



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 19 Issue 4

2-for-1.com

April 18, 2014

MARCH SPLITS – OUR BUY

Allied World Assurance

We were treated to six split announcements in March, all companies with which I'm not personally familiar. However, when pitted one against the other, Allied World Assurance (AWH) splitting 3 for 1 wins the pole position and will be added to the 2 for 1 portfolio next week. Allied is a medium sized, well-diversified Swiss company collecting about \$2B in insurance and reinsurance premiums a year doing business in the US, Europe, and Asia. Selling at its book value, and with a net profit margin averaging 25%/year for the last 5 years, this is a no-brainer. The 1.9% dividend and very low Beta are icing on the cake.

Delhaize Group (DEG) is a Belgium based international supermarket chain. DEG also has a low price-to-book value but, as with all food retailers, profit margins are thin to non-existent. DEG scored well enough on some of the other metrics used by the 2 for 1 ranking algorithm to earn the #2 spot on the list, but I am not excited by the prospects for this stock.

Under Armour Inc (UA) has me shaking my head. This company is followed by 30 professional analysts, three times as many as follow AWH. An example of the herd following the latest fad? Please stay away from this stock.

Symbol	Company	Split Date	Rank
AWH	Allied World Assurance	05/22/14	1
DEG	Delhaize Group	04/04/14	2
SFUN	SouFun	04/04/14	3
PEGA	Pegasystems Inc	04/01/14	3
UA	Under Armour Inc	04/14/14	4
NJ	NIDEC	04/07/14	4

eMoneyShow Webinar

On Tuesday, April 22nd at 2:40 Eastern time (11:40 West coast time), I will be presenting the story of the 2 for 1 strategy, hosted by the MoneyShow organization. If you'd like to hear the 2 for 1 story live, go to 2-for-1.com and look for the link to register.

PORTFOLIO ITEMS

Please Read "Flash Boys"

Michael Lewis's new book "Flash Boys" should be on every investor's reading list. I recommend it hoping if enough American's read this exposé of high speed trading there will be a groundswell of indignation and our legislators and regulators will do the right thing. I should say right off, the "rigging" of the market that Lewis exposes has very little, if any, impact on our portfolio or style of investing. However, the high-frequency traders do burden our economy with unnecessary and, dare I say, immoral costs. For individual investors, requesting your broker execute your trades on the new IEX exchange would send a strong message to Wall Street that you don't approve of the current pervasive influence and dominance over the markets by the high frequency traders. A letter to your broker's compliance department is encouraged.

As indicated in your March issue of 2 for 1, I have used the excess cash in the portfolio account to partially re-balance several of our poorest performing positions. TROX was boosted by 44%, I bumped PRA by 26%, and the TU position grew by 19%, all posted in the March statement. The added TROX shares were especially timely, jumping over 6% since their purchase in the face of the current market downturn. Rebalancing in this manner, even if done fairly infrequently, is an effective way to enforce a "buy low" discipline in your portfolio management procedures.

THIS MONTH'S SELL

Clearwater Paper

Clearwater Paper (CLW) will be sold next week to provide the cash for our AWH buy. Clearwater has been a solid performer for us over the last 2½ years with a 63.4% return, or 21.1% annualized, all dividends and costs included. That's just slightly ahead of the portfolio as a whole. Hint: In the "% of port" column on the reverse side, if the percentage is above 3.33%, the position has done better than the average for all 30 stocks. The Vanguard 500 Index Fund gained 58.9% over the same period, or 19.8% annualized.

2 for 1 MODEL PORTFOLIO – MARCH STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 3/31/14	BASIS	START MONTH 1705.06	END MONTH 3599.98	% OF PORT 1.11%
CASH									
CLW	CLEARWATER PAPER	175	09/19/11	37.000	62.670	6484.99	11173.75	10967.25	3.38%
BLL	BALL CORP.	200	11/21/11	33.400	54.810	6689.99	11112.00	10962.00	3.38%
ROST	ROSS STORES	150	12/19/11	46.520	71.550	6987.99	10920.00	10732.50	3.31%
TJX	TJX INC	220	01/17/12	32.620	60.650	7186.39	13521.20	13343.00	4.12%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	69.450	5593.49	7770.00	7292.25	2.25%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	20.720	7581.93	8224.00	8288.00	2.56%
CPRT	COPART INC	300	04/16/12	25.780	36.390	7733.98	10929.00	10917.00	3.37%
KO	COCA-COLA	200	05/21/12	37.174	38.660	7434.84	7640.00	7732.00	2.39%
CME	CME GROUP	140	06/21/12	54.923	74.010	7689.27	10334.80	10361.40	3.20%
AZZ	AZZ INC	250	07/16/12	32.320	44.680	8079.99	11092.50	11170.00	3.45%
TROX	TRONOX LTD.	445	08/20/12	25.073	23.770	11157.38	7343.90	10577.65	3.26%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	55.120	8078.49	9750.60	9921.60	3.06%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	69.740	7992.99	12180.60	12553.20	3.87%
SCL	STEPAN CO	160	11/19/12	47.062	64.560	7529.99	9728.00	10329.60	3.19%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.170	7644.39	8064.00	7960.80	2.46%
PRA	PROASSURANCE	244	01/25/13	44.493	44.530	10856.17	8819.24	10865.32	3.35%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	64.870	8931.59	10052.80	10379.20	3.20%
AOS	A. O. SMITH	260	11/15/10	19.147	46.020	4978.20	12922.00	11965.20	3.69%
TU	TELUS	310	04/22/13	35.342	35.950	10955.98	9191.00	11144.50	3.44%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	34.420	9315.99	14766.40	15144.80	4.67%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	32.290	9198.49	10210.20	10978.60	3.39%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	54.180	9624.49	10703.25	10890.18	3.36%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	44.050	9507.49	11395.00	11012.50	3.40%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	70.630	9797.49	10584.00	10594.50	3.27%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	68.850	9762.89	11684.10	11704.50	3.61%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	56.220	10359.53	10403.36	10344.48	3.19%
RLI	RLI CORP.	220	12/16/13	46.470	44.240	10223.49	9488.60	9732.80	3.00%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	46.950	10484.79	10516.56	10892.40	3.36%
ITC	ITC HOLDINGS	300	02/18/14	34.607	37.350	10381.99	10260.00	11205.00	3.46%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	29.990	10693.74	10693.74	10496.50	3.24%
TOTAL CASH AND EQUITIES						258938.43		324058.71	100.00%

ACCOUNT VALUE SUMMARY - 3/31/14

Description	Amount
Last Month's Closing Equity	320243.52
Change in Stock Value	3237.64
Interest & Dividends	577.55
This Month's Closing Equity	324058.71

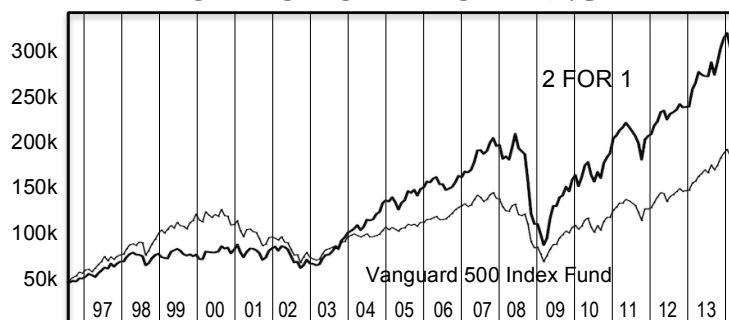
ANNUALIZED RETURN 7/31/96 – 3/31/14

2 for 1: + **11.16%** Vanguard 500 Fund: +8.12%
(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 30 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 the 2 for 1 Index™, based on an actual portfolio of 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 \$258,938 basis above reflects \$208,938 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



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