



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

It was from Mt. Olympus that the Greek gods ruled over mankind. The 12 Olympian gods lived in palaces within its many gorges. On the highest peak, *Mytikas*, sat Zeus, whose temper & anger sent thunderbolts against the humans. The gods were imperfect, beset with a *soap opera* full of human faults – anger, jealousy, envy, pride, lust! They battled & argued in their pantheon. On the north side of Olympus lived the nine daughters of Zeus & Mnemosyne, the *Muses*, who served as inspiration for the arts: music, poetry, dance, history, drama, hymns & comedy. In the best *All My Children* tradition, Mnemosyne was Zeus’s aunt!

Da Da Dada Da Da Da... For those of a certain age, there are Olympic moments forever etched in our memories, which would please Mnemosyne, the *goddess of memory*. Bob Beamon’s seemingly endless suspension of gravity in Mexico City! The incomparable speed of Sugar Ray Leonard’s fists at Montreal! Al Michaels at Lake Placid asking if *we believe!* The sparkle of Katerina Witt in what would soon be war-torn Sarajevo & the improbability & hype of Eddy the Eagle soaring above Calgary. Unfortunately, the terrorism of Munich & Atlanta remains within our hearts. The Olympics intended to bring the nations of the world together in competition & sportsmanship. Sadly, the Olympics are not immune from the happenings in sports & the world: drugs, cheating, predators, financial graft & sometimes, arrogant or ungrateful athletes. But the vast majority of the world’s athletes display sportsmanship that would make great coaches, Paul Brown, John Wooden, Dean Smith & Knute Rockne, proud. They take pride in representing their homeland, work hard & strive for excellence! The poet Hesiod, who lived the shadow of Mt. Olympus, wrote: *Badness you can get easily, in quantity; the road is smooth, & it lies close by, but in front of excellence the immortal gods have put sweat, & long & steep is the road to it!*

Industry News: *Harmless Harvest* raised \$30M in growth capital for its organic coconut water, led by *Danone Manifesto Ventures*. In an \$19B deal, *Dr. Pepper Snapple* will merge with *JAB Holdings’* backed *Keurig Green Mountain*, creating an \$11B in sales beverage company. Plant-based dairy *Ripple Foods* announced a \$65M investment from *Euclidean Capital* along with *Goldman Sachs & Fall Line Capital*. *Wild Zora Foods* (meat & veggie bars) will acquire frozen meal maker *Paleo Meals To Go* & bring production into their Loveland, CO facility. *Cargo*, an Uber-like rideshare service, has raised \$5.5M for an app allowing drivers to sell snacks to customers, with *CRCM Ventures, eighteen94 capital* & others participating. Organic, premium meal-kit maker *Sun Basket* raised \$57.8M from *August Capital*. Among *Sun Basket’s* backers are Paul Allen & *Unilever*. *Uber Eats* has acquired *Ando*, a delivery-only ‘restaurant’ founded by chef David Chang. Reuters is reporting that activist investors *Third Point* has taken a stake in *Pinnacle Foods*, which last year failed in talks with *ConAgra*. Amid the lowest C-store growth since 2013 as C-stores (a \$550B market) see price pressure from fast food outlets, dollar stores & reduced supermarket

pricing, *Kroger*, which previously announced it would look at strategic options for its C-store division, has received a reported \$2B bid from *Casey's General Stores*. Meanwhile, on-line club outlet *Boxed* rejected *Kroger's* bid with other possible purchasers on the horizon.

Ingredion saw 4th QTR income rise 5.1% & revenue 3%. *Mondelez* reported that revenue increased 2.9% & earnings increased 21% in its 1st QTR, with good international growth. *HelloFresh* expects 4th QTR sales to rise almost 60% & to breakeven by the end of 2018. *J&J Snacks* reported an earnings increase of 167% on 18% sales growth for its 1st QTR. Soft Pretzel sales led the way. *Costco* & *Bashas* will offer in-store meal kits from *True Food Innovations*. Recently departed from *Harmless Harvest* as CEO, Giannella Alvarez has been named CEO of *Beanitos*. *Clif Bar* & *King Arthur Flour* will fund a \$1.5M endowment at Washington State University to help develop crop varieties for organic farming. *Draeger's* market in San Mateo partnered with *Udelv* on the first driverless retail grocery delivery service in the USA. The country's two largest food distributors, *Sysco* & *U.S. Foods*, have filed separate lawsuits against *Tyson Foods*, *Pilgrim's Pride Corp*, *Sanderson Farms* & others, citing 8 years of fixing chicken prices. *Bloomberg* reports that *Tyson Foods* will remain in expansion mode.

In a *FMI/Nielsen* report, expectations are that 70% of consumers will purchase groceries on-line by 2024, making the market \$100B. Online supplements sales are now a \$2.8B market with a 10-year CAGR of 14%. Store sales grew only at 8.5%. Per an *IRI Market Shift Study*, 80% of *Aldi* shoppers were extremely or very satisfied with their experience with 84% planning to do more shopping at *Aldi*. Price & quality were the drivers. In another survey, *Aldi's* on-line prices beat *Walmart* by 4.5%. Researchers from Washington University (St. Louis) found that 83% of shoppers frequented four to nine chain stores over the year for groceries. Less than 1% stayed loyal to one store, while the majority shopped at 5 to 7 stores. The *American Academy of Neurology* reports on research indicating eating at least one serving of leafy greens a day can slow memory decline as compared to people who never eat greens. Also, eating plant proteins instead of animal proteins just a few times a day can lead to a small reduction (5%) in cholesterol markers, as reported by the *Journal of the American Heart Association*.

Market News: Markets pulled back significantly after the record highs of last week. Indications of rate increases from the FED, rising Treasury yields, inflation fears & profit taking were part of the pull back. However, job growth beat expectations as did wage growth, which annualized at 2.9%, the highest in 8 ½ years. November home prices rose 6.2%, above their 2006 peak. Manufacturing indices indicated continuing expansion. USA oil production hit a 48-year peak. The Atlanta Fed GDPNow report forecasted a 5.4% 1st QTR GDP growth.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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