2 for 1 Index®

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December 12, 2025

Texas Pacific Land Corporation (TPL) is splitting 3 for 1 on Monday. This is the only company to announce a split since the November issue of the 2 for 1 newsletter. TPL is in the land and resource management business and water services and operations business. The company owns and manages 873,00 acres of land in Texas, including 25,000 acres of oil and gas royalty interests in the Permian Basin. The company was founded in 1871 and is headquartered in Dallas, TX.

Evaluating TPL requires a look beyond its PE of 41 and a book value at over 15 times the share price. The value placed on those vast acres of land on TPL's balance sheet is a historical value, not accounting for appreciation or the earning power of its royalty interests. The numbers that are far more important are TPL's almost zero debt and its 62% profit margin after expenses. The regular dividend is steady but rather meager at 0.7%, but TPL has paid out generous special dividends in the past. Volatility in the stock price is lower than the market average. Returns on equity, assets, and capital are all over 34% per year. TPL is a valuable company and its shares are trading at a fair price.

I will be adding TPL to the 2 for 1 Index but only with some trepidation because I am hesitant to buy into a fossil fuel business. To justify this addition, I'm looking at it as more of a long-term real estate play rather than an energy sector investment. I'm on the fence as whether or not to add TPL to my own portfolio because I would be uncomfortable owning a company contributing to the carbon emissions problem. My recommendation for those readers who are averse to this choice is to take a pass this month and let your portfolio shrink by one position. Unlike owning index funds and ETFs managed by the big money managers, retail investors have the luxury of following an index only as closely as they wish, while tweaking and rebalancing to suit their own needs and preferences.

Paccar (PCAR) is being retired from the Index on schedule. Added on 12/19/22, PCAR has been a winner, returning close to 47% overall, dividends included. Paccar was in the Index once before over 25 years ago, returning about 20% overall at that time. This is a fine company and I'm sorry to see it go.

In summary, **Texas Pacific Land Corp (TPL) will be added and Paccar Inc. (PCAR) will be deleted** from the Index. The 27 stocks in the Index will be rebalanced to equally weighted positions at market close on Monday 12/15/25.

Best wishes for the holidays and the new year,

Neil Macneale

PCAR	PACCAR, INC.	DEC-22	WRB	W.R. BERKLEY	JUL-24	2 for 1 Index inception 7/31/1996
SSRM	SSR MINING INC.	FEB-23	RYAAY	RYANAIR HOLDINGS	SEP-24	
GCBC	GREENE COUNTY BANCORP	MAR-23	ODC	OIL DRI CORP	OCT-24	Value at inception = 100
AAON	AAON INC.	JUL-23	RLI	RLI CORP.	NOV-24	
CPRT	COPART, INC.	AUG-23	MTH	MERITAGE HOMES	DEC-24	Value as of 12/11/25 = 2753.02
SRE	SEMPRA	AUG-23	SNEX	STONEX GROUP INC.	NOV-23	
NVO	NOVO NORDISK	SEP-23	IX	ORIX CORP	FEB-25	All time high - 12/11/25 = 2753.02
MLI	MUELLER INDUSTRIES	OCT-23	ORLY	O'REILLY AUTOMOTIVE, INC.	APR-25	
HUBG	HUB GROUP, INC.	JAN-24	FAST	FASTENAL, INC.	MAY-25	52-week low - 4/8/25 = 2090.30
ODFL	OLD DOMINION FREIGHT LN	MAR-24	CALM	CAL-MAINE FOODS, INC.	JUL-25	
COO	COOPER INC.	MAR-24	BN	BROOKFIELD CORP.	AUG-25	Overall annualized return = 11.95%
USLM	US LIME AND MINERALS	MAY-24	NRIM	NORTHRIM BANCORP	SEP-25	
APH	AMPHENOL	JUN-24	NFLX	NETFLIX INC.	NOV-25	Comparable S&P total return = 10.43%
NVDA	NVIDIA	JUN-24				