



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 18 Issue 6

2-for-1.com

June 14, 2013

MAY SPLITS – OUR BUY

American States Water

Seven splits to pick from for the month of May. Boards of Directors seem to be getting more optimistic about the economy and their companies' prospects. American States Water (AWR) rose to the top of the rankings with good scores on dividend yield (3.1%), low Beta (0.37), and otherwise excellent fundamentals. AWR owns Golden State Water Company, a California utility, operating in Southern California, and American States Utility Services, operating to serve over a dozen military bases around the country, including Fort Bliss, Fort Bragg, and Andrews Air Force Base. We have one other water company (CWT) in the portfolio, with very similar fundamentals. Although CWT has not been a standout for the 2 for 1 portfolio to date, my belief is that both CWT and AWR should benefit from the speculation that fresh water is becoming scarcer and also more valuable than oil as a basic commodity.

OGE Energy (OGE) ranks #2 on the May list. OGE is both a producer of gas and electricity, and a regulated electrical utility across Oklahoma and western Arkansas. Much like Noble Energy last month, this would be an excellent addition to a 2 for 1 portfolio if you aren't already overweighted in energy stocks. If you are still building your portfolio up to 30 companies, please consider taking a position in both AWR and OGE.

Six Flags (SIX) has had a great run over the last several years. I'm not sure this ever-rising stock price is sustainable but its Board seems to think so. Volatility is a little high and debt is very high. Be cautious with this one.

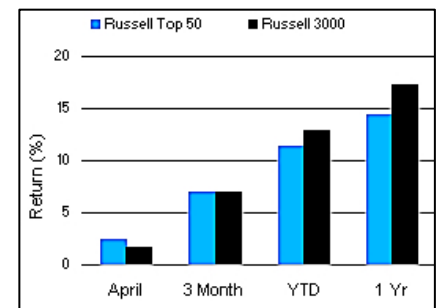
Symbol	Company	Split Date	Rank
AWR	American States Water	09/03/13	1
OGE	OGE Energy	07/01/13	2
SIX	Six Flags Entertainment Co.	06/26/13	3
CERN	Cerner Corporation	06/28/13	4
WAB	Wabtec Corporation	06/11/13	4
WFM	Whole Foods Market	05/29/13	4
CRVL	CorVel Corporation	06/26/13	4

PORTFOLIO ITEMS

2 for 1 Featured in WSJ

What a nice surprise! On the 25th of last month Mark Hulbert, the highly respected editor of the Hulbert Financial Digest and now regular columnist in the Wall Street Journal, wrote a very complimentary article about investing in stock splits. He touted the decade long 14% annualized return of the 2 for 1 portfolio and wrote, "Mr. Macneale's track record isn't a fluke". Subsequently, my phone and email inbox have been very busy and I am happy to welcome a significant number of new readers to the 2 for 1 family.

Of course it was bound to happen. The week 2 for 1 gets national recognition, the portfolio turned in a second month in a row of below-market returns, wiping out the lead built up in the 1st quarter. It does appear the indexes are being driven by increased demand for the very largest companies on the assumption they are safer than the rest of the market. The graph from the Russell website shows this phenomenon quite clearly, with the Russell Top 50 only very recently pulling ahead of the much broader Russell 3000 index. I am of the opinion this demand is misplaced. Numerous small and medium sized companies in the U.S. are making record profits. In time, the market will recognize these companies and the large-cap/small-cap gap will narrow. Meanwhile, hang on. It could be a rough summer.



THIS MONTH'S SELL

ASA Limited

ASA Limited (ASA) has to be one of the worst picks I have ever made for the 2 for 1 portfolio. ASA should be inextricably tied to the price of gold. So, while the price of gold is up slightly since 10/2010, why is ASA off by more than 50%? I always thought the "gold bugs" were a little crazy. Please remind me to never try anything like this again.

2 for 1 MODEL PORTFOLIO – MAY STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 5/31/13	BASIS	START MONTH 6032.64	END MONTH 8760.95	% OF PORT 3.17%
CASH									
ASA	ASA LIMITED	230	10/18/10	31.645	14.340	7278.38	3583.40	3298.20	1.19%
HRL	HORMEL FOODS	264	12/20/10	25.934	39.820	6846.59	10895.28	10512.48	3.81%
PATR	PATRIOT TRANSPORTATION	305	01/19/11	31.280	28.980	9007.45	8829.75	8838.90	3.20%
WEC	WISCONSIN ENERGY	250	02/22/11	29.185	40.810	7306.24	11235.00	10202.50	3.69%
EEP	ENBRIDGE ENERGY PARTNERS	224	03/28/11	32.219	29.510	7217.10	6675.20	6610.24	2.39%
USTR	UNITED STATIONERS	200	04/18/11	35.350	34.560	7079.99	6494.00	6912.00	2.50%
CWT	CALIFORNIA WATER SERVICE GRP	400	05/16/11	18.350	19.730	7349.99	8020.00	7892.00	2.86%
CHD	CHURCH & DWIGHT	175	06/20/11	39.900	60.810	6992.49	11180.75	10641.75	3.85%
OKS	ONEOK PARTNERS LP	165	07/18/11	43.850	51.760	7245.24	8926.50	8540.40	3.09%
OZRK	BANK OF THE OZARKS	280	08/16/11	22.786	43.650	6379.99	11460.40	12222.00	4.42%
CLW	CLEARWATER PAPER	175	09/19/11	37.000	47.830	6484.99	8053.50	8370.25	3.03%
BLL	BALL CORP.	200	11/21/11	33.400	43.160	6689.99	8824.00	8632.00	3.13%
ROST	ROSS STORES	150	12/19/11	46.520	64.318	6987.99	9910.50	9647.70	3.49%
TJX	TJX INC	220	01/17/12	32.620	50.610	7186.39	10729.40	11134.20	4.03%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	54.590	5593.49	5922.00	5731.95	2.08%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	21.730	7581.93	8672.00	8692.00	3.15%
CPRT	COPART INC	300	04/16/12	25.780	34.390	7733.98	10575.00	10317.00	3.74%
KO	COCA-COLA	200	05/21/12	37.174	39.990	7434.84	8466.00	7998.00	2.90%
CME	CME GROUP	140	06/21/12	54.923	67.930	7689.27	8520.40	9510.20	3.44%
AZZ	AZZ INC	250	07/16/12	32.320	41.480	8079.99	10572.50	10370.00	3.75%
TROX	TRONOX LTD.	310	08/20/12	25.612	23.080	7939.79	6367.40	7154.80	2.59%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	56.180	8078.49	10335.60	10112.40	3.66%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	51.990	7992.99	9545.40	9358.20	3.39%
SCL	STEPAN CO	160	11/19/12	47.062	54.030	7529.99	9110.40	8644.80	3.13%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	35.960	7644.39	9432.00	8630.40	3.12%
PRA	PROASSURANCE	194	01/25/13	44.601	50.200	8652.68	9504.06	9738.80	3.53%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	57.840	8931.59	9552.80	9254.40	3.35%
AOS	A. O. SMITH	260	11/15/10	19.147	39.200	4978.20	12445.95	10192.00	3.69%
TU	TELUS	260	04/22/13	35.348	34.710	9190.59	9375.60	9024.60	3.27%
HOMB	HOME BANCSHARES	220	05/20/13	42.345	42.100	9315.99	9315.99	9262.00	3.35%
TOTAL CASH AND EQUITIES						224421.03		276207.12	100.00%

ACCOUNT VALUE SUMMARY - 5/31/13

Description	Amount
Last Month's Closing Equity	277650.93
Change in Stock Value	-2315.35
Interest & Dividends	871.54
This Month's Closing Equity	276207.12

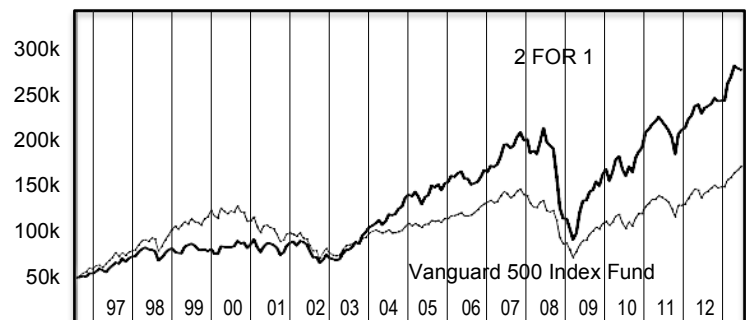
ANNUALIZED RETURN 7/31/96 – 5/31/13

2 for 1: +10.69% Vanguard 500 Fund: +7.57%
(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 \$224,421 basis above reflects the \$174,421 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



2 for 1 is published and distributed by Neil Macneale, Inc., 1125 North Second Street, San Jose, CA, 95112. Phone 408-210-6881. E-mail splits241@aol.com. Neil Macneale, Inc., dba 2 for 1, is not a broker and does not offer individual investment advice. 2 for 1 is published each month on the Friday closest to the 15th of that month. Contents are copyrighted but may be copied or quoted if attributed to the source. 2 for 1 subscription rate = \$20.00 per month for electronic delivery, payable by monthly debit from any major credit card approximately one week prior to publication. No long-term commitment is required.