

2 for 1 Index[®]

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August 16, 2024

The number of splits considered for the 2 for 1 Index so far this year (19) is already five more than all of last year. I'm hoping this trend continues, giving me greater leeway to pick the very best companies for the Index. One interesting factoid - of the nineteen splits this year, only five have been 2 for 1 and one was 3 for 2. All the rest were greater, with an incredible five companies splitting 10 for 1. To me, this looks like companies playing catch-up; another clue that the trend is in our favor.

For August we have Semi Micro Computer (SMCI - 10 to 1), Deckers Outdoor Corp. (DECK - 6 to 1), and Tetra Tech, Inc. (TTEK - 5 to 1). None of the three have "knock your socks off" numbers but TTEK wins the prize and will be added to the Index next week. TTEK provides engineering services that focus on water, environment, infrastructure, and renewable energy. Of the three contenders, TTEK has the fewest analysts, the lowest volatility, and is the only company to pay a dividend (all good). It also has the highest valuation numbers (not good), but its 5-year 16% annualized earnings growth can explain the high PE and Price-to-Book ratios. It must be said that TTEK's biggest customer is the US government. Its \$4.7B backlog of orders looks great on paper but may be dependent on the outcome of the November election. I'm betting on a win by the Democrats and a continuation, or maybe an increase, in spending on water and renewable energy infrastructure. It's hard to keep politics out of any decision making these days.

Semi Micro should be considered an AI (artificial intelligence) play which explains its dramatic volatility over the last year, going from around 300 to 1200 and now back down to +/- 600. This kind of movement is exciting for traders but tells us very little about where the stock price will be 30 to 36 months from now. Deckers had the lowest ranking score of this month's three splits. This, coupled with the fact that DECK is a "fashion" stock, gives me pause. Over the years, 2 for 1 has had a poor track record with retailers and manufacturers that rely on the whims of the fashion world. For this August, I'm going with the engineers.

Intuitive Surgical (ISRG) will be deleted from the Index next week. ISRG struggled after being included in the Index but has flourished for the last two years and finishes its run very near its all-time high. Because of this major down-then-up swing, and the fact that ISRG pays no dividend, our return was only "OK" and slightly under the overall Index return, coming in at about 10.9% annualized.

In summary, for August, **TTEK will be added to the Index and ISRG will be deleted.** There will be a rebalance, maintaining the 2 for 1 Index at 29 equally weighted positions, as of the market close on Monday 8/19/24. The 2 for 1 Index has reached an all-time high for the second month in a row.

Neil Macneale

ISRG	INTUITIVE SURGICAL, INC.	AUG-21	GCBC	GREENE COUNTY BANCORP	MAR-23	2 for 1 Index inception 7/31/1996
RJF	RAYMOND JAMES FINANCIAL	SEP-21	AAON	AAON INC.	JUL-23	
TM	TOYOTA MOTORS CORP	OCT-21	CPRT	COPART, INC.	AUG-23	Value at inception = 100
MBIN	MERCHANTS BANCORP	DEC-21	SRE	SEMPRA	AUG-23	
NSSC	NAPCO SECURITY TECH.	DEC-21	NVO	NOVO NORDISK	SEP-23	Value as of 8/15/24 = 2435.48
GOOGL	ALPHABET, INC.	FEB-22	MLI	MUELLER INDUSTRIES	OCT-23	
CM	CIBC	MAR-22	SNEX	STONEX GROUP INC.	NOV-23	All time high - 8/15/24 = 2435.48
PTSI	P. A. M. TRANSPORTATION	APR-22	HUBG	HUB GROUP, INC.	JAN-24	
CTO	CTO REALTY GROWTH, INC.	MAY-22	ODFL	OLD DOMINION FREIGHT LN	MAR-24	52-week low - 10/27/23 = 1814.17
AMRK	A-MARK PRECIOUS METALS	JUN-22	COO	COOPER INC.	MAR-24	
REX	REX AMERICAN RESOURCES	JUL-22	USLM	US LIME AND MINERALS	MAY-24	Overall annualized return = 12.06%
TECH	BIO-TECHNE CORP.	SEP-22	APH	AMPHENOL	JUN-24	
UHAL	U-HAUL HOLDING CO.	NOV-22	NVDA	NVIDIA	JUN-24	Comparable S&P total return = 10.04%
PCAR	PACCAR, INC.	DEC-22	WRB	W.R. BERKLEY	JUL-24	
SSRM	SSR MINING INC.	FEB-23				