



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 20 Issue 1

2-for-1.com

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DECEMBER SPLITS – OUR BUY

Gentex Corp

Split announcements in December were few and far between so Gentex (GNTX) caught my eye as soon as its announcement came out on 12/5. Gentex is a manufacturer of specialty products, primarily for the auto and fire protection industries. Dimmable mirrors and smoke detectors are not the sexiest gizmos, but Gentex has found a way to turn them into a very profitable business. The only other December split, Superior Uniform Group (SGC), was immediately eliminated from consideration because of its small (230M) market cap and very sparse trading volume. That left GNTX and the decision whether or not to go back over the list of splits from the past few months. Gentex's numbers decided that issue pretty quickly.

GNTX comes up with a good-to-excellent showing in all our ranking screens except for volatility. Once again, we'll have to overlook that one minus factor in light of all the other pluses. There is good growth on both top and bottom lines, reasonable PE and price-to-book ratios, knock-your-socks-off profits and return on sales and equity, all combined with a very strong balance sheet. The auto industry is making a strong comeback with good sales projected for the next several years. 2 for 1 should benefit with next week's addition of GNTX to the portfolio.

I continue to get questions from readers, journalists, and bloggers about the viability of the 2 for 1 strategy given the very low number of split announcements. Here's my latest thinking on the subject. Numerous pundits have observed, with the market at all time highs, "There are still good values out there but it's a 'stock pickers' market". This means, in my opinion, one has to be extra careful to choose companies that have something special going for them, something to separate them from the herd. What better "something" than a stock split announcement? As long as there are even a few splits, we will have the filter we need to find those very special businesses.

PORTFOLIO ITEMS

2014 In Review

As anticipated in last month's issue, the 2 for 1 portfolio did not beat our benchmark of the Vanguard 500 Index Fund for the year 2014. The portfolio gained 9.7% while Vanguard tacked on 13.5%, all costs and dividends included for both. This is clearly a disappointment but the numbers aren't the whole story. The last year 2 for 1 had as big an underperformance vs. the Vanguard 500 as 2006, and in that case, 2 for 1 did three times as well as the benchmark the following year. We'll keep our eyes turned forward in anticipation of a great comeback.

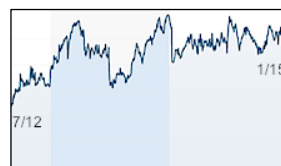
2014 did offer up one important milestone and a big dose of fun for 2 for 1; the recognition and publication of the 2 for 1 Index™ by the New York Stock Exchange. I was invited to ring the opening bell at the NYSE on 12/15 in celebration of the listing of the Stock Split Index Fund that now tracks the 2 for 1 Index. The bell ringing was a great honor and, if you're curious, it can be viewed on the 2-for-1.com/blog.

Looking ahead, 2015 could be a rough year for the stock market. Several market metrics are at or above levels similar to those seen in 2000 and 2007, a condition almost begging for a correction. Our ups and downs are highly correlated with the market and we have suffered in previous corrections, but the portfolio has always survived. By owning profitable companies with staying power we have come out ahead in the end.

THIS MONTH'S SELL

AZZ Inc.

With our sale of AZZ Inc this month, the 2 for 1 portfolio loses one of its more volatile stocks, which is good. AZZ gained about 10.5% annualized while we owned it, certainly respectable, but not close to holding its own in relation to the Vanguard 500 Index Fund gaining 19.5% annualized over



the same period. Looking at the graph, it would have been better to sell exactly one year ago, but that's hindsight and we can't turn back the clock.

2 for 1 MODEL PORTFOLIO – DECEMBER STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 12/31/14	BASIS	START MONTH \$3,294.11	END MONTH \$5,762.02	% OF PORT 1.62%
CASH									
AZZ	AZZ INC	250	07/16/12	32.320	46.920	8,079.99	11,195.00	11,730.00	3.31%
TROX	TRONOX LTD.	445	08/20/12	25.073	23.880	11,157.38	10,034.75	10,626.60	3.00%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	51.320	8,078.49	9,261.00	9,237.60	2.60%
MMP	MAGELLAN MIDSTREAM PARTNERS	140	10/16/12	44.406	82.660	6,216.77	11,604.60	11,572.40	3.26%
SCL	STEPAN CO	160	11/19/12	47.062	40.080	7,529.99	6,624.00	6,412.80	1.81%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	29.910	7,644.39	8,076.00	7,178.40	2.02%
PRA	PROASSURANCE	244	01/25/13	44.493	45.150	10,856.17	11,001.96	11,016.60	3.11%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	69.190	8,931.59	11,134.40	11,070.40	3.12%
AOS	A. O. SMITH	260	11/15/10	19.147	56.410	4,978.20	14,021.80	14,666.60	4.14%
TU	TELUS	310	04/22/13	35.342	36.040	10,955.98	11,780.00	11,172.40	3.15%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	32.160	9,315.99	13,934.80	14,150.40	3.99%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	37.660	9,198.49	11,862.60	12,804.40	3.61%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	55.370	9,624.49	11,428.86	11,129.37	3.14%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	53.240	9,507.49	13,002.50	13,310.00	3.75%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	78.820	9,797.49	11,539.50	11,823.00	3.33%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	75.740	9,762.89	13,010.10	12,875.80	3.63%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	68.910	10,359.53	13,073.20	12,679.44	3.57%
RLI	RLI CORP.	220	12/16/13	46.470	49.400	10,223.49	10,104.60	10,868.00	3.06%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	47.780	10,484.79	11,713.68	11,084.96	3.13%
ITC	ITC HOLDINGS	300	02/18/14	34.607	40.430	10,381.99	11,397.00	12,129.00	3.42%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	34.140	10,693.74	11,483.50	11,949.00	3.37%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	37.920	10,399.99	11,310.00	11,376.00	3.21%
AAPL	APPLE CORP	119	05/19/14	86.355	110.380	10,276.29	14,152.67	13,135.22	3.70%
UNP	UNION PACIFIC	108	06/16/14	100.426	119.130	10,846.00	12,611.16	12,866.04	3.63%
OTEX	OPENTEXT INC	230	07/21/14	47.719	58.260	10,975.33	13,597.60	13,399.80	3.78%
COLM	COLUMBIA SPORTSWEAR	300	08/18/14	37.668	44.540	11,300.49	13,515.00	13,362.00	3.77%
APH	AMPHENOL	216	09/15/14	52.086	53.810	11,250.63	11,584.08	11,622.96	3.28%
CYT	CYTEC INDUSTRIES	240	10/20/14	44.240	46.170	10,617.65	11,544.00	11,080.80	3.12%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	39.030	11,741.96	11,726.40	10,928.40	3.08%
HAIN	HAIN CELESTIAL GROUP	200	12/15/14	55.204	58.290	11,040.87	11,040.87	11,658.00	3.29%
TOTAL CASH AND EQUITIES						\$292,228.54		\$354,678.41	100.00%

ACCOUNT VALUE SUMMARY - 12/31/14

Description	Amount
Last Month's Closing Equity	\$352,468.47
Change in Stock Value	\$964.69
Interest & Dividends	\$1,245.25
This Month's Closing Equity	\$354,678.41

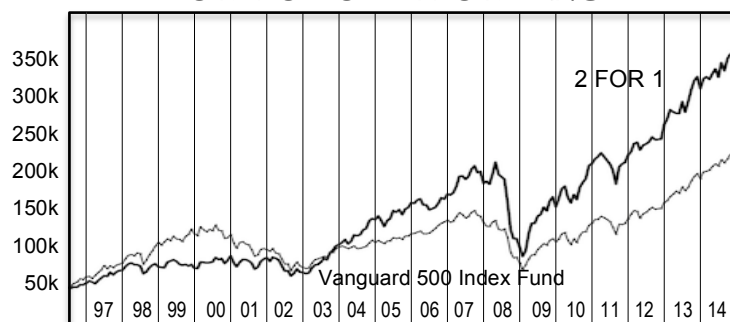
ANNUALIZED RETURN 7/31/96 – 12/31/14

2 for 1: + **11.22%** Vanguard 500 Fund: +8.41%
(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 \$292,229 basis above reflects \$242,229 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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