

# 2 for 1 Index<sup>®</sup>

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

July 14, 2023

I came across this interesting item on the GRIT Capital blog. Just as market timing is difficult, this breakdown suggests that sector timing is pretty near impossible. It would be hard to come up with a better example of why one should be invested over a wide range of sectors and market caps. The 2 for 1 Index provides such diversity and, as a result, is highly correlated with the overall market, playing no favorites and avoiding the gyrations seen in this table.

Sector Breakdown	2022	1st Half 2023
Technology Select Sector SPDR Fund	-28.78%	39.71%
Communication Services Select Sector SPDR Fund	-39.08%	35.61%
Consumer Discretionary Select Sector SPDR Fund	-36.97%	31.47%
Industrial Select Sector SPDR Fund	-6.79%	9.28%
Materials Select Sector SPDR Fund	-13.89%	6.68%
Real Estate Select Sector SPDR Fund	-28.57%	2.06%
Consumer Staples Select Sector SPDR Fund	-2.66%	-0.51%
Financial Select Sector SPDR Fund	-12.58%	-1.43%
Health Care Select Sector SPDR Fund	-3.99%	-2.30%
Utilities Select Sector SPDR Fund	-1.16%	-7.18%
Energy Select Sector SPDR Fund	58.00%	-7.20%

Just when it seemed we would suffer another entire month with no split announcements, AAON Inc. (AAON) declared a 3 for 2 split on 7/7/23. A 3 for 2 split is somewhat less emphatic than a 2 for 1 split but, when there are no other splits at all, we have to take notice. AAON is in the building supply industry manufacturing HVAC equipment. The company makes industrial air handling units, such as chillers, heat and water pumps, rooftop units and pool room dehumidifiers. AAON ranks #2 out of the 10 stocks in the Investor's Business Daily air conditioning and heating products industry group. Valuation numbers are higher than I like but net profit, debt level, and trailing twelve-month revenue and earnings are all far better than industry averages. With heat waves getting more frequent and renewable energy getting cheaper, the board of directors seems to think AAON is well positioned to grow and prosper. I agree.

Costco will be deleted from the Index. I've been a member of Costco since 1987. I shop there a couple of times a month - it's a great company. And it's been good for 2 for 1 as well, with a three-year overall return of around 72%, or 20% annualized. As has been demonstrated since 2 for 1's inception, the "stock split advantage" dissipates around three years after the announcement, so it's time for COST to go. But if it should split again, it's almost certain COST would be added back into the 2 for 1 Index.

In summary, **AAON will be added to the Index and COST will be deleted this month.** There will be a rebalance, maintaining the 2 for 1 Index at 28 equally balanced positions, as of the market close on Monday 7/17/23.

Neil Macneale

COST	COSTCO WHOLESALE CORP	JUL-20	TM	TOYOTA MOTORS CORP	OCT-21	2 for 1 Index inception 7/31/1996
TREX	TREX COMPANY INC	AUG-20	MBIN	MERCHANTS BANCORP	DEC-21	
AAPL	APPLE INC.	SEP-20	NSSC	NAPCO SECURITY TECH.	DEC-21	Value at inception = 100
NEE	NEXTERA ENERGY INC.	OCT-20	GOOGL	ALPHABET, INC.	FEB-22	
BEP	BROOKFIELD RENEWABLE	NOV-20	CM	CIBC	MAR-22	Value as of 7/13/23 = 2084.57
WAFD	WASHINGTON FEDERAL, INC	DEC-20	PTSI	P. A. M. TRANSPORTATION	APR-22	
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	CTO	CTO REALTY GROWTH, INC.	MAY-22	All time high - 1/4/22 = 2105.21
LSI	LIFE STORAGE, INC.	MAR-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	
HWKN	HAWKINS, INC.	APR-21	REX	REX AMERICAN RESOURCES	JUL-22	52-week low - 9/30/22 = 1689.01
CP	CANADIAN PACIFIC	MAY-21	TECH	BIO-TECHNE CORP.	SEP-22	
CSX	CSX CORPORATION	JUN-21	UHAL	U-HAUL HOLDING CO.	NOV-22	Overall annualized return = 11.93%
SCVL	SHOE CARNIVAL, INC.	JUL-21	PCAR	PACCAR, INC.	DEC-22	
ISRG	INTUITIVE SURGICAL, INC.	AUG-21	SSRM	SSR MINING INC.	FEB-23	Comparable S&P total return = 9.56%
RJF	RAYMOND JAMES FINANCIAL	SEP-21	GCBC	GREENE COUNTY BANCORP	MAR-23	