



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

Sodium makes up 3% of the Earth’s crust. The Earth’s seawater has a salinity of about 3.5%. This makes salt one of the most common elements on Earth. Salt is needed by the body for survival as it controls hydration & helps muscles & nerves work. Early civilizations came about because of the need for socialization & for survival. Civilization sprung up around freshwater, fertile soil, wildlife & salt supply. Realizing salt preserved & seasoned food & meat, civilizations from Europe to China were already using salt 8,000 years ago, both from the ground & the sea. The history of salt is closely tied to the development of civilizations.

Salt of the Earth: We have often imagined, with some humor, how early humans figured out *stuff* we now take for granted. As an example, lightning striking a tree probably created the first fire! Maybe when grinding & sharpening a stone to kill a mastodon for dinner enough sparks were produced to catch a loincloth on fire! But did that tree fall into the tar pit, where it lit that brownish black floating liquid (oil) on fire? Or did that hunter run out of his cave & throw the flaming loincloth into the same tar pit, while his buddies laughed? Did a bunch of Mediterranean kids look at the olives on the tree & wonder if they were edible? Did they say “Let’s get Mikey, he’ll eat anything,” only to see Mikey get deathly ill? Ordered to clean up the olives so the hogs wouldn’t eat them, the kids pick up the olives & throw them in an urn that has some salt on the bottom. It rains overnight, then days later the hogs eat the fermented olives from the urn but don’t get ill! And what hunter/gatherer brought home a stinky cabbage only to have his bride order him to remove it from the hut! He buries it in a pot, but hungry days later, digs it up. He leaves home in search of a Bratwurst Tree & never comes back!

Today salt is cheap & plentiful. But roads, cities, nations & wars came about because of salt. Salt roads ran from China to Europe & across Africa to traverse & trade this commodity, which was often used as currency. In England, the common city suffix *wich* means salt! Poland’s kingdom grew because of its salt mines & collapsed in the 16th century when Germany began processing seawater for salt! And Romans *salted the earth* to assure a conquered civilization literally & symbolically would not rise again.

Salt was on our mind this week as we explored the shelves & freezer at the market for some treats! Of course, there are many studies with a variety of recommendations, but the consensus is that a healthy adult should consume somewhere between 1500 mg to 2300 mg of sodium per day. We love to cook & prepare food of all kinds, try to eat organic at all times & do not have any salt in our home. But we do like to eat out, try new restaurants & try processed but healthy treats! *Variety is the spice of life!* But the market’s shelves & freezers makes

**Creating the first ‘viral’ legend, of course: Remember when Thuk lit his loincloth on fire, LOL!*

us think that *salt* is the spice of life. When one frozen organic burrito or two slices of frozen flatbread contain 750 mg of sodium each, one grass fed bratwurst contains 560 mg, or a small serving of probiotic sauerkraut or six ounces of soup might be 700 mg each, we quickly lose our desire for treats! Think of this, a slice of flatbread as an appetizer, one bratwurst with 4 ounces of sauerkraut & 6 ounces of soup could be 2500 mg of salt! Add a few chips on the side & this single meal might be 3,000 mg of sodium! We don't want to *salt anyone's game*, or *throw salt on their tail*, but it is time for the natural & organic industry to get *back to the salt mines* & reduce the salt in processed foods. At home we eat many raw foods & season with lots of fresh garlic, onions, turmeric, basil, oregano, fennel & rosemary! But we like treats & this guy likes a Brat & Sauerkraut while watching a ball game! We understand the need to satisfy consumer tastes, but reducing salt while increasing other flavorings can be healthy & tasty!

Earnings News: Cal Maine Foods (**CALM**) reported net 4th QTR sales of \$303.0M, a 24.8% decrease from 4th QTR 2015 sales of \$403.0M. **CALM** reported a \$376K net loss, a 1¢ EPS loss, compared to a net income of \$46.1M & a 95¢ EPS for 4th QTR 2015. For the full fiscal year 2016, **CALM** net sales were \$1,908.7M compared to \$1,576.1M for 2015. **CALM** reported a record net income of \$316.0M (\$6.53 EPS) compared to 2015 net income of \$161.3M (\$3.33 EPS). The drop in egg prices & stabilization of the hen supply impacted 4th QTR sales.

Industry News: The inaugural Organic Produce Summit brought a lot of *fresh* news. Organic produce sales continue to outpace the average market growth. In other news, Hain Celestial's (**HAIN**) *Blueprint* brand announced a new line of kombucha drinks.

Market News: It was *Summertime* last week & the *tradin' was easy*. The S&P experienced its lowest average daily trading volume since Christmas. Daily volume was 25% lower than this year's average. Markets posted new highs through the week, settled a bit, but experienced another positive week. Earnings for the 2nd QTR, expected to contract about 5.5%, have not been as bad as expected. Earnings are now expected to contract *only* at 4.4% for 2nd QTR. Seeking the slightest positive news in this administration's failed economic recovery, investors jumped on this forecast that bad earnings will not be quite as bad as expected. Stocks in the S&P are expensive though, close to a 12 year high. But with interest rates low there really is no other place for investors' money. This administration's inability to acknowledge global threats increases the riskiness to stocks, but we do feel that the climate is good for long-term investment in more insulated domestic start-ups & small companies in our industry! Opportunities exist for small investors or food giants looking to expand their offerings!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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