



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 last day of the 1941 baseball season! The Boston Red Sox have a doubleheader scheduled with the Philadelphia Athletics. The Red Sox are in 2nd place, 17 games behind the Yankees. Boston Manager Joe Cronin, a future Hall of Famer, asks his 22-year old superstar leftfielder if the young athlete, *The Splendid Splinter*, wanted to sit out these last two games. This young man was batting .39955, which would have rounded up to .400. No one had batted .400 since Bill Terry in 1930, & unknown at that time, no one would ever cross that mark again. The young athlete had a choice. Just how did he want history to remember him?

Six for Eight: Score 30% on a test & you flunk. Do your job correctly 30% of the time & you get fired. But in baseball, a hitter that bats .300 for his career becomes an immortal! Ted Williams played on that Autumn afternoon, going 6-for-8 & raising his average to .406! At the start of the 1942 season, with WWII underway, Mr. Williams was given a 1-A draft status. As the sole support for his mother, this was appealed & he was reclassified as 3-A. But he took heat from fans & Quaker Oats dropped him as a sponsor. *How did he want history to remember him?* After winning baseball’s Triple Crown, he enlisted in the Navy. His rumored 20:5 eyesight & hand-eye coordination made him a terrific pilot & gunner, serving in both WWII & the Korean War. *History* remembers him as one of the greatest hitters of all time, a man who could have retired owning almost every hitting record, had he not lost almost 5 full seasons serving his country!

Partnership Brands in the News: Several recent surveys found 87% of people consider fiber to be healthy & that 60% of Americans are seeking more fiber in their diet. Read more about fiber filled *Harvest Soul* in a new *BevNET* article: [Harvest Soul Aims to Be the “Anti-Pressed” Juice!](#)

Industry News: Berlin’s *Katjesgreenfood* invested in *Seven Sundays* muesli for expansion beyond its current 4,000 stores. *Danone’s Manifesto Ventures* has taken a stake in French organic baby food start-up *Yooji*. With a \$15M lease from *CapX Partners*, *Califia Farms* will expand bottling & pasteurization capacity. *Campbell’s Pacific Foods* acquisition is at risk due to a lawsuit by a former *Pacific Foods* shareholder. Despite a sales decrease of almost 5% & an EPS decline of 18%, 1st QTR earnings for *ConAgra* still beat analyst estimates, helped by good performance from recent acquisitions *Duke’s* & *Frontera*. *McCormick’s* 3rd QTR sales rose to \$1.19B from \$1.09B, the *Ricker Benckiser Foods* acquisition contributing to the results. Net earnings fell 15% but *McCormick* raised the 2017 forecast. *Cargill*, with a slight increase in 1st QTR revenue, had a 14% increase in net earnings to \$973M as the ingredient & animal protein segments saw gains. *Flower Foods* will take a \$27M 3rd QTR charge to streamline, reduce headcount & add a new strategy & ventures arm to focus on M&A & strategic partnerships. To improve earnings & efficiency, *Nestlé* plans a 10% adjustment to its portfolio & seeks buyers for its U.S. confectionary business as well as other

brands. *SunOpta* is looking to divest its nutrition bar manufacturing (1% of 2016 sales) by year-end. *Tyson* raised its 4th QTR guidance, will shed headcount & possibly divest some non-meat brands. *Hormel Foods* CEO & President James Snee will become Chairman as Jeffrey Ettinger retires. Struggling *Kellogg's* replaced CEO John Bryant with Steven Cahillane of *Nature's Bounty*.

It is reported that *Walmart's Jet.com* will add *Uniquely J*, its own private label grocery brand. *Walmart* will test grocery delivery into people's homes that use internet enabled lock apps & even stock the refrigerator. Also, *Walmart* will offer various companies' meal kits on its website. With the local food segment growing rapidly, *Kroger* launched an on-line portal for local companies to pitch directly to buyers, in complete contrast to *Whole Foods* centralizing its buying decisions. *Mars Food* will move its North American headquarters from Los Angeles to Chicago. Following a trend, *Ahold Delhaize* is considering adding restaurants to its stores. *Springfield Creamery* will add four new probiotic Organic Whole Milk Kefirs to *Nancy's Cultured Dairy*. *Unilever* will introduce new essential herb & oil *Lipton Wellness Teas* in 5 SKUs. *HEB* will add an additional 64K sqft. of snack production in a new facility near Houston. *Hudson News Distributors*, who services more than 15,000 retail stores in the Northeast, has added *Hint* beverage to its distribution of *LaCroix* & *Nestlé Waters*. Management changes at *Lidl* Europe may be a signal that the progress & performance of its U.S. stores has been below expectations. *Instacart* is looking to enter the Canada market with *Loblaws*. *Ralphs* is now offering *Prep+Pared* meal kits at 25 *Ralphs* locations & rolling out to more stores in 2018. *Beyond Meat* will be offered through *Sysco* foodservice & in *Chef'd* meal kits. *Supervalu's Cub Foods* has a new prepared food offering, *Quick & Easy*, to compete in its markets with Hy-Vee, Target & Walmart.

A study published in the *British Journal of Nutrition* shows that plant-based dairy contains only 2% of the iodine in dairy. Iodine regulates thyroid hormones & can be found in seafood & grains, so vegans or gluten-free dieters should use supplements. Organic farm sales rose 23% & now total \$7.6B. Organic chicken sales rose 78%, reaching \$750M in sales. Per a *NDP Group* survey, 42% of consumers check for sugar content on the label, higher than past surveys. Gyms, spas & fitness centers are seeing increasing sales of prepared meals. In a study of Millennial social media posts, *CBD Marketing* confirms that they want fresh, natural & healthy food & beverages, to cook & prepare meals at home & will use meal kits & meal delivery. The FDA extended the new nutrition food label compliance until 2020 with smaller manufacturers getting an additional year.

Market News: As the debate on tax reform begins the markets ended 3rd QTR strong with the S&P & Nasdaq at new records. Per The Manufacturers' Outlook Survey, 91% of respondents have a positive outlook for their own companies, a dramatic rise from just 60% in 2016!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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