



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

Volume 20 Issue 6

[2-for-1.com](http://2-for-1.com)

June 12, 2015

## MAY SPLITS – OUR BUY

### Nippon T & T Corp

The selection screens I use to sort through the monthly candidates scored this month's pick higher than any company I can recall for quite a few years now. Nippon Telegraph and Telephone Corp. (NTT) is totally Japanese but it trades on the NYSE as American Depository Receipts (ADRs). This will be a normal split in Japan, but in the US, NTT is doubling the ratio of ADRs to the underlying shares, so the price of the ADRs on the NYSE will not change. I still consider this a valid 2 for 1 split because the board's thinking behind the split in Japan is the signal we rely on.

Founded in 1985, NTT is one of the three major mobile phone companies in Japan. It is active in other facets of the communication and data businesses as well. Company fundamentals are the primary reason for its high ranking. First and foremost, NTT is a \$72B company selling for right around book value. That's hard to find in today's market. PE - ~18, Beta - 0.18, dividend - 2.1%; these are great numbers. This is a big company so it's understandable that profit, growth, and ROI numbers are all in the single digits. However, they are rock solid, with NTT's balance sheet looking stronger than average for its industry and market sector.

CF Industries (CF) manufactures and distributes nitrogen and phosphate fertilizer products in the US and Canada. It came in 2<sup>nd</sup> in the rankings but its score was well below that of NTT. CF has reasonable valuation numbers and is highly profitable, but it is more volatile than its peers or the market in general and it is relatively highly leveraged. Summary - CF is just a little outside of my comfort zone.

Symbol	Company	Split Delivery	Rank
NTT	Nippon T & T Corp	07/01/15	1
CF	CF Industries Holdings	06/17/15	2
INSY	Insys Therapeutics	06/05/15	4
ETE	Energy Transfer Equity	07/24/15	4
LFC	China Life Insurance	05/26/15	4
IDXX	IDEXX Laboratories	06/15/15	5

## PORTFOLIO ITEMS

### It Really is 2 for 1

On Friday a week ago Mark Hulbert, of MarketWatch and the Wall Street Journal, published an article featuring this newsletter entitled "An investing strategy that doubles the market." It was my goal to beat the market when I started writing 2 for 1 eighteen

years ago. At the time, based on what I now call the stock split advantage, a portfolio of stocks, all recently having announced a split, would theoretic-

ally beat the market by a few percentage points a year. What I didn't expect was the graph seen here. Those few percentage points a year (sometimes more than a few), together with the magic of compounding, have given 2 for 1 "a double" over the long term. As long-time subscribers know, it has not always been a smooth ride but it's definitely getting us where we want to go.

With the sale of Holly Energy this month and Stepan last month, our two poorest performers in a while are now history. Cash will be adequate for this month's purchase of NTT but another minor rebalance may be needed next month. Stay tuned...

## THIS MONTH'S SELL

### Holly Energy Partners

Holly Energy Partners (HEP) is the last of the pipeline MLP's that dominated our energy sector holdings over the last several years. Holly had a strong



run-up soon after joining the 2 for 1 portfolio on 12/17/12. After that, in terms of share price, not so great. HEP did continuously increase its generous dividend over its entire tenure, giving us an overall return of 19.4%, or 7.4% annualized. The Vanguard 500 Index Fund gained 53.4% over the same period.

## 2 for 1 MODEL PORTFOLIO – MAY STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 05/31/15	BASIS	START MONTH \$8,554.31	END MONTH \$4,470.25	% OF PORT 1.20%
CASH									
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.730	7,644.39	7,908.00	8,095.20	2.18%
PRA	PROASSURANCE	244	01/25/13	44.493	45.180	10,856.17	10,967.80	11,023.92	2.97%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	66.790	8,931.59	10,764.80	10,686.40	2.88%
AOS	A. O. SMITH	200	11/15/10	19.147	71.380	3,829.39	12,780.00	14,276.00	3.84%
TU	TELUS	310	04/22/13	35.342	34.050	10,955.98	10,732.20	10,555.50	2.84%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	34.110	9,315.99	14,467.20	15,008.40	4.04%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	38.430	9,198.49	13,052.60	13,066.20	3.52%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	50.910	9,624.49	10,363.56	10,232.91	2.76%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	54.140	9,507.49	13,320.00	13,535.00	3.64%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	87.140	9,797.49	12,909.00	13,071.00	3.52%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	83.780	9,762.89	13,787.00	14,242.60	3.84%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	59.360	10,359.53	11,871.68	10,922.24	2.94%
RLI	RLI CORP.	220	12/16/13	46.470	48.670	10,223.49	10,925.20	10,707.40	2.88%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	43.570	10,484.79	10,709.12	10,108.24	2.72%
ITC	ITC HOLDINGS	300	02/18/14	34.607	35.290	10,381.99	10,800.00	10,587.00	2.85%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	34.860	10,693.74	12,264.00	12,201.00	3.29%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	42.490	10,399.99	12,342.00	12,747.00	3.43%
AAPL	APPLE CORP	119	05/19/14	86.355	130.280	10,276.29	14,892.85	15,503.32	4.17%
UNP	UNION PACIFIC	108	06/16/14	100.426	100.910	10,846.00	11,472.84	10,898.28	2.93%
OTEX	OPENTEXT INC	230	07/21/14	47.719	42.440	10,975.33	11,633.40	9,761.20	2.63%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	56.050	8,287.03	13,794.00	12,331.00	3.32%
APH	AMPHENOL	216	09/15/14	52.086	57.050	11,250.63	11,959.92	12,322.80	3.32%
CYT	CYTEC INDUSTRIES	240	10/20/14	44.240	60.490	10,617.65	13,269.60	14,517.60	3.91%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	56.690	11,741.96	12,518.80	15,873.20	4.27%
HAIN	HAIN CELESTIAL GROUP	200	12/15/14	55.204	63.270	11,040.87	12,048.00	12,654.00	3.41%
GNTX	GENTEX CORP	660	01/20/15	17.395	17.180	11,480.79	11,451.00	11,338.80	3.05%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	30.070	12,129.73	11,593.80	11,426.60	3.08%
MGA	MAGNA INTERNATIONAL INC	232	03/16/15	52.018	57.510	12,068.19	11,699.76	13,342.32	3.59%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	51.960	12,470.36	12,890.80	13,509.60	3.64%
PPG	PPG INDUSTRIES	54	05/18/15	231.955	228.890	12,525.56	12,525.56	12,360.06	3.33%
TOTAL CASH AND EQUITIES						\$307,678.27		\$371,375.04	100.00%

## ACCOUNT VALUE SUMMARY - 5/31/15

Description	Amount
Last Month's Closing Equity	\$365,892.04
Change in Stock Value	\$4,996.16
Interest & Dividends	\$486.84
This Month's Closing Equity	\$371,375.04

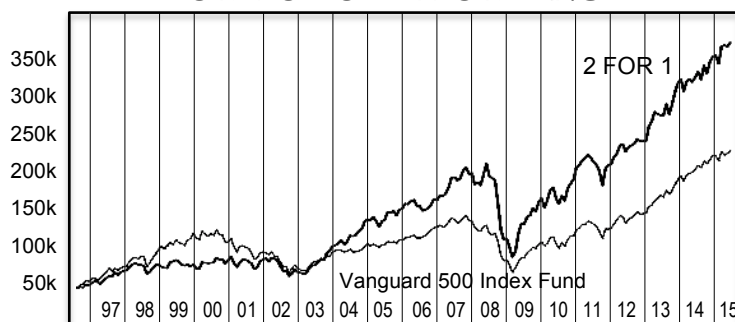
## ANNUALIZED RETURN 7/31/96 – 5/31/15

2 for 1: + **11.24%** Vanguard 500 Fund: +8.43%  
(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 \$307,678 basis above reflects \$257,678 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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