list.

PORTFOLIO PERFORMANCE



2 for 1 is published and distributed by Neil Macneale, Inc., 1125 North Second Street, San Jose, CA, 95112. Phone 408-210-6881. E-mail splits241@aol.com. Neil Macneale, Inc., dba 2 for 1, is not a broker and does not offer individual investment advice. 2 for 1 is published each month on the Friday closest to the 15th of that month. Contents are copyrighted but may be copied or quoted if attributed to the source. 2 for 1 subscription rate = \$20.00 per month for electronic delivery, payable by monthly debit from any major credit card approximately one week prior to publication. No long-term commitment is required.