

# 2 for 1 Index<sup>®</sup>

www.2-for-1.com - following the 2 for 1 Index since 1996

January 14, 2022

There have been two split announcements since last month's newsletter. Unfortunately, neither was found to be worthy of inclusion in the 2 for 1 Index. AeroCentury Corp. (ACY) announced a 5 to 1 split in December. This was an aircraft sales and leasing operation. Now it's in the video game business. ACY is wildly volatile and has recently been through bankruptcy proceedings. Need I say more.

SMART Global Holdings, Inc. (SGH) announced its 2 for 1 split last week and is certainly a more legitimate possibility than ACY. SGH is in the semiconductor business, designing and manufacturing specialty chips for the computing, memory, and LED markets. The analysts that follow this company all rate it a buy or "overweight". However, the metrics that I pay attention to, when run through the 2 for 1 ranking algorithm, give SGH a very mediocre score. Its valuation numbers are high, it doesn't pay a dividend, and it's not very profitable. I'm going to wait until something better comes along.

Briefly, here's a re-cap of the 2 for 1 Index's performance for 2021. The 2 for 1 Index rolls all dividends back into the monthly rebalance, so the best benchmarks for comparison are the total return indices such as the S&P 500 Total Return Index (^SP500TR) or the Wilshire 5000 Total Market Full Cap Index which include all dividends reinvested. For 2021, the 2 for 1 Index was up 27.17%, the S&P 500 Total return - +28.73%, and the Wilshire Full Cap - +24.88%. While 2 for 1 did trail the S&P by a bit, we beat the full market by 2.3% for the year. This is in line with the 25-year average outperformance, for 2 for 1 since inception, of 2% to 3% over the market. In my opinion, at times of market frothiness and all-time highs, the large cap indices, like the S&P 500 and the Dow, tend to get ahead of themselves, so it's understandable the 2 for 1 Index couldn't quite keep up last year. Is it too much to hope for a calmer 2022?

W. R. Berkley (WRB) is at the top of the Index ladder and is in line to be the next deletion. WRB was added to the Index in March, 2019, so it's not quite to the three-year holding limit. It has been a solid plus for the Index. Letting it ride for another month should do no harm.

In summary, **there will be no additions to or deletions from the Index this month.** There will be a rebalance, holding the 2 for 1 Index to 30 equally balanced positions, as of the market close on Tuesday, 1/18/22. The market will be closed on Monday in observance of Martin Luther King Day.

Neil Macneale

WRB	W. R. BERKLEY	MAR-19	AAPL	APPLE INC.	SEP-20	2 for 1 Index inception 7/31/1996
WHF	WHITEHORSE FINANCIAL	APR-19	NEE	NEXTERA ENERGY INC.	OCT-20	
FFIN	FIRST FINANCIAL BANKSHARES	MAY-19	BEP	BROOKFIELD RENEWABLE	NOV-20	Value at inception = 100
PPL	PPL CORP	JUN-19	WAFD	WASHINGTON FEDERAL, INC	DEC-20	
KELYA	KELLY SERVICES, INC	JUL-19	SHW	SHERMAN-WILLIAMS, INC.	FEB-21	Value as of 1/13/22 = 2062.67
FAST	FASTENAL CO	AUG-19	LSI	LIFE STORAGE, INC.	MAR-21	
MBCN	MIDDLEFIELD BANC CORP	OCT-19	HWKN	HAWKINS, INC.	APR-21	All time high - 1/4/22 = 2105.21
TKR	TIMKEN CO.	NOV-19	CP	CANADIAN PACIFIC	MAY-21	
TU	TELUS COMMUNICATIONS INC	MAR-20	CSX	CSX CORPORTION	JUN-21	52 week low - 1/29/21 = 1626.39
BEN	FRANKLIN RESOURCES	APR-20	SCVL	SHOE CARNIVAL, INC.	JUL-21	
AWR	AMERICAN STATES WATER	MAY-20	ISRG	INTUITIVE SURGICAL, INC.	AUG-21	Overall annualized return = 12.67%
EW	EDWARDS LIFESCIENCES	JUN-20	RJF	RAYMOND JAMES FINANCIAL	SEP-21	
MRTN	MARTEN TRANSPORT LTD	AUG-17	TM	TOYOTA MOTORS CORP	OCT-21	Comparable S&P total return = 10.15%
COST	COSTCO WHOLESALE CORP	JUL-20	MBIN	MERCHANTS BANCORP	DEC-21	
TREX	TREX COMPANY INC	AUG-20	NSSC	NAPCO SECURITY TECH.	DEC-21	