

2 for 1 Index[®]

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The 10 for 1 split announcement by KLA Corp (KLAC) just last Thursday makes it the only company up for consideration for May. In many ways KLAC is not an ideal 2 for 1 Index stock. It has high valuation numbers (PE 53, Price to Book 42), a lot of debt, and volatility (Beta) 50% higher than the overall market. However, this company does know how to make money. Its net profit margin has averaged 31.74%/yr. over the last five years and now stands at 35.7%. KLAC's return on equity is over 90% while the average S&P 500 company ROE is around 17%. Earnings have increased at the rate of 31.6%/yr. over the last five years.

Founded in 1975, KLA Corporation is an American company specializing in process control and yield management systems for the semiconductor and microelectronics industries. Its technologies help chip manufacturers inspect, measure, and analyze wafers and patterns with nanometer-scale precision, making it vital to global semiconductor production.

After a two-year hangover from the Covid era, the semiconductor industry is feeling robust again. With the building of data centers, AI hype, and military spending, semiconductor demand is at an all-time high. This high should continue to be strong for the next few years. Companies like KLA will continue to benefit from this semiconductor demand. I see KLA is one of the more fundamentally solid ways to play the high-tech infrastructure sector because it sells the “picks and shovels” needed to manufacture advanced chips, whether they are for AI or not.

I don't like compromising my preference for value stocks but it's obvious there are many successful growth stocks out there. If the Index is to continue its exploitation of the stock split advantage, and the only split announcement for the month is a very successful growth stock, then I have to go for it. KLAC will be added to the Index on Monday.

Aaon Inc. (AAON) is now ready for rotation off the list and will be deleted on Monday. I'm glad I waited an extra month for this deletion. AAON jumped almost 40% on May 7th after a terrific earnings report. This supplier of HVAC systems for AI data centers, among other things, has had a surge in business and its stock price has appreciated almost 40% since it was added to the Index. It's odd that that gain over three years, for us, all happened in the last few days, but we'll take it.

In summary, **KLA Corp. (KLAC) will be added to the Index and AAON will be deleted**, maintaining the Index at 29 companies. The Index will be rebalanced to equally weighted positions at market close on Monday 5/18/26.

Neil Macneale

AAON	AAON INC.	JUL-23	MTH	MERITAGE HOMES	DEC-24	2 for 1 Index inception 7/31/1996
CPRT	COPART, INC.	AUG-23	IX	ORIX CORP	FEB-25	
SRE	SEMPRA	AUG-23	ORLY	O'REILLY AUTOMOTIVE, INC.	APR-25	Value at inception = 100
NVO	NOVO NORDISK	SEP-23	FAST	FASTENAL, INC.	MAY-25	
MLI	MUELLER INDUSTRIES	OCT-23	CALM	CAL-MAINE FOODS, INC.	JUL-25	Value as of 5/14/26 = 2932.73
HUBG	HUB GROUP, INC.	JAN-24	BN	BROOKFIELD CORP.	AUG-25	
ODFL	OLD DOMINION FREIGHT LN	MAR-24	NRIM	NORTHRIM BANCORP	SEP-25	All time high - 3/2/26 = 2966.09
COO	COOPER INC.	MAR-24	NFLX	NETFLIX INC.	NOV-25	
USLM	US LIME AND MINERALS	MAY-24	TPL	TEXAS PACIFIC LAND	DEC-25	52-week low 5/23/25 = 2383.54
APH	AMPHENOL	JUN-24	OSK	OSHKOSH CORP.	JAN-26	
NVDA	NVIDIA	JUN-24	SF	STIFEL FINANCIAL	FEB-26	Overall annualized return = 12.01%
WRB	W.R. BERKLEY	JUL-24	PIPR	PIPER SANDLER	FEB-26	
RYAAY	RYANAIR HOLDINGS	SEP-24	SNEX	STONEX GROUP INC.	NOV-23	Comparable S&P total return = 10.60%
ODC	OIL DRI CORP	OCT-24	GNTX	GENTEX CORP.	APR-26	
RLI	RLI CORP.	NOV-24				