



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

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2-for-1.com

December 12, 2014

## NOVEMBER SPLITS – OUR BUY

### Hain Celestial Group

This month's selection process for the 2 for 1 Index and model portfolio was a close call. Infosys Ltd. (INFY) and Hain Celestial (HAIN) are quite different in their businesses and in many of their fundamental numbers but they were scored quite similarly by our ranking formula.

Hain Celestial (HAIN) is a worldwide manufacturer and distributor of natural and organic foods under dozens of brand names. Benefiting from increased awareness of the need for healthier eating, Hain has seen growth in revenue average over 13% and growth in book value per share of over 18% for the last five years for both. Its PE ratio of almost 44 is way over what I usually consider acceptable for the 2 for 1 portfolio but its price-to-book ratio of 3.6, another measure of value, is more reasonable. The number that pushed HAIN to the top is its very low 0.38 Beta compared to 1.32 for INFY. I'm counting on this steady, well-run business to help the 2 for 1 portfolio weather the storm brewing in our very frothy topped-out market.

Infosys Ltd. provides business consulting, technology, engineering, and outsourced IT services worldwide. Traded on the NYSE in the form of American Depositary Shares, the ADS's split 2 for 1 on December 5<sup>th</sup> to reflect a similar split in the underlying shares traded in India. INFY is a big (\$77B market cap) player in the IT field. Earnings are increasing but the PE remains near the market average at 19.8. Its recent entry into cloud services puts INFY in direct competition with bigger and more experienced players, such as Amazon, and results could suffer.

Symbol	Company	Split Delivery	Rank
HAIN	Hain Celestial Group	12/29/14	1
INFY	Infosys Ltd.	12/05/14	2
RKT	RockTenn Co.	08/27/14	3
PHX	Panhandle Oil & Gas	10/08/14	4
SYNT	Syntel Inc	11/03/14	4
STN	Stantec Inc	11/14/14	5
MARA	Marathon Patent Group	12/22/14	5

## PORTFOLIO ITEMS

### The Tortoise and the Hare

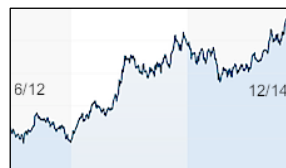
The fable of the tortoise and the hare has been mentioned several times in this column over the years but I feel the need to dredge it up again as we near the close of 2014. This has not been a great year for the 2 for 1 portfolio. With only a few weeks to go, it is highly unlikely we will achieve our goal of beating the return of the Vanguard 500 Index Fund (VFINX). For the year-to-date, we stand near +9% while the VFINX is just over +13%. For solace, I look back at our performance over the years. For example, 2006 and 2008 were both years when 2 for 1 fell behind the Vanguard 500 Index Fund, only to be followed by years where the 2 for 1 portfolio strongly outperformed the VFINX. For more detail, see the table at the bottom of <http://2-for-1.com/track-record>.

It seems as the end of a bull market approaches, the large institutions and mutual funds tend to concentrate their attention on the popular, well known, large-cap names. This is an attempt to be "safe" by avoiding the smaller, less well known companies as everyone prepares for the next downturn. This phenomenon drives up the indexes weighted by market cap, such as the S&P 500, and makes it very difficult for more well diversified, equally weighted indexes, such as 2 for 1, to keep up. That's what's happening now but the odds are we will eventually prevail and win the race, as the ancient fable rings true once again.

## THIS MONTH'S SELL

### CME Group

With dividends and costs included, CME will return about 25% annualized when we sell early next week. The account statement on the 2<sup>nd</sup> page of



your newsletter indicates a 3.36% weighting for the CME position. Because CME began as 3.33% of the portfolio, one might think its performance has been somewhat lackluster. On the contrary, these figures mean the portfolio, as a whole, has kept up with CME's nice gains over that same 2½ year time frame.

## 2 for 1 MODEL PORTFOLIO – NOVEMBER STATEMENT

	# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 11/28/14	BASIS	START MONTH \$5,952.53	END MONTH \$3,294.11	% OF PORT 0.93%	
CASH									
CME	CME GROUP	140	06/21/12	54.923	84.640	7,689.27	11,733.40	11,849.60	3.36%
AZZ	AZZ INC	250	07/16/12	32.320	44.780	8,079.99	11,690.00	11,195.00	3.18%
TROX	TRONOX LTD.	445	08/20/12	25.073	22.550	11,157.38	10,760.10	10,034.75	2.85%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	51.450	8,078.49	10,143.00	9,261.00	2.63%
MMP	MAGELLAN MIDSTREAM PARTNERS	140	10/16/12	44.406	82.890	6,216.77	11,461.80	11,604.60	3.29%
SCL	STEPAN CO	160	11/19/12	47.062	41.400	7,529.99	7,084.80	6,624.00	1.88%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.650	7,644.39	8,030.40	8,076.00	2.29%
PRA	PROASSURANCE	244	01/25/13	44.493	45.090	10,856.17	11,414.32	11,001.96	3.12%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	69.590	8,931.59	10,700.80	11,134.40	3.16%
AOS	A. O. SMITH	260	11/15/10	19.147	53.930	4,978.20	13,871.00	14,021.80	3.98%
TU	TELUS	310	04/22/13	35.342	38.000	10,955.98	11,113.50	11,780.00	3.34%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	31.670	9,315.99	14,044.80	13,934.80	3.95%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	34.890	9,198.49	12,165.20	11,862.60	3.37%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	56.860	9,624.49	11,177.61	11,428.86	3.24%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	52.010	9,507.49	12,812.50	13,002.50	3.69%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	76.930	9,797.49	10,983.00	11,539.50	3.27%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	76.530	9,762.89	13,271.90	13,010.10	3.69%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	71.050	10,359.53	12,986.72	13,073.20	3.71%
RLI	RLI CORP.	220	12/16/13	46.470	45.930	10,223.49	10,909.80	10,104.60	2.87%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	50.490	10,484.79	11,428.32	11,713.68	3.32%
ITC	ITC HOLDINGS	300	02/18/14	34.607	37.990	10,381.99	11,883.00	11,397.00	3.23%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	32.810	10,693.74	11,361.00	11,483.50	3.26%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	37.700	10,399.99	11,400.00	11,310.00	3.21%
AAPL	APPLE CORP	119	05/19/14	86.355	118.930	10,276.29	12,852.00	14,152.67	4.02%
UNP	UNION PACIFIC	108	06/16/14	100.426	116.770	10,846.00	12,576.60	12,611.16	3.58%
OTEX	OPENTEXT INC	230	07/21/14	47.719	59.120	10,975.33	12,677.60	13,597.60	3.86%
COLM	COLUMBIA SPORTSWEAR	300	08/18/14	37.668	45.050	11,300.49	11,562.00	13,515.00	3.83%
APH	AMPHENOL	216	09/15/14	52.086	53.630	11,250.63	10,925.28	11,584.08	3.29%
CYT	CYTEC INDUSTRIES	240	10/20/14	44.240	48.100	10,617.65	11,191.20	11,544.00	3.28%
CALM	CAL-MAINE FOODS	280	11/17/14	41.900	41.880	11,741.96	11,741.96	11,726.40	3.33%
TOTAL CASH AND EQUITIES						\$288,876.94	\$352,468.47	100.00%	

## ACCOUNT VALUE SUMMARY - 11/30/14

Description	Amount
Last Month's Closing Equity	\$348,540.18
Change in Stock Value	\$3,380.57
Interest & Dividends	\$547.72
This Month's Closing Equity	\$352,468.47

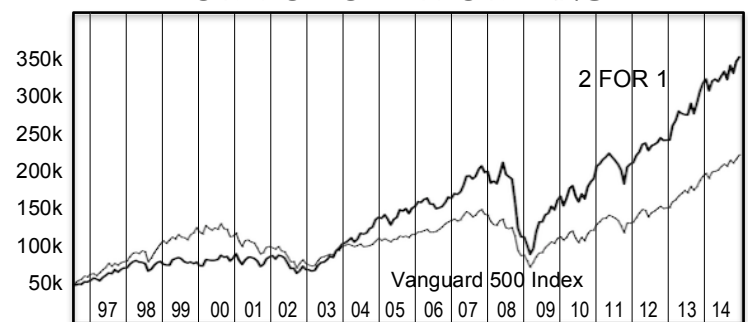
## ANNUALIZED RETURN 7/31/96 – 11/30/14

2 for 1: + **11.24%** Vanguard 500 Fund: +8.50%  
(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 \$288,877 basis above reflects \$238,877 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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