

2 for 1 Index[®]

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March 18, 2022

Last month it was Google - this month it's Amazon. This is a good trend, in my opinion. For quite a few years now it seems there was a certain caché in having a high-priced stock, especially in the tech sector. Could it be this has simply been a fad, now dying out as boards of directors and markets evolve. Regardless, our task is to determine if Amazon deserves a place in the 2 for 1 Index. In addition to Amazon's (AMZN) 20 for 1, there have been four other split announcements since your last newsletter. CIBC (CM), announced 2/25/22, 2 for 1. Salisbury Bancorp, Inc. (SAL), announced 3/1/22, 2 for 1. W.R. Berkley (WRB), announced 2/25/22, 3 for 2. ACM Research (ACMR), announced 3/3/22, 3 for 1.

The temptation is to go with Amazon. It's an amazing growth story and a company that has my loyalty as the place where I can buy just about anything easily and at a fair price. That being said, AMZN pays no dividend, is more volatile than the market, and has valuation numbers not entirely justified by its growth projections. AMZN did not score well when compared to some of the other recent splits. For the others, Salisbury looks like a fine local bank but it's way too small and thinly traded to be considered for the Index. ACM research hasn't been doing well lately and may have announced a split simply to create a little buzz in the market. W. R. Berkley is the stock that just left the Index last month and it's still a great company. However, we only need one and, for the March pick, it's going to be the Canadian bank CIBC (CM).

CIBC (Canadian Imperial Bank of Commerce), founded in 1867 and headquartered in Toronto, Canada, scored very well on almost all the screens found useful in determining the best companies for the 2 for 1 Index. CM's stock price went on a tear earlier this year but recently has come back down to what I believe to be an affordable price. This very profitable bank pays over a 4% dividend that has been steadily increasing at a 3 to 4% rate over the last decade. I won't deny this is partially a defensive choice at a fairly volatile time for the market and the world. The major Canadian banks are all very stable and very well managed. They fared far better than the big American banks during the 2008-09 melt-down. CM may not set the 2 for 1 Index on fire but, remember, it does have the Stock Split Advantage.

Whitehorse Financial (WHF) will be deleted from the Index next Monday. WHF's total return was over 20% annualized during its three years in the Index. I'm going to miss its incredible dividend!

In summary, **CM will be added to and WHF will be deleted from the Index this month.** There will be a rebalance, maintaining the 2 for 1 Index at 30 equally balanced positions, as of the market close on Monday, 3/21/22.

Neil Macneale

WHF	WHITEHORSE FINANCIAL	APR-19	NEE	NEXTERA ENERGY INC.	OCT-20	2 for 1 Index inception 7/31/1996
FFIN	FIRST FINANCIAL BANKSHARES	MAY-19	BEP	BROOKFIELD RENEWABLE	NOV-20	
PPL	PPL CORP	JUN-19	WAFD	WASHINGTON FEDERAL, INC	DEC-20	Value at inception = 100
KELYA	KELLY SERVICES, INC	JUL-19	SHW	SHERWIN-WILLIAMS, INC.	FEB-21	
FAST	FASTENAL CO	AUG-19	LSI	LIFE STORAGE, INC.	MAR-21	Value as of 3/17/22 = 1991.76
MBCN	MIDDLEFIELD BANC CORP	OCT-19	HWKN	HAWKINS, INC.	APR-21	
TKR	TIMKEN CO.	NOV-19	CP	CANADIAN PACIFIC	MAY-21	All time high - 1/4/22 = 2105.21
TU	TELUS COMUNICATIONS INC	MAR-20	CSX	CSX CORPORTION	JUN-21	
BEN	FRANKLIN RESOURCES	APR-20	SCVL	SHOE CARNIVAL, INC.	JUL-21	52 week low - 3/24/21= 1739.48
AWR	AMERICAN STATES WATER	MAY-20	ISRG	INTUITIVE SURGICAL, INC.	AUG-21	
EW	EDWARDS LIFESCIENCES	JUN-20	RJF	RAYMOND JAMES FINANCIAL	SEP-21	Overall annualized return = 12.38%
MRTN	MARTEN TRANSPORT LTD	AUG-17	TM	TOYOTA MOTORS CORP	OCT-21	
COST	COSTCO WHOLESALE CORP	JUL-20	MBIN	MERCHANTS BANCORP	DEC-21	Comparable S&P total return = 9.86%
TREX	TREX COMPANY INC	AUG-20	NSSC	NAPCO SECURITY TECH.	DEC-21	
AAPL	APPLE INC.	SEP-20	GOOGL	ALPHABET, INC.	FEB-22	