



# 2 for 1<sup>®</sup>

Neil Macneale's  
Stock Split  
Newsletter

Volume 24 Issue 11

[2-for-1.com](http://2-for-1.com)

November 15, 2019

## RECENT SPLITS – OUR BUY

### Timken Company

I'll be going back to the earliest memories of my interest in the stock market when I buy Timken Co. (TKR) for the 2 for 1 portfolio next week. My mother had inherited a few shares of Timken and every three months the mailman would bring her a dividend check. I thought that was pretty cool, almost magic, and I wanted to learn how I could do that.

The "R" in the TKR ticker symbol stands for "roller bearing". In 1899 Mr. Henry Timken invented the tapered roller bearing and, within a few years, 80% of America's autos and rail cars were rolling on Timken's bearings. This is an example of the best in American industrial innovation and manufacturing capabilities. Although no longer a family owned business, John Timken, great-grandson of the founder, remains as chairman of the board.

There is no stock split in sight for TKR but almost all the other metrics considered important in the 2 for 1 stock evaluation algorithm are on the plus side of the line. A low PE (13.4) and a lower than average price-to-book ratio (2.3) are the first numbers to attract my attention. The solid balance sheet, a 2.09% dividend yield, and a 5-year 17% annual earnings growth curve also contribute to paint the picture of a very sound, well-run, industrial powerhouse. The Beta of 1.83 is the one number not to my liking, but you can't have everything. We can expect the stock price to be one of the more volatile in the portfolio.

TKR's stock price may be somewhat volatile but I'm counting on the company continuing to be a stable, reliable, and profitable provider of industrial products, as it has been over its long history. TKR can be viewed as another defensive position in the 2 for 1 portfolio at a time when uncertainty in the economy and frothiness in the markets is worrisome. As always, I would prefer to buy a stock split, but a solid old-timer like Timken will do for now.

## PORTFOLIO ITEMS

### New Highs Every Week

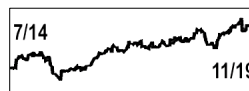
Both the 2 for 1 Index and the major broad market indexes are reaching new highs on a regular basis. The real money in the 2 for 1 portfolio is also continuing to grow and hit new record highs. I am being honest when I tell you the growth of my IRA account pleases me no end. I'm also being honest when I warn that the market does not always go up. I know from experience (check the chart on the back page) that this series of new record highs will eventually come to an end. I keep the 2 for 1 portfolio almost fully invested in stocks because the underlying principles governing the management of the portfolio require it. However, I have, and I urge others to do the same, re-allocated other assets over the last few years to rearrange my overall investments into a more defensive posture.

Meanwhile, the 2 for 1 portfolio marches forward, with only five positions out of twenty-seven in the red as we go to press. Our returns, month by month, have been mixed but, overall, by the end of October, 2 for 1 had racked up a 26.3% gain for the year-to-date and a 22.9% gain for the trailing twelve months. That compares with 23.0% and 14.2% respectively for the Vanguard 500 Index Fund over the same periods. As noted above, these rates of return are not sustainable, but I'm not complaining.

## THIS MONTH'S SELL

### Opentext Inc.

Opentext (OTEX) is an example of a company that had another split when it was already in the portfolio. In these cases, the stock is moved to the bottom of the list and the 30-month clock is re-started. Thus, we have owned OTEX since 7/14 while it gained about 93%, or 13.5% annualized. The Vanguard 500 Index Fund advanced 73%, or 10.9% annualized over the same period.



		# SH	BOUGHT	VALUE	CLOSE	COST	START	END	% OF
				AT	ON	BASIS	MONTH	MONTH	PORT
				BUY	10/31/19		47,337.53	48,248.57	8.22%
CASH									
OTEX	OPENTEXT INC	460	07/21/14	23.859	40.260	10,975.33	18,772.60	18,519.60	3.16%
AOS	A.O. SMITH CORP	400	01/17/17	48.711	49.680	19,484.51	19,084.00	19,872.00	3.39%
CMCSA	COMCAST	430	02/24/17	37.874	44.820	16,285.94	19,384.40	19,272.60	3.28%
CPRT	COPART INC	300	04/17/17	29.721	82.640	8,916.30	24,099.00	24,792.00	4.22%
SLGN	SILGAN HOLDINGS	700	05/15/17	30.976	30.770	21,683.36	21,024.50	21,539.00	3.67%
SPKE	SPARK ENERGY INC	720	07/17/17	20.007	9.570	14,404.95	7,596.00	6,890.40	1.17%
MRTN	MARTEN TRANSPORT LTD	1000	08/22/17	16.064	21.660	16,063.84	20,780.00	21,660.00	3.69%
NLY	ANNALY CAPITAL MGMT	1900	12/18/17	12.250	8.980	22,145.65	16,720.00	17,062.00	2.91%
AFL	AFLAC INC	340	02/20/18	44.395	53.160	15,094.15	17,788.80	18,074.40	3.08%
BRO	BROWN & BROWN INC	600	03/19/18	26.353	37.680	15,811.95	21,636.00	22,608.00	3.85%
AGX	ARGAN INC.	500	04/16/18	38.649	37.850	19,324.50	19,645.00	18,925.00	3.22%
EXPO	EXPONENT INC.	370	08/17/15	21.948	63.530	8,120.58	25,863.00	23,506.10	4.00%
SWK	STANLEY BLACK & DECKER	150	05/21/18	145.687	151.330	21,853.07	21,661.50	22,699.50	3.87%
HBNC	HORIZON BANCORP INC	1000	06/18/18	20.266	18.255	20,265.90	17,360.00	18,255.00	3.11%
NWE	NORTHWESTERN CORP	280	07/16/18	58.708	72.520	16,438.15	21,014.00	20,305.60	3.46%
FDEF	FIRST DEFIANCE FINANCIAL	600	08/20/18	31.989	30.920	19,193.40	17,379.00	18,552.00	3.16%
NHC	NATIONAL HEALTHCARE CORP	230	09/17/18	73.952	82.180	17,008.85	18,825.50	18,901.40	3.22%
TJX	TJX COMPANIES	400	10/15/18	54.960	57.650	21,984.01	22,296.00	23,060.00	3.93%
CASS	CASS INFORMATION SYSTEMS	400	11/19/18	55.629	57.310	22,251.72	21,596.00	22,924.00	3.91%
T	AT&T	530	01/22/19	30.969	38.490	16,413.75	20,055.20	20,399.70	3.48%
WRB	W. R. BERKLEY	315	03/18/19	56.049	69.900	17,655.45	22,752.45	22,018.50	3.75%
WHF	WHITEHORSE FINANCIAL	1280	04/16/19	14.081	13.950	18,023.54	17,830.40	17,856.00	3.04%
FFIN	FIRST FINANCIAL BANKSHARES	600	05/20/19	30.408	33.280	18,244.95	19,998.00	19,968.00	3.40%
PPL	PPL CORP	580	06/17/19	31.309	33.490	18,158.95	18,264.20	19,424.20	3.31%
KELYA	KELLY SERVICES, INC.	800	07/15/19	26.175	24.010	20,940.03	19,376.00	19,208.00	3.27%
FAST	FASTENAL CO	630	08/19/19	30.398	35.940	19,150.65	20,582.10	22,642.20	3.86%
MBCN	MIDDLEFIELD BANC CORP	430	10/21/19	46.297	46.000	19,907.50	19,907.50	19,780.00	3.37%

(The portfolio numbered 27 positions as of 10/31, a result of very scarce new split announcements. The count will be brought back to 30 as conditions permit)

TOTAL CASH AND EQUITIES

\$475,800.98

\$586,963.77 100.00%

### ACCOUNT VALUE SUMMARY - 10/31/19

Description	Amount
Last Month's Closing Equity	\$578,145.68
Change in Stock Value	\$7,746.91
Interest & Dividends	\$1,071.18
This Month's Closing Equity	\$586,963.77

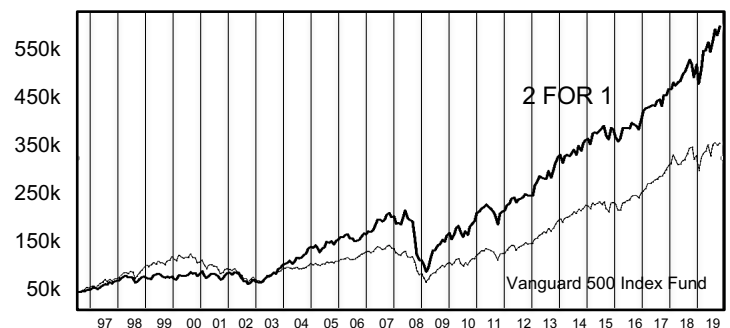
### ANNUALIZED RETURN 7/31/96 - 10/31/19

2 for 1: **+11.17 %** Vanguard 500 Fund: **+8.86%**  
(all costs and dividends included for both)

### THE FINE PRINT

The above list represents all of the securities recommended, bought, and which are present in the 2 for 1 portfolio as of 10/31/19. An actual IRA account with E\*Trade in the editor's name, the 27 stocks on this list constitute the entire 2 for 1 portfolio. The graph of the performance, above and to the right, was adjusted to equal the Vanguard 500 Index Fund at the end of July, 1996, adjusted for and including dividends. The Vanguard 500 Index Fund tracks the S&P 500, an index tracking the 500 largest U.S. companies. 2 for 1 tracks the 2 for 1 Index®, based on a portfolio of 27 companies, large and small. The 2 for 1 portfolio was started in July, 1996 with \$50,000. The \$475,801 basis above, plus the cash, minus the \$50K, is the total of all the realized gains accrued since the portfolio's inception. It shall not be assumed that recommendations made in this 2 for 1 issue, or in any future issues, will be profitable or will equal the performance of the securities on this list, now or in the future.

### PORTFOLIO PERFORMANCE



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