



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

Volume 21 Issue 9

2-for-1.com

September 16, 2016

RECENT SPLITS – OUR BUY

Badger Meter Inc.

August split activity picked up a bit and I was pleased to have three high quality industrials to pick from, along with Church & Dwight, a consumer non-cyclical. Badger Meter Inc. (BMI) is an old (1905) Wisconsin company primarily known for its water meters. Badger delivered its split shares this last Monday and will be added to the 2 for 1 Index this coming Monday.

Our ranking algorithm gave Badger a high score despite its 31.6 PE ratio. It helps that the price-to-book ratio of 3.8, another measurement of value, is lower than average, boosting the score. Healthy profits and no long-term debt are also positive factors. BMI is a small cap stock (just under \$1B market cap), flying pretty low under the Wall Street radar, with only four analysts covering it and a Beta of just 0.64. Badger makes a wide variety of flow control and measurement devices for all types of fluids, but water meters are its core business. My assumption is the water meter business will only grow as droughts get worse and municipalities and water districts demand stricter water saving measures.

Toro (TTC) is another small industrial outfit much to my liking. Anything to do with turf, including mowers and irrigation equipment, from residential to large commercial installations, falls under Toro's umbrella. We'll be keeping an eye on TTC over the coming months, as a back-up, if the flow of 2 for 1 split announcements should dry up again.

Long time subscribers will recognize A. O. Smith (AOS) as one of the most successful stocks ever included in the 2 for 1 Index. I would have been happy to have AOS in the portfolio again but the numbers weren't nearly good enough.

Symbol	Company	Split Delivery	Rank
BMI	Badger Meter Inc.	08/12/16	1
TTC	Toro Co.	08/18/16	2
CHD	Church & Dwight Co.	08/04/16	3
AOS	A. O. Smith Corp	09/07/16	4

PORTFOLIO ITEMS

All Time Highs

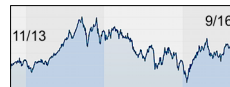
The major stock market indices, the 2 for 1 Index[®], and the 2 for 1 newsletter portfolio have all hit all-time highs repeatedly over the last few months. Every time this happens we congratulate ourselves on how smart we are to be invested in the stock market. I, like everyone else, get a warm fuzzy feeling when the number at the bottom of the column grows to a new, higher level. However, I am also careful to remind myself that our 10.7% annualized growth has not been in a straight line. The dot-com bust and the 2008 financial crisis are sobering examples of the downside of stock market investing. The current bull market is one of the longest in history, and I'm writing today to say with some certainty, something bad is going to happen and the bull market will eventually come to an end.

I would be foolish to predict the timing of the onset of the next bear market and, because of the fully invested nature of the 2 for 1 strategy, I'm not planning any changes in 2 for 1's monthly buy/sell routine. However, I would be remiss, as your newsletter editor, if I didn't remind my readers that 2 for 1 only concerns the equity portion your portfolio. Everyone's financial situation differs and asset allocations will vary accordingly but, with emotions and market uncertainty being pumped up by the coming election, I recommend a review of your overall financial situation. This review should be bracketed by the assumption that your stocks may be taking a hit over the coming months.

THIS MONTH'S SELL

Canadian National Railway

Canadian National (CNI) is a big, rather boring company performing, for 2 for 1, over the last three years, about as well as it did when we previously owned it in '06 through '08. Our overall return, costs and dividends included, will be about 5.5% annualized, well below the average of the 21.7% annualized return for all sales during the period we've owned CNI. The Vanguard 500 Index Fund has returned approximately 9.4% annualized over the same period.



2 for 1 MODEL PORTFOLIO – AUGUST STATEMENT

		# SH	BOUGHT	COST PER SHARE	QUOTE ON 8/31/16	BASIS	START MONTH \$3,539.30	END MONTH \$3,151.34	% OF PORT 0.82%
CASH									
CNI	CANADIAN NATIONAL RAILWAY	184	11/18/13	56.302	64.310	10,359.53	11,630.64	11,833.04	3.08%
RLI	RLI CORP.	220	12/16/13	46.470	70.980	10,223.49	14,997.40	15,615.60	4.07%
TD	TORONTO-DOMINION BANK	300	01/21/14	43.848	44.600	13,154.25	13,071.00	13,380.00	3.49%
MLI	MUELLER INDUSTRIES	350	03/17/14	30.554	34.560	10,693.74	11,914.00	12,096.00	3.15%
AWH	ALLIED WORLD ASSURANCE	300	04/21/14	34.667	40.560	10,399.99	12,297.00	12,168.00	3.17%
AAPL	APPLE CORP	119	05/19/14	86.355	106.100	10,276.29	12,400.99	12,625.90	3.29%
UNP	UNION PACIFIC	130	06/16/14	83.431	95.530	10,846.00	12,096.50	12,418.90	3.24%
OTEX	OPENTEXT INC	230	07/21/14	47.719	62.820	10,975.33	14,013.90	14,448.60	3.77%
COLM	COLUMBIA SPORTSWEAR	220	08/18/14	37.668	56.170	8,287.03	12,595.00	12,357.40	3.22%
APH	AMPHENOL	216	09/15/14	52.086	62.310	11,250.63	12,856.32	13,458.96	3.51%
CALM	CAL-MAINE FOODS	280	11/17/14	41.936	45.940	11,741.96	11,732.00	12,863.20	3.35%
HAIN	HAIN CELESTIAL GROUP	300	12/15/14	36.803	36.750	11,040.87	15,837.00	11,025.00	2.87%
GNTX	GENTEX CORP	660	01/20/15	17.395	17.790	11,480.79	11,662.20	11,741.40	3.06%
NJR	NEW JERSEY RESOURCES	380	02/17/15	31.920	33.640	12,129.73	14,151.20	12,783.20	3.33%
MGA	MAGNA INTERNATIONAL INC	300	03/16/15	49.120	40.300	14,736.13	11,571.00	12,090.00	3.15%
SBUX	STARBUCKS CORP.	260	04/20/15	47.963	56.230	12,470.36	15,093.00	14,619.80	3.81%
PPG	PPG INDUSTRIES	133	05/18/15	110.692	105.880	14,722.05	13,926.43	14,082.04	3.67%
NTT	NIPPON T & T	350	06/15/15	35.340	44.080	12,368.84	16,600.50	15,428.00	4.02%
CF	CF INDUSTRIES HOLDINGS	400	07/20/15	48.350	26.000	19,339.80	9,872.00	10,400.00	2.71%
EXPO	EXPONENT INC.	285	08/17/15	43.895	50.430	12,510.09	14,480.85	14,372.55	3.75%
FBIZ	FIRST BUSINESS FINANCIAL SERV	520	09/21/15	23.019	22.780	11,969.99	12,329.20	11,845.60	3.09%
AZN	ASTRAZENECA	370	11/16/15	32.394	32.810	11,985.78	12,631.80	12,139.70	3.16%
AFSI	AMTRUST FINANCIAL SERVICES	400	12/21/15	30.754	26.490	12,301.63	9,548.00	10,596.00	2.76%
HRL	HORMEL FOODS	292	01/19/16	38.784	38.260	11,324.99	10,906.20	11,171.92	2.91%
NKE	NIKE, INC.	200	02/16/16	57.990	57.640	11,597.99	11,100.00	11,528.00	3.00%
ENSG	ENSIGN GROUP	550	04/18/16	23.249	18.790	12,786.99	11,825.00	10,334.50	2.69%
HOMB	HOME BANCSHARES	600	05/16/16	20.351	23.400	12,210.63	12,522.00	14,040.00	3.66%
LNT	ALLIANT ENERGY	320	06/20/16	39.040	37.950	12,492.74	12,880.00	12,144.00	3.16%
LKFN	LAKELAND FINANCIAL	390	07/18/16	33.277	35.840	12,978.19	13,351.00	13,977.60	3.64%
ICE	INTERCONTINENTAL EXCHANGE	46	08/15/16	279.465	282.020	12,855.38	12,855.38	12,972.92	3.38%
TOTAL CASH AND EQUITIES						\$361,511.21		\$383,709.17	100.00%

ACCOUNT VALUE SUMMARY - 8/31/16

Description	Amount
Last Month's Closing Equity	\$386,613.23
Change in Stock Value	-\$3,617.73
Interest & Dividends	\$713.67
This Month's Closing Equity	\$383,709.17

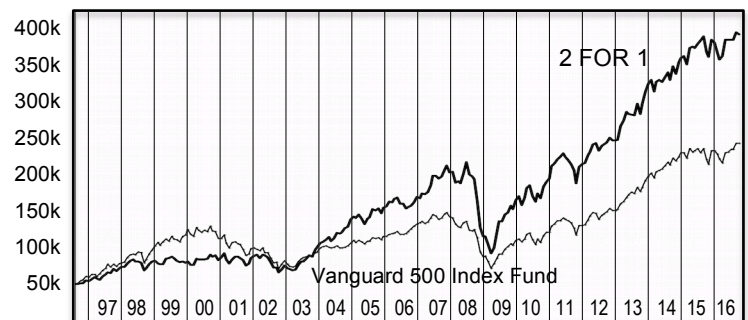
ANNUALIZED RETURN 7/31/96 – 8/31/16

2 for 1: + **10.68%** Vanguard 500 Fund: +8.18%
(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, an IRA account with E*Trade in the editor's name. 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 a portfolio of 30 companies, large and small. The 2 for 1 portfolio was started in July, 1996 with \$50,000. The \$361,511 basis above reflects \$311,511 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



2 for 1® is published and distributed by Neil Macneale, Inc., 140 O'Connor St., Menlo Park, CA 94025. Phone 408-210-6881. E-mail splits241@2-for-1.com. Neil Macneale, Inc., dba 2 for 1®, is not a broker and does not offer individual investment advice. 2 for 1 is published each month on the Friday closest to the 15th of that month. Contents are copyrighted but may be copied or quoted if attributed to the source. 2 for 1 subscription rate = \$20.00 per month for electronic delivery, payable by automatic monthly debit from any major credit or debit card approximately one week prior to publication. No long-term commitment is required.