

2 for 1 Index[®]

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January 12, 2024

The 2 for 1 Index hit its all-time high just two trading days before the end of 2023, topping out at 2304.28 and ending the year at 2272.90. That's a 27.7% total return for the year, just squeaking by the 26.3% gain in the S&P Total Return Index (^SP500TR). A phenomenal year for both the market and the 2 for 1 Index. While we can't expect a repeat for 2024, the USA's strong economy should continue to support a strong stock market, absent another pandemic or worsening domestic political turmoil.

Meanwhile, I continue to keep my antenna up for stock split announcements and one did pop up in my alerts last week. Hub Group, Inc. (HUBG), a trucking and logistics company based in Illinois, is splitting its stock 2 for 1 on the 26th of this month. Hub is a medium sized trucking company (\$2.8B market cap) with other ancillary services, such as final-mile transport and installation of bulky items such as appliances. HUBG has excellent valuation numbers, well below its industry averages. Hub's growth has been fueled by major acquisitions over the last decade, including the recent take-over of a Forward Air (FWRD) Final-Mile unit for \$262 Million. Strong cash flow has facilitated these acquisitions while simultaneously funding a modest stock buyback program. This somewhat tempers the fact that HUBG does not pay a dividend. There are risks in this choice. Hub Group is not unionized and categorizes most of its drivers as contractors rather than employees. This business model has been challenged in court in California and, in 2022, Hub Group was forced to re-categorize its California drivers as employees and may have to do the same in other states. All things considered, however, Hub Group seems very well managed and has been quite successful in a highly competitive business when compared to others, such as recently bankrupt Yellow Freight. HUBG will be added to the Index after the market close next Monday.

Washington Federal, Inc. (WAFD) was added to the Index just over three years ago, and has been moderately successful. When its generous dividend is included, WAFD will have provided around an 11.7% overall annualized return. WAFD has been significantly more volatile than our typical position and we are fortunate it didn't come to the top of the Index ladder in October or November when the stock was priced at less than its value when initially added to the Index.

In summary, **HUBG will be added to the Index and WAFD will be deleted.** There will be a rebalance, maintaining the 2 for 1 Index at 29 equally balanced positions, as of the market close on 1/15/24.

Neil Macneale

WAFD	WASHINGTON FEDERAL, INC	DEC-20	CTO	CTO REALTY GROWTH, INC.	MAY-22	2 for 1 Index inception 7/31/1996
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	
EXR	EXTRA SPACE STORAGE, INC.	MAR-21	REX	REX AMERICAN RESOURCES	JUL-22	Value at inception = 100
HWKN	HAWKINS, INC.	APR-21	TECH	BIO-TECHNE CORP.	SEP-22	
CP	CANADIAN PACIFIC	MAY-21	UHAL	U-HAUL HOLDING CO.	NOV-22	Value as of 1/11/24 = 2202.53
CSX	CSX CORPORATION	JUN-21	PCAR	PACCAR, INC.	DEC-22	
SCVL	SHOE CARNIVAL, INC.	JUL-21	SSRM	SSR MINING INC.	FEB-23	All time high - 12/27/23 = 2304.28
ISRG	INTUITIVE SURGICAL, INC.	AUG-21	GCBC	GREENE COUNTY BANCORP	MAR-23	
RJF	RAYMOND JAMES FINANCIAL	SEP-21	AAON	AAON INC.	JUL-23	52-week low - 3/10/23 = 1789.10
TM	TOYOTA MOTORS CORP	OCT-21	CRPT	COPART, INC.	AUG-23	
MBIN	MERCHANTS BANCORP	DEC-21	SRE	SEMPRA	AUG-23	Overall annualized return = 11.93%
NSSC	NAPCO SECURITY TECH.	DEC-21	NVO	NOVO NORDISK	SEP-23	
GOOGL	ALPHABET, INC.	FEB-22	MLI	MUELLER INDUSTRIES	OCT-23	Comparable S&P total return = 9.61%
CM	CIBC	MAR-22	SNEX	STONEX GROUP INC.	NOV-23	
PTSI	P. A. M. TRANSPORTATION	APR-22				