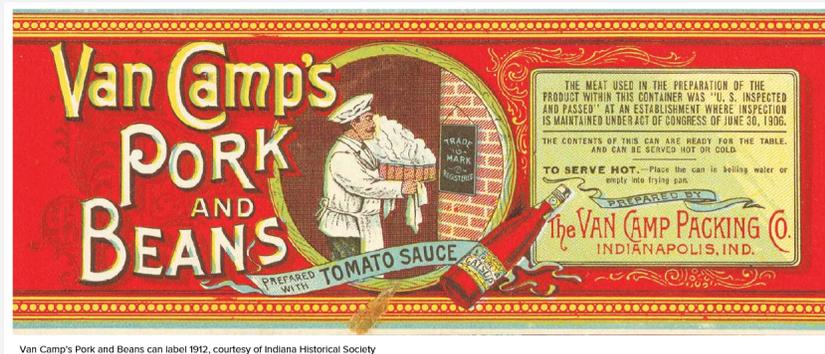


# It All Started with a Can of Beans

Here is a story of how an investor got his start and how it led to a love of investing that lasted a lifetime. It all began in 1965, my last year in graduate school, when I found myself with a few hundred or maybe as much as a thousand dollars to invest. My mother-in-law and father-in-law used a Merrill Lynch retail broker for their investments, and so they recommended him to me. I had never invested and knew nothing about it. The broker was a nice man, and I would say, tried to do his best for his clients. After talking with me, he appropriately suggested a conservative investment since I was a first-time investor and had only a small amount of money to put at risk.



Van Camp's Pork and Beans can label 1912, courtesy of Indiana Historical Society

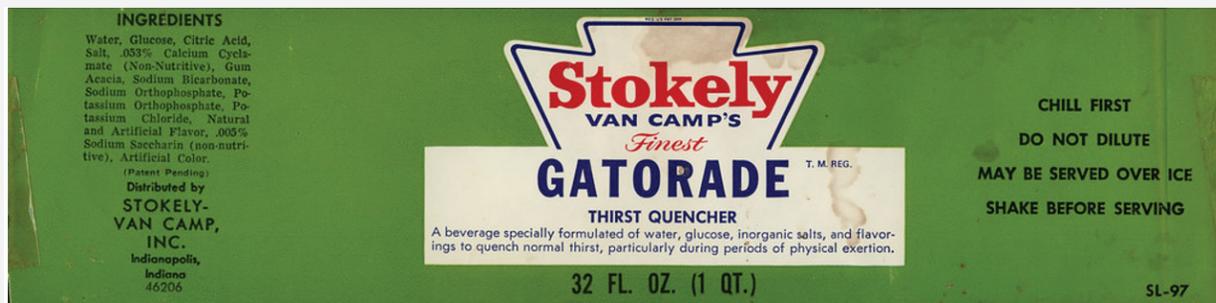
His first recommendation was the stock of Stokely-Van Camp, a brand recognizable to many for its famous canned pork and beans. Stokely-Van Camp had a long history of success in canned fruits and vegetables, and since its products led to stable sales and profits, it was considered a conservative investment. In addition, it paid a steady dividend. As best I can recall, the stock traded water for a while, never moving up or down very much. I was happy to receive the quarterly dividend, small though it was. A can of beans is not a lot for the more aggressive investor to get worked up over. Then, however, the stock began to move up a bit, taking on a life that seemed different than its normal trading pattern. As the stock continued to rise and my enthusiasm with it, news began to come out about a thirst-quenching beverage that had been developed at the University of Florida for hydrating its athletic teams. Stokely purchased the product, and soon it was being used in great quantities by the U.S. Government for soldiers who were fighting in the sweltering jungles of Vietnam. Its thirst-quenching abilities were lauded, and soon, as word leaked out in typical fashion, investors began to look forward not only to the governmental application of this product, but also to its consumer possibilities. The name of the product was Gatorade.

It is safe to say that Gatorade transformed Stokely-Van Camp. It still had its stable canned fruits and vegetables business, but now it had an important new product that had the potential for growth via wide

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consumer use. The company's earnings began to move up at a faster pace, but investor enthusiasm moved even faster. Before long, my small investment had tripled in value, and I began to think differently about investing. From casual observation of the steady stock price to intense following of its daily rise, I began to say to myself, 'This is good!' It is not an exaggeration to say that the Stokely-Van Camp experience opened up for me not a new can of beans, but a whole new world, and from that point onward investing and its possibilities became a larger and larger part of my life.

The history of Gatorade is an interesting one. Stokely-Van Camp was eventually acquired by ConAgra, principally for its Gatorade product, and eventually wound up as a PepsiCo product, where it now resides. It is an iconic product, one of the most visible of all consumer brands. I was lucky enough to be there at the beginning with my small investment, but what is more important is that it gave me an experience that triggered an interest, yes, a love of investing that has stayed with me throughout my life. It taught me that investing can not only be profitable but a lot of fun. It is fun to try to figure out which companies to invest in, which ones have the greater chances of success, and to reap the rewards when they come. But it is the process that really counts, for an investor can immerse himself in it, be stimulated and grow, and be confirmed as successful. It can also be positive in the sense that it keeps one forward-looking. While the past results of a company are important and can be a major part of the evaluation process, it is the future that the investment is all about. And the future is always uncertain. Trying to foresee the future of an investment is both challenging and fun at the same time.



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I was lucky to be standing there when Stokely-Van Camp got transformed. Lucky because it gave me a start and a taste of how much fun it can be to be a serious investor. Of course, successful investing involves much more than luck, because although investing is all about the unknown future, sometimes luck can play a part in achieving what we like to refer to as a total investment return trifecta. With Stokely Van Camp, all three components of total return came together to create the desired outcome: dividends were received and grew, improving business fundamentals resulted in earnings growth, and as this occurred, the valuation increased.

From that small initial experience, I have grown into a serious, committed investor who invests along classic lines. At our firm Crawford Investment Counsel, we do not depend on luck, although we accept it when it arrives. We invest according to discipline and with patience and experience. But the key is, we love it; it is

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our passion, and I am certain this same sense of enthusiasm pervades our organization. This is so important for our clients. We hope they experience some of the enjoyment factor that we embody, for in reality it is what we are. We enjoy our work and think it is fun, and that spirit literally frees us up to do good work. It doesn't matter where it started, in my case with a can of beans, but it has to start somewhere. Many years later, the result is a highly intellectual and creative firm working hard to create returns for its clients.

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CRA-23-165