



# 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**

**Sunday night at the movies!** In our much-less-than-modest urban duplex in the early '60s it was a holiday tradition to gather about the round-tube black & white Crosley TV & watch 'der *Bingo*' & his troupe of merry makers in Irving Berlin's *White Christmas*. For us kids, the best part of the night was a rare treat, fresh popped corn, which we both ate & strung for the Christmas tree. Definitely *pure nostalgia* for my Depression/WWII generation parents, for whom Mr. Berlin's song meant so much, & grew up when trees were decorated with fruit & nuts to be eaten on Christmas day! Perhaps they were *Counting their Blessings!*

**Buttermilk & Liverwurst:** The best part *White Christmas* is Bing Crosby & Rosemary Clooney singing *Counting Your Blessings* while raiding the refrigerator for buttermilk & liverwurst sandwiches! It would take until adulthood to appreciate the sentimental meaning of the song & the wonderful blending of Mr. Crosby & Miss Clooney's voices. No, as a kid, it was that large open-pit fireplace in the *middle of the house* that made the scene a favorite! The fireplace in our 1890s-built duplex has been bricked closed years before. The Christmas tree sat safely in front of the mantle, with no crackling fire warming the house.

The Christmas season & the New Year naturally lends itself to reflection. **The Litchfield Fund** has often paused to count its blessings. We are part of exciting, innovative & growing industry. We have partnered with three exciting brands! We are meeting many wonderful people & making contacts throughout the industry. We have the opportunity to be a very small part of *changing a broken food system!* But as investors, by nature we look forward. As adventurers, who enjoy finding a never tasted new product on the grocery shelves, a desert hiking trail we have never traversed, or a new restaurant we have never tried -- we *thrive* on learning & experiencing anew! So as Mr. Berlin suggests we will count our blessings but listen to Dr. Seuss telling us to look forward: *Oh, the places we'll go!*

**Industry News:** Hain Celestial (**HAIN**) announced the acquisition of *Orchard House Foods Limited*, maker of prepared fruit, juices, fruit desserts and ingredients with facilities the United Kingdom. HAIN projects a \$60M to \$65M revenue gain & positive EPS impact. General Mills (**GIS**) announced the acquisition of a leading Brazilian yogurt maker. *Organic Valley* is reported to be the first \$1B organic food company. *Suntava*, a Minnesota-based maker of purple corn, has been purchased by *Healthy Food Ingredients*, parent of *SK Food International & Hesco Dakota Organic Products*. *Suntava* has been a pioneer in bring non-GMO purple corn to the market. Purple corn is prized for its high level of anthocyanins. This is a clear indication that consumers are becoming aware of the health benefits of purple corn.

**Earnings News:** ConAgra (**CAG**) beat analyst estimates by posting a 71¢ EPS. Analysts had expected 60¢. Earnings rose 16% despite missing on revenue, which was impacted by the strong dollar. In a quarter that included a headquarter move, the sale of its private label business, and the split of the ConAgra Brands and Lamb Weston frozen potato business, shareholders were awarded with a 3.79% increase in the stock price and improved outlooks from industry analysts. The company split is still on track for fall 2016.

Cal-Maine Foods (**CALM**) reported a 44% increase in 2<sup>nd</sup> QTR earnings from the same period a year ago but missed analyst expectations. Reporting \$2.26 EPS on \$546M in revenue, **CALM** was lower than the analyst forecasted \$2.40 EPS on \$560M in revenue. While egg prices are up more than 40%, they have recently fallen 12% from earlier in the year highs. The company reports no impact from avian flu issues. The stock price rose more than 4% this week.

**Portfolio News:** Analysts see a strong 2016 for Zoe's Kitchen (**ZOES**) resulting from Chipotle's continued issues. We believe **ZOES'** menu is on point for millennials & families with children. They have continued to meet expansion targets but need to improve same store foot traffic. Kroger (**KR**) will debut a new fresh produce & food concept called Main & Vine in urban stores.

**Market News:** Slight increases in the price of oil led stocks on a bit of Santa Claus rally during this shortened holiday week. Low oil prices have not appeared to help consumers & have only impacted growth for energy companies. And if there has been any impact on keeping prices low for the consumer, the FED actions on interest rates will begin to create a more normalized inflation rate. As we mentioned last year in *All Ears!!* **The Litchfield Fund** is not a proponent of forecasting or predicting. That said we did feel oil prices would remain low for 2015, and they did, but much lower than we would have ever thought. Our belief right now is that low oil prices will be here for a while longer for one basic reason. Technology for shale, other oil sources, & other energy options has become both better & cheaper. OPEC has to flood the market to keep their flow of cash intact. If oil prices rise, other options that are cheaper & now readily available will reduce OPEC revenues.

**Thanks to our readers:** Danish pianist, conductor, & humorist Victor Borge said, "Santa Claus has the right idea - visit people only once a year." So we thank our readers for allowing us to pay them a weekly visit through *All Ears!!*

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

**The Litchfield Fund**

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