



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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AUGUST SPLITS – OUR BUY

Amphenol Corp.

August produced just two 2 for 1 split announcements and Amphenol (APH) is clearly the better choice for the 2 for 1 portfolio. Taken directly from its website, “Amphenol is one of the largest manufacturers of [electrical] interconnect products in the world. The primary end markets for the Company's products are communications and information processing markets, including cable television, cellular telephone and data communication and information processing systems; aerospace and military electronics; and automotive, rail and other transportation and industrial applications.” If you own a car, or almost anything else electrical or electronic, you own an Amphenol product.

APH has top and bottom line growth rates superior to its peers, it has been consistently profitable, and it has a huge free cash flow. Returns on assets and investment are also excellent and far better than its peers. I am disappointed APH is somewhat more volatile than the overall market, with a Beta of 1.37 but, that being disclosed, this is still a very well run business and I'm looking forward to adding it to the portfolio next week.

Continental Resources (CLR), August's 2nd split, is an independent oil and gas exploration and production company operating in the USA. CLR shares are expensive relative to earnings, it pays no dividend, it's volatile, and sales and earnings have plummeted over the last year. If you are looking for an energy sector stock, last month's #2 ranked split, Enterprise Products Partners (EPD) would be a much better choice.

Having only two candidates to choose from makes the choosing that much easier and, lest you worry our supply of splits is drying up, I like to remind followers that splits from even six months ago are still eligible and we only need one good company per month. The fact that a board sees fit to announce a split when no one else is doing so makes it that much more appealing.

PORTFOLIO ITEMS

Apple and Other Thoughts

August was a good month for 2 for 1. The 5.7% jump in the value of the portfolio put us well into the black for the year after seeing very flat numbers through the first two quarters. The month closed with only two of our thirty positions having a minus sign before their overall result.

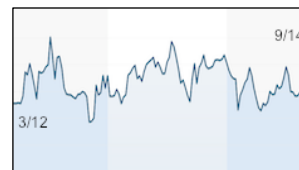
Apple Inc (AAPL) has been in the news a lot since we bought it in May. Granted, it is the biggest company in the world. However, the volume of news, hype, and commentary swirling around this company is quite something to behold. As strange as it may sound, and in spite of coverage by over 40 analysts, it's almost as if Apple's stock is flying under the radar. It's up over 16% since we bought it but it's still at a bargain price. I love under-the-radar stocks and Apple is no exception.

The next four sales (DGAS, CPRT, KO, and CME) are all companies underperforming the overall portfolio at this time. (see the last column on the next page) It is always assumed that the 2 for 1 stocks will do better than average in relation to the thousands of stocks on the market. However, within the portfolio, there must be, by necessity, some positions that do better than average and some that don't. To have four below-average performers come to the top of the ladder as a group is unusual. By sloughing off these four stocks by the end of the year, I hope to see an improvement in the portfolio's overall performance. Hold that thought. We'll check the theory next January.

THIS MONTH'S SELL

Delta Natural Gas

The price history of DGAS over its 2½ year tenure in the 2 for 1 portfolio is a tale of much ado about almost nothing. Bought in 2012 at \$18.96/shr, we will be selling next week at around \$20.25. All the spikes and dips in between have amounted to just a 4.5% annualized return, all costs and dividends included. The Vanguard 500 Index Fund's annualized return was 17.4% over the same period.



2 for 1 MODEL PORTFOLIO – AUGUST STATEMENT

		# SH	BOUGHT	QUOTE AT BUY	QUOTE ON 8/31/14	BASIS	START MONTH 7210.18	END MONTH 6090.92	% OF PORT 1.78%
CASH									
DGAS	DELTA NATURAL GAS	400	03/21/12	18.955	20.110	7581.93	7840.00	8044.00	2.36%
CPRT	COPART INC	300	04/16/12	25.780	34.430	7733.98	10014.00	10329.00	3.03%
KO	COCA-COLA	200	05/21/12	37.174	41.720	7434.84	7858.00	8344.00	2.44%
CME	CME GROUP	140	06/21/12	54.923	76.550	7689.27	10351.60	10717.00	3.14%
AZZ	AZZ INC	250	07/16/12	32.320	46.340	8079.99	10910.00	11585.00	3.39%
TROX	TRONOX LTD.	445	08/20/12	25.073	30.360	11157.38	11810.30	13510.20	3.96%
PAA	PLAINS ALL AMERICAN PIPELINES	180	09/17/12	44.881	59.930	8078.49	10323.00	10787.40	3.16%
MMP	MAGELLAN MIDSTREAM PARTNERS	180	10/16/12	44.406	83.930	7992.99	14434.20	15107.40	4.42%
SCL	STEPAN CO	160	11/19/12	47.062	48.290	7529.99	7699.20	7726.40	2.26%
HEP	HOLLY ENERGY PARTNERS	240	12/17/12	31.852	36.290	7644.39	8090.40	8709.60	2.55%
PRA	PROASSURANCE	244	01/25/13	44.493	46.200	10856.17	10645.72	11272.80	3.30%
CL	COLGATE-PALMOLIVE	160	03/18/13	55.822	64.730	8931.59	10144.00	10356.80	3.03%
AOS	A. O. SMITH	260	11/15/10	19.147	49.080	4978.20	12142.00	12760.80	3.74%
TU	TELUS	310	04/22/13	35.342	36.500	10955.98	10819.00	11315.00	3.31%
HOMB	HOME BANCSHARES	440	05/20/13	21.173	29.750	9315.99	13226.40	13090.00	3.83%
AWR	AMERICAN STATES WATER	340	06/17/13	27.054	32.300	9198.49	10387.00	10982.00	3.22%
BEN	FRANKLIN RESOURCES	201	07/15/13	47.883	56.520	9624.49	10884.15	11360.52	3.33%
WST	WEST PHARMACEUTICAL SERVICES	250	08/19/13	38.030	43.430	9507.49	10187.50	10857.50	3.18%
TSCO	TRACTOR SUPPLY	150	09/16/13	65.317	66.950	9797.49	9325.50	10042.50	2.94%
DVA	DAVITA HEALTHCARE PARTNERS	170	10/21/13	57.429	74.680	9762.89	11974.80	12695.60	3.72%
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	71.860	10359.53	12298.56	13222.24	3.87%
RLI	RLI CORP.	220	12/16/13	46.470	44.700	10223.49	9402.80	9834.00	2.88%
TD	TORONTO-DOMINION BANK	232	01/21/14	45.193	52.630	10484.79	12122.00	12210.16	3.58%
ITC	ITC HOLDINGS	300	02/18/14	34.607	37.350	10381.99	10830.00	11205.00	3.28%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	29.240	10693.74	9740.50	10234.00	3.00%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	36.990	10399.99	10803.00	11097.00	3.25%
AAPL	APPLE CORP	119	05/19/14	86.355	102.500	10276.29	11376.40	12197.50	3.57%
UNP	UNION PACIFIC	108	06/16/14	100.426	105.270	10846.00	10617.48	11369.16	3.33%
OTEX	OPENTEXT INC	230	07/21/14	47.719	56.230	10975.33	12799.50	12932.90	3.79%
COLM	COLUMBIA SPORTSWEAR	150	08/18/14	75.337	76.160	11300.49	11300.49	11424.00	3.35%
TOTAL CASH AND EQUITIES						279793.67		341410.40	100.00%

ACCOUNT VALUE SUMMARY - 8/31/14

Description	Amount
Last Month's Closing Equity	322982.99
Change in Stock Value	17894.92
Interest & Dividends	532.49
This Month's Closing Equity	341410.40

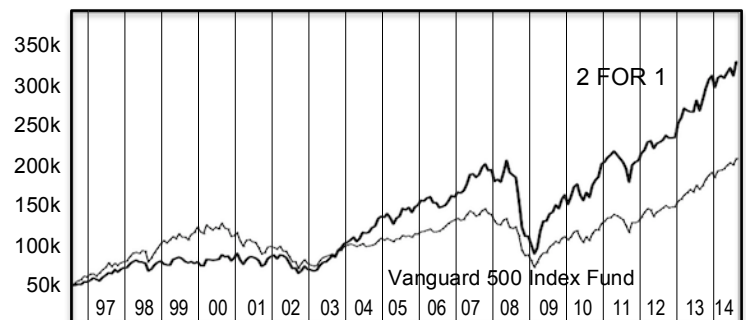
ANNUALIZED RETURN 7/31/96 – 8/31/14

2 for 1: + **11.21%** Vanguard 500 Fund: +8.40%
(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 \$279,794 basis above reflects \$229,794 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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