

2 for 1 Index[®]

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August 12, 2022

NASDAQ (NDAQ) has been the only recent split announcement, with a 3 for 1 split coming up on the 26th of this month. I'm going to take a pass on NDAQ for a couple of reasons. NDAQ did not score well on the 2 for 1 ranking scale due primarily to above average PE and price-to-book numbers. In addition, neither profits, revenue growth, nor dividends fare well when NDAQ is compared to its peers. The split announcement signal holds the greatest weight when evaluating stocks for the 2 for 1 Index, but it's not the only factor involved in the selection process. All things considered, there will be no changes in the 2 for 1 Index for August.

This break in the routine gives me the opportunity to look back and reflect on the big picture. This month's edition of the 2 for 1 newsletter marks the start of the twenty-seventh year of continuous publication. One thing I learned early on was that the financial newsletter business is tough. The newsletter itself has never been a big money maker, but following its investment strategy for my own purposes has proved to be a significant benefit to me and my family. The Index's 12.16% annualized return over twenty-six years is reflected in the approximately 11% annualized growth in my retirement accounts. The $\pm 2.5\%$ difference between the 2 for 1 annualized return and the return I would have earned from a low-cost broad market index fund over the same period amounts to hundreds of thousands of dollars. Don't get me wrong - I'm a big believer in low-cost index funds and have recommended Vanguard's Total Stock Market Fund Admiral Shares (VTSAX) to literally hundreds of people. But for the DIY person who wants a little more involvement in their investments, the 2 for 1 strategy seems a good alternative.

A lot happens in twenty-six years. We've had three major stock market crashes and several minor ones, balanced by historic bull markets. We've lived through 9/11, several wars, accelerating technological innovation, and worsening political divisiveness. Personally, I've lost both my parents and acquired a son-in-law and a daughter-in-law and four grandchildren. The newsletter has changed its format and its focus but I keep writing, mostly because it's challenging and provides the discipline needed to keep me on track. I also enjoy hearing from subscribers for whom the 2 for 1 strategy has been a benefit. If you are one of them, drop me a line and let me know how you are doing. (splits241@2-for-1.com)

In summary, **there will be no addition to or deletion from the Index this month.** There will be a rebalance, maintaining the 2 for 1 Index at 30 equally balanced positions, as of the market close on Monday, 8/15/22.

Neil Macneale

MBCN	MIDDLEFIELD BANC CORP	OCT-19	HWKN	HAWKINS, INC.	APR-21	2 for 1 Index inception 7/31/1996
TKR	TIMKEN CO.	NOV-19	CP	CANADIAN PACIFIC	MAY-21	
TU	TELUS COMMUNICATIONS INC	MAR-20	CSX	CSX CORPORTION	JUN-21	Value at inception = 100
BEN	FRANKLIN RESOURCES	APR-20	SCVL	SHOE CARNIVAL, INC.	JUL-21	
AWR	AMERICAN STATES WATER	MAY-20	ISRG	INTUITIVE SURGICAL, INC.	AUG-21	Value as of 8/11/22 = 1982.15
EW	EDWARDS LIFESCIENCES	JUN-20	RJF	RAYMOND JAMES FINANCIAL	SEP-21	
MRTN	MARTEN TRANSPORT LTD	AUG-17	TM	TOYOTA MOTORS CORP	OCT-21	All time high - 1/4/22 = 2105.21
COST	COSTCO WHOLESALE CORP	JUL-20	MBIN	MERCHANTS BANCORP	DEC-21	
TREX	TREX COMPANY INC	AUG-20	NSSC	NAPCO SECURITY TECH.	DEC-21	52-week low - 6/16/22 = 1660.56
AAPL	APPLE INC.	SEP-20	GOOGL	ALPHABET, INC.	FEB-22	
NEE	NEXTERA ENERGY INC.	OCT-20	CM	CIBC	MAR-22	Overall annualized return = 12.16%
BEP	BROOKFIELD RENEWABLE	NOV-20	PTSI	P. A. M. TRANSPORTATION	APR-22	
WAFD	WASHINGTON FEDERAL, INC	DEC-20	CTO	CTO REALTY GROWTH, INC.	MAY-22	Comparable S&P total return = 9.52%
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	
LSI	LIFE STORAGE, INC.	MAR-21	REX	REX AMERICAN RESOURCES	JUL-22	