



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 Golden Age of Comic Books began in the 1930s with the introduction of *superheroes*, like *The Shadow* & *The Phantom*, that greatly increased the popularity of the brightly colored 10¢ magazines. But it took two teenagers from Glenville High School to kick the era into high gear, when in 1938 DC's *Action Comics* introduced their *Man of Steel*, the *protector of truth, justice & the American Way!* The *Silver Age* began in the late '50s with a new crop of superhero comic books, many with more *sci-fi* oriented themes. By the late '60s, TV Superheroes became campy parodies, such as *Mr. Terrific*, *Captain Nice* & *Super Chicken!*

Super Chicken: *Super Chicken* aired as a segment on the TV cartoon series *George of the Jungle* for a short time in 1967. His secret identity (think Batman's Bruce Wayne) was fabulously wealthy Henry Cabot Henhouse III, a take-off on politician Henry Cabot Lodge. His faithful sidekick/butler was Fred, a lion with a backwards *F* on his sweatshirt, who sounded like comedian Ed Wynn. Poor Fred always took the brunt of *Super Chicken's* daring deeds, usually ending up worse for the wear, at which time *Super Chicken* would say, "*You knew this job was dangerous when you took it, Fred!*" Henry drank a *Super Sauce* to get his powers, which always caused a violent reaction! He flew to the rescue in a flying egg-shaped car, the *Super Coop*, instead of *coupe*, of course! This week the USDA introduced a new *Super Chicken!* Identifying & breeding certain roosters with higher levels of two proteins, *cytokines* & *chemokines*, could produce *super chickens*, immune to certain diseases & not requiring antibiotics. This is great news, as producers work toward phasing out antibiotic use, & as the world, *and Bonnie Tyler*, are always in need of a few new *superheroes!*

Industry News: Activist investor *Blackwells Capital*, with a 4.35% stake in *SuperValu*, is seeking board seats. *Blackwells* feels there is significant value in the company's \$1.8B in real estate & will seek consolidation opportunities with competitors. *SuperValu* responded that changes are already underway. Dairy-free beverage *Mooala* announced \$5M in equity capital, led by *M3 Ventures* & *Sweet Equities*, to finance expansion in the Southwest, Midwest & Northeast. *Tyson Foods*, *Origin Ventures*, *the Pritzker Group* & others invested in *Tovala*, a startup that makes meal-kits & an oven that operates through various cooking stages: steam, bake & broil. *Castanea Partners* has taken a minority stake in *The Townshend Group* (*Dr. Kombucha*, *Townshend's Tea Company*) & its managing director Tom First will join the board. *Total Produce*, based in Ireland, will take a 45% partnership stake in USA rival *Dole Food*. *Hostess* will acquire the *Big Texas* & *Cloverhill* brands from *Aryzta*. *Wandering Bear Coffee* has completed a \$8M equity round led by an undisclosed strategic investor. *SafeCatch*, mercury-safe canned seafood aimed at millennials, raised \$5M from *Echo Capital* & *Essential Investments*. *Fresh Del Monte Produce* will acquire (*Somewhere near*) Salinas (*I let her slip away*) based *Mann Packing* for approximately \$361M, a grower, processor & supplier of fresh vegetables.

Kellogg's announced resurgent 1st QTR sales & income, although cereal sales were still dragging. *Unilever* reported a 17% increase in earnings on a 2% sales increase for 2017. *Hershey* reported a 4th QTR EPS increase of 30¢ to 85¢ but missed analyst targets on sales & earnings. *Post Holdings'* sales rose 14.7% in 1st QTR to \$1.43B, with earnings growing almost 200%. Acquisitions, internal growth & tax benefits were the drivers. *Flower Foods* net income for 4th QTR was flat, excluding a \$48M benefit from tax reform. Net sales were up 0.6%. *National Grocers by Vitamin Cottage* reported strong increases in comps & revenue but missed on EPS for its 1st QTR. *Amazon* reported a good 4th QTR saying that *Whole Foods* had performed better than anticipated. *Whole Foods Market* has begun a national ad campaign that focuses more on shopper experiences but less on product value. This week, *Amazon* will start offering *Prime Now* for *Whole Foods* delivery in four markets with plans to expand nationwide. Two-hour delivery for orders over \$35 will be free & one-hour delivery will be \$7.99. *Hain Celestial* will look to sell its protein business as 2nd QTR earnings missed analyst targets, despite a 5% net revenue gain. USA markets lacked growth. *Tyson Foods* beat 1st QTR analyst targets with 11% sales growth & a surge in net income, *AdvancePierre Foods* contributing. *Tyson* will invest \$100M in employees due to the recent tax cuts. Also citing tax reform, *CVS* announced a \$425M increase each year in employee benefits, including raising their minimum wage by 22%, adjusting pay rates for other employees & increasing benefits. *Hostess* also will make an investment in employees as a result of the tax cuts.

Walmart purchased virtual reality company, *Spatialand*, with a VR design platform for enterprise, brands & consumers to create 'immersive content destinations'. In this digital/delivery world, *Publix* is considering building a new, smaller footprint store. *Ahold Delhaize's Peapod* will add products from *Campbell Soup*, *Kraft Heinz* & *Barilla* to its meal kit recipes. *PepsiCo* will look to design products to attract women-snackers. *PepsiCo* also announced a fruit flavored sparkling water line, *Bubly*. Cold brew coffee maker *KonaRed* will partner with *LA Libations* to help spur its growth. *So Delicious* will add three almond milk with cashew varieties to its nut milk SKUs. *Unilever's Ben & Jerry's* will introduce *Moo-phoria*, a new line of organic, low-fat, low-calorie ice cream. *Nestlé's Häagen-Dazs* will create non-dairy offerings. *Daymon*, in its *Private Brand Intelligence Report*, finds that 81% of shoppers buy private brands on shopping trips & even more say they trust private brand quality. *Packaged Facts* reports that the USA yogurt industry was almost \$9 billion in 2017, with a 2% CAGR over the past five years. The USDA stated that USA wheat flour production rose 0.6% in 2017 to a new high.

Market News: Markets did a *Duncan*-worthy up & down, yo-yoing their way through the week. Investors tried to understand potential FED direction on interest rate hikes, deal with volatility & job & wage growth. Jobless claims remain at 45-year lows.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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