

2 for 1 Index[®]

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March 13, 2020

As per the decision last month to scale back on the publication of the 2 for 1 newsletter, I have decided the monthly update would be focused on the 2 for 1 Index[®] rather than the actual real money portfolio held in my IRA account. The list of stocks will be the same but my updates will no longer include all the details that were listed on the second page of the newsletter.

Unlike the newsletter portfolio, the stock positions in the Index have been and will be re-balanced to equal weight every month. That happens on the first trading day after the monthly update is released. For example, the March re-balance will happen at the close of trading Monday, March 16th. In future months, the re-balance will always be on a Monday unless it's a holiday. The updates will be posted on Friday but the rebalance will utilize the closing prices on the next trading day.

For those subscribers who have already established their 2 for 1 portfolio, you can follow the same buy and sell routine we have used in the past, with only occasional rebalancing and only when one or more positions gets well above or below the average weighting of the portfolio as a whole. For the monthly update, the only difference is that I will not be delving into my own portfolio's management details as in the past.

Although I have been predicting "something bad was going to happen" for several years now, I can't take credit for anticipating the Covid-19 virus pandemic. However, it certainly fills the bill as a "black swan" event and is clearly "something bad". The market is down into bear market territory as I write this and there is no reason to believe we have seen the end of the carnage. I regret to note as of the close on 3/12/20, the 2 for 1 Index is down slightly more than the market so far this year: -23.5% vs. -22.9% for the S&P 500 total return index (SP500TR).

There were two splits of note in February. Telus (TU), the Canadian phone company, will be splitting its shares 2 for 1 next Tuesday. The numbers look fine and **TU will be added to the Index** after the close on Monday. In addition, Old Dominion Freight Lines (ODFL) announced a 3 for 2 split. I have decided against adding ODFL to the Index in spite of the desire to get the portfolio back up to 30 stocks. Reasons for the pass: high volatility, low dividend, more debt than I like, poor valuation numbers, etc. **There will be no deletes from the Index**, meaning the total number of positions will increase to 27. Copart (CPRT) will be the next to go but there is no rush.

That's it for this month. Any comments on the new format would be welcome.

Regards,
Neil Macneale

2 for 1 Index on 2/29/2020

CPRT	COPART INC	APR-17	NHC	NATIONAL HEALTHCARE CORP	SEP-18	2 for 1 Index inception 7/31/1996
SLGN	SILGAN HOLDINGS	MAY-17	TJX	TJX COMPANIES	OCT-18	
SPKE	SPARK ENERGY INC	JUL-17	CASS	CASS INFORMATION SYSTEMS	NOV-18	Value at inception = 100
MRTN	MARTEN TRANSPORT LTD	AUG-17	T	AT&T	JAN-19	
NLY	ANNALY CAPITAL MGMT	DEC-17	WRB	W. R. BERKLEY	MAR-19	Value as of 3/12/20 = 1149.55
AFL	AFLAC INC	FEB-18	WHF	WHITEHORSE FINANCIAL	APR-19	
BRO	BROWN & BROWN INC	MAR-18	FFIN	FIRST FINANCIAL BANKSHARES	MAY-19	All time high - 1602.35, 2/13/20
AGX	ARGAN INC	ARP-18	PPL	PPL CORP	JUN-19	
EXPO	EXPONENT INC	AUG-15	KELYA	KELLY SERVICES, INC	JUL-19	52week low - 1149.55, 3/12/20
SWK	STANLEY BLACK & DECKER	MAY-18	FAST	FASTENAL CO	AUG-19	
HBNC	HORIZON BANCORP INC	JUN-18	MBCN	MIDDLEFIELD BANC CORP	OCT-19	Annualized return = 9.9%
NEW	NORTHWESTERN CORP	JUL-18	TKR	TIMKEN CO.	NOV-19	
FDEF	FIRST DEFIANCE FINANCIAL	AUG-18	QYLD	NASDAQ 100 COVERED CALL ETF	JAN-20	Comparable S&P total return = 7.9%