



ALL EARS!!

The Litchfield Fund Weekly Newsletter

“We just don’t hear it on the street, we have our ears spread across all the fields!!!!”



Litchfield

As Laertes prepares to leave home for Paris, it seems everyone is ready to offer him advice. Even as he warns his sister Ophelia about Hamlet she accuses him of being a hypocrite, like the preacher who scorns his flock but follows his own ‘primrose path’ and indulges his dalliances! Laertes’ father Polonius can’t seem to stop from offering advice, and among his most remembered is “Neither a borrower nor lender be!” Mr. Shakespeare’s works have been translated into more than 80 languages! This past week leads us to wonder what happened to the Greek & Mandarin versions, or even if they were ever read!

Nothing New Under the Sun: Here at **The Litchfield Fund** we are amazed that a handful of authors, poets, writers, philosophers, & songwriters seem to impart wisdom that can last half a millennial or many millennial beyond their initial utterance. This paragraph’s title hails from *Ecclesiastics*, and besides the Bible & Mr. Shakespeare, **The Litchfield Fund** relies on Sun Tzu, Machiavelli, Thomas Jefferson, Herman Hupfeld, Julius J. & Philip G. Epstein, & Bob Dylan as philosophers who understood the world and its irony.

And speaking of irony, the markets tumbled and rose this week as the fortunes (both monetary & those left to fate) of Greece & China demanded attention. The week started with Greek voters rejecting austerity (they like the Primrose Path they are walking down) and paving the way for the “Grexit”! Greek’s legislators seem to finally realize the seriousness of the situation, voting austerity actions into place by week’s end & waiting for their Eurocreditors (should we say *Euritors* since everything needs a catchy combo-name these days) to pass judgment. After all, what is a few more days of a bank holiday & a mere €10 to €20 billion between friends?

China’s problem may be smaller or larger than Greece’s, and while it may scare the bejeebers out of the world’s markets, it scares the Chinese government even more. First off, the Chinese market is 15 times the size of Greece’s but only accounts for 15% of its peoples’ assets. So while \$3T in value may have evaporated this week, the government stepping in and halting trading may mean much of the loss is only on paper. World markets should not have a lot to worry about, as Chinese laws do not allow for a fully globally integrated stock market. These events should not hold a long term sway on the world.

Why should China’s government be so concerned? The real reality is China’s exports are slowing & this has hindered overall economic growth. While the government can hide some of this, & try to put policy in place to turn the tide (these haven’t worked, by the way), a crashing stock market is not something they can hide or spin. Also, a large amount of China’s stock

market investors are not high school educated. About five years ago China began easing lending rules, making borrowing and investing easier. So a crashing market could lead directly to civil unrest, something a communist government with 1.4B people could hardly want.

So Mr. Shakespeare was right about the Primrose Path, borrowing, & lending. And only here at **The Litchfield Fund** would we dare to compare Herman Hupfeld to Shakespeare & the Bible among the world's greatest works of literature & philosophy, because while there may be nothing new under the sun, it is *still the same old story, a fight for love & glory!*

Portfolio news: Analysts favor General Mills (**GIS**) for its dividend while the company continues its evolution to healthier products. This week **GIS** announced a move to cage-free eggs as part of its overall social consciousness efforts. Increases in food prices may benefit both **GIS** and ConAgra (**CAG**). Meanwhile, **CAG** avoided a public fight with JANA Partners agreeing to increase its board members with JANA representatives & seek help in selling the Ralston operation. **CAG's** efforts did result in analyst upgrades this week. Boulder Brands (**BDBD**) announced a restructuring to bring operating costs under control. Hershey (**HSY**) received some mixed comments this week. China's slowing growth may already be reflected in **HSY's** latest earning announcements, but it remains to be seen if **HSY's** recent Asian expansion produces strong revenue. Meanwhile, in turbulent markets **HSY** has proved to be a steady investment, and its current pullback anticipates near-term growth.

Grocery Store News: Albertsons, having just completed acquiring Safeway, announced that it will seek an IPO. Albertsons operates as the #2 grocery store in the U.S. (behind Kroger) with over 2200 stores. Safeway was much more aggressive in entering the Natural & Organic market, starting its own labels such as *O Organics, Open Nature, Eating Right, & Lucerne*. The IPO will make a crowded grocery store sector even more interesting. Could smaller public & private Natural & Organic store chains such as Fresh Thyme, The Fresh Market, Sprouts Farmers Market (**SFM**), Earth Fare, Fairway Market, etc., become acquisition targets?

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

V2issue4.07.10.15