



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

Everyone has gotten investment advice! Advice comes from our trusted advisor, but more often from well intended friends, relatives, or co-workers. Sometimes it comes from that mouthy neighbor at the backyard BBQ, or worse, that sleazy insurance salesman or investment broker. Hopefully, few of us have had a Ben Braddock moment, sitting there hearing *just one word – Plastics!* and wondering what in the world that might mean. Let’s boldly go where no man has gone before -- seeking investment advice as offered by our favorite Vulcan because taking advice from anyone else, why, that would just be *illogical!*

Vulcan Investing: The First Principle: *Be Logical!* Mr. Spock was part human & part vulcan. He was mostly able to repress his human side -- the emotion -- and employ only his vulcan side -- the logic! Investors who rely on emotion, adding good money to bad investments, or holding a stock for an emotional reason or attachment such as liking the product (or worse, holding the stock in their 401k only because it’s their company’s stock) should make every attempt to repress those emotions & evaluate an investment as a Vulcan would!

Which leads us to the second principle of Vulcan Investing: *Insufficient facts always invite danger!* Get us much information as possible about a potential investment. While there will always be an element of risk, the more you know, the more likely will be your chance for success. There is no need to invite danger!

Principle #3: *The needs of the many outweigh the needs of the few, or the one!* Investors need to evaluate the entire market! Personal product preferences are only part of evaluating a product, brand, or company. But what is the market telling you? Is the market growing, is the product/brand establishing itself, and is the company gaining a foothold & experiencing growth within its market?

And finally, Principle #4: *Live long & prosper!* Investing is not a short term proposition – it is a marathon, not a sprint! Strong products, brands, & companies do well under a variety of market conditions! Don’t try to time the market! Instead, find those companies that have the long-term growth potential!

Leonard Nimoy

R.I.P.

Stardate 08890.8 to Stardate 92759.9*

*Stardates provided by Star Trek Officer Academy website

Earnings reports: Vitamin Shoppe (**VSI**) reported earnings of 41¢, on target with analyst estimates. **VSI** missed slightly on sales volume for the quarter. Revenue was up 13% from the same QTR last year. **VSI** offered 2015 EPS guidance of \$2.36 to \$2.46, lower than analyst

expectations of \$2.51 but up from 2014 fully diluted EPS of \$2.00. **VSI** expects to open 60 new stores & see a 10% sales growth in 2015. **VSI** has a consensus hold & a \$45.48 target price from 15 analysts covering the stock. Sprouts (**SFM**) had a great 4th QTR & 2014, reporting a 50% increase in 2014 EPS. Same store comparables were up 9.9% over one year & 20.6% over 2 years. 2015 guidance for income growth is 18% to 22% & EPS growth is projected at 84¢ to 87¢, up from 70¢ in 2014. **SFM** stock price fell 1.79% this week as several analysts felt **SFM** may be overvalued. However, BB&T gave **SFM** a BUY rating and a \$46 target price. Bolder Brands (**BDBD**) met expectations for EPS (5¢) but missed on revenue (only a 2%+ increase). **BDBD** offered 2015 guidance in line with analyst expectations. **BDBD** holds an average target price of \$14.67 & 5 BUY ratings. **BDBD** CEO Stephen Hughes reviewed a 6 step plan for overcoming 2014 challenges:

1. Stabilize dairy-free spreads with higher content oil & better butter-like performance
2. Expand distribution of Udi's & Evol frozen foods
3. Improve product taste & refocus the Glutino Gluten Free brand
4. Add more Gluten Free frozen bakery items (launching this week at ExpoWest)
5. Slowly increase in-store bakery items
6. Create production cost savings then reinvest into the brands

Other portfolio news: United Natural Foods (**UNFI**) received a BUY rating & a \$95 price target from Oppenheimer. Hain Celestial (**HAIN**) gave an incubator investment to Cyc Fitness (an indoor cycling method that combines cardio & strength training) to open additional US studios. **HAIN** has a consensus BUY from 15 analysts & a new \$75 price target from Citigroup. **HAIN** & Whitewave (**WWAV**) continue to get accolades from Jim Cramer. Mr. Cramer sees a possible bidding war between Danone and General Mills (**GIS**) for **WWAV**. **WWAV** is expanding its Horizon & Earthbound brands with fruit snacks, single serving mac & cheese, frozen smoothie blends, & Yulu (Australian) yogurt. Imperial Capital gave **WWAV** a \$46 price target. Ken Griffin took a \$137M stake in ConAgra (**CAG**) this week. **GNC** has an average \$45.11 price target from 17 analysts.

Seeds, Sprouts, Grow, Harvest!

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