



2 for 1[®]

Neil Macneale's
Stock Split
Newsletter

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PORTFOLIO ITEMS

Mark Hulbert's Latest

Long time subscribers are aware of the difficulties we've experienced in keeping the 2 for 1 portfolio refreshed with new names, given the miniscule number of companies announcing stock splits. Mark Hulbert, the highly respected columnist for Market-Watch and the Wall Street Journal, has recently written an article with some very nice things to say about the 2 for 1 newsletter. He also zeros in on what he believes may be an important signal offered up by the continuing dearth of stock split announcements.

On 10/12/19 Hulbert wrote in his Market-Watch column, "Here's why the shrinking number of stock splits is potentially bearish: Companies split their shares when they are confident that their share prices will continue rising. That's because they have a loosely-defined "sweet spot" in which they want their shares to trade. When a company splits its shares, it therefore means that it believes its shares would otherwise trade more or less permanently above that sweet spot. In contrast, companies won't split their shares if they think that their higher-priced shares will soon drop back into that sweet spot on their own. Like in a bear market. No doubt many factors play a role in the shrinking number of stock splits. But one of those factors certainly appears to be a lack of corporate management confidence in the future of their share prices."

Bear market or not, my opinion would be that corporate management confidence, and economic stability, will only improve when both the executive and senatorial leadership in Washington is replaced.

A follow up on last month's vow to reduce our cash account. I wound up augmenting the positions of six of our companies that fell a little below the average performance of the portfolio. Those were, in no particular order, AOS, SLGN, AGX, SWK, TJX, and CASS. The adjusted number of shares and cost basis can be found in the statement on the back page.

RECENT SPLITS – OUR BUY

Middlefield Banc Corp.

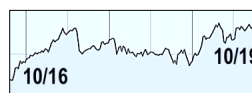
Middlefield Banc Corp. (MBCN) announced its up-coming 2 for 1 split Wednesday last week and, at first, I dismissed it as too small to consider for the 2 for 1 portfolio. I've changed my mind and, with appropriate precautions when ordering such a thinly traded stock, I'll be buying next week. MBCN is a small bank holding company in central Ohio. Except for its thin trading volume, this stock has all the good things I look for: PE – 11.95, price-to-book – 1.2, dividend yield – 2.42% and on it goes. Its Beta, a measure of volatility, is running around 0.35, far below the market. But the standout factor, indicating a very conservative outlook, is an exceptionally strong balance sheet with lots of assets in cash. Banks are supposed to use their cash to lend out to businesses, car and home buyers, etc. Perhaps MBCN has determined it's not the ideal time to be doing that. I'll buy 400+ shares of MBCN over the next week using limit orders and patience, probably 100 shares at a time.

Equity LifeStyle Properties, Inc. (ELS) also recently announced a split and was considered for purchase. However, this real estate investment trust (REIT) is in the business of running trailer parks and does not have a sterling reputation. Some of the numbers look good but, for a REIT, its 3.6% dividend yield is well below the industry average of around 6%.

THIS MONTH'S SELL

Toro Corp.

Toro (TTC) has been a good stock for 2 for 1. We owned this stock once before, from 4/03 to 8/07, for a 31.3% overall annualized return. This time around



was not quite so impressive but TTC will still reward us with around a 16.8% overall annualized gain when we sell next week. The Vanguard 500 Index fund grew by 49% or 14.2% annualized over the same period.

		# SH	BOUGHT	VALUE	CLOSE	COST	START	END	% OF
				AT	ON	BASIS	MONTH	MONTH	PORT
				BUY	09/30/19		47,818.56	47,337.53	8.19%
CASH									
TTC	TORO CORP	265	10/17/16	47.294	73.300	12,532.89	19,082.65	19,424.50	3.36%
OTEX	OPENTEXT INC	460	07/21/14	23.859	40.810	10,975.33	17,981.40	18,772.60	3.25%
AOS	A.O. SMITH CORP	400	01/17/17	48.711	47.710	19,484.51	15,351.60	19,084.00	3.30%
CMCSA	COMCAST	430	02/24/17	37.874	45.080	16,285.94	19,031.80	19,384.40	3.35%
CPRT	COPART INC	300	04/17/17	29.721	80.330	8,916.30	22,617.00	24,099.00	4.17%
SLGN	SILGAN HOLDINGS	700	05/15/17	30.976	30.035	21,683.36	17,856.00	21,024.50	3.64%
SPKE	SPARK ENERGY INC	720	07/17/17	20.007	10.550	14,404.95	6,811.20	7,596.00	1.31%
MRTN	MARTEN TRANSPORT LTD	1000	08/22/17	16.064	20.780	16,063.84	19,670.00	20,780.00	3.59%
NLY	ANNALY CAPITAL MGMT	1900	12/18/17	12.250	8.800	22,145.65	15,770.00	16,720.00	2.89%
AFL	AFLAC INC	340	02/20/18	44.395	52.320	15,094.15	17,061.20	17,788.80	3.08%
BRO	BROWN & BROWN INC	600	03/19/18	26.353	36.060	15,811.95	22,134.00	21,636.00	3.74%
AGX	ARGAN INC.	500	04/16/18	38.649	39.290	19,324.50	17,350.20	19,645.00	3.40%
EXPO	EXPONENT INC.	370	08/17/15	21.948	69.900	8,120.58	26,229.30	25,863.00	4.47%
SWK	STANLEY BLACK & DECKER	150	05/21/18	145.687	144.410	21,853.07	17,936.10	21,661.50	3.75%
HBNC	HORIZON BANCORP INC	1000	06/18/18	20.266	17.360	20,265.90	16,260.00	17,360.00	3.00%
NWE	NORTHWESTERN CORP	280	07/16/18	58.708	75.050	16,438.15	20,283.20	21,014.00	3.63%
FDEF	FIRST DEFIANCE FINANCIAL	600	08/20/18	31.989	28.965	19,193.40	15,690.00	17,379.00	3.01%
NHC	NATIONAL HEALTHCARE CORP	230	09/17/18	73.952	81.850	17,008.85	18,584.00	18,825.50	3.26%
TJX	TJX COMPANIES	400	10/15/18	54.960	55.740	21,984.01	16,491.00	22,296.00	3.86%
CASS	CASS INFORMATION SYSTEMS	400	11/19/18	55.629	53.990	22,251.72	17,204.00	21,596.00	3.74%
T	AT&T	530	01/22/19	30.969	37.840	16,413.75	18,687.80	20,055.20	3.47%
WRB	W. R. BERKLEY	315	03/18/19	56.049	72.230	17,655.45	22,443.75	22,752.45	3.94%
WHF	WHITEHORSE FINANCIAL	1280	04/16/19	14.081	13.930	18,023.54	17,024.00	17,830.40	3.08%
FFIN	FIRST FINANCIAL BANKSHARES	600	05/20/19	30.408	33.330	18,244.95	18,372.00	19,998.00	3.46%
PPL	PPL CORP	580	06/17/19	31.309	31.490	18,158.95	17,139.00	18,264.20	3.16%
KELYA	KELLY SERVICES, INC.	800	07/15/19	26.175	24.220	20,940.03	17,334.36	19,376.00	3.35%
FAST	FASTENAL CO	630	08/19/19	30.398	32.670	19,150.65	19,290.60	20,582.10	3.56%

(The portfolio numbered 27 positions as of 09/30, a result of very scarce new split announcements. The count will be brought back to 30 as conditions permit)

TOTAL CASH AND EQUITIES

\$468,426.37

\$578,145.68 100.00%

ACCOUNT VALUE SUMMARY - 9/30/19

Description	Amount
Last Month's Closing Equity	\$560,800.48
Change in Stock Value	\$15,757.96
Interest & Dividends	\$1,587.24
This Month's Closing Equity	\$578,145.68

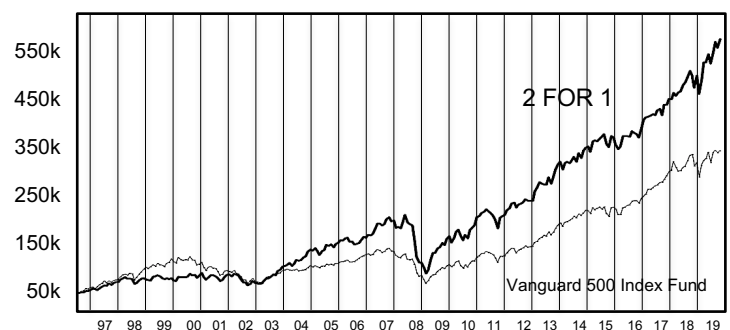
ANNUALIZED RETURN 7/31/96 - 9/30/19

2 for 1: **+11.14 %** Vanguard 500 Fund: **+8.77%**
(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 9/30/19. 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 \$468,426 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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