



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 20 Issue 2

2-for-1.com

February 13, 2015

JANUARY SPLITS – OUR BUY

New Jersey Resources

January got 2015 off to a good start with four split announcements, all worth consideration. New Jersey Resources Corp (NJR) wound up on top of the list and will be added to the portfolio next week. NJR provides both regulated and unregulated energy services to customers from the Gulf Coast to Canada but is primarily a provider of natural gas to customers across northern and central New Jersey. NJR is a fairly small (\$2.8B market cap) under-the radar company with a good record of steady growth and profitability. Its low volatility, PE ratio, and price to book ratio are especially attractive. Based on its revenue per employee and its relatively low debt to equity ratio, compared to other gas utilities, NJR appears to run a very efficient operation. Considering the current volatility of the market, NJR should bring a measure of stability to the portfolio.

Visa Inc. (V) created quite a buzz with its 4 for 1 split announcement. I was amazed to learn of Visa's 43% net profit margin, but many of the other metrics screened by our ranking algorithm were quite "off". Visa did come in second place, but its score was significantly lower than that of NJR. Its high valuation numbers and slowing growth rates are particularly notable.

HanesBrands (HBI) is an apparel manufacturer with the unique attribute that it produces 90% of its products in company-owned plants or with dedicated contractors. HBI scored just behind Visa and was hurt primarily by its very high debt-to-equity ratio.

Southern Missouri Bank (SMBC) reminds me of many of the small banks that have been very important to the 2 for 1 portfolio over the years. This time it's a case of just being too small. Otherwise, the available numbers look terrific.

Symbol	Company	Split Delivery	Rank
NJR	New Jersey Resources	03/03/15	1
V	Visa Inc.	03/18/15	2
HBI	HanesBrands Inc.	03/03/15	3
SMBC	Southern Missouri Bank	01/30/15	4

PORTFOLIO ITEMS

Is It Too Late to Bet?

In 2007, Warren Buffett made a \$1 million bet with Ted Seides, a well respected partner and manager of Protégé Partners, a New York City money management firm that runs funds of hedge funds. Winnings will go to charity. The bet was that, starting in 2008, the Vanguard 500 Index Admiral Fund (VFIAX) would beat a portfolio of funds chosen by Protégé over the coming ten years. The names of the funds chosen by Protégé have not been revealed but the results are reported on an annual basis. Here are the results so far.

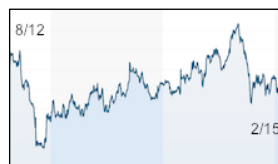
For the period 1/1/2008 through 2/1/2015 the Protégé funds have returned 19.6% overall. VFIAX has returned 65.3%. The bet still has three years to run but it looks like Mr. Buffett is going to win. Are we surprised? I, for one, am certainly not surprised. What does surprise me is that VFIAX's return for the period in question has also beaten Mr. Buffett's Berkshire Hathaway (BRK-A) return of 59.5%. An even bigger surprise is this: the 2 for 1 Index gained 91.4% over the same period. It would have been nice to have 2 for 1 in on this bet but I suppose it's a little late. No matter – I, and faithful followers of 2 for 1, have already won!

Back to reality, sales this month, and through June, will not cover the regular monthly purchases. (See the "end month" column on the back page.) I'll be open to opportunities to sell portions of our winners to boost the cash account. More on that next month.

THIS MONTH'S SELL

Tronox Ltd.

Tronox (TROX) was a bit of a gamble when it went into the portfolio in August 2012, having just come out of bankruptcy a little over a year earlier.



TROX was volatile from the start and, during a rebalance in 3/14, the position was boosted by 44%. That second batch didn't lose as much as the original purchase – small comfort. Overall, dividends and costs included, TROX fell by 7.6%. The Vanguard 500 Index Fund gained 51.5% over the same period.

2 for 1 MODEL PORTFOLIO – JANUARY STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 01/31/15	BASIS	START MONTH \$5,762.02	END MONTH \$5,173.18	% OF PORT 1.50%
CASH									
TROX	TRONOX LTD.	445	08/20/12	25.073	21.140	11,157.38	10,626.60	9,407.30	2.73%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	49.590	8,078.49	9,237.60	8,926.20	2.59%
MMP	MAGELLAN MIDSTREAM PARTNERS	140	10/16/12	44.406	77.520	6,216.77	11,572.40	10,852.80	3.15%
SCL	STEPAN CO	160	11/19/12	47.062	38.400	7,529.99	6,412.80	6,144.00	1.79%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	32.700	7,644.39	7,178.40	7,848.00	2.28%
PRA	PROASSURANCE	244	01/25/13	44.493	44.370	10,856.17	11,016.60	10,826.28	3.15%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	67.520	8,931.59	11,070.40	10,803.20	3.14%
AOS	A. O. SMITH	260	11/15/10	19.147	59.410	4,978.20	14,666.60	15,446.60	4.49%
TU	TELUS	310	04/22/13	35.342	34.300	10,955.98	11,172.40	10,633.00	3.09%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	29.620	9,315.99	14,150.40	13,032.80	3.79%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	39.640	9,198.49	12,804.40	13,477.60	3.92%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	51.530	9,624.49	11,129.37	10,357.53	3.01%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	49.310	9,507.49	13,310.00	12,327.50	3.58%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	81.170	9,797.49	11,823.00	12,175.50	3.54%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	75.060	9,762.89	12,875.80	12,760.20	3.71%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	65.980	10,359.53	12,679.44	12,140.32	3.53%
RLI	RLI CORP.	220	12/16/13	46.470	46.910	10,223.49	10,868.00	10,320.20	3.00%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	39.830	10,484.79	11,084.96	9,240.56	2.69%
ITC	ITC HOLDINGS	300	02/18/14	34.607	42.540	10,381.99	12,129.00	12,762.00	3.71%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	31.390	10,693.74	11,949.00	10,986.50	3.19%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	38.670	10,399.99	11,376.00	11,601.00	3.37%
AAPL	APPLE CORP	119	05/19/14	86.355	117.160	10,276.29	13,135.22	13,942.04	4.05%
UNP	UNION PACIFIC	108	06/16/14	100.426	117.210	10,846.00	12,866.04	12,658.68	3.68%
OTEX	OPENTEXT INC	230	07/21/14	47.719	56.670	10,975.33	13,399.80	13,034.10	3.79%
COLM	COLUMBIA SPORTSWEAR	300	08/18/14	37.668	42.500	11,300.49	13,362.00	12,750.00	3.71%
APH	AMPHENOL	216	09/15/14	52.086	53.710	11,250.63	11,622.96	11,601.36	3.37%
CYT	CYTEC INDUSTRIES	240	10/20/14	44.240	47.990	10,617.65	11,080.80	11,517.60	3.35%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	35.050	11,741.96	10,928.40	9,814.00	2.85%
HAIN	HAIN CELESTIAL GROUP	200	12/15/14	55.204	52.770	11,040.87	11,658.00	10,554.00	3.07%
GNTX	GENTEX CORP	660	01/20/15	17.395	16.690	11,480.79	11,480.79	11,015.40	3.20%
TOTAL CASH AND EQUITIES						\$295,629.34	\$344,129.45	100.00%	

ACCOUNT VALUE SUMMARY - 1/31/15

Description	Amount
Last Month's Closing Equity	\$354,678.41
Change in Stock Value	-\$11,656.12
Interest & Dividends	\$1,107.16
This Month's Closing Equity	\$344,129.45

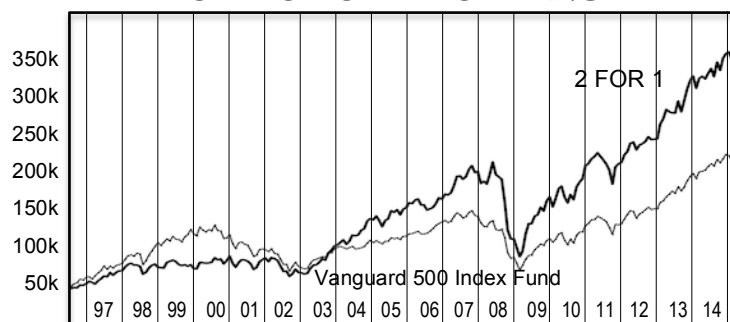
ANNUALIZED RETURN 7/31/96 – 1/31/15

2 for 1: + **11.00%** Vanguard 500 Fund: +8.22%
(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 \$295,629 basis above reflects \$245,629 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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