



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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2-for-1.com

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OCTOBER SPLITS – OUR BUY

Cal-Maine Foods

Another slow month for split announcements; just Syntel Inc (SYNT) and Cal-Maine Foods (CALM). Syntel is an information technology and business services company based in Troy, Michigan. This is pretty much the definition of a “new economy” business. It is relatively volatile and pays no dividend, among other negatives, and was scored quite low by our ranking formula.

Cal-Maine Foods, an “old economy” company, has a business that is simple to explain. CALM produces 23% of the eggs consumed in the USA. With over 22,800 acres of land and over 100 facilities scattered over 15 states, this is a huge operation. All its growth metrics were higher last year than its 5-year averages, it has a very strong balance sheet, and it is profitable. And my guess is its real estate might be carried on the books at a level far lower than its true value.

CALM's split was announced on October 3rd. Readers might remember it was included in last month's analysis with the September list. It scored a rank of #4. This month it scored #1. How can that happen? First, the numbers change from month to month; in this case, beta, PE, and price-to-book dropped and the dividend rose, changing CALM's absolute score significantly. Second, the #1 and #2 rankings are relative only to the other eligible stocks being considered. Thus, the #1 stock could be the best of the bunch for this month while having a lower absolute score than a #3 or #4 stock in the previous month's rankings.

Please go to last month's issue of 2 for 1 for comments on RockTenn Co. (RKT).

Symbol	Company	Split Delivery	Rank
CALM	Cal-Maine Foods, Inc	10/31/14	1
RKT	RockTenn Co.	08/27/14	2
ALK	Alaska Air Group	07/19/14	4
PHX	Panhandle Oil & Gas	10/08/14	4
SYNT	Syntel Inc	11/03/14	4
STN	Stantec Inc	11/14/14	5

PORTFOLIO ITEMS

One Month Is All It Takes

So far, for the second half of this year, 2 for 1 has had two negative 3% months, each followed by a plus 5+% month. It's easy to say, “Don't worry! We're in it for the long haul”, but it's quite another thing to actually ride the roller coaster. It's amazing how one's mood can change so much in just one month's time. Thankfully, the mood is good right now. October ended with 2 for 1 hitting another all-time high and that trend continues as we go to press.

It's typical for me to advise caution and realism when the markets are at all-time highs but I don't feel that urge at the moment. All our companies except one (TROX) have positive earnings and the economy continues to improve. Of course, the pendulum will eventually swing the other way for a while. In the meantime, with the market up or down, we'll simply keep the portfolio moving along one month at a time.

As stated in my email alert to subscribers, I have taken action to bolster the cash account. On 10/29 I sold a portion of the Magellan Midstream Partners (MMP), the best performing position in the portfolio at the moment. This partial sale brought MMP from 4.6% of the portfolio at the end of September down to 3.3% at the end of October. This action was necessary due to the slumping price of Coca-Cola. Proceeds from the sale of KO (see below) would not have produced enough cash to fund our purchase of Cal-Maine.

THIS MONTH'S SELL

Coca-Cola

Coca-Cola (KO) is the only Dow 30 stock in the 2 for 1 portfolio at the moment and it may be a while before we have another. Over the years we've had better luck with more “under the radar” types of companies. KO will not be a winner for us when we sell next week, returning about 8% annualized, dividends and costs included. The Vanguard 500 Index Fund's annualized return was over 24% for the same time period.



2 for 1 MODEL PORTFOLIO – OCTOBER STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 10/31/14	BASIS	START MONTH \$3,526.16	END MONTH \$5,952.53	% OF PORT 1.71%
CASH									
KO	COCA-COLA	200	05/21/12	37.174	41.880	7,434.84	8,532.00	8,376.00	2.40%
CME	CME GROUP	140	06/21/12	54.923	83.810	7,689.27	11,193.70	11,733.40	3.37%
AZZ	AZZ INC	250	07/16/12	32.320	46.760	8,079.99	10,442.50	11,690.00	3.35%
TROX	TRONOX LTD.	445	08/20/12	25.073	24.180	11,157.38	11,592.25	10,760.10	3.09%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	56.350	8,078.49	10,594.80	10,143.00	2.91%
MMP	MAGELLAN MIDSTREAM PARTNERS	140	10/16/12	44.406	81.870	6,216.77	15,152.40	11,461.80	3.29%
SCL	STEPAN CO	160	11/19/12	47.062	44.280	7,529.99	7,100.80	7,084.80	2.03%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.460	7,644.39	8,736.00	8,030.40	2.30%
PRA	PROASSURANCE	244	01/25/13	44.493	46.780	10,856.17	10,753.08	11,414.32	3.27%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	66.880	8,931.59	10,435.20	10,700.80	3.07%
AOS	A. O. SMITH	260	11/15/10	19.147	53.350	4,978.20	12,292.80	13,871.00	3.98%
TU	TELUS	310	04/22/13	35.342	35.850	10,955.98	10,595.80	11,113.50	3.19%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	31.920	9,315.99	12,940.40	14,044.80	4.03%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	35.780	9,198.49	10,342.80	12,165.20	3.49%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	55.610	9,624.49	10,976.61	11,177.61	3.21%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	51.250	9,507.49	11,190.00	12,812.50	3.68%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	73.220	9,797.49	9,226.50	10,983.00	3.15%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	78.070	9,762.89	12,433.80	13,271.90	3.81%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	70.580	10,359.53	13,056.64	12,986.72	3.73%
RLI	RLI CORP.	220	12/16/13	46.470	49.590	10,223.49	9,523.80	10,909.80	3.13%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	49.260	10,484.79	11,458.48	11,428.32	3.28%
ITC	ITC HOLDINGS	300	02/18/14	34.607	39.610	10,381.99	10,689.00	11,883.00	3.41%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	32.460	10,693.74	9,989.00	11,361.00	3.26%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	38.000	10,399.99	11,052.00	11,400.00	3.27%
AAPL	APPLE CORP	119	05/19/14	86.355	108.000	10,276.29	11,989.25	12,852.00	3.69%
UNP	UNION PACIFIC	108	06/16/14	100.426	116.450	10,846.00	11,709.36	12,576.60	3.61%
OTEX	OPENTEXT INC	230	07/21/14	47.719	55.120	10,975.33	12,746.60	12,677.60	3.64%
COLM	COLUMBIA SPORTSWEAR	300	08/18/14	37.668	38.540	11,300.49	10,734.00	11,562.00	3.32%
APH	AMPHENOL	216	09/15/14	52.086	50.580	11,250.63	10,784.88	10,925.28	3.13%
CYT	CYTEC INDUSTRIES	240	10/20/14	44.240	46.630	10,617.65	10,617.65	11,191.20	3.21%
TOTAL CASH AND EQUITIES						\$284,569.82		\$348,540.18	100.00%

ACCOUNT VALUE SUMMARY - 10/31/14

Description	Amount
Last Month's Closing Equity	\$331,185.11
Change in Stock Value	\$16,835.98
Interest & Dividends	\$519.09
This Month's Closing Equity	\$348,540.18

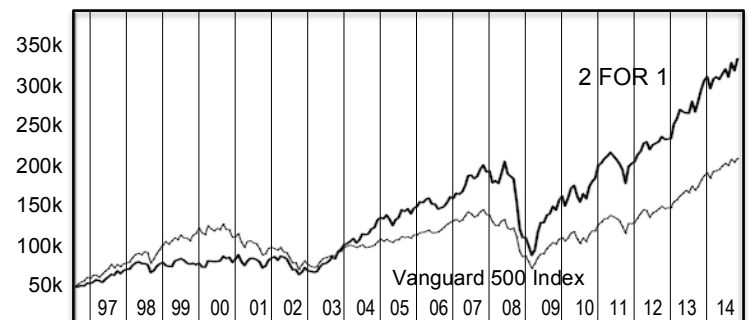
ANNUALIZED RETURN 7/31/96 – 10/31/14

2 for 1: + **11.23%** Vanguard 500 Fund: +8.38%
(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 \$284,570 basis above reflects \$234,570 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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