



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 19 Issue 8

2-for-1.com

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JULY SPLITS – OUR BUY

Columbia Sportswear

Rules are made to be broken, and I'm going to at least bend one of my own rules about apparel companies. I have had very bad experiences with "fashion" and apparel stocks over the years – Tommy Hilfiger and Aeropostale, to name just two – and I have vowed not to repeat those mistakes. However, Columbia Sportswear (COLM) has forced me to reconsider. Not only did our ranking algorithm score COLM higher than any other company has scored for months, this business has such a long history and a great story, I just couldn't pass it up.

Columbia was started in 1938 in Portland, Oregon and is still run by the daughter and grandson of the founder. They make high-end apparel and equipment for all sorts of outdoor sports and activities. They are innovative, being the first to use Gore-Tex™ in outerwear; they are aggressive, expanding worldwide physically and through Internet sales, yet they are a conservatively run business with a super strong balance sheet and an excellent reputation. I'm hoping COLM will break my bad record with apparel companies. It will go into the portfolio next week.

Enterprise Product Partners (EPD) is the #2 stock this month. EPD is an oil and gas pipeline company with related services businesses. It has a good history and solid fundamentals. Its low 0.7 Beta and 3.8% dividend are its most appealing numbers, but it's also well ahead of its peers regarding return on assets and return on equity. The 2 for 1 portfolio already contains four energy related businesses, including two pipeline companies, so I'm happy to pass on EPD, but it deserves a look if you are still building your portfolio and are not put off by the oil business.

Symbol	Company	Split Date	Rank
COLM	Columbia Sportswear	09/26/14	1
EPD	Enterprise Product Ptns	08/21/14	2
CYT	Cytec Industries Inc	09/17/14	3
RKT	Rock-Tenn Co.	08/27/14	3
JOBS	51job Inc	08/07/14	4

PORTFOLIO ITEMS

Starting Year Nineteen

The first issue of 2 for 1 came out in August 1996. Eighteen years later, with the original investment multiplied over six-fold, I think it's safe to say there is some merit to the 2 for 1 strategy. The 2 for 1 portfolio closed out its 18th year at \$322,983, up 546% from its initial capitalization of \$50K. That's a 10.9% annualized return, better than the vast majority of other investment newsletters and equity mutual funds measured over the same time frame.

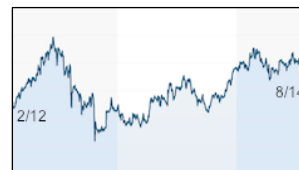
The 2 for 1 portfolio behaves like an index fund and correlates closely to the broad market indexes. The resultant ups and downs stretch the tolerance of many risk-averse investors but, for those able to stomach the rollercoaster, the rewards have been significant. I have stressed from the beginning that the 2 for 1 strategy is only for the equity portion of one's portfolio. A mix of investments in bonds, gold, and real estate can be used to temper the volatility of the stock market, but advice on that mix has always been beyond the scope of this newsletter.

The 2 for 1 portfolio has been flat so far this year and is several points behind the broad market indexes. Large cap stocks, many of which are expensive and over-bought, weigh more heavily in these indexes and are skewing them higher. I am counting on the small and mid-cap value stocks, which 2 for 1 favors, to eventually come out on top. Hang in there!

THIS MONTH'S SELL

Monster Beverages

Our sale of Monster Beverages (MNST) relieves us of one of the more volatile stocks in the portfolio. As seen in the graph, Monster's stock price has been all over the map since our purchase in 2/12. A portion of the position was sold just four months after purchase, producing a nice gain.



The rest will be sold next week for an approximate overall return of 29%, or 10.8% annualized. The Vanguard 500 Index Fund rose 49% over the same period.

2 for 1 MODEL PORTFOLIO – JULY STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 7/31/14	BASIS	START MONTH	END MONTH	% OF PORT
CASH							6158.29	7210.18	1.93%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	63.960	5593.49	7458.15	6715.80	2.08%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	19.600	7581.93	8784.00	7840.00	2.43%
CPRT	COPART INC	300	04/16/12	25.780	33.380	7733.98	10788.00	10014.00	3.10%
KO	COCA-COLA	200	05/21/12	37.174	39.290	7434.84	8472.00	7858.00	2.43%
CME	CME GROUP	140	06/21/12	54.923	73.940	7689.27	9933.00	10351.60	3.20%
AZZ	AZZ INC	250	07/16/12	32.320	43.640	8079.99	11520.00	10910.00	3.38%
TROX	TRONOX LTD.	445	08/20/12	25.073	26.540	11157.38	11970.50	11810.30	3.66%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	57.350	8078.49	10809.00	10323.00	3.20%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	80.190	7992.99	15127.20	14434.20	4.47%
SCL	STEPAN CO	160	11/19/12	47.062	48.120	7529.99	8457.60	7699.20	2.38%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.710	7644.39	8253.60	8090.40	2.50%
PRA	PROASSURANCE	244	01/25/13	44.493	43.630	10856.17	10833.60	10645.72	3.30%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	63.400	8931.59	10908.80	10144.00	3.14%
AOS	A. O. SMITH	260	11/15/10	19.147	46.700	4978.20	12890.80	12142.00	3.76%
TU	TELUS	310	04/22/13	35.342	34.900	10955.98	11544.40	10819.00	3.35%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	30.060	9315.99	14440.80	13226.40	4.10%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	30.550	9198.49	11298.20	10387.00	3.22%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	54.150	9624.49	11625.84	10884.15	3.37%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	40.750	9507.49	10545.00	10187.50	3.15%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	62.170	9797.49	9060.00	9325.50	2.89%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	70.440	9762.89	12294.40	11974.80	3.71%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	66.840	10359.53	11963.68	12298.56	3.81%
RLI	RLI CORP.	220	12/16/13	46.470	42.740	10223.49	10071.60	9402.80	2.91%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	52.250	10484.79	11927.12	12122.00	3.75%
ITC	ITC HOLDINGS	300	02/18/14	34.607	36.100	10381.99	10944.00	10830.00	3.35%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	27.830	10693.74	10293.50	9740.50	3.02%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	36.010	10399.99	11406.00	10803.00	3.34%
AAPL	APPLE CORP	119	05/19/14	86.355	95.600	10276.29	11058.67	11376.40	3.52%
UPN	UNION PACIFIC	108	06/16/14	100.426	98.310	10846.00	10773.00	10617.48	3.29%
OTEX	OPENTEXT INC	230	07/21/14	47.719	55.650	10975.33	10975.33	12799.50	3.96%
TOTAL CASH AND EQUITIES						274086.68		322982.99	100.00%

ACCOUNT VALUE SUMMARY - 7/31/14

Description	Amount
Last Month's Closing Equity	333303.75
Change in Stock Value	-10792.13
Interest & Dividends	471.37
This Month's Closing Equity	322982.99

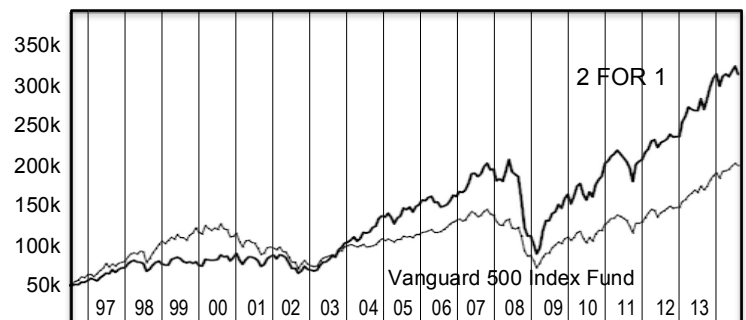
ANNUALIZED RETURN 7/31/96 – 7/31/14

2 for 1: + **10.92%** Vanguard 500 Fund: +8.21%
(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 \$274,087 basis above reflects \$224,087 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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