



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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2-for-1.com

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JULY SPLITS – OUR BUY

Intercontinental Exchange

The 21st year of 2 for 1 kicks off with the addition of Intercontinental Exchange Inc. (ICE) to the portfolio. ICE operates numerous securities exchanges around the world, including the New York Stock Exchange, the largest in the world. The consolidation of the various securities and commodity exchanges over the past decade has been dramatic and ICE is clearly the 800-pound gorilla in this business.

There were no split announcements in July but, on August 3, ICE announced its intent to issue a 5-to-1 stock split, pending stockholder and SEC approval. While not a formal declaration of the actual split, this announcement qualifies ICE for 2 for 1 eligibility, in that the signal of the board's confidence in future positive performance is abundantly clear.

Just as I did last month with LKFN, I compared ICE to the five May split announcements and its numbers were impressive. Factors boosting the total score include strong growth in revenue, earnings, and free cash flow, somewhat mitigating a higher than average PE ratio. High profitability, lower than average volatility and a respectable dividend are also very attractive.

As the world's economy becomes more and more intertwined, operating a safe, efficient and transparent trading platform for our various financial instruments will be critical to maintaining trust in our financial infrastructure. ICE would appear to be in the best position to lead that effort and will be added to the portfolio and 2 for 1 Index[®] next week.

Full Disclosure! Neil Macneale Inc. has a signed agreement with the NYSE to calculate and publish the intraday and daily closing values of the 2 for 1 Index. This information can be found at nyse.com/quote/index/splits. This agreement has been in effect since 12/1/2014. It's hard to imagine where there might be a conflict of interest here, but I thought you should know.

PORTFOLIO ITEMS

A Word About CF Industries

I've had several calls and emails from subscribers asking me what they should do about CF Industries. CF is under severe pressure due to over-capacity in the fertilizer industry and resulting low prices for nitrogen products. The stock price is at less than one third of the level of our original purchase. I have added to the position twice, lowering our basis, but we're still down over 50% overall. The temptation is to dump what seems to be a real loser and simply swallow the loss. I'm not going to do that and recommend my readers don't either, and I'll give you two reasons.

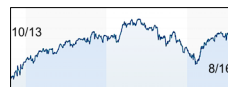
First, the 2 for 1 methodology dictates a position be held for 30 months, no matter what's going on in the market or how well or poorly a particular stock is performing. This system has worked well for 20 years and CF's travails are not reason enough to make exceptions. Second, CF is actually in a very good position to gain significant market share over the next few years. CF is the world's second largest producer of nitrogen products and at a very low cost. The company is making money, even at today's prices, and has the best free cash flow numbers in the industry. As the high cost producers curtail their production, CF will be there to take up the slack. While not guaranteed, my guess is CF will be one of those examples where time will reward the patient investor.

The 2 for 1 portfolio trailed the market averages for July but closed out the month at an all-time high.

THIS MONTH'S SELL

DaVita Healthcare Partners

Treatment of kidney disease is a business that's not going away any time soon, and DVA is there to fill a real need. DaVita does not pay a dividend, a rarity in our portfolio, but price appreciation alone has given us over a 10% annualized return. The Vanguard 500 fund returned just over 8% overall for the same period. Warren Buffett most likely won't be selling his large position in DVA but, for 2 for 1, it's time.



2 for 1 MODEL PORTFOLIO – JULY STATEMENT

		# SH	BOUGHT	COST PER SHARE	QUOTE ON 7/31/16	BASIS	START MONTH \$2,234.08	END MONTH \$3,539.30	% OF PORT 0.92%
CASH									
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	77.540	9,762.89	13,144.40	13,181.80	3.41%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	63.210	10,359.53	10,867.04	11,630.64	3.01%
RLI	RLI CORP.	220	12/16/13	46.470	68.170	10,223.49	15,131.60	14,997.40	3.88%
TD	TORONTO-DOMINION BANK	300	01/21/14	43.848	43.570	13,154.25	12,879.00	13,071.00	3.38%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	34.040	10,693.74	11,158.00	11,914.00	3.08%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	40.990	10,399.99	10,542.00	12,297.00	3.18%
AAPL	APPLE CORP	119	05/19/14	86.355	104.210	10,276.29	11,376.40	12,400.99	3.21%
UNP	UNION PACIFIC	130	06/16/14	83.431	93.050	10,846.00	11,342.50	12,096.50	3.13%
OTEX	OPENTEXT INC	230	07/21/14	47.719	60.930	10,975.33	13,606.80	14,013.90	3.62%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	57.250	8,287.03	12,658.80	12,595.00	3.26%
APH	AMPHENOL	216	09/15/14	52.086	59.520	11,250.63	12,383.28	12,856.32	3.33%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	41.900	11,741.96	12,409.60	11,732.00	3.03%
HAIN	HAIN CELESTIAL GROUP	300	12/15/14	36.803	52.790	11,040.87	14,925.00	15,837.00	4.10%
GNTX	GENTEX CORP	660	01/20/15	17.395	17.670	11,480.79	10,197.00	11,662.20	3.02%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	37.240	12,129.73	14,649.00	14,151.20	3.66%
MGA	MAGNA INTERNATIONAL INC	300	03/16/15	49.120	38.570	14,736.13	10,521.00	11,571.00	2.99%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	58.050	12,470.36	14,851.20	15,093.00	3.90%
PPG	PPG INDUSTRIES	133	05/18/15	110.692	104.710	14,722.05	13,851.95	13,926.43	3.60%
NTT	NIPPON T & T	350	06/15/15	35.340	47.430	12,368.84	16,478.00	16,600.50	4.29%
CF	CF INDUSTRIES HOLDINGS	400	07/20/15	48.350	24.680	19,339.80	9,640.00	9,872.00	2.55%
EXPO	EXPONENT INC.	285	08/17/15	43.895	50.810	12,510.09	16,646.85	14,480.85	3.75%
FBIZ	FIRST BUSINESS FINANCIAL SERV	520	09/21/15	23.019	23.710	11,969.99	12,204.40	12,329.20	3.19%
AZN	ASTRAZENECA	370	11/16/15	32.394	34.140	11,985.78	11,170.30	12,631.80	3.27%
AFSI	AMTRUST FINANCIAL SERVICES	400	12/21/15	30.754	23.870	12,301.63	9,800.00	9,548.00	2.47%
HRL	HORMEL FOODS	292	01/19/16	38.784	37.350	11,324.99	10,687.20	10,906.20	2.82%
NKE	NIKE, INC.	200	02/16/16	57.990	55.500	11,597.99	11,040.00	11,100.00	2.87%
ENSG	ENSIGN GROUP	550	04/18/16	23.249	21.500	12,786.99	11,555.50	11,825.00	3.06%
HOMB	HOME BANCSHARES	600	05/16/16	20.351	20.870	12,210.63	11,874.00	12,522.00	3.24%
LNT	ALLIANT ENERGY	320	06/20/16	39.040	40.250	12,492.74	12,704.00	12,880.00	3.33%
LKFN	LAKELAND FINANCIAL	260	07/18/16	49.916	51.350	12,978.19	12,978.19	13,351.00	3.45%
TOTAL CASH AND EQUITIES						\$358,418.72	\$386,613.23	100.00%	

ACCOUNT VALUE SUMMARY - 7/31/16

Description	Amount
Last Month's Closing Equity	\$376,205.90
Change in Stock Value	\$9,951.12
Interest & Dividends	\$456.21
This Month's Closing Equity	\$386,613.23

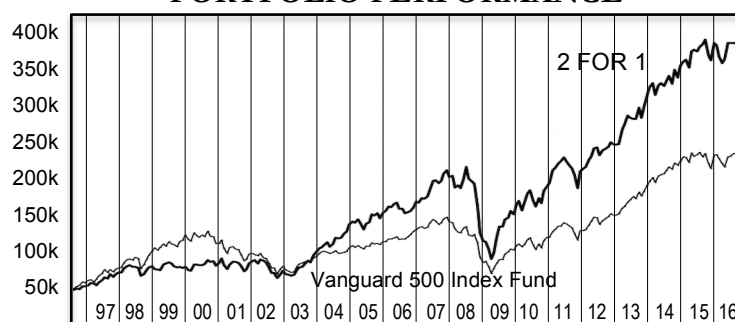
ANNUALIZED RETURN 7/31/96 – 7/31/16

2 for 1: + **10.77%** 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, 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 \$358,419 basis above reflects \$308,419 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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