

2 for 1 Index[®]

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It's fun to go back to the end of the previous year to review the predictions of the people paid a LOT of money to guess the markets for the coming year. The table below lists predictions for 2024, all made in the last weeks of 2023. They were all wrong, some spectacularly so. Jamie Dimon, CEO of JP Morgan and one of the most carefully followed financiers on Wall Street, has to be wondering how his analysts were off by over 35% in their 2024 prediction for the S&P 500 (see below). The S&P 500 was actually up by 23.3%, finishing at 5882. So, the market did great for 2024. The gurus, not so much.

	Prediction for S&P 500 year-end 2024	% Δ predicted 12/31/23 at 4768	% error from 2024 year-end of 5882
OPPENHEIMER	5200	+ 9.02%	14.28%
DEUTSCHE BANK	5100	+ 6.92%	16.38%
BMO	5100	+ 6.92%	16.38%
GOLDEN SACHS	5100	+ 6.92%	16.38%
RBC	5000	+ 4.83%	18.47%
BANK OF AMERICA	5000	+ 4.83%	18.47%
BARCLAYS	4800	+ 0.63%	22.67%
WELLS FARGO	4625	- 3.04%	26.34%
UBS	4600	- 3.56%	26.86%
MORGAN STANLEY	4500	- 5.66%	28.96%
JP MORGAN	4200	- 11.95%	35.25%

I go through this exercise every year because it reminds me to take all the chatter online, in the newspaper, and on TV, with a big grain of salt. The analysts must predict and the pundits must write, and the competition to stand out is fierce. So, it pays for them to go out on a limb, even if the odds are the limb is going to get cut off. Enough of that. I make no predictions for 2025.

The 2 for 1 Index did not keep up with the market in 2024. This is not unusual. Over the 28½ years since its inception, looking at the year-end closing values, the Index has beaten the market fifteen times, or just a tiny bit over half the time. However, the beats were notably wider than the misses, resulting in an overall out-performance of about 2% annualized for the Index over the entire period. 2% doesn't seem like much, but a 25 year-old investor, with 12% annual returns, will have TWICE as much money in the bank when retiring at 65 than the investor with a 10% return.

To maintain that 12% annualized return I usually refresh the 2 for 1 Index on a monthly basis, exploiting the "stock split advantage" that lasts about 3 years. Orange County Bancorp (OBT) is the only split announced recently. It is a well run small bank founded in 1892 in Middletown, NY. I've always liked small banks and am tempted to add it to the Index, but it's really too small and too thinly traded to qualify.

I'm going to wait one more month to delete Napco (NSSC). In summary, **there will be no addition or deletion** for January. The Index will be rebalanced to 29 equally weighted positions at market close on 1/20/25.

Neil Macneale

NSSC	NAPCO SECURITY TECH.	DEC-21	NVO	NOVO NORDISK	SEP-23	2 for 1 Index inception 7/31/1996
GOOGL	ALPHABET, INC.	FEB-22	MLI	MUELLER INDUSTRIES	OCT-23	
CM	CIBC	MAR-22	SNEX	STONEX GROUP INC.	NOV-23	Value at inception = 100
PAMT	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	Value as of 1/16/25 = 2528.92
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	All time high - 11/11/24 = 2685.98
TECH	BIO-TECHNE CORP.	SEP-22	APH	AMPHENOL	JUN-24	
UHAL	U-HAUL HOLDING CO.	NOV-22	NVDA	NVIDIA	JUN-24	52-week low - 1/17/24 = 2178.05
PCAR	PACCAR, INC.	DEC-22	WRB	W.R. BERKLEY	JUL-24	
SSRM	SSR MINING INC.	FEB-23	RYAAY	RYANAIR HOLDINGS	SEP-24	Overall annualized return = 12.02%
GCBC	GREENE COUNTY BANCORP	MAR-23	ODC	OIL DRI CORP	OCT-24	
AAON	AAON INC.	JUL-23	RLI	RLI CORP.	NOV-24	Comparable S&P total return = 10.14%
CPRT	COPART, INC.	AUG-23	MTH	MERITAGE HOMES	DEC-24	
SRE	SEMPRA	AUG-23				