



# 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**

**The Litchfield Fund felt close to its roots** this week while traversing America’s Heartland home. Crossing the farm & ranch land of Iowa, Nebraska, Kansas & Colorado we thought about the frontier’s legacy. People in search of the American Dream, a better way of life for themselves & their family & thinking of what legacy they will leave to their children. Looking for votes, politicians are today criss-crossing Iowa. They speak of that illusive dream while many Americans question if it is attainable. But we find our inspiration for that illusive & iconic American Dream from a mere 17-mile stretch of central Iowa.

**Iconic Dreams:** Entrepreneurs & investors like **The Litchfield Fund** do still believe in the American Dream. Hard work, tireless dedication, commitment & creativity create the path to success. Failures & downturns are part of the learning process. But in the end, there is no greater reward or satisfaction than creating a thriving business & enterprise through your own efforts. And while our Iowan inspirations for the American Dream lie outside the world of business, it in no way diminishes what hard work can accomplish.

Born on a farm outside Des Moines Bob Feller, ‘*The Heater from Van Meter*’, became the greatest pitcher of not just his but perhaps any generation. His fastball terrorized batters at speeds that would be considered outstanding today! He threw a wicked curveball & hitters no less than Stan Musial & Ted Williams called *Rapid Robert* the best they ever faced. He set records for strikeouts, no-hitters, one-hitters, etc., that would not be matched for almost half a century! He credited his incredible arm strength to the hard work of baling hay & milking cows on his father’s Iowa farm. On the morning of December 8, 1941 Mr. Feller showed up at a navy recruiting office & spent arguably the prime years of his career serving as a Chief Petty Officer & Gun Captain on the *USS Alabama*, requesting sea duty & battle assignments. He returned to baseball in 1946 & won 26 games! Until the end of his life he would speak at the 4<sup>th</sup> of July celebration in his adopted home town of Gates Mills, Ohio. The humble Iowa farm boy would always remind people that he was not a hero, because ‘*heroes don’t come home!*’

A decade earlier & 17 miles south of Van Meter in Winterset, Iowa a baby boy was born supposedly weighing in at 13 pounds! His father, a pharmacist, eventually moved to Glendale California. Good at sports, the boy won a football scholarship to USC, but after breaking his collarbone, lost his scholarship & left school. His coach had often given game tickets to movie stars & as a favor director John Ford hired the young John Wayne as a prop boy & stunt man. John Wayne became *the* American Icon symbolizing to the world what it meant to be American -- the frontier spirit, hard work, doing what was right. In every role -- cowboy, soldier, farmer,

frontiersman, wildcatter, or tycoon -- he spoke softly, stood straight, fought for what was right, & protected the underdog! With icons like Mr. Wayne & Mr. Feller it is hard to believe that Americans will ever lose the American Dream. But if you are in need of inspiration, just drive this 17-mile stretch of Iowa farmland!

**Industry News:** *Aldi's* announced that they will increase their natural & organic product offerings, add more gluten-free products & reduce artificial ingredients in their own products.

**Market News:** Stocks continue to roll with oil prices & China's market. The FED may find the market itself is doing a nice job of contracting the economy giving the FED more space between interest rate hikes. How slow this economy can grow but still be growing is a new market experience for many investors.

**Portfolio News:** Pinnacle Foods completed its acquisition of Boulder Brands (**BDBD**). ConAgra (**CAG**) will source 100% cage-free eggs by 2025. **CAG** is already adding a million cage-free eggs into its supply chain each year. Target has also made the commitment to move to cage-free only eggs by 2025. Cal-Maine Foods (**CALM**) stock price jumped briefly this week with the discovery of bird flu in Indiana resulting in 250,000 turkeys being destroyed. Analyst Jim Cramer suggested Coca-Cola should purchase Whitewave Foods (**WWAV**) to attain relevance in the natural & organic space. **GNC** released preliminary 4<sup>th</sup> QTR & full-year earnings numbers that might exceed analyst projections. **GNC**, who reports next month, suggests execution of its strategic reshaping is the reason for an improved performance. Analysts continue to see a favorable upswing for Zoe's Kitchen (**ZOES**). The stock has a strong gross margin but heavy reinvestment (**ZOES** is now at 166 stores) is putting pressure on earnings. **ZOES** seems to be improving at same store comparables. The 2X multiple on sales is low so the stock has upward room to grow. Wells Fargo initiated coverage on Sprouts Farmers Market (**SFM**) with an OUTPERFORM rating.

**Seeds, Sprouts, Grow, Harvest!**

**The Litchfield Fund**

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