



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

Volume 18 Issue 5

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

May 17, 2013

## APRIL SPLITS – OUR BUY

### Home BancShares, Inc

We have a nice collection of six splits to select from this month; enough to prompt the resurrection of the ranking list seen at the bottom of this column. I've not felt the need for the list since last June because of the meager number of splits announced over the last eleven months.

Home BancShares (HOMB) tops the list and will be joining the 2 for 1 portfolio early next week. HOMB, doing business as Centennial Bank in Arkansas, Alabama and Florida, looks like a classic tortoise and hare story. Earnings growth over the last twelve months was 20.6% better than the previous year. The average for the industry was 36.2%. However, over the last five years, HOMB averaged over 17.7% per year while its banking sector cohort stood at only 2.3% average earnings growth for the same period. I prefer this slower, more steady progress to growth by fits and starts. HOMB is consistently more profitable than its peers and has a stronger balance sheet. Volatility is far lower than the market or its peer group. Bank of the Ozarks (OZRK) runs a very similar operation and it has done very well for the 2 for 1 portfolio. I'm looking for a repeat from HOMB.

Noble Energy (NBL) came in as a very strong #2. I would be tempted to buy NBL were it not for the seven energy related businesses we already have in the 2 for 1 portfolio. If you are not yet up to a full 30 stock portfolio, buying both HOMB and NBL should be considered.

See the adjacent column for comments on A.O. Smith, a stock we already own.

Symbol	Company	Split Date	Rank
HOMB	Home BancShares, Inc.	06/12/13	1
NBL	Nobel Energy	05/28/13	2
AOS	A.O. Smith Corp.	05/15/13	3
CSWC	Capital Southwest Co.	08/15/13	4
MMS	MAXIMUS, Inc.	06/28/13	4
JCTCF	Jewett-Cameron Trading	05/01/13	5

## PORTFOLIO ITEMS

### Portfolio Management

Next month's sale of ASA is going to yield insufficient cash for the next stock buy after HOMB. (ASA has proved to be a disaster.) To boost the cash account, I will be entering a sell order for 70 shares (about 20%) of our position in A.O. Smith (AOS) at the same time I put in the buy order for HOMB. After its 2 for 1 split announcement last month, AOS was moved to the bottom of the portfolio ladder. This has been our practice when a stock we already own declares another 2 for 1 split. AOS also happens to be our best performer, so a little profit taking is entirely in order at this time. Selling off our worst performer and trimming our best performer will bring the portfolio positions closer to equilibrium, with no further balancing needed for a while.

After a great 1<sup>st</sup> quarter, the 2 for 1 portfolio has been struggling to keep up with the market. There have been no specific problems with any of our positions. Rather, I suspect, as the market hits new highs every few days, it is the large cap blue chip stocks that are the driving force and the smaller and/or less well known companies favored by 2 for 1 are being overshadowed for the moment. Not to worry – we'll catch up soon enough.

## THIS MONTH'S SELL

### ResMed, Inc.

It took a while, but ResMed (RMD) finally began to come alive about a year ago. For a long time, hovering within a few points of our purchase price of \$33.07, and at one point dropping to near \$25, ResMed seemed a loser. Then RMD declared a first-ever dividend in August 2012 and, from there, had a nice run-up to our sale price of \$48.02 on the first of this month. That 45% gain in less than a year was nice but, stretched over 2½ years, it amounts to a 15.7% annualized return, costs and dividends included. The Vanguard 500 Index Fund gained 15.5% annualized over the same period. Thus, RMD proved to be basically a placeholder – not so good, not too bad.

## 2 for 1 MODEL PORTFOLIO – APRIL STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 4/30/13	BASIS	START MONTH 2523.84	END MONTH 6032.64	% OF PORT 2.17%
CASH									
RMD	RESMED, INC	175	09/20/10	33.070	48.020	5797.24	8113.00	8403.50	3.03%
ASA	ASA LIMITED	230	10/18/10	31.645	15.580	7278.38	4429.80	3583.40	1.29%
HRL	HORMEL FOODS	264	12/20/10	25.934	41.270	6846.59	10908.48	10895.28	3.92%
PATR	PATRIOT TRANSPORTATION	305	01/19/11	31.280	28.950	9007.45	8485.10	8829.75	3.18%
WEC	WISCONSIN ENERGY	250	02/22/11	29.185	44.940	7306.24	10722.50	11235.00	4.05%
EEP	ENBRIDGE ENERGY PARTNERS	224	03/28/11	32.219	29.800	7217.10	6751.36	6675.20	2.40%
USTR	UNITED STATIONERS	200	04/18/11	35.350	32.470	7079.99	7730.00	6494.00	2.34%
CWT	CALIFORNIA WATER SERVICE GRP	400	05/16/11	18.350	20.050	7349.99	7960.00	8020.00	2.89%
CHD	CHURCH & DWIGHT	175	06/20/11	39.900	63.890	6992.49	11310.25	11180.75	4.03%
OKS	ONEOK PARTNERS LP	165	07/18/11	43.850	54.100	7245.24	9471.00	8926.50	3.22%
OZRK	BANK OF THE OZARKS	280	08/16/11	22.786	40.930	6379.99	12418.00	11460.40	4.13%
CLW	CLEARWATER PAPER	175	09/19/11	37.000	46.020	6484.99	9220.75	8053.50	2.90%
BLL	BALL CORP.	200	11/21/11	33.400	44.120	6689.99	9516.00	8824.00	3.18%
ROST	ROSS STORES	150	12/19/11	46.520	66.070	6987.99	9093.00	9910.50	3.57%
TJX	TJX INC	220	01/17/12	32.620	48.770	7186.39	10285.00	10729.40	3.86%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	56.400	5593.49	5012.70	5922.00	2.13%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	21.680	7581.93	8744.00	8672.00	3.12%
CPRT	COPART INC	300	04/16/12	25.780	35.250	7733.98	10281.00	10575.00	3.81%
KO	COCA-COLA	200	05/21/12	37.174	42.330	7434.84	8088.00	8466.00	3.05%
CME	CME GROUP	140	06/21/12	54.923	60.860	7689.27	8597.40	8520.40	3.07%
AZZ	AZZ INC	250	07/16/12	32.320	42.290	8079.99	12050.00	10572.50	3.81%
TROX	TRONOX LTD.	310	08/20/12	25.612	20.540	7939.79	6141.10	6367.40	2.29%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	57.420	8078.49	10166.40	10335.60	3.72%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	53.030	7992.99	9617.40	9545.40	3.44%
SCL	STEPAN CO	160	11/19/12	47.062	56.940	7529.99	10096.00	9110.40	3.28%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	39.300	7644.39	9624.00	9432.00	3.40%
PRA	PROASSURANCE	194	01/25/13	44.601	48.990	8652.68	9182.02	9504.06	3.42%
CL	COLGATE-PALMOLIVE	80	03/18/13	111.645	119.410	8931.59	9442.40	9552.80	3.44%
AOS	A. O. SMITH	165	11/15/10	38.294	75.430	6318.49	12139.05	12445.95	4.48%
TU	TELUS	260	04/22/13	35.348	36.060	9190.59	9190.59	9375.60	3.38%
TOTAL CASH AND EQUITIES						222242.56		277650.93	100.00%

## ACCOUNT VALUE SUMMARY - 4/30/13

Description	Amount
Last Month's Closing Equity	280615.15
Change in Stock Value	-3169.89
Interest & Dividends	205.67
This Month's Closing Equity	277650.93

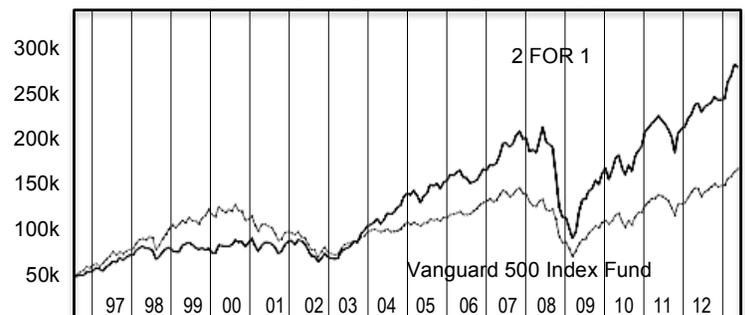
## ANNUALIZED RETURN 7/31/96 – 4/30/13

2 for 1: +10.78% Vanguard 500 Fund: +7.47%  
(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 29 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 \$222,243 basis above reflects the \$172,243 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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