

2 for 1 Index[®]

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August 18, 2023

This issue marks the start of the 28th year of continuous monthly publication of the 2 for 1 newsletter. Initiated in August, 1996, 2 for 1 has moved pretty much in lock-step with the market regarding the ups and downs, but generally the ups have been a little more up and the downs have been a little less down, to the point that 2 for 1 has averaged about a 2.5% better overall return than the major broad market index funds over the same period. That translates to a 20-fold increase, from 100 to 2006.70, on 8/17/23.

On 8/3 Sempra (SRE), and then on 8/4, Copart Inc. (CPRT), both announced a 2 for 1 split. Both companies are being added to the 2 for 1 Index next week. Copart has been in the 2 for 1 Index twice before, in 2012 and 2017. In both instances CPRT was a winner; in the second instance, spectacularly so. CPRT provides online used car auctions and vehicle remarketing services in the United States and abroad. No debt, highly profitable, growing at about 20% per year for the last five years - what's not to like? Insiders own a substantial percentage of this company and have obviously found a formula that benefits themselves and their shareholders.

Sempra is a holding company with several divisions providing electric and natural gas services across Southern California and parts of Texas. Adding a utility stock to the 2 for 1 Index can be viewed as a contrarian choice - the utilities sector is among the poorer performing sectors of the economy lately. But SRE's revenues have been growing at a rate about twice that of its peers and other comparisons are also generally favorable. CPRT's 3.3% dividend and relatively low volatility will provide a measure of stability to the Index. I'm adding both CPRT and SRE to the Index to begin bringing the count back up to thirty.

Trex has been a roller coaster ride throughout its tenure in the Index. It's being deleted at very close to the same split adjusted price it was when added to the Index on 8/17/20. However, because Trex has been quite volatile, and the Index is rebalanced every month, it means that shares have been deleted on the up-swings and added on the down-swings (buy low - sell high), resulting in a substantial increase in the TREX share count used in the monthly rebalance calculations. So, not a big winner but OK overall.

The Life Storage (LSI) shares in the Index were converted to an equivalent value of Extra Space Storage (EXR) shares as a result of a merger. I like EXR and will keep it in the Index in the same position occupied by LSI. It should rise to the top of the queue and be deleted from the Index around the middle of 2024.

In summary, **CPRT and SRE will be added to the Index and TREX will be deleted this month.** There will be a rebalance, bringing the 2 for 1 Index to 29 equally balanced positions, as of the market close on Monday 8/21/23.

Neil Macneale

TREX	TREX COMPANY INC	AUG-20	MBIN	MERCHANTS BANCORP	DEC-21	2 for 1 Index inception 7/31/1996
AAPL	APPLE INC.	SEP-20	NSSC	NAPCO SECURITY TECH.	DEC-21	
NEE	NEXTERA ENERGY INC.	OCT-20	GOOGL	ALPHABET, INC.	FEB-22	Value at inception = 100
BEP	BROOKFIELD RENEWABLE	NOV-20	CM	CIBC	MAR-22	
WAFD	WASHINGTON FEDERAL, INC	DEC-20	PTSI	P. A. M. TRANSPORTATION	APR-22	Value as of 8/17/23 = 2006.70
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	CTO	CTO REALTY GROWTH, INC.	MAY-22	
EXR	EXTRA SPACE STORAGE, INC.	MAR-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	All time high - 7/31/23 = 2147.27
HWKN	HAWKINS, INC.	APR-21	REX	REX AMERICAN RESOURCES	JUL-22	
CP	CANADIAN PACIFIC	MAY-21	TECH	BIO-TECHNE CORP.	SEP-22	52-week low - 9/30/22 = 1689.01
CSX	CSX CORPORTION	JUN-21	UHAL	U-HAUL HOLDING CO.	NOV-22	
SCVL	SHOE CARNIVAL, INC.	JUL-21	PCAR	PACCAR, INC.	DEC-22	Overall annualized return = 11.73%
ISRG	INTUITIVE SURGICAL, INC.	AUG-21	SSRM	SSR MINING INC.	FEB-23	
RJF	RAYMOND JAMES FINANCIAL	SEP-21	GCBC	GREENE COUNTY BANCORP	MAR-23	Comparable S&P total return = 9.38%
TM	TOYOTA MOTORS CORP	OCT-21	AAON	AAON INC.	JUL-23	