



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

Volume 20 Issue 12

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

December 18, 2015

## NOVEMBER SPLITS – OUR BUY

### AmTrust Financial Services

There were three split announcements in November but, to widen the field, I also included in the ranking calculations the two splits already announced in December. Sure enough, one of those splits, AmTrust Financial Services (AFSI) got the top spot. AFSI is an insurance company, making it the third position in that industry in the 2 for 1 portfolio. AmTrust is licensed in all 50 states and concentrates its efforts in the small business workman's compensation, property, and casualty areas. AFSI scored very well primarily because of its low PE ratio (10.8) and its very healthy growth over the last five years. Its 1.9% dividend and well below market volatility are also very attractive. Insurance is a business that Warren Buffett likes, adding to my comfort level with this month's selection.

Selecting one of December's splits does not worry me for this reason. Even if there are no additional splits in December, I can always come back to Hormel (HRL) for January's pic. HRL was a very close second in the ranking calculations this time around so it will remain on the radar screen for several more months. Hormel is a food processing and packaging business best known for Spam<sup>®</sup> but offering dozens of other branded products as well, including Stag chili and Skippy peanut butter. HRL's most attractive features are its very steady growth with low debt and low volatility.

The Ensign Group (ENSG) offers health services through 178 facilities across the western USA, including nursing, rehab, hospice, and social services. ENSG is profitable in a business where that is not the case for many operators. It would be a good pick if you want a health care company.

Symbol	Company	Split Delivery	Rank
AFSI	AmTrust Financial Serv	02/02/16	1
HRL	Hormel Foods	02/09/16	2
ENSG	The Ensign Group, Inc	12/23/15	3
NKE	Nike Inc.	12/23/15	3
EW	Edwards Lifesciences	12/11/15	4

## PORTFOLIO ITEMS

### A Rough Patch

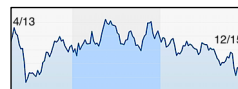
I'm writing this just a few hours after Fed Chair Janet Yellen announced the interest rate hike everyone had been expecting for months now. The market responded with a nice up-tick and the pundits immediately started speculating on the date of the next rate hike. While there's no reason to think the Fed announcement should damp down the market volatility, one can always hope. We should give the Fed a rest.

The last three months have been rough for the 2 for 1 portfolio and there isn't enough time left in December for us to catch up with the market for the quarter. When asked, "What's happening?" I usually respond with something glib - "You can't win them all" (see Telus below) or "We're just going through a rough patch." Here's what may really be happening. When the world is in turmoil – terrorism, oil prices, political craziness, etc. – investors, especially the big money managers, gravitate toward safety. In equities, this means the large-cap, well known names. The proof is in the YTD returns for three well know indexes. The very broad market Wilshire 5000 stands at -3.69% for the year, the S&P 500 is at -0.72%, while the 30-stock Dow Jones Industrial Average is UP 1.70% year to date. It is my opinion, based on 2 for 1's behavior in the past, the mid-cap and small-cap names, making up over half the portfolio, will revert to the mean over time and, overall, 2 for 1 will begin again to outperform the market.

## THIS MONTH'S SELL

### Telus

Our Canadian telephone company did not come through for 2 for 1. The strong U.S. dollar may have had something to do with this but, in a nutshell, this is simply proof that not all splits outperform the market. On average, splits do better, but not always. Telus (TU) was added to the portfolio in 4/13 and the position was boosted, at a lower price, in 3/14. Even with its generous dividend, our overall return has still been a negative -9.15%. The Vanguard 500 Index Fund grew 37.73% over the same period.



## 2 for 1 MODEL PORTFOLIO – NOVEMBER STATEMENT

		# SH	BOUGHT	COST PER SHARE	QUOTE ON 11/30/15	BASIS	START MONTH \$1,796.22	END MONTH \$5,669.50	% OF PORT 1.52%
CASH									
TU	TELUS	310	04/22/13	35.342	31.750	10,955.98	10,344.70	9,842.50	2.64%
HOMB	HOME BANCSHARES	340	05/20/13	21.173	45.120	7,198.72	14,592.80	15,340.80	4.11%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	41.830	9,198.49	13,855.00	14,222.20	3.81%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	41.920	9,624.49	8,192.76	8,425.92	2.26%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	63.050	9,507.49	15,002.50	15,762.50	4.22%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	89.350	9,797.49	13,858.50	13,402.50	3.59%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	73.040	9,762.89	13,176.70	12,416.80	3.33%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	59.750	10,359.53	11,240.56	10,994.00	2.94%
RLI	RLI CORP.	220	12/16/13	46.470	60.700	10,223.49	13,387.00	13,354.00	3.58%
TD	TORONTO-DOMINION BANK	300	01/21/14	43.848	40.820	13,154.25	12,306.00	12,246.00	3.28%
ITC	ITC HOLDINGS	300	02/18/14	34.607	36.880	10,381.99	9,816.00	11,064.00	2.96%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	31.490	10,693.74	11,032.00	11,021.50	2.95%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	36.320	10,399.99	10,908.00	10,896.00	2.92%
AAPL	APPLE CORP	119	05/19/14	86.355	118.300	10,276.29	14,220.50	14,077.70	3.77%
UNP	UNION PACIFIC	108	06/16/14	100.426	83.950	10,846.00	9,649.80	9,066.60	2.43%
OTEX	OPENTEXT INC	230	07/21/14	47.719	48.450	10,975.33	10,672.00	11,143.50	2.98%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	46.830	8,287.03	12,067.00	10,302.60	2.76%
APH	AMPHENOL	216	09/15/14	52.086	55.050	11,250.63	11,711.52	11,890.80	3.18%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	54.510	11,741.96	14,968.80	15,262.80	4.09%
HAIN	HAIN CELESTIAL GROUP	200	12/15/14	55.204	42.700	11,040.87	9,970.00	8,540.00	2.29%
GNTX	GENTEX CORP	660	01/20/15	17.395	16.735	11,480.79	10,817.40	11,045.10	2.96%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	30.050	12,129.73	12,038.40	11,419.00	3.06%
MGA	MAGNA INTERNATIONAL INC	232	03/16/15	52.018	45.440	12,068.19	12,233.36	10,542.08	2.82%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	61.390	12,470.36	16,268.20	15,961.40	4.28%
PPG	PPG INDUSTRIES	133	05/18/15	110.692	105.740	14,722.05	13,866.58	14,063.42	3.77%
NTT	NIPPON T & T	350	06/15/15	35.340	37.270	12,368.84	12,855.50	13,044.50	3.49%
CF	CF INDUSTRIES HOLDINGS	250	07/20/15	60.978	46.140	15,244.38	12,692.50	11,535.00	3.09%
EXPO	EXPONENT INC.	285	08/17/15	43.895	51.630	12,510.09	14,651.85	14,714.55	3.94%
FBIZ	FIRST BUSINESS FINANCIAL SERV	520	09/21/15	23.019	25.920	11,969.99	12,818.00	13,478.40	3.61%
AZN	ASTRAZENECA	370	11/16/15	32.394	34.050	11,985.78	11,985.78	12,598.50	3.37%
TOTAL CASH AND EQUITIES						\$332,626.85		\$373,344.17	100.00%

## ACCOUNT VALUE SUMMARY - 11/30/15

Description	Amount
Last Month's Closing Equity	\$376,374.15
Change in Stock Value	-\$3,619.32
Interest & Dividends	\$589.34
This Month's Closing Equity	\$373,344.17

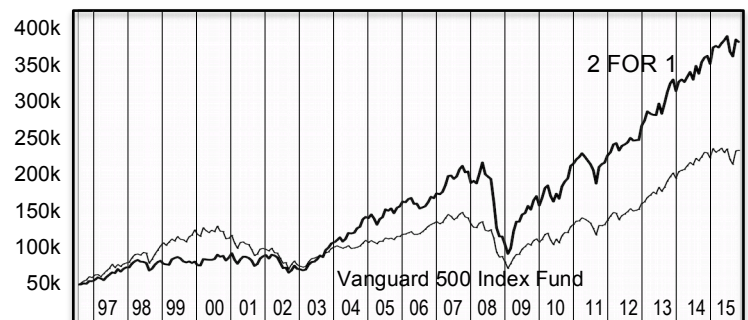
## ANNUALIZED RETURN 7/31/96 – 11/30/15

2 for 1: + **10.96%** Vanguard 500 Fund: +8.18%  
(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 \$332,627 basis above reflects \$282,627 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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