



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

April 1, 1945: The largest naval assault force ever, even bigger than D-Day, targets Japanese-held Okinawa. The battle for Okinawa would rage on for nearly 3 months but during April, 1945 FDR passed away, Hitler committed suicide, the Russians conquered Berlin, & my father was stationed in the Philippine Islands, a corpsman in a field hospital. Following the battle for Manila he was awaiting transfer to Korea in preparation for the invasion of the Japanese homeland. My dad had a favorite expression which he often repeated as we were growing up: "Those who don't know history are doomed to repeat it"

Burke? Santayana?...or a Vonnegut preference? When my Dad quit school at age 14 to pick potatoes and work in the Number 9 coal mine, he was still in the fourth grade. He never read very well, hardly ever wrote anything, and certainly would not be able to entertain a discussion as to whether 18th century statesman & philosopher Edmund Burke, considered the founder of conservative philosophy or George Santayana, a modern naturalist who denied the existence of a supernatural being, is truly the author of this quote. He would though understand what it meant (beyond merely the fact that it may have been the last time a conservative & liberal agreed on anything)! Attempting to negotiate peace with regimes filled with racist hate, religious fanaticism, militaristic upbringing & the condoned enslavement of women & those who disagree *will fail!* Many politicians are calling this week's deal with Iran Munich 2.0, but it looks more like the attempted appeasement of the Japanese empire in the years leading up to their attack on Pearl Harbor. A political unstable Middle East & a nuclear Iran will do little for the world economy. So does it matter? Not to Kurt Vonnegut, who told Messrs. Santayana & Burke: "I've got news for Mr. Santayana: we're doomed to repeat the past no matter what. That's what it is to be alive."

Interest rates & corporate earnings: Less importantly, the weakest job growth in more than a year & the lowest work force participation rate in decades will likely continue to delay an FRB interest rate hike. Also, 1st quarter corporate earnings will likely suffer due to the strong dollar, low oil prices, & winter weather that impacted the travel & leisure industries.

Portfolio News: **GNC** reached an agreement with the New York Attorney General this week that independent testing has proved **GNC** supplements to be accurately labeled & safe. **GNC** also agreed to higher testing standards and quality control measures in excess of government standards. **GNC** stock rose 4.28% this week. Boulder Brands (**BDBD**) rose 2.5% this week despite the possibility of shareholder litigation questioning director & executive actions & knowledge prior to **BDBD**'s 3rd QTR 2014 earnings announcement. **BDBD** also announced a new

Smart Balance dairy-free butter. With more vegetable oil & less water, this non-GMO product can now be used more like butter in baking & cooking.

Citadel Advisors has taken a bullish position in ConAgra (**CAG**). **CAG**'s share price moved past its recent trading range with analysts giving **CAG** praise for its cost cutting & realignment efforts. Hershey (**HSY**) named CEO John Bilbrey Chairman. He will continue as CEO. Analysts report General Mills (**GIS**) success with Annie's will likely set the guideline for future acquisitions at 4X sales or nearly 30X enterprise value. It has been reported that Whitewave Foods (**WWAV**) may be in discussions to acquire Quorn. UK-based Quorn makes meat substitutes from Mycoprotein, a nutritionally healthy protein source that is meat free and naturally low in saturated fat and high in fiber. Mycoprotein is grown in a fermentation process, and it is a fungi/mold, so there have been reported some allergic reactions to the product. But Quorn has been selling for 30 years & has sold more than 3B meals!

Freshii, a Chicago based healthy fast food chain, has replaced frozen yogurt on its menu with Lifeway Foods (**LWAY**) frozen kefir! Chicago business journals seemed to question exactly what "kefir" is! Morgan Stanley gave Sprouts Farmers Markets (**SFM**) an OVERWEIGHT rating & a \$40 target price. Analysts commented on Sprouts strong earning potential. Sprouts CEO Doug Sanders sold \$8.7M in stock this week. Deutsche Bank gave Whole Foods (**WFM**) accolades for managing to improve earnings while increasing SKUs & reducing inventory. This was part of **WFM**'s mid-2014 strategy, and recent financials appear to demonstrate that **WFM** has improved inventory management.

Seeds, Sprouts, Grow, Harvest!

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