



# 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!!!!!"



**Early June is noted for many things:** School ending, the unofficial start of summer, graduations, weddings, the anniversary of D-Day (and thereby a mostly free world) and sleepy, dusty, delta days! *Our* nerdy view leads us to think about the birthday of economist & philosopher Adam Smith. Smith may not have coined the term "laissez faire" but his works touted the benefits of free enterprise. And Smith's works, along with the works of Hume, Locke, Burke, Rousseau, & Voltaire, paved the path to a couple of small documents of incredible consequence: The *Declaration of Independence* & the *United States Constitution*!

**A Dog Tale:** The butcher & baker sell food not because they are benevolent, but because they want to make a profit! Smith believed that it is therefore in their own best interest to be honest & fair or risk losing their livelihood. So if someone is working in their own best interest then they are working to the benefit of the whole society. For anthropologists the difference between humankind & other species is an opposable thumb, but for Smith it was the ability to barter & exchange: '*dogs don't barter over bones,*' he wrote. But the image of two dogs bartering over a bone would have made a great *Far Side* cartoon, especially for the economically-minded!

**B'more Organic, Harvest Soul & Supereats!** Free enterprise is definitely working for **The Litchfield Fund's** partnership brands! *B'more Organic's* ([www.bmoreorganic.com](http://www.bmoreorganic.com)) delicious high protein & grass-fed drinkable skyr can now be found at *Metropolitan Market* in the northwest, *Central Market* in Texas & in 4-packs at *Costco Texas*! *Harvest Soul's* ([www.harvestsoul.com](http://www.harvestsoul.com)) lines of chewable, blended & probiotic juices are hitting the coolers along the west coast! Nothing added in these juices -- *just veggies & fruits!!* *Supereats'* ([www.supereats.com](http://www.supereats.com)) Kale Crisps are in approximately 4,000 stores with *HEB* soon to be included! *Supereats* has gained a Canadian distributor & distribution with *Nassau Candy*. In April, *Supereats* added a tasty Sacha Inchi superfood line of puffs, chips & clusters!



**Industry News:** Food delivery company *Door to Door Organics* merged with *Relay Foods*. *Probi* acquired fellow probiotic manufacturer *Nutraceutrix* for \$105M to expand in the North American market. *Costco* founder Jim Sinegal invested heavily in the healthy, clean organic food chain *The Organic Coup*. *Healthy Skoop*, plant based nutrition powder, received a \$1.1M investment led by *Seurat Capital*.

Sales of allergen-free products reached \$190.4M last year, a 26.5% increase. Between 2013 and 2015 sales of specialty products grew 20%. The supplement industry is at \$122B, employs more than 750k people & pays more than \$38B in wages.

**Portfolio News:** General Mills (**GIS**) formed a strategic partnership with Organic Valley. Twenty farms will provide supply from more than 3,000 acres for dairy production over the next 3 years. This dairy supply will go to support both yogurt & *Annie's* products. **GIS** launched its first new cereal in 15 years, *Tiny Toast*. ConAgra (**CAG**) continues to remove pieces of its business by selling ingredient distributor *J.M. Swank* to private equity firm *Platinum Equity LLC*.

**Earnings News:** United Natural Foods (**UNFI**) raised its full year EPS forecast to between \$2.47 & \$2.53, a 5% improvement. **UNFI's** 3<sup>rd</sup> QTR EPS came in at 76¢ besting analyst estimates by 10¢. Improvement came from **UNFI's** acquisitions & expanding distribution; a direction the company appears be continuing.

**Market News:** The prevalent word in the market is probably *uncertainty*. FED Boss Janet Yellen's early in the week comments seemed to assure investors that a June rate hike was off the table. But a June 23<sup>rd</sup> Brexit vote & the perils of another slow earnings season approaching left investors with enough energy to test last May's record S&P 500 high but not enough gas in the tank to reach the summit. This is the third time the S&P mark has been tested, and the lack of enthusiasm may be a better gauge of the stock market's future than any crystal ball analytics. Oil helped drive the market higher, reaching \$51 a barrel but ending below \$50.

Brexit would create much angst for the EU with implications for politics, economy, trade, defense & migration. British odds makers seem to put a 2 to 1 chance of Brexit, although opinion polls have flowed back & forth almost daily as the June 23<sup>rd</sup> vote approaches. British opinion polls failed to predict the win for David Cameron's Conservatives, so the press is looking to the betting houses for analysis! So who's their pick for the 148<sup>th</sup> *Belmont Stakes*?

**Seeds, Sprouts, Grow, Harvest!**

**The Litchfield Fund**

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