



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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RECENT SPLITS – OUR BUY

Navigators Group, Inc.

Last month was another slow one, with SFBS-ServisFirst Bancshares the only 2 for 1 split announcement since late October. Then, early in December, Navigators Group (NAVG) came along and saved the day. This is a nifty little insurance company operating out of Stamford Connecticut and specializing in marine coverage worldwide. High scoring metrics include a low measure of volatility, growing returns on investments, steady growth in revenue, and reasonable PE and price-to-book ratios. When these numbers, and others, are compared to those of its peers, most do not appear exceptional. But taken together, they paint a picture of a very well run, steadily growing business.

There are a few negative factors to consider regarding this recommendation. This is a fairly young company in the insurance world and it got into trouble a few years ago when it was fined \$275,000 for providing insurance to foreign flagged vessels under sanction by the Treasury's Office of Foreign Assets Control, including those of North Korea. The company has improved its compliance controls, has moved on, and this blot on its reputation does not appear to have been permanent.

While NAVG has a reasonable market cap of \$1.7B, its stock is relatively thinly traded at about 50,000 shares a day. A limit order and patience are recommended when purchasing this stock.

The one November split, ServisFirst Bancshares, is a small bank holding company based in Birmingham, Alabama. Numbers for SFBS are OK but not as good as for NAVG. Both these recent splits are in the financial services sector and the 2 for 1 portfolio is getting a little heavy in that department. However, we will be shedding our position in Allied World Assurance (AWH) in just two months, so I felt comfortable taking on a new position in the insurance business.

PORTFOLIO ITEMS

Cash is Put to Work

Because our cash account had grown to 1.5% of the portfolio and because all the sales coming up over the next five months will yield more than needed for each monthly buy, it was decided to use the excess cash to boost several of 2 for 1's poorer performers. An alert was sent to subscribers on Monday, 11/28 and on Tuesday morning I posted five limit orders with E*Trade. By the end of the day all five orders had been filled as follows:

- 65 shares of AZN @ \$26.80 = + 17.57% increase
- 24 shares of NKE @ \$51.10 = + 12.00% “
- 44 shares of HRL @ \$35.40 = + 15.07% “
- 55 shares of AFSI @ \$25.83 = + 13.75% “
- 43 shares of FBIZ @ \$22.00 = + 8.27% “

All these changes are reflected in the November statement on the back page, with the cash account reduced to under \$400. I never try to time the market but, with the recent spike in all the market indices, putting this cash to work has been beneficial.

The 2 for 1 portfolio is plus 13.8% for the year, as of this writing. That's about 3% ahead of the S&P 500, so I would be happy to close out 2016 today, but I guess we'll have to wait a few more weeks. Given the average PE ratio of the S&P 500 is over 25, and the average PE of the thirty 2 for 1 stocks is 24.3, it should be expected that things are going to cool off a bit at some point. Best wishes to all for a happy holiday season and let's hope 2017 doesn't get too crazy.

THIS MONTH'S SELL

Mueller Industries

The timing of our sale of Mueller Industries (MLI) will be quite fortuitous, given that one month ago we were in the red with this stock. As it happens, MLI reversed course in November and, if prices hold until next Monday, we will see about a 33.9% gain for this position, dividends and costs included. That's 11.2% annualized. The Vanguard 500 Index Fund has returned 21.8%, or 7.4% annualized, over the same period.



2 for 1 MODEL PORTFOLIO – NOVEMBER STATEMENT

		# SH	BOUGHT	COST PER SHARE	QUOTE ON 11/30/16	BASIS	START MONTH \$5,797.43	END MONTH \$379.18	% OF PORT
CASH									0.10%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	37.990	10,693.74	10,601.50	13,296.50	3.37%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	46.810	10,399.99	12,894.00	14,043.00	3.56%
AAPL	APPLE CORP	119	05/19/14	86.355	110.520	10,276.29	13,511.26	13,151.88	3.34%
UNP	UNION PACIFIC	130	06/16/14	83.431	101.330	10,846.00	11,463.40	13,172.90	3.34%
OTEX	OPENTEXT INC	230	07/21/14	47.719	63.560	10,975.33	14,278.40	14,618.80	3.71%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	56.870	8,287.03	12,460.80	12,511.40	3.18%
APH	AMPHENOL	216	09/15/14	52.086	68.260	11,250.63	14,240.88	14,744.16	3.74%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	40.700	11,741.96	10,822.00	11,396.00	2.89%
HAIN	HAIN CELESTIAL GROUP	300	12/15/14	36.803	39.190	11,040.87	10,911.00	11,757.00	2.98%
GNTX	GENTEX CORP	660	01/20/15	17.395	18.490	11,480.79	11,160.60	12,203.40	3.10%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	34.450	12,129.73	12,901.00	13,091.00	3.32%
MGA	MAGNA INTERNATIONAL INC	300	03/16/15	49.120	40.450	14,736.13	12,315.00	12,135.00	3.08%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	57.970	12,470.36	13,798.20	15,072.20	3.83%
PPG	PPG INDUSTRIES	133	05/18/15	110.692	95.930	14,722.05	12,386.29	12,758.69	3.24%
NTT	NIPPON T & T	350	06/15/15	35.340	40.210	12,368.84	15,536.50	14,073.50	3.57%
CF	CF INDUSTRIES HOLDINGS	400	07/20/15	48.350	28.940	19,339.80	9,604.00	11,576.00	2.94%
EXPO	EXPONENT INC.	285	08/17/15	43.895	60.650	12,510.09	16,316.25	17,285.25	4.39%
FBIZ	FIRST BUSINESS FINANCIAL SERV.	563	09/21/15	22.959	21.950	12,925.98	9,802.00	12,357.85	3.14%
AZN	ASTRAZENECA	435	11/16/15	31.581	26.140	13,737.77	10,478.40	11,370.90	2.89%
AFSI	AMTRUST FINANCIAL SERVICES	455	12/21/15	30.181	25.460	13,732.27	10,556.00	11,584.30	2.94%
HRL	HORMEL FOODS	336	01/19/16	38.371	34.240	12,892.58	11,242.00	11,504.64	2.92%
NKE	NIKE, INC.	224	02/16/16	57.296	50.070	12,834.38	10,036.00	11,215.68	2.85%
ENSG	ENSIGN GROUP	550	04/18/16	23.249	21.620	12,786.99	10,158.50	11,891.00	3.02%
HOMB	HOME BANCSHARES	600	05/16/16	20.351	25.870	12,210.63	12,906.00	15,522.00	3.94%
LNT	ALLIANT ENERGY	320	06/20/16	39.040	35.920	12,492.74	12,176.00	11,494.40	2.92%
LKFN	LAKELAND FINANCIAL	390	07/18/16	33.277	42.200	12,978.19	14,367.60	16,458.00	4.18%
ICE	INTERCONTINENTAL EXCHANGE	230	08/15/16	55.893	55.400	12,855.38	12,437.94	12,742.00	3.23%
BMI	BADGER METER INC	380	09/19/16	33.166	36.250	12,603.19	12,217.00	13,775.00	3.50%
TTC	TORO CORP	265	10/17/16	47.294	52.930	12,532.89	12,688.20	14,026.45	3.56%
CHD	CHURCH & DWIGHT	292	11/21/16	44.939	43.790	13,122.07	13,122.07	12,786.68	3.25%
TOTAL CASH AND EQUITIES						\$372,974.69		\$393,994.76	100.00%

ACCOUNT VALUE SUMMARY - 11/30/16

Description	Amount
Last Month's Closing Equity	\$373,678.15
Change in Stock Value	\$19,855.89
Interest & Dividends	\$460.72
This Month's Closing Equity	\$393,994.76

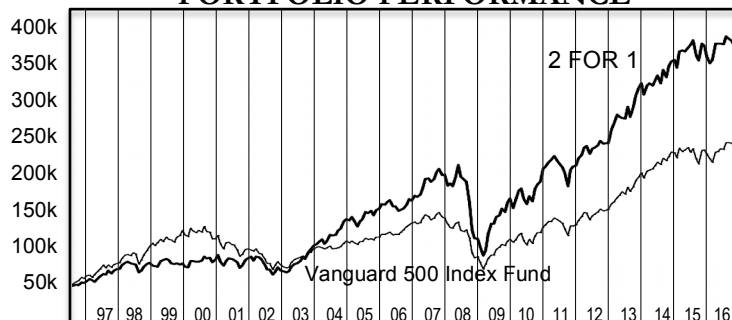
ANNUALIZED RETURN 7/31/96 – 11/30/16

2 for 1: + **10.69%** Vanguard 500 Fund: +8.17%
(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 \$372,975 basis above reflects \$322,975 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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