



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

Volume 21 Issue 4

[2-for-1.com](http://2-for-1.com)

April 15, 2016

## MARCH SPLITS – OUR BUY

### Ensign Group Inc.

The drought in split announcements continues. See adjacent article. To choose a company for this month's recommendation, I returned again to the list of previous split announcements, going back six months, as our protocol dictates, and including two that I missed last November and December. Ensign Group (ENSG) has improved its ranking score since first appearing on the split list last December. Its price has fallen a bit and the health care sector overall has also declined. These movements have improved ENSG's ranking score in absolute terms and also relative to the other candidates.

Ensign Group is in the health care sector, a group already well represented in the 2 for 1 Index, but not to the point I'm concerned about an over-weighting. ENSG, a holding company, provides skilled nursing, rehabilitation services, home health care, hospice care, assisted living, and urgent care services through its subsidiaries. Many of Ensign's services are rather labor intensive and require a skilled and disciplined management to be profitable. ESGN's returns and balance sheet numbers are significantly superior to their competitors in these areas. As the baby boomers age, this business can only grow.

Regarding Ctrip.Com International (CTRP), announcing a split last November, and Grifols SA (GRFS), announcing a split in December. I was made aware of the splits by a recent email from a follower of 2 for 1. They escaped my notice for two different reasons and I have modified my alert system to prevent a reoccurrence. Though not analyzed until now, as luck would have it, neither company scored well compared to Ensign and Edwards Lifesciences, so no harm done.

Symbol	Company	Split Delivery	Rank
ENSG	The Ensign Group, Inc	12/23/15	1
EW	Edwards Lifesciences	12/11/15	2
GRFS	Grifols SA	01/04/16	3
CTRP	Ctrip.com International	12/01/15	4

## PORTFOLIO ITEMS

### Rolling With The Punches

As noted in last month's 2 for 1, skipping a month in our buy and sell routine can be tolerated because the "Stock Split Advantage" actually lasts for up to three years while our typical holding period is 30 months. However, I decided skipping two months in a row was just too much and would be setting a precedent with unforeseen consequences.

Because the market and the economy are dynamic, and our ranking formula only takes a snapshot at a fixed point in time, results can be different every time I analyze even the same group of companies. To make things more interesting, our list changes as companies fall off the list after six months and new companies are added whenever there is a split announcement. Taking all this into consideration, it's no surprise that Ensign Group finally made it into the portfolio five months after its split announcement.

So, on to the even better news. 2 for 1 is doing great so far this year. 2016 got off to a very rocky start but March was a terrific month for the market and for 2 for 1. The portfolio ended the 1<sup>st</sup> quarter up 4.46% while the market, depending on which broad market index you prefer, has advanced about 0.5%. On average, 2 for 1 has beaten the market by just under 3% per year for the last 19 years, so even if we just stay even with the market for the next nine months, we will still be above our average return for the year.

## THIS MONTH'S SELL

### Franklin Resources

Last month I explained why ITC was going to be sold early due to a pending merger. That will still happen, but I decided to stay with the regular order this month because, truth be told, I can't wait to get Franklin Resources (BEN) out of the portfolio. BEN never embraced the growing movement toward ETFs and has been losing assets under management and market share for years. BEN has been a real loser for 2 for 1, dropping 18% overall while the Vanguard 500 Index Fund has gained 28% over the same period.

## 2 for 1 MODEL PORTFOLIO – MARCH STATEMENT

		# SH	BOUGHT	COST PER SHARE	QUOTE ON 3/31/16	BASIS	START MONTH \$4,239.21	END MONTH \$5,256.94	% OF PORT 1.39%
CASH									
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	39.050	9,624.49	7,205.85	7,849.05	2.08%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	69.320	9,507.49	15,505.00	17,330.00	4.60%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	90.460	9,797.49	12,685.50	13,569.00	3.60%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	73.380	9,762.89	11,214.90	12,474.60	3.31%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	62.460	10,359.53	10,653.60	11,492.64	3.05%
RLI	RLI CORP.	220	12/16/13	46.470	66.860	10,223.49	13,809.40	14,709.20	3.90%
TD	TORONTO-DOMINION BANK	300	01/21/14	43.848	43.130	13,154.25	11,598.00	12,939.00	3.43%
ITC	ITC HOLDINGS	300	02/18/14	34.607	43.570	10,381.99	12,189.00	13,071.00	3.47%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	29.420	10,693.74	9,177.00	10,297.00	2.73%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	34.940	10,399.99	9,717.00	10,482.00	2.78%
AAPL	APPLE CORP	119	05/19/14	86.355	108.990	10,276.29	11,506.11	12,969.81	3.44%
UNP	UNION PACIFIC	130	06/16/14	83.431	79.550	10,846.00	10,251.80	10,341.50	2.74%
OTEX	OPENTEXT INC	230	07/21/14	47.719	51.800	10,975.33	11,440.20	11,914.00	3.16%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	60.090	8,287.03	13,094.40	13,219.80	3.51%
APH	AMPHENOL	216	09/15/14	52.086	57.820	11,250.63	11,463.12	12,489.12	3.31%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	51.910	11,741.96	14,946.40	14,534.80	3.86%
HAIN	HAIN CELESTIAL GROUP	300	12/15/14	36.803	40.910	11,040.87	11,091.00	12,273.00	3.26%
GNTX	GENTEX CORP	660	01/20/15	17.395	15.690	11,480.79	9,609.60	10,355.40	2.75%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	36.430	12,129.73	13,155.60	13,843.40	3.67%
MGA	MAGNA INTERNATIONAL INC	232	03/16/15	52.018	42.960	12,068.19	9,013.20	9,966.72	2.64%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	59.700	12,470.36	15,134.60	15,522.00	4.12%
PPG	PPG INDUSTRIES	133	05/18/15	110.692	111.490	14,722.05	12,838.49	14,828.17	3.93%
NTT	NIPPON T & T	350	06/15/15	35.340	43.240	12,368.84	14,948.50	15,134.00	4.02%
CF	CF INDUSTRIES HOLDINGS	250	07/20/15	60.978	31.340	15,244.38	9,115.00	7,835.00	2.08%
EXPO	EXPONENT INC.	285	08/17/15	43.895	51.010	12,510.09	13,306.65	14,537.85	3.86%
FBIZ	FIRST BUSINESS FINANCIAL SERV.	520	09/21/15	23.019	22.930	11,969.99	10,977.20	11,923.60	3.16%
AZN	ASTRAZENECA	370	11/16/15	32.394	28.160	11,985.78	10,607.90	10,419.20	2.76%
AFSI	AMTRUST FINANCIAL SERVICES	400	12/21/15	30.754	25.880	12,301.63	9,780.00	10,352.00	2.75%
HRL	HORMEL FOODS	292	01/19/16	38.784	43.240	11,324.99	12,412.92	12,626.08	3.35%
NKE	NIKE, INC.	200	02/16/16	57.990	61.470	11,597.99	12,318.00	12,294.00	3.26%
TOTAL CASH AND EQUITIES						\$340,498.27		\$376,849.88	100.00%

## ACCOUNT VALUE SUMMARY - 3/31/16

Description	Amount
Last Month's Closing Equity	\$355,005.15
Change in Stock Value	\$20,827.00
Interest & Dividends	\$1,017.73
This Month's Closing Equity	\$376,849.88

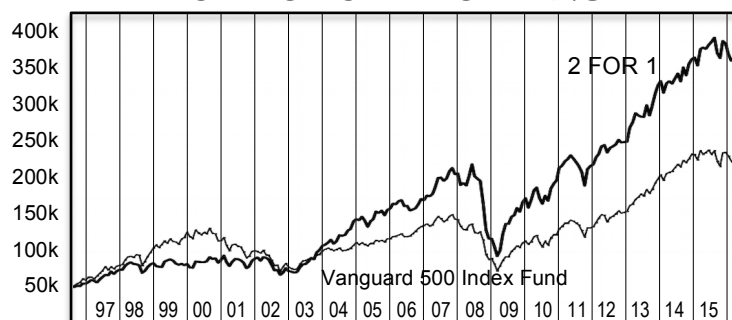
## ANNUALIZED RETURN 7/31/96 – 3/31/16

2 for 1: + **10.82%** Vanguard 500 Fund: +7.99%  
(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, an IRA account with E\*Trade in the editor's name. 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<sup>®</sup>, based on a portfolio of 30 companies, large and small. The 2 for 1 portfolio was started in July, 1996 with \$50,000. The \$340,498 basis above reflects \$290,498 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<sup>®</sup> is published and distributed by Neil Macneale, Inc., 140 O'Connor St., Menlo Park, CA 94025. Phone 408-210-6881. E-mail splits241@2-for-1.com. Neil Macneale, Inc., dba 2 for 1<sup>®</sup>, is not a broker and does not offer individual investment advice. 2 for 1 is published each month on the Friday closest to the 15<sup>th</sup> 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 automatic monthly debit from any major credit or debit card approximately one week prior to publication. No long-term commitment is required.