



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 18 Issue 10

2-for-1.com

October 18, 2013

SEPTEMBER SPLITS – OUR BUY

DaVita HealthCare Partners

We had only one 2 for 1 split announcement in September, Kyocera (KYO), so the August split list was revisited, along with KYO, and all the numbers were re-analyzed. KYO is a large Japanese conglomerate trading on the NYSE in the form of American Depositary Receipts, or ADRs. The company has a lot going for it but, unfortunately, the trading volume here in the States is too thin for the stock to qualify as a candidate for the 2 for 1 portfolio. For a stock such as this, the bid-ask spread is just too wide and simultaneous orders from numerous 2 for 1 subscribers would skew the market. Therefore, we are left to choose from the three stocks passed over in August.

As was true last month, DeVita Health-Care Partners (DVA) had the highest ranking of the three. DeVita operates 1800+ dialysis clinics in 43 states. Top and bottom line growth has averaged over 9% for the last five years, making the PE of 21 seem reasonable. The 0.55 Beta number is especially attractive and somewhat makes up for the lack of a dividend. Warren Buffet's Berkshire Hathaway owns 14% of the company and, in May of this year, an agreement was signed allowing Berkshire to acquire up to 25% of the company. With only one health care sector stock (WST) in the 2 for 1 portfolio, I'll be pleased to add DeVita early next week.

Since nothing else has changed much, please refer back to last month's issue of 2 for 1 for comments on Alliance Fiber Optic Products (AFOP) and DSW Inc. (DSW), the two remaining splits from August.

As we go to press, there have been no split announcements so far in October. This may change as company Boards begin to meet and 3rd quarter earnings are reported. The number of splits per month is often a reflection of the general mood of the business community and the mood should improve as the dust settles in Washington. See adjacent article.

PORTFOLIO ITEMS

Congressional Brinkmanship

As I write this column on Wednesday evening, the flash from Washington brings the news that both houses of Congress have approved a measure that will end the government shutdown temporarily and raise the debt ceiling enough to get us through the middle of February. This whole debacle, especially waiting until the last possible moment to fix it, is an embarrassment, and we may have to go through this all over again early next year. For investors, the antics in Washington can cause a lot of heartburn but, fortunately for most businesses, including those we own, the impact has been minimal and both the market and the 2 for 1 portfolio are now at all time highs. A warning however. As is often the case, big news causes over-reactions and it seems likely there will be some sort of market correction in the coming months. Of course the 2 for 1 portfolio will remain fully invested in the stock market, as always, but I will try my best to keep to stable, low Beta stocks to minimize volatility.

September results were terrific. A 5% gain in the 2 for 1 portfolio more than made up for August's dip and put us back ahead of the major indexes for the year and the trailing 12 months. Our two best performing stocks right now are our two Arkansas banks, OZRK and HOMB. I am poised to take some profits from either one or both of these positions for rebalancing purposes. I will send out an email alert if and when I decide to make a move.

THIS MONTH'S SELL

Enbridge Energy Partners

Selling a stock for less than you paid for it is usually nothing but bad news. In the case of Enbridge Energy (EEP) there is a little good news to temper the bad. Based on price alone, EEP dropped over 5% over the time we owned it. However, its total return, boosted by a 7%+ dividend allowed us to eek out an overall gain of 11.0%, or 4.3% annualized. The Vanguard 500 Index Fund has returned 12.9% annualized over the same period, so EEP was not a winner for us, but we do give thanks for that dividend.

2 for 1 MODEL PORTFOLIO – SEPTEMBER STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 9/30/13	BASIS	START MONTH 4962.15	END MONTH 6051.55	% OF PORT 2.08%
CASH									
EFP	ENBRIDGE ENERGY PARTNERS	224	03/28/11	32.219	30.450	7217.10	6679.68	6820.80	2.34%
USTR	UNITED STATIONERS	200	04/18/11	35.350	43.440	7079.99	7948.00	8688.00	2.98%
CWT	CALIFORNIA WATER SERVICE GRP	400	05/16/11	18.350	20.320	7349.99	7980.00	8128.00	2.79%
CHD	CHURCH & DWIGHT	175	06/20/11	39.900	60.050	6992.49	10386.25	10508.75	3.60%
OKS	ONEOK PARTNERS LP	165	07/18/11	43.850	53.010	7245.24	8182.35	8746.65	3.00%
OZRK	BANK OF THE OZARKS	280	08/16/11	22.786	47.940	6379.99	12706.40	13423.20	4.60%
CLW	CLEARWATER PAPER	175	09/19/11	37.000	47.770	6484.99	8340.50	8359.75	2.87%
BLL	BALL CORP.	200	11/21/11	33.400	44.880	6689.99	8884.00	8976.00	3.08%
ROST	ROSS STORES	150	12/19/11	46.520	72.800	6987.99	10089.00	10920.00	3.75%
TJX	TJX INC	220	01/17/12	32.620	56.390	7186.39	11598.40	12405.80	4.26%
MNST	MONSTER BEVERAGES	105	02/21/12	53.200	52.250	5593.49	6025.95	5486.25	1.88%
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	22.090	7581.93	8088.00	8836.00	3.03%
CPRT	COPART INC	300	04/16/12	25.780	31.790	7733.98	9531.00	9537.00	3.27%
KO	COCA-COLA	200	05/21/12	37.174	37.880	7434.84	7636.00	7576.00	2.60%
CME	CME GROUP	140	06/21/12	54.923	73.880	7689.27	9955.40	10343.20	3.55%
AZZ	AZZ INC	250	07/16/12	32.320	41.860	8079.99	9385.00	10465.00	3.59%
TROX	TRONOX LTD.	310	08/20/12	25.612	24.470	7939.79	6621.60	7585.70	2.60%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	52.660	8078.49	9100.80	9478.80	3.25%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	56.430	7992.99	9766.80	10157.40	3.48%
SCL	STEPAN CO	160	11/19/12	47.062	57.730	7529.99	9030.40	9236.80	3.17%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	33.070	7644.39	8527.20	7936.80	2.72%
PRA	PROASSURANCE	194	01/25/13	44.601	45.060	8652.68	9145.16	8741.64	3.00%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	59.300	8931.59	9243.20	9488.00	3.25%
AOS	A. O. SMITH	260	11/15/10	19.147	45.200	4978.20	10933.00	11752.00	4.03%
TU	TELUS	260	04/22/13	35.348	33.120	9190.59	8000.20	8611.20	2.95%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	30.380	9315.99	11184.80	13367.20	4.59%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	27.560	9198.49	8942.00	9370.40	3.21%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	50.550	9624.49	9278.16	10160.55	3.49%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	41.150	9507.49	9243.75	10287.50	3.53%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	67.170	9797.49	9797.49	10075.50	3.46%
TOTAL CASH AND EQUITIES						232110.33	291521.44	100.00%	

ACCOUNT VALUE SUMMARY - 9/30/13

Description	Amount
Last Month's Closing Equity	277655.15
Change in Stock Value	13294.23
Interest & Dividends	572.06
This Month's Closing Equity	291521.44

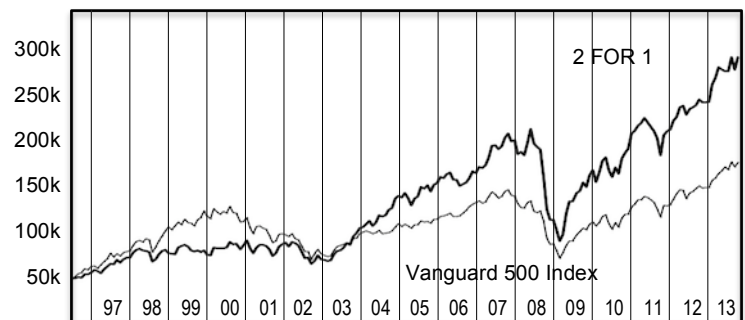
ANNUALIZED RETURN 8/31/96 – 9/30/13

2 for 1: + **10.82%** Vanguard 500 Fund: +7.62%
(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 \$232,110 basis above reflects the \$182,110 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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