



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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2-for-1.com

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DECEMBER SPLITS – OUR BUY

Toronto-Dominion Bank

Toronto-Dominion (TD) is Canada's second largest bank and is familiar to many Americans as the parent of TD Ameritrade and TD Waterhouse. Canadian banks suffered far less than the big US banks in the financial meltdown, a testament to better Canadian regulation and their generally more conservative approach to the banking business. TD pays a 3.6% dividend and has a far lower debt-to-equity ratio than its peers. TD's book value has been growing at over 10% a year for the last five years. The stock is slightly more volatile than the overall market, something I don't like but will tolerate in this case. I'll be adding TD to the 2 for 1 portfolio next week.

Novo Nordisk (NVO) came in #2 on the list and has some impressive growth metrics. NVO is the huge, highly profitable Danish drug company specializing in diabetes care and several biopharmaceuticals. In this case, for the purpose of choosing one stock for our portfolio, it's safe to say the value stock won out over the growth stock. Otherwise, this is a great company and would be a good second purchase if you're still building up to the full 30-stock portfolio.

I have to say a word about MasterCard (MA), even though it scored well down on the list compared to the other December splits. A 10 for 1 split announcement certainly gets your attention and, early on, I thought MA might well be our pick this month. However, its numbers just don't compare well to our other choices. I do hope MA's split will spur other companies with very high stock prices, such as Apple, Priceline and Google, to get over their high price kick and join the rest of the market at more reasonable levels.

Symbol	Company	Split Date	Rank
TD	Toronto-Dominion Bank	1/31/14	1
NVO	Novo Nordisk (ADR)	1/9/14	2
MD	MEDNAX, Inc.	12/20/13	3
ETE	Energy Transfer Eq.	1/24/14	4
MA	MasterCard Inc.	1/21/14	4
KS	KapStone Paper & Pack	1/7/14	4
MANH	Manhattan Associates	1/10/14	4

PORTFOLIO ITEMS

2013 In Review

The 2 for 1 portfolio finished out 2013 with a gain of 33.21% for the year, all costs and dividends included, closing at its all time high. The Vanguard 500 index Fund returned an overall 29.68% over the same period, so we achieved our primary goal of beating the market. 2013 saw eleven new stocks added to the portfolio and the sale of eleven stocks as they reached the top of the portfolio ladder. Because of a lack of viable candidates, there was no stock purchase in February and no sale in March. A portion of our A. O. Smith position was sold in May for rebalancing purposes and to raise needed cash. Total trading expense were \$231.68, or 0.072% of the portfolio.

I do sense some progress in my campaign to bring the volatility of the portfolio under control, although I haven't done the statistical analysis to back up that impression. I will continue to favor stocks with a Beta of less the 1.00, even though I had to override that preference this month with Toronto-Dominion.

When 2 for 1 has a good year like 2013, I'm always quick to point out that a 33% return, or even anything close, is not sustainable. Our annualized return since the portfolio's inception is 11.3%. If I were forced to predict what 2014 holds in store for us, I would say an 11.3% return would be just about right. In other words, a "reversion to the mean" is always a safe prediction. We have beaten the market about 2/3rds of our 17 years, and I'll be very pleased just to see that trend continue.

THIS MONTH'S SELL

Church & Dwight

It's so nice to own stock in a company that's never in the news, never causes a fuss, and just keeps plugging away. Church & Dwight (CHD), maker of baking soda and condoms, among other things, is such a company and it was a winner for 2 for 1. Our CHD position returned 70.5%, or 23.1% annualized, all dividends and costs included, between 6/20/11 and 1/14/14. The Vanguard 500 Index Fund gained 49.2%, or 16.8% annualized over the same period.

2 for 1 MODEL PORTFOLIO – DECEMBER STATEMENT

	# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 12/31/13	BASIS	START MONTH 2295.20	END MONTH 1252.25	% OF PORT 0.39%
CASH								
CHD	175	06/20/11	39.900	66.280	6992.49	11418.75	11599.00	3.59%
OKS	165	07/18/11	43.850	52.650	7245.24	8837.40	8687.25	2.69%
OZRK	280	08/16/11	22.786	56.590	6379.99	15722.00	15845.20	4.90%
CLW	175	09/19/11	37.000	52.500	6484.99	9266.25	9187.50	2.84%
BLL	200	11/21/11	33.400	51.660	6689.99	9996.00	10332.00	3.20%
ROST	150	12/19/11	46.520	74.930	6987.99	11469.00	11239.50	3.48%
TJX	220	01/17/12	32.620	63.730	7186.39	13833.60	14020.60	4.34%
MNST	105	02/21/12	53.200	67.770	5593.49	6213.90	7115.85	2.20%
DGAS	400	03/21/12	18.955	22.380	7581.93	8892.00	8952.00	2.77%
CPRT	300	04/16/12	25.780	36.650	7733.98	10329.00	10995.00	3.40%
KO	200	05/21/12	37.174	41.310	7434.84	8038.00	8262.00	2.56%
CME	140	06/21/12	54.923	78.460	7689.27	11473.00	10984.40	3.40%
AZZ	250	07/16/12	32.320	48.860	8079.99	12220.00	12215.00	3.78%
TROX	310	08/20/12	25.612	23.070	7939.79	6587.50	7151.70	2.21%
PAA	180	09/17/12	44.881	51.770	8078.49	9282.60	9318.60	2.88%
MMP	180	10/16/12	44.406	63.270	7992.99	11185.20	11388.60	3.52%
SCL	160	11/19/12	47.062	65.630	7529.99	10153.60	10500.80	3.25%
HEP	240	12/17/12	31.852	32.330	7644.39	7548.00	7759.20	2.40%
PRA	194	01/25/13	44.601	48.480	8652.68	9327.52	9405.12	2.91%
CL	160	03/18/13	55.822	65.210	8931.59	10529.60	10433.60	3.23%
AOS	260	11/15/10	19.147	53.940	4978.20	14079.00	14024.40	4.34%
TU	260	04/22/13	35.348	34.440	9190.59	9201.40	8954.40	2.77%
HOMB	440	05/20/13	21.173	37.350	9315.99	15910.40	16434.00	5.08%
AWR	340	06/17/13	27.054	28.730	9198.49	9921.20	9768.20	3.02%
BEN	201	07/15/13	47.883	57.730	9624.49	11133.39	11603.73	3.59%
WST	250	08/19/13	38.030	49.060	9507.49	12480.00	12265.00	3.79%
TSCO	150	09/16/13	65.317	77.580	9797.49	10981.50	11637.00	3.60%
DVA	170	10/21/13	57.429	63.370	9762.89	10123.50	10772.90	3.33%
CNI	184	11/18/13	56.302	57.020	10359.53	10350.00	10491.68	3.25%
RLI	110	12/16/13	92.941	97.380	10223.49	10223.49	10711.80	3.31%
TOTAL CASH AND EQUITIES					240809.16		323308.28	100.00%

ACCOUNT VALUE SUMMARY - 12/31/13

Description	Amount
Last Month's Closing Equity	317942.51
Change in Stock Value	4775.09
Interest & Dividends	590.68
This Month's Closing Equity	323308.28

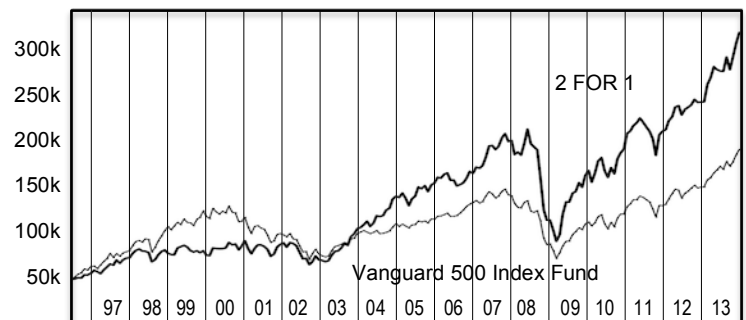
ANNUALIZED RETURN 7/31/96 – 12/31/13

2 for 1: + **11.31%** Vanguard 500 Fund: +8.12%
(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 an actual portfolio of only 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 \$240,809 basis above reflects the \$190,809 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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