



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 Pitch! Those moments when the entrepreneur is standing before a crowd of investors & other critics who will offer their opinion on the idea, the product, the company and, *more personally*, the entrepreneur! Whether it is one, five or ten minutes, the entrepreneur has to sell their company & themselves to get to further the conversation with the investors. A *fear-inducing* moment, but remember Babe Ruth said, “*Never let the fear of striking out get in your way!*” Preparation is the key to delivering a good fear-free pitch, for as William Shakespeare said, “*Things done well and with care exempt themselves from fear.*”

The Pitch: *The Bambino, the Sultan of Swat*, saw a lot of pitches, hit a lot of home runs & struck out *a lot* – but he felt every strike brought him closer to the next home run! Recently, **The Litchfield Fund** was able to participate in the *FundingPost Phoenix Investor Roundtable!* The presenters did a great job & it was easy to spot those who prepared well! We offered the entrepreneurs the following additional advice for a good quick pitch: *State the problem or need, explain why your solution or product works & say why your offering is uniquely the best!* It is a crowded world of problems, needs, ideas, solutions, products, start-ups & entrepreneurs. Some will survive & some will fail. Good partners can certainly help you be successful! But no matter what the outcome of your pitch may be, *don’t be fearful* - it is a learning experience! Advice from President Harry S. Truman: “*America was not built on fear. America was built on courage, on imagination and an unbeatable determination to do the job at hand.*”

Industry News: Plant-based *Peeled Snacks* closed a funding round led by *Seurat Capital*. *CAVU Venture Partners & Trinity Ventures* were part of a \$19M series B round for *Bulletproof 360*. Cold brew coffee producer *High Brew* closed a \$17M round led by *BIGR*. Italian coffee-roaster *Lavazza Group* purchased 80% of Canadian roaster *Kicking Horse Coffee*. *Campbell Soup & Fresh Direct* invested \$10M in on-line meal kit delivery company *Chef’d*. Actor Leo DiCaprio has become an investor in chickpea snack maker *Hippeas*. Singer Ellie Goulding has joined *Core Hydration* as an investor & as a marketing participator. *The J.M. Smucker Company*, owner of *Crisco* brand, will purchase *Weston Oil* for \$285M from *ConAgra Brands*. In turn, there are reports that *ConAgra*, seeking growth, is looking at a takeover of *Pinnacle Foods*. *Reuters* is reporting that *Pepsico* may make an offer for *Vita Coco*, which holds about 25% of the coconut water market. *Pepsico* already owns coconut water brands *Naked Juice & O.N.E.* *All Market Inc.*, the brands’ owner, was reportedly seeking \$1B. *Pepsico* will likely offer less than what *All Market* was seeking.

Campbell Soup reported lackluster 3rd QTR earnings citing weaker sales for its soup & V8 lines along with processing problems in its *C-Fresh* unit beverages. Low turkey prices & an oversupply drove a 5% reduction in sales & a 2% decline in 2nd QTR income for *Hormel Foods*. With a net

income of \$211M for the quarter, *Hormel* reported *Muscle Milk*, *Justin's*, *Applegate Bacon & Wholly Guacamole* showed growth! *Costco* announced 3rd QTR earnings that well out-paced analyst forecasts with increases for sales (8%), comparables (5%) & earnings (28%). *Wegman's* announced a new store location as part of a development site in our nation's capital. *Celsius'* stock will now be listed & traded on the Nasdaq. *Whole Foods Market* will open its first stand-alone restaurant, featuring Brazilian-style grilled meats, in Atlanta on June 1.

Sheila G's Brownie Brittle is now offered in two gluten-free SKUs. *Leaf Brands*, makers of *Hydrox* crème sandwich cookies, will now be free from artificial colors, flavors, trans fats, high-fructose corn sweeteners & bioengineered ingredients. *J.M. Smucker's* incredibly popular *Uncrustables* will be free of high-fructose corn syrup & will be non-GMO. *Shamrock Farms* announced a new cold brew coffee & milk product headed to the shelves. *Walmart* will test employees delivering purchase orders on their way home from work. New York City will require grocery stores to provide calorie counts on prepared foods.

HPP companies have formed a new industry trade group as the use of HPP continues to expand. The *Cold Pressure Council* will focus on standards, best practices, labeling & growth. *Moody's Investor Services* is reporting that alternative beverages are poised for mainstream growth. Factors, of course, include corporate players like *Pepsico* & *Coco-Cola*, rising personal income & consumers' health choices. At \$15.6B, organic fruit & veggies account for 40% of all organic sales & is growing at over 8%. Organic sales are 5.3% of all sales. Organic meat & poultry are up over 17%. In a study from *Technavio*, the global health/wellness food segment is projected to have a CAGR of 6.22% by 2021! The FDA reported that a sampling of gluten-free products resulted in 99.5% of them meeting the standard, which *ironically* is just less than 20ppm of gluten! According to a study from *Mintel*, while non-GMO is an important issue for many consumers, the traditional avoidances such as artificial ingredients & trans fats are still more important. Meanwhile, First Lady Melania Trump has banned GMOs from the White House citing the health benefits of eating organic & non-GMO for her family.

Market News: Already having digested a likely upcoming rate increase, markets rose to brand new highs while feeding on a great deal of news, the most significant being the United States' departure from the Paris Accords. While construction spending & job growth were a bit milder, the unemployment rate fell to its lowest point in 17 years & the underemployment rate, on which the administration is focused, fell to its lowest point since November, 2007. Small business hiring increased. The Gallup Good Jobs Index rose in May.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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