



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

“Pitchers & catchers report...full squad workouts begin...” In snow covered parts of America these words are as much a sign of spring as the first robin or crocus! The crack of the bat & the pop of a fastball in the catcher’s mitt means summer is on its way. For fans who attend spring training it is not just about watching games, practices & drills (or the after game parties at the local watering holes) but a chance to get up close & personal with some of the games stars! Athletes, at their peak, demanding healthy foods & beverages to boost their performance! Maybe we will be able to *pitch* to them our partnerships brands!

Start pitching: Spring training is just one of the reasons **The Litchfield Fund** makes a home in Scottsdale along with the beautiful weather, striking mountains, delicious restaurants & a thriving natural & organic business environment! Here in the desert though the term *spring* can lead to *periling* confusion! When the sun shines each day & the temperature peaks out of 85° in mid-afternoon, it is the height of irony to sit at one of the area’s best farm-to-table restaurants, *FnB*, & select items off their *Winter Menu*! The *perils* of living in a paradise!

This week, *Harvest Soul*, one of **The Litchfield Fund**’s partnership brands *started pitching* its new line of probiotic high fiber juices enhanced with GanedenBC30® adding to *Harvest Soul*’s growing lineup of Chewable and Blended juice products! This new line of probiotic juice will feature PRO Tropical, PRO Greens, PRO Beet and PRO Berry varieties. A perfect healthy & refreshing drink for spring, summer, fall or winter with 2 billion CFUs of GanedenBC30!



Read more about *Harvest Soul* and its new PRO varieties at: <https://www.bevnet.com/news/2016/harvest-soul-announces-launch-of-probiotic-juice-line>

Industry News: *World Peas*, founded in 2011, was acquired by *Snack It Forward LLC*. *World Peas*’ snacks are made from beans & other legumes. Pulses are on trend this year (it is the *Year of the Pulse* after all & we can hear Al Stewart singing it) as is healthy snacking. *World Peas* is capitalizing on both trends. Alliance Consumer Growth has completed fund raising (\$210M) for a third fund. ACG was an early investor in *Krave Jerky*, *Suja Juice*, & *Shake Shack*. *Shake Shack* opened its first Arizona store this week in Scottsdale, with two more planned for the area.

Portfolio News: General Mills (**GIS**) turns 150 years old in 2016. The processed food giant continues to be **The Litchfield Fund**’s personal poster child for what Big Food has to do to adapt

to changing consumer demand. **GIS** holds many well known organic & healthy brands including Annie's Homegrown, the pioneer & a leader in wellness & transparency. **GIS** is removing artificial flavors & colors, reducing sugar, exploring gluten-free, pursuing cage-free eggs, etc., all while giving Annie's & its other brands the support to innovate. **GIS** is trying to save cereal, all while millennials are now reported to be moving away from cold cereal, not wanting to wash the bowl. **GIS's** stock price has traded in a narrow range but its healthy dividend makes for a decent ROI -- a strong defensive play in a complicated market. Happy Birthday General Mills!

Natural Grocers by Vitamin Cottage (**NGVC**) is expanding its presence in the very competitive Phoenix area grocery market. Whitewave Foods (**WWAV**) introduced *Silk Nutchello*, a throughout the day healthy snack/beverage alternative. Analysts feel **WWAV** may not have enough organic growth to sustain an acquisition premium in its stock price. Cal-Maine Foods (**CALM**) remains a strong dividend play & is undervalued despite an expected pull back in egg prices. ConAgra's (**CAG**) new slimmer (less-debt-on-the-books) structure makes the stock an undervalued opportunity. Along with **GNC**, analysts think these stocks will benefit as fund managers seek to remove overpriced stocks from their portfolios & look for stocks trading below S&P averages with strong balance sheets & better-than-average S&P earnings growth.

Earnings News: Sprouts Farmers Market (**SFM**) rose 12% this week on upbeat 4th QTR performance. Reporting an 18¢ EPS (besting estimates by 2¢) & a 27% revenue growth some analyst feel **SFM** is hitting the right balance of consumers' demand for healthy & less expensive. With record sales of \$3.59B & 21% growth over 2014 (not quite the more than 100% 2014 over 2013 growth) **SFM** now has 217 stores & will be opening its first in Florida. **SFM** projected 2016 earnings of 96¢ to 98¢, higher than analyst estimates. Zoe's Kitchen (**ZOES**) beat analyst projections by 3¢ posting a 3¢ EPS loss but a 13¢ adjusted gain. **ZOES** vastly improved same store sales growth (7.7%), had a 52% increase in revenue & showed good cost control. With a strong 2016 sales growth projection **ZOES'** stock price rose 26% this week. Vitamin Shoppe (**VIS**) had a big miss on 4th QTR profit but barely beat analyst estimates at 39¢. Giving a wide range for 2016 EPS (around analyst estimates) its stock price fell 9%. The company had a generally lackluster performance likely centered upon falling demand & competition.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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