

2 for 1 Index[®]

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May 17, 2024

Look around you - everything you can see or touch had to be grown or dug out of the ground. This truth is behind my inclination to look with favor on the stocks of companies that dig things out of the ground. Mining does get a bad rap because of the many examples of environmental devastation left behind over centuries of rapacious exploitation by thoughtless and greedy mining companies. The fact remains, however, that we need the commodities produced by these companies and that need will only increase.

With that in mind, it's one of the reasons I'm choosing US Lime and Minerals (USLM) over Cintas Inc. (CTAS) for this month's addition to the 2 for 1 Index - these are the only two forward splits announced since the April issue of this newsletter. Other reasons include USLM's very strong balance sheet, an average annual earnings growth rate of over 30% for the last five years, and a profit margin rivaling some of the biggest high-tech companies. To cap it off, over 63% of USLM's stock is owned by insiders, including the board members who made the decision to split the stock by 5 to 1. Mining limestone is not very exciting but I'm counting on at least mildly exciting returns for USLM over the next three years.

Cintas Inc. is a business that supplies and cleans the uniforms of hundreds of companies across the country. CTAS also provides cleaning products, towels, mats, first-aid supplies, etc. to its various customers. Cintas offers a valuable service but the company's fundamentals and valuation metrics lead to a relatively low number when scored by my ranking algorithm. With a PE of around 48 and a price-to-book ratio over 16, I'm not sure I would add CTAS to the Index even if it was the only split announcement for the month.

Canadian Pacific Kansas City Ltd. (CP) has reached the top of the 2 for 1 Index "ladder" and will be deleted from the Index. The economy was well on its way to recovery after the Covid slump when CP was added to the Index. It was thought that CP's merger with Kansas City Southern, pending at the time, and completed just over a year ago, would boost the company's efficiency and profits but those benefits have not yet developed to any noticeable extent. CP has hindered the growth of the Index portfolio with its overall return of barely 1% per year, so it won't be missed.

In summary, for May, **USLM will be added to the Index and CP will be deleted.** There will be a rebalance, maintaining the 2 for 1 Index at 28 equally weighted positions, as of the market close on Monday 5/20/24.

Neil Macneale

CP	CANADIAN PACIFIC	MAY-21	TECH	BIO-TECHNE CORP.	SEP-22	2 for 1 Index inception 7/31/1996
CSX	CSX CORPORTION	JUN-21	UHAL	U-HAUL HOLDING CO.	NOV-22	
SCVL	SHOE CARNIVAL, INC.	JUL-21	PCAR	PACCAR, INC.	DEC-22	Value at inception = 100
ISRG	INTUITIVE SURGICAL, INC.	AUG-21	SSRM	SSR MINING INC.	FEB-23	
RJF	RAYMOND JAMES FINANCIAL	SEP-21	GCBC	GREENE COUNTY BANCORP	MAR-23	Value as of 5/16/24 = 2411.35
TM	TOYOTA MOTORS CORP	OCT-21	AAON	AAON INC.	JUL-23	
MBIN	MERCHANTS BANCORP	DEC-21	CRPT	COPART, INC.	AUG-23	All time high - 5/15/24 = 2426.26
NSSC	NAPCO SECURITY TECH.	DEC-21	SRE	SEMPRA	AUG-23	
GOOGL	ALPHABET, INC.	FEB-22	NVO	NOVO NORDISK	SEP-23	52-week low - 10/27/23 = 1814.17
CM	CIBC	MAR-22	MLI	MUELLER INDUSTRIES	OCT-23	
PTSI	P. A. M. TRANSPORTATION	APR-22	SNEX	STONEX GROUP INC.	NOV-23	Overall annualized return = 12.13%
CTO	CTO REALTY GROWTH, INC.	MAY-22	HUBG	HUB GROUP, INC.	JAN-24	
AMRK	A-MARK PRECIOUS METALS	JUN-22	ODFL	OLD DOMINION FREIGHT LN	MAR-24	Comparable S&P total return = 9.91%
REX	REX AMERICAN RESOURCES	JUL-22	COO	COOPER INC.	MAR-24	