



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

Stock Market Stars!! These are difficult to find today! Those stocks that people can invest in & hold for years getting steady dividends, annual growth, & retirement safety. Gone are the stalwarts of post-depression investing; the bellwether utility, telephone, oil, steel, automobile & manufacturing companies! For 30 years GM, Ford, Bell, Standard Oil, GE & US Steel delivered results. Today, GM CEO Charles Erwin Wilson “Engine Charlie” would likely never survive his Secretary of Defense confirmation hearing media misquote: “What’s good for General Motors is good for America!” Brian Williams should be so lucky!

Celestial twinklings... By the time he retired in 1957, Secretary Wilson actually learned to accept and just embrace his misquote. Of course, the DOW rose almost 250% in the 1950s, so his misquote was really right on target! Since the 1970s, this has hardly been your father’s, or grandfather’s, stock market. Few companies stay the course without facing terrible years, negative media attention, bankruptcy, or scandal. Even today’s best performers, such as Apple, have certainly had their share of setbacks.

For **The Litchfield Fund** our one stock market *star* may be Hain Celestial! **HAIN**’s second quarter earnings bested analyst estimates once again! For the past 4 years **HAIN** has regularly reported sales growth & earnings growth, with a 300% stock price increase. Founder & CEO Irwin Simon has created a great model for acquiring companies, introducing new products, creating new brands, & attaining production & marketing synergies to keep costs low. As proof, EPS growth has consistently outpaced sales growth. Even with warnings that a strong dollar may impact **HAIN**’s significant (40% of the company’s business) international sales & earnings, **HAIN**’s full year sales projection is still a healthy 23% to 24% increase with EPS growth of 17% to 19%! Analysts (BMO Capital, Imperial Capital, Cannacord) continue to stretch **HAIN**’s 1-year stock price target. Jim Cramer remains high on the stock, the company & the CEO. Late last year, Mr. Cramer noted that **HAIN** may buy big, or possibly be a buyout target with a significant premium.

HAIN has capitalized more than most companies on the trend toward healthier natural & organic products. Recently, company executives alluded to more years of healthy (no pun intended) growth for these product lines. **HAIN** has openly stated a goal to introduce a large number of new brands & products in 2014 & 2015 and has been doing so. After this week’s 2nd QTR earnings the company indicated that they will be introducing snacks into Walmart & 7-Eleven. Mr. Simon reported Super Bowl week sales were up 30% from last year! So even the world-wide holiday of sitting on your fat duff & watching football is turning healthy!

Despite facing currency headwinds, a fire that shut down one of its major processing facilities, and a nut-butter recall, HAIN produced its 17th straight quarter of growth and beat analyst projections! **HAIN** stock price rose more than 12% this week. The stock price is hovering near its record high, and despite projections and targets, investors should always consider when may be the right time to book gains. Usually, the answer comes with falling earnings to sales projections and better places for investment. At this point, **The Litchfield Fund** will continue to hold its position in **HAIN**, as the company is well-run, positioned perfectly & able to capitalize on the market trends in both the short & long term. This should be a model for our investing, following Gen. Omar Bradley's insightful comments: "Set your course by the stars, not by the lights of every passing ship."

Portfolio News: **GNC**, Target, Walgreens, & Walmart were told by the New York Attorney General to cease selling certain supplements that do not meet the integrity of their labeling. **GNC** ceased sales of certain products while addressing the AG's findings. **GNC** also issued a press release stating that it is "standing firmly behind the quality, purity and potency" of its labeling. This is not the first time the supplement industry has come under fire. **GNC's** stock price has fallen more than 6% in the last 2 weeks, despite the announcement of a 12.5% increase in its dividend. United Natural Foods (**UNFI**) & Lifeway Foods (**LWAY**) hit record highs during the week and settled up 3% & 12% respectively for the week. **UNFI** has a consensus buy from 17 analysts covering the stock despite its record highs. Hershey (**HSY**) received a BUY recommendation from Citicorp. SunTrust placed a \$45 price target on Sprouts (**SFM**), a 20% upside from its current price. General Mills (**GIS**) will be looking to remove BHT from some of its cereals following a Food Babe Army initiative.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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