



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

Summertime...and the livin’ is easy. Well, at least it is supposed to be. The music & words of this oft recorded classic song from the Gershwin/Heyward/Gershwin opera *Porgy & Bess* evokes nostalgic sentiment in almost everyone. *Fish are jumpin’*. Those idle childhood days of fishing holes, pools, lawn cutting, beaches, vacations & baseball diamonds. Riding a bike past the school knowing it would be weeks until class was back in session. Gershwin’s music & the song’s lyrics create that feeling of the summer laze, just enjoying the peacefulness of a warm, beautiful summer day. The Lazy, Hazy, (and so far this year) *Crazy Days of Summer!*

Dog Days: Those hot, sweaty days of summer! We immediately think of the dog finding the cool shade under the porch! Those idle days in the shade when we were young but as adults caught in traffic watching the heat rise off the pavement driving home from work. Baseball teams grinding it out until the September pennant chase! Two-a-days for the high school football team. *This one time...at band camp...for the more musical.* But the *dog days of summer* is actually an ancient term from Mediterranean civilizations! *Sirius*, by-far the brightest star in the Earth’s night sky, becomes visible just before dawn beginning around mid-July through early September. Under clear weather conditions *Sirius* can even be seen in the daytime. *Sirius* is called the *Dog Star*, part of constellation *Canis Major* (Greater Dog), Orion the Huntsman’s companion. *Sirius* means ‘*scorcher*’ & certainly that must have played some role in the description of a hot Mediterranean summer. References to the dog days appear in Egyptian, Greek & Roman literature.

But so far this summer crazy seems to be outpacing hazy & lazy. The idle summer days we recall as children, or the nostalgic view we may take of past generations just watching the cotton or corn grow high, are an unreal fantasy. There has always been strife in the world, and while it has always been overcome, often it was not in the most desired & peaceful manner. But today, *The World is Flat*, and certainly more interconnected than ever before. Domestic & international unrest makes economy & growth uncertain & market reactions more extreme. As investors, we must think about the impact of events both domestically & internationally on consumers & businesses. This is the *real* world & it desperately needs rational, logical, leadership that creates the opportunity for everyone to do the best they can...*To spread their wings, and take to the sky!*

Industry News: We have discussed the GMO labeling issue many times. We simply believe it is best for packages to be clearly labeled as to its contents. The FDA & legal watchdogs have raised a ‘fuss’ in the past concerning the use of words like *natural* or *healthy*. Certifications are

required for organic, gluten-free, non-GMO, etc. So it seems inconsistent that if consumers need to know these characteristics, why should the use of GMOs be hidden? We believe in freedom of *informed* choice and to allow a free & fair marketplace to decide what products to purchase. As we have often said, people vote everyday with their money when they spend it. GMOs need to be clearly labeled & consumers will decide which products will succeed!

Tom First, managing partner at *First Beverage Ventures* is leaving the private equity firm for a post with *Castanea Partners*. Mr. First was the founder of *Nantucket Nectars*. He will remain on the board of some of the firms with which he has worked. *Castanea Partners* has a broader investment scope of consumer products than *First Beverage*.

Portfolio News: General Mills (**GIS**) plans to focus on acquisitions in the high growth innovative product arena & not look for a major acquisition such as Whitewave (**WWAV**). Meanwhile, **GIS** will look toward revamping their yogurt line to improve sales. Yogurt accounts for 16% of **GIS** sales, about \$2.8B annually. ConAgra (**CAG**), preparing for the spinoff of its Lamb Weston division into a separate company, named the CEO & CFO for the new entity. **CAG** will be introducing new organic offerings in its *Healthy Choice* line. Rumors that Hain Celestial (**HAIN**) may be next in line for acquisition place *Coca-Cola* among the potential suitors.

Market News: Several factors led to the week's market exuberance & record indices highs. Besides a push forward from a technical perspective oil prices remained in a sweet spot, unemployment applications did not rise, expectations for quarterly earnings improved & a slight price growth all contributed to a strong week, despite Friday's market doldrums. We think the successful transition of Britain's Prime Minister & conservative government, with additional although unfortunate proof that Brexit was the right option for Britain, was also a likely part of the upswing. If the market has a concern that recent European elections have resulted in victories for the more conservative candidate, and might perhaps lead to more change in the EU, it didn't seem to impact investor attitude.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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