

# 2 for 1 Index<sup>®</sup>

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December 13, 2022

2022 has been quite the year. Lots of disruptions and changes - war in Ukraine, political strum und drang, extreme weather, recovery from Covid, and significant upheavals in the economy, to name a few. It's no wonder the markets have been in the dumps and will finish the year well south of last December's close. Final numbers will be tallied in a few weeks, but it's certain the major indexes will all have negative percentage changes well into the double digits. The Wilshire Total Market Full Cap Index, which includes reinvested dividends, is down -17.1% for the year so far, so it is with some pleasure that I report the 2 for 1 Index is down only -11.6% for 2022, as of yesterday. That is well ahead of our usual annual outperformance of 2 to 3%.

Once again, there is only one split announcement to analyze. That would be the 3 for 2 split declared by Paccar Inc. (PCAR) on 12/6/22. The 2 for 1 Index contained PCAR once before, from 1997 to 2000. It was not a big winner then but it did finish its three years solidly in positive territory. The question before us is this. Does PCAR earn a place in the Index just because it's the only recent split or does it get a pass because it's not a perfect candidate? The answer is, PACR is not a perfect candidate, but it's a very good candidate. 2 for 1's ranking algorithm gives PCAR a winning score, confirming it deserves to be in the 2 for 1 Index. It will be going into the Index on Monday.

PCAR manufactures big trucks and truck components and sells them around the world. Think Peterbilt and Kenworth. Valuation numbers are good, with a PE of 13.8 and Price-to Book ratio of 2.8. The company is profitable with earnings averaging a year-over-year increase of over 29% for the last five years. PCAR is less volatile than the overall market. A modest but secure regular dividend of 1% is often boosted by a year-end special dividend. That is the case this year with a special dividend of \$2.80/share payable on 1/5/23. The ex-dividend date for this distribution is 12/15/22 so, if an investor is interested, PCAR shares must be purchased before tomorrow's market close in order to be eligible to collect the special dividend.

Telus Communications (TU), our Canadian telecom company, has reached the top of the ladder and will be dropped from the Index on Monday. We had a good run with Telus over the past 33 months with an overall annualized return, dividends included, of about 18.5%.

In summary, **PCAR will be added and TU will be deleted from the Index this month.** There will be a rebalance, maintaining the 2 for 1 Index at 29 equally balanced positions, as of the market close on Monday, 12/19/22.

Happy Holidays, Neil Macneale

TU	TELUS COMUNICATIONS INC	MAR-20	SCVL	SHOE CARNIVAL, INC.	JUL-21	2 for 1 Index inception 7/31/1996
AWR	AMERICAN STATES WATER	MAY-20	ISRG	INTUITIVE SURGICAL, INC.	AUG-21	
EW	EDWARDS LIFESCIENCES	JUN-20	RJF	RAYMOND JAMES FINANCIAL	SEP-21	Value at inception = 100
MRTN	MARTEN TRANSPORT LTD	AUG-17	TM	TOYOTA MOTORS CORP	OCT-21	
COST	COSTCO WHOLESALE CORP	JUL-20	MBIN	MERCHANTS BANCORP	DEC-21	Value as of 12/12/22 = 1850.20
TREX	TREX COMPANY INC	AUG-20	NSSC	NAPCO SECURITY TECH.	DEC-21	
AAPL	APPLE INC.	SEP-20	GOOGL	ALPHABET, INC.	FEB-22	All time high - 1/4/22 = 2105.21
NEE	NEXTERA ENERGY INC.	OCT-20	CM	CIBC	MAR-22	
BEP	BROOKFIELD RENEWABLE	NOV-20	PTSI	P. A. M. TRANSPORTATION	APR-22	52-week low - 6/16/22 = 1660.56
WAFD	WASHINGTON FEDERAL, INC	DEC-20	CTO	CTO REALTY GROWTH, INC.	MAY-22	
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	Overall annualized return = 11.70%
LSI	LIFE STORAGE, INC.	MAR-21	REX	REX AMERICAN RESOURCES	JUL-22	
HWKN	HAWKINS, INC.	APR-21	TECH	BIO-TECHNE CORP.	SEP-22	Comparable S&P total return = 9.23%
CP	CANADIAN PACIFIC	MAY-21	UHAL	AMERCO	NOV-22	
CSX	CSX CORPORTION	JUN-21				