



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 20 Issue 3

2-for-1.com

March 13, 2015

FEBRUARY SPLITS – OUR BUY

Magna International Inc.

A second automotive company will be added to the 2 for 1 portfolio next week, just two months after Gentex (GNTX) made its appearance. Magna International (MGA) is a \$22B Canadian company, based near Toronto, making a wide variety of automotive parts and systems. Magna runs a global network of 312 manufacturing operations and 83 product development, engineering and sales centers, supporting every major auto manufacturer in the world. This very wide diversification of facilities and product lines smooths out both the top and bottom lines of the quarterly financial statements and the vagaries of the auto market. MGA is below its peers in PE and price-to-book ratios (a good thing) and above its peers in average revenue and cash flow growth rates over the last five years. Return on investment for MGA is running around 20%, and all this with a strong balance sheet and solid profit margin. We'll have to put up with a Beta, or measure of volatility, of 1.24, one of the few below-par metrics of all the screens in our scoring algorithm.

South Jersey Industries (SJI) was awarded a score about the same as the very similar company, New Jersey Resources (NJR), last month's 2 for 1 selection. However, in this case, MGA scored higher and deserved the top spot for March. Nonetheless, SJI has a lot going for it, including a 3.8% dividend, and would be a good second choice if an investor wanted to accelerate the build-up to their full 30-stock portfolio.

Gildan (GIL) and Centene (CNC) are two very different kinds of businesses, apparel and healthcare respectively. Both were punished during our selection procedure by their relatively high valuation numbers.

Symbol	Company	Split Delivery	Rank
MGA	Magna International	03/25/15	1
SJI	South Jersey Industries	05/07/15	2
GIL	Gildan Activeware	03/27/15	3
CNC	Centene Corp	02/19/15	4

PORTFOLIO ITEMS

Planning Ahead

It's clear there are many examples, in both nature and economics, of phenomena that occur in waves or cycles. Apparently, the 2 for 1 portfolio is one such example. The three poorest performing positions in the portfolio are all right near the top of the ladder. This bunching up of the losers has occurred before and, when it does, I have to do a little advance planning.

The cash derived from our sale of Plains All American, added to our cash account, will give us enough to purchase the appropriate amount of Magna this month. However, this will leave the cash account with only a few hundred dollars and, if Magellan drops even a little bit, there will not be enough for next month's purchase. Then, the sale of the two positions after that will put us in an even worse cash crunch.

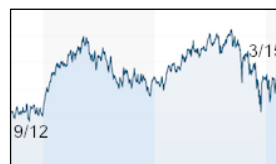
Planning ahead, sometime in the next few weeks, I will be putting in two limit orders to sell off a portion of both the AOS and the COLM positions. These are the two best performing stocks in the portfolio and trimming them back to somewhere near a 3.33% weight will, hopefully, generate enough cash to get us through June or July. I recommend each reader adjust his or her own portfolio along these lines as necessary.

February was an exceptional month for 2 for 1, with a 6.3% gain putting us ahead of the market for the year so far, and for the trailing twelve months. 6.3% per month can't be sustained, so enjoy it while it lasts.

THIS MONTH'S SELL

Plains All American Pipelines

Dividends are the story for Plains All American (PAA). Pipeline stocks have followed the price of oil down since last summer, resulting in the un-



fortunate drop seen in the chart to the left. So, with our appreciation in stock value largely wiped out, Plains's generous 5.1% dividend still allows us to salvage approximately a 22% overall gain since 9/12. The Vanguard 500 Index Fund gained 50.9% over the same period.

2 for 1 MODEL PORTFOLIO – FEBRUARY STATEMENT

	# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 02/28/15	BASIS	START MONTH \$5,173.18	END MONTH \$3,791.70	% OF PORT 1.50%
CASH								
PAA	180	09/17/12	44.881	49.890	8,078.49	8,926.20	8,980.20	2.45%
MMP	140	10/16/12	44.406	82.200	6,216.77	10,852.80	11,508.00	3.15%
SCL	160	11/19/12	47.062	41.080	7,529.99	6,144.00	6,572.80	1.80%
HEP	240	12/17/12	31.852	33.250	7,644.39	7,848.00	7,980.00	2.18%
PRA	244	01/25/13	44.493	44.990	10,856.17	10,826.28	10,977.56	3.00%
CL	160	03/18/13	55.822	70.820	8,931.59	10,803.20	11,331.20	3.10%
AOS	260	11/15/10	19.147	63.030	4,978.20	15,446.60	16,387.80	4.48%
TU	310	04/22/13	35.342	35.560	10,955.98	10,633.00	11,023.60	3.01%
HOMB	440	05/20/13	21.173	31.650	9,315.99	13,032.80	13,926.00	3.81%
AWR	340	06/17/13	27.054	40.130	9,198.49	13,477.60	13,644.20	3.73%
BEN	201	07/15/13	47.883	53.830	9,624.49	10,357.53	10,819.83	2.96%
WST	250	08/19/13	38.030	54.720	9,507.49	12,327.50	13,680.00	3.74%
TSCO	150	09/16/13	65.317	88.120	9,797.49	12,175.50	13,218.00	3.61%
DVA	170	10/21/13	57.429	74.600	9,762.89	12,760.20	12,682.00	3.47%
CNI	184	11/18/13	56.302	69.140	10,359.53	12,140.32	12,721.76	3.48%
RLI	220	12/16/13	46.470	48.390	10,223.49	10,320.20	10,645.80	2.91%
TD	232	01/21/14	45.193	43.850	10,484.79	9,240.56	10,173.20	2.78%
ITC	300	02/18/14	34.607	38.730	10,381.99	12,762.00	11,619.00	3.18%
MLI	350	03/17/14	30.554	34.810	10,693.74	10,986.50	12,183.50	3.33%
AWH	300	04/21/14	34.667	40.450	10,399.99	11,601.00	12,135.00	3.32%
AAPL	119	05/19/14	86.355	128.460	10,276.29	13,942.04	15,286.74	4.18%
UNP	108	06/16/14	100.426	120.260	10,846.00	12,658.68	12,988.08	3.55%
OTEX	230	07/21/14	47.719	58.220	10,975.33	13,034.10	13,390.60	3.66%
COLM	300	08/18/14	37.668	55.890	11,300.49	12,750.00	16,767.00	4.58%
APH	216	09/15/14	52.086	56.460	11,250.63	11,601.36	12,195.36	3.33%
CYT	240	10/20/14	44.240	52.530	10,617.65	11,517.60	12,607.20	3.45%
CALM	280	11/17/14	41.936	37.630	11,741.96	9,814.00	10,536.40	2.88%
HAIN	200	12/15/14	55.204	62.530	11,040.87	10,554.00	12,506.00	3.42%
GNTX	660	01/20/15	17.395	17.620	11,480.79	11,015.40	11,629.20	3.18%
NJR	190	02/17/15	63.841	62.580	12,129.73	12,129.73	11,890.20	3.25%
TOTAL CASH AND EQUITIES					\$296,601.69	\$365,797.93		100.00%

ACCOUNT VALUE SUMMARY - 2/28/15

Description	Amount
Last Month's Closing Equity	\$344,129.45
Change in Stock Value	\$20,944.80
Interest & Dividends	\$723.68
This Month's Closing Equity	\$365,797.93

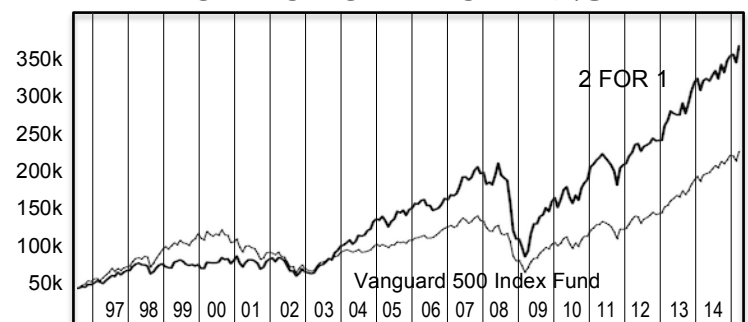
ANNUALIZED RETURN 7/31/96 – 2/28/15

2 for 1: + **11.31%** Vanguard 500 Fund: +8.51%
(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 \$296,602 basis above reflects \$246,602 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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