



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 22 Issue 4

2-for-1.com

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PORTFOLIO ITEMS

What to do about AFSI

Every so often 2 for 1 gets hit with a pie in the face, a real surprise, an embarrassment. We seem to be dealing with one of those moments now with the saga of Amtrust Financial Services (AFSI). As I write this (4/11), our position in AFSI has lost over half its value. Over the last six weeks or so, all news releases about AFSI would have to be considered negative. These would include the ones announcing the late filing of its 10-K and 10-Q reports with the SEC, disclosure of an FBI investigation, secret recordings by an auditor whistleblower, and solicitations to shareholders from law firms seeking to profit from class action suits.

Wow, it's no wonder AFSI shares have dropped like a rock but, so far, there is more speculation than hard information. Has AFSI pulled one over on its auditor, was the auditor incompetent, was there criminal activity? We'll know the answers to these questions eventually but, right now, the only question for me is "What to do?" or, should I do nothing at all.

If there isn't eventually some good news, 2 for 1 will surely lose some money on AFSI. But, even in the worst case, should our AFSI position drop to zero, the hit to the overall portfolio will be limited to 3.33%, thus demonstrating the value of good diversification. But here's where patience and a high tolerance for uncertainty could pay off. AFSI is only halfway up the portfolio ladder. By the time it gets to the top, over a year from now, it's quite possible all the issues will be resolved and the stock price will reflect the actual value of the company. That would be the best case.

If I were a real gambler, I would buy more shares of AFSI. Instead, I'm going to remain neutral and do nothing. We're just going to have to wait and see what happens.

2 for 1 finished a little ahead of the market for March but was behind the market for the quarter. The pendulum should start to swing our way again in the near future.

RECENT SPLITS – OUR BUY

Copart Inc.

Copart Inc. (CPRT) was the only 2 for 1 split announced in March, but it fills the bill nicely as the newest addition to the 2 for 1 portfolio. 2 for 1 has owned CPRT previously, over the period 4/12 through 10/14. It underperformed the portfolio as a whole, but still returned over 20%. Many of its numbers are quite good right now and it could do better this time around.

Copart operates a comprehensive world-wide online vehicle auction and remarketing service, primarily selling vehicles for insurance companies, banks, and auto dealers. Buyers are primarily dismantlers, used vehicle dealers, and exporters. Founded in 1982, but only incorporated in 2012, the company has grown to become a major player in this niche business. Revenue, profits, and return on investment have also grown at above average rates for this industry. Volatility pretty much matches the market and the balance sheet is in line with industry averages. The biggest drag on its ranking score is the lack of a dividend. We'll have to overlook that and focus on good growth and excellent profitability.

I like Copart for another reason. This company falls into the "someone's got to do it" category. Selling wrecked and worn out cars is not a glamorous business. Over 90 million shiny new vehicles are manufactured every year around the world and, eventually, they all wind up in the scrap heap. Copart has figured out how to profit on the trip from factory to junkyard.

THIS MONTH'S SELL

Nippon Tel & Tel

As announced in our 4/3 email alert, our ownership of NTT had to be terminated in order to satisfy the rule that our stocks must be listed on one of the



major exchanges in the USA. When NTT voluntarily delisted from the NYSE our shares were sold on 4/3.

Appreciation, combined with NTT's generous dividend, gave us a 13.8% annualized return over our 21-month ownership. Vanguard's 500 Index Fund returned 9.3% annualized over the same period.

2 for 1 MODEL PORTFOLIO – MARCH STATEMENT

| | | # SH | BOUGHT | COST PER SHARE | QUOTE ON 3/31/17 | BASIS | START MONTH | END MONTH | % OF PORT |
|-------------------------|-------------------------------|------|----------|----------------------|------------------------|--------------|----------------|--------------|--------------|
| CASH | | | | | | | \$4,780.38 | \$5,761.21 | 1.37% |
| UNP | UNION PACIFIC | 130 | 06/16/14 | 83.431 | 105.920 | 10,846.00 | 14,032.20 | 13,769.60 | 3.29% |
| COLM | COLUMBIA SPORTSWEAR | 220 | 08/18/14 | 37.668 | 58.750 | 8,287.03 | 12,086.80 | 12,925.00 | 3.08% |
| APH | AMPHENOL | 216 | 09/15/14 | 52.086 | 71.170 | 11,250.63 | 14,949.36 | 15,372.72 | 3.67% |
| CALM | CAL-MAINE FOODS | 280 | 11/17/14 | 41.936 | 36.800 | 11,741.96 | 10,626.00 | 10,304.00 | 2.46% |
| HAIN | HAIN CELESTIAL GROUP | 300 | 12/15/14 | 36.803 | 37.200 | 11,040.87 | 10,614.00 | 11,160.00 | 2.66% |
| GNTX | GENTEX CORP | 660 | 01/20/15 | 17.395 | 21.330 | 11,480.79 | 13,879.80 | 14,077.80 | 3.36% |
| NJR | NEW JERSEY RESOURCES | 380 | 02/17/15 | 31.920 | 39.600 | 12,129.73 | 14,972.00 | 15,048.00 | 3.59% |
| MGA | MAGNA INTERNATIONAL INC | 300 | 03/16/15 | 49.120 | 43.160 | 14,736.13 | 12,858.00 | 12,948.00 | 3.09% |
| SBUX | STARBUCKS CORP. | 260 | 04/20/15 | 47.963 | 58.390 | 12,470.36 | 14,786.20 | 15,181.40 | 3.62% |
| PPG | PPG INDUSTRIES | 133 | 05/18/15 | 110.692 | 105.080 | 14,722.05 | 13,623.19 | 13,975.64 | 3.33% |
| NTT | NIPPON T & T | 350 | 06/15/15 | 35.340 | 42.840 | 12,368.84 | 14,819.00 | 14,994.00 | 3.58% |
| CF | CF INDUSTRIES HOLDINGS | 400 | 07/20/15 | 48.350 | 29.350 | 19,339.80 | 12,568.00 | 11,740.00 | 2.80% |
| EXPO | EXPONENT INC. | 285 | 08/17/15 | 43.895 | 59.550 | 12,510.09 | 16,373.25 | 16,971.75 | 4.05% |
| FBIZ | FIRST BUSINESS FINANCIAL SERV | 563 | 09/21/15 | 22.959 | 25.960 | 12,925.98 | 14,198.86 | 14,615.48 | 3.49% |
| AZN | ASTRAZENECA | 435 | 11/16/15 | 31.581 | 31.140 | 13,737.77 | 12,728.10 | 13,545.90 | 3.23% |
| AFSI | AMTRUST FINANCIAL SERVICES | 455 | 12/21/15 | 30.181 | 18.460 | 13,732.27 | 10,465.00 | 8,399.30 | 2.00% |
| HRL | HORMEL FOODS | 336 | 01/19/16 | 38.371 | 34.630 | 12,892.58 | 11,844.00 | 11,635.68 | 2.78% |
| NKE | NIKE, INC. | 224 | 02/16/16 | 57.296 | 55.730 | 12,834.38 | 12,803.84 | 12,483.52 | 2.98% |
| ENSG | ENSIGN GROUP | 670 | 04/18/16 | 22.227 | 18.800 | 14,891.80 | 12,622.80 | 12,596.00 | 3.01% |
| HOMB | HOME BANCSHARES | 600 | 05/16/16 | 20.351 | 27.070 | 12,210.63 | 16,884.00 | 16,242.00 | 3.88% |
| LNT | ALLIANT ENERGY | 320 | 06/20/16 | 39.040 | 39.610 | 12,492.74 | 12,633.60 | 12,675.20 | 3.02% |
| LKFN | LAKELAND FINANCIAL | 390 | 07/18/16 | 33.277 | 43.120 | 12,978.19 | 17,702.10 | 16,816.80 | 4.01% |
| ICE | INTERCONTINENTAL EXCHANGE | 230 | 08/15/16 | 55.893 | 59.870 | 12,855.38 | 13,139.90 | 13,770.10 | 3.29% |
| BMI | BADGER METER INC | 380 | 09/19/16 | 33.166 | 36.750 | 12,603.19 | 13,908.00 | 13,965.00 | 3.33% |
| TTC | TORO CORP | 265 | 10/17/16 | 47.294 | 62.460 | 12,532.89 | 15,955.65 | 16,551.90 | 3.95% |
| CHD | CHURCH & DWIGHT | 292 | 11/21/16 | 44.939 | 49.870 | 13,122.07 | 14,553.28 | 14,562.04 | 3.47% |
| NAVJ | NAVAGATORS GROUP INC | 230 | 12/19/16 | 58.048 | 54.300 | 13,351.14 | 12,661.50 | 12,489.00 | 2.98% |
| OTEX | OPENTEXT INC | 460 | 07/21/14 | 23.859 | 34.010 | 10,975.33 | 15,170.80 | 15,644.60 | 3.73% |
| AOS | A.O. SMITH CORP | 285 | 01/17/17 | 48.233 | 51.160 | 13,746.36 | 14,352.60 | 14,580.60 | 3.48% |
| CMCSA | COMCAST | 380 | 02/24/17 | 37.551 | 37.590 | 14,269.49 | 14,219.60 | 14,284.20 | 3.41% |
| TOTAL CASH AND EQUITIES | | | | | | \$385,076.47 | \$419,086.44 | 100.00% | |

ACCOUNT VALUE SUMMARY - 3/31/17

| Description | Amount |
|-----------------------------|--------------|
| Last Month's Closing Equity | \$416,811.81 |
| Change in Stock Value | \$1,293.80 |
| Interest & Dividends | \$980.83 |
| This Month's Closing Equity | \$419,086.44 |

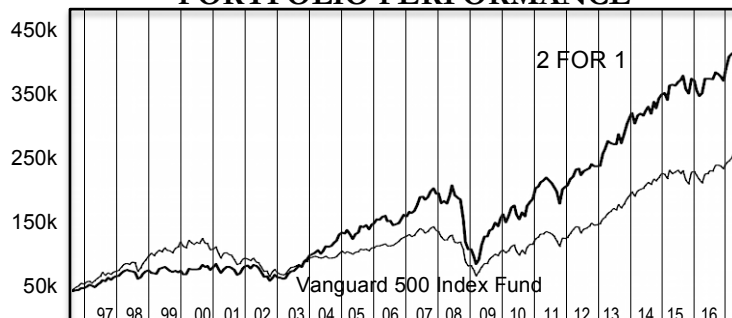
ANNUALIZED RETURN 7/31/96 – 3/31/17

2 for 1: + **10.83%** Vanguard 500 Fund: +8.42%
(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®, based on a portfolio of 30 companies, large and small. The 2 for 1 portfolio was started in July, 1996 with \$50,000. The \$378,978 basis above reflects \$328,978 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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