



# 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**

**Presidential election cycles seem unique.** Imagine this: a populist, forthright and opinionated conservative, deemed a progressive, challenges the Republican party’s chosen candidate. The populist wins the primary vote but the Republican establishment steals back the nomination at the convention, giving their candidate the nod. It splits the Republican party; a 3rd party comes to exist. The Democrat bosses run a member of the liberal elite who is dogged by a radical socialist/communist candidate. With just over 40% of the vote, the liberal elitist wins in November. Unlikely? Not entirely, especially if the election year is 1912!

**Election Bull:** When Teddy Roosevelt left office in 1908 he hand-picked his successor, William Howard Taft, who easily bested William Jennings Bryant in the general election. But Roosevelt was upset at Taft’s policies during his term & decided to challenge him in the 1912 primaries. There was probably no more prominent 20<sup>th</sup> century Republican establishment family than the Tafts. However, Roosevelt’s popularity rose as he won primary after primary against Taft, who had been Solicitor General among his many prior political positions (*...stop me when this starts to sound familiar*). Yet the establishment won control at the Chicago convention (*...you say Cleveland, I say Chicago, let’s call the whole thing off!*) & the Republican party split. The progressive *Bull Moose* party was so named because Roosevelt had called himself a *Bull Moose*. Woodrow Wilson won the general election with just 42% of the vote, Roosevelt coming in second & Taft third. The Republican party remained split until 1920. Wilson’s international policies certainly played a part in causing WWII & creating a communist bloc that lasted throughout most of the 20<sup>th</sup> century. By the way, Eugene V. Debs, the socialist candidate in 1912, earned 6% of the vote, the highest percentage for any of his 5 presidential runs. Eerily, in 1920, Debs ran for President... *from prison (...I’m just sayin’)*!

Even if Roosevelt had not run as a 3rd party candidate Wilson likely would have won the election. Many aspects of Roosevelt’s progressive platform were similar to Wilson’s Democrat policies. But Roosevelt was, just as he spoke... *the man in the arena...whose face is marred by dust and sweat and blood...* and on October 14, 1912, bleeding after being shot in the chest by an assassin’s bullet, the Bull Moose completed his 90-minute speech before seeking care!

*All Ears!!* will make every attempt, albeit difficult, to remain apolitical during this election cycle. We have often expressed our displeasure with the current administration’s economic policies & given just the mildest of praise to the FED for preventing any obvious economic bubbles. Yet, this week’s data continues to illustrate a just barely growing economy with low labor participation rates & weak wage growth, once again enabling the FED to delay the next rate

hike discussion. Our business, like all others, depends on a strong, prosperous economy. For that, we need our country to be physically & economically secure; to see real middle class job growth (not minimum wage growth for entry level jobs); to participate in smart & fair international trade & exchange relationships & to provide people with more opportunity & less entitlements. Both our country & our economy thrive when people have *real hope* that their skills, ability, knowledge, experience, education, talent & guts are respected in the market place, enabling them to provide a better life for themselves & their families in a safe & secure environment!

**Earnings News:** Cal-Maine Foods (**CALM**) announced 3<sup>rd</sup> QTR EPS of \$1.33 beating analyst estimates of 99¢ EPS. Net earnings were \$64.2 million compared to \$50.9 million in 3<sup>rd</sup> QTR 2015. For the first nine months of 2016 net income was \$316.4 million (\$6.54 per diluted share) as compared to \$115.1 million (\$2.38 per diluted share) for the same period last year. Higher egg prices & a 13.7% growth in specialty (organic, cage-free, etc.) eggs were cited as causes for the improved earnings. Specialty eggs accounted for 24% of the total number of shell eggs sold as compared to 20% in the same quarter last year. Specialty eggs contributed 31% of the total shell egg revenue for the quarter up from 27% of the total shell egg revenue in 3<sup>rd</sup> QTR 2015. Strategically, CALM is focusing on selling organic & cage free eggs to meet changing consumer demand & the increase of specialty egg offerings in restaurants & food service.

**Portfolio News:** Kroger (**KR**), failing to win a role in the acquisition of *The Fresh Market*, announced a significant investment in Colorado-based *Lucky's Market*, which operates 17 stores in 13 states. United Natural Foods (**UNFI**) announced the acquisition of family owned *Nor-Cal Produce*, an organic produce distributor, for \$68M. General Mills (**GIS**) announced it will be shutting down its Venezuelan operations.

**Industry News:** *Tio Gazpacho*, a **Litchfield Fund** taste favorite, completed a \$1.25M raise with the help of General Mills' *301 Inc.* unit. *CAVU Venture Partners* took a \$7M stake in *Health-Ade Kombucha*. *Target* continues to expand its Made to Matter offerings, brands that appeal to changing consumer tastes.

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

**The Litchfield Fund**

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