

# 2 for 1 Index<sup>®</sup>

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There have been three recent split announcements and I thought I might be able to add two companies to the Index this month to push it closer to our ideal of 30 positions. However, I only found one of the three splits to be a good fit for the Index. For the other two, DeFi Development Corp (DFDV) is splitting 7 to 1 later this month. DFDV is a tiny company (26 employees). It's IPO was only two years ago, so I think it best we let this company mature a bit and take a pass for now. Interactive Brokers Group Inc (IBKR) will deliver a 4 for 1 split in June. IBKR is a financial market broker-dealer most often compared to the newer on-line broker Robinhood. It is heavily involved in the crypto world. Most of its numbers are OK, but the stock is more volatile than the market and the company is not as profitable as its peers. The 2 for 1 Index has recently added two financial services companies (IX and SNEX) and I see no compelling argument for adding IBKR.

That leaves us with the nuts-and-bolts company Fastenal (FAST). FAST's 2 for 1 split announcement at the end of April was just what the Index needs. This is a great stock! Fastenal is a \$45B company with over 23,000 employees, making and selling thousands of products, sold to thousands of manufacturers and construction companies. This is the epitome of a "sell stuff that we actually need" type of company that I like so much. A steady  $\pm 8\%$  annual growth in sales and earnings compensate for the valuation numbers that are a bit rich. The company runs on very little debt and pays a generous 2.2% dividend. FAST was in the Index from 8/19 through 7/22 and returned 20% annualized over that period. While past performance is no guarantee of future results, it's nice to have the opportunity to have FAST in the Index again, hopefully for a re-run.

I was a bit concerned about how the trade war might impact FAST over the next few years but was reminded that the company "went to school" during the Covid disruptions and now has a very flexible supply chain management system for those items that are imported. Fastenal has decades of deep experience in managing their inventory and I'm confident this company can thrive in any trading environment.

CIBC (CM), our Canadian bank, has come to the top of the Index list. CM's tenure in the Index provides a good illustration of the benefits of regular rebalancing. CM's current market price is slightly lower than when it was added to the Index in March of 2022. That happened to be a high-water mark and CM has been down for much of the time since then. While the price was falling, monthly rebalancing was causing the number of shares in the Index to steadily increase. Hard to believe, but by the time CM leaves the Index next week, its position/value will have grown (not including dividends) by about 28% while the overall Index grew by 18% over the same period.

In summary, for May, **FAST will be added to the Index and CM will be deleted.** The 28 stocks in the Index will be rebalanced to equally weighted positions at market close on Monday 5/19/25.

Neil Macneale

CM	CIBC	MAR-22	HUBG	HUB GROUP, INC.	JAN-24	2 for 1 Index inception 7/31/1996
CTO	CTO REALTY GROWTH, INC.	MAY-22	ODFL	OLD DOMINION FREIGHT LN	MAR-24	
AMRK	A-MARK PRECIOUS METALS	JUN-22	COO	COOPER INC.	MAR-24	Value at inception = 100
REX	REX AMERICAN RESOURCES	JUL-22	USLM	US LIME AND MINERALS	MAY-24	
TECH	BIO-TECHNE CORP.	SEP-22	APH	AMPHENOL	JUN-24	Value as of 5/15/25 = 2429.18
UHAL	U-HAUL HOLDING CO.	NOV-22	NVDA	NVIDIA	JUN-24	
PCAR	PACCAR, INC.	DEC-22	WRB	W.R. BERKLEY	JUL-24	All time high - 11/11/24 = 2685.98
SSRM	SSR MINING INC.	FEB-23	RYAAY	RYANAIR HOLDINGS	SEP-24	
GCBC	GREENE COUNTY BANCORP	MAR-23	ODC	OIL DRI CORP	OCT-24	52-week low - 4/8/25 = 2090.30
AAON	AAON INC.	JUL-23	RLI	RLI CORP.	NOV-24	
CPRT	COPART, INC.	AUG-23	MTH	MERITAGE HOMES	DEC-24	Overall annualized return = 11.72%
SRE	SEMPRA	AUG-23	SNEX	STONEX GROUP INC.	NOV-23	
NVO	NOVO NORDISK	SEP-23	IX	ORIX CORP	FEB-25	Comparable S&P total return = 10.06%
MLI	MUELLER INDUSTRIES	OCT-23	ORLY	O'REILLY AUTOMOTIVE, INC.	APR-25	