

2 for 1 Index[®]

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September 15, 2023

There is no end to the turmoil out there, spread more or less at random around the world. Think Ukraine, China, Central America, Israel, Africa and right here in Washington DC. But the economic engine in the US seems oblivious and keeps chugging along, spurred on, in part, by the current administration's focus on bottom-up stimulants such as the Infrastructure Investment and Jobs Act and the Chips and Science Act. Thus, ignoring most of the background noise, the stock market seems to be holding its own and, in my opinion, will continue to reward the patient investor over the long haul.

This month's two split announcements present a dilemma. Distribution Solutions Group, Inc. (DSGR) is a relatively small company struggling to raise its profile in the competitive business of delivering services to the manufacturing, logistics, and supply chain industries. Novo Nordisk A/S (NOV) is the giant Danish drug company much in the news due to its successful and very popular diabetes and weight loss drugs. Based solely on my usual criteria for selecting Index participants, especially valuation numbers, I'm not thrilled by either company, but find a compelling story in the recent good news from Novo Nordisk.

Basically, this is a bet on a company that is revolutionizing the treatments available for obesity. The valuation numbers are crazy high but other metrics are terrific. Novo's net profit will be 33% for 2023, a 37% increase year-over-year. NVO pays a 1% dividend, it's less than half as volatile as the market, and it has a rock-solid balance sheet. The 2 for 1 Index currently contains only two health-care sector stocks; ISRG and TECH. The health-care sector has just been muddling along and should be due for an up-tic.

Novo Nordisk is now the third-most valuable company in Europe, surpassing pharmaceutical juggernauts Roche (RHHBY) and AstraZeneca (AZN). According to the National Center for Health Statistics at the CDC, 42% of the adult US population is obese. With this vast market and the moat provide by patent protection, NVO has a bright future. Apparently, its board of directors is also optimistic and has declared a 2 for 1 split effective early next week. Considering all of the above, it's time to add NVO to the Index. NVO trades on the NYSE as American Depository Receipts (ADRs). Most brokers charge a small ADR "trading fee".

Apple has risen to the top to the Index list and it's time to part ways. Apple has returned just about 20% annualized since it joined the Index three years ago. Let's hope it splits again soon.

In summary, **NVO will be added to the Index and AAPL will be deleted this month.** There will be a rebalance, maintaining the 2 for 1 Index at 29 equally balanced positions, as of the market close on Monday 9/18/23.

Neil Macneale

AAPL	APPLE INC.	SEP-20	GOOGL	ALPHABET, INC.	FEB-22	2 for 1 Index inception 7/31/1996
NEE	NEXTERA ENERGY INC.	OCT-20	CM	CIBC	MAR-22	
BEP	BROOKFIELD RENEWABLE	NOV-20	PTSI	P. A. M. TRANSPORTATION	APR-22	Value at inception = 100
WAFD	WASHINGTON FEDERAL, INC	DEC-20	CTO	CTO REALTY GROWTH, INC.	MAY-22	
SHW	SHERWIN-WILLIAMS, INC.	FEB-21	AMRK	A-MARK PRECIOUS METALS	JUN-22	Value as of 9/14/23 = 2026.85
EXR	EXTRA SPACE STORAGE, INC.	MAR-21	REX	REX AMERICAN RESOURCES	JUL-22	
HWKN	HAWKINS, INC.	APR-21	TECH	BIO-TECHNE CORP.	SEP-22	All time high - 7/31/23 = 2147.27
CP	CANADIAN PACIFIC	MAY-21	UHAL	U-HAUL HOLDING CO.	NOV-22	
CSX	CSX CORPORTION	JUN-21	PCAR	PACCAR, INC.	DEC-22	52-week low - 9/30/22 = 1689.01
SCVL	SHOE CARNIVAL, INC.	JUL-21	SSRM	SSR MINING INC.	FEB-23	
ISRG	INTUITIVE SURGICAL, INC.	AUG-21	GCBC	GREENE COUNTY BANCORP	MAR-23	Overall annualized return = 11.73%
RJF	RAYMOND JAMES FINANCIAL	SEP-21	AAON	AAON INC.	JUL-23	
TM	TOYOTA MOTORS CORP	OCT-21	CRPT	COPART, INC.	AUG-23	Comparable S&P total return = 9.48%
MBIN	MERCHANTS BANCORP	DEC-21	SRE	SEMPRA	AUG-23	
NSSC	NAPCO SECURITY TECH.	DEC-21				