



# 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**

**Big!** That is the operative word for the state of Texas! We have crossed Texas a few times by car & its vastness makes it seem to be a country unto itself! On those BIG highways, you can see that in Texas it is all big: big land, big sky, big schools, big malls, big homes...well, big everything! When Congress was debating lowering the national speed limit to 55 mph during the 1973 oil crisis, one Texas politician said, “If you leave Dallas driving 55 mph... you won’t get there!” This past week, America has seen a big rainfall on Texas. But they have also witnessed something very special: *Big spirit, big hearts, big love, big caring & big help!*

**Deep in the Heart:** Our thoughts & prayers are with the people & communities of Texas & Louisiana impacted by this historic, epic *storm of storms*. In this era, where it seems we are bombarded by discord, it is welcoming & heartwarming to see evidence of what we believe America stands for above all else – A sense of community, helping your neighbor & doing what you can when the chips are down! Besides our police, fire, EMT, Coast Guard & Texas National Guard, we saw on the nightly news neighbor helping neighbor, doing everything they can do to get people to safety, using every type of flotilla available. We commend everyone involved in helping in the ways that they can from San Antonio based *HEB Supermarkets* sending mobile kitchens, supplies & pharmaceutical fulfillment; *Annie’s Homegrown* sending trucks of their products; *Bass Pro Shops* sending boats; *AT&T* waiving phone charges; to the self-proclaimed *Cajun Navy*, a grassroots group of Louisianans towing their boats across the state line to help out their Texas neighbors. *This is America* & what we, as a people, need to remember we do well – being there for our neighbors, our communities & holding our neighbors *deep in our hearts!*

**Industry News:** *Eagle Foods* (*G.H. Cretors Popcorn*; *Hi I’m Skinny*; *Eagle & Pet* condensed milk) has acquired *Popcorn, Indiana*, terms were not disclosed. *Fenwick Brands* invested an undisclosed amount in *HannahMax Cookie Chips*. *Famous Brands Intl.* (*Mrs. Fields’ Cookies*) will partner with *Taste of Nature* in a licensing agreement for the manufacture & distribution of its cookies to retailers & other retail channels. *Land O’Lakes* invested in feta spread brand *Philia Foods*, a recent participant in its incubator. *Juicero*, despite \$120M in funding, is ceasing operations. *Hain Celestial*, reporting its 4<sup>th</sup> QTR & full fiscal year, had slightly lower sales with EPS rising to 65¢ compared to 46¢ the previous year, the company’s Project Terra cost-cutting initiative & SKU rationalization efforts taking effect. Bob Evans, *sans* restaurants, saw a 1<sup>st</sup> QTR sales improvement of 28% & an EPS gain of 52%. *Campbell Soup* missed on 4<sup>th</sup> QTR sales & earnings, projecting lower 2018 guidance due to fewer retailer soup promotions.

*Hy-Vee* will own & operate 26 *Wahlburger* franchises, becoming *Wahlburgers’* largest franchisee. *Hy-Vee* will also partner with fitness outlet *Orange Theory* to offer customers in-store or adjacent

access to *Orange Theory* fitness centers. *Garden of Life* & partner Alicia Silverstone are expanding the line of *mykind Organics* with organic gummy bear vitamins. Cleveland-based hydration drink *Nooma* will enter 400 *Whole Foods & Lifetime Fitness* locations. *Kroger* will be adding more functional beverages. *Aramark*, in partnership with the *American Heart Association*, expects to meet a goal for its *Healthy for Life 20 By 20* initiative, reducing by 20% calories, saturated fat & sodium across its offerings & increasing fruits, vegetables & whole grains 20% by 2020. *Gelson's* will offer *Chef'd* meal kits. *Generative Growth* has rebranded the 15 acquired *Marsh* outlets as *Needler's Fresh Market*. *Pepsi's Frito-Lay* division wants to enter organic retailers like *Whole Foods* with retailer compliant organic snacks, such as *Doritos*, marketed under the brand *Simply*.

In a *Hartman Group* study, consumers' definition for clean label includes all-natural, non-GMO, no additives or preservatives, farm grown & minimally processed. *Nielson* reports that 40% of consumers would shift to cleaner food & beverage product options with 68% willing to pay more for those products. *Science* reported that a non-western diet produces more & a greater variety of healthy gut microbiomes & that those helpful microbiomes vary even more with diet changes. In a study among 18 countries, those with a high-fat diet have a 23% lower mortality rate than those with a low-fat diet. A high-carb vs. a low-carb diet produces a 30% greater mortality rate.

New York City will delay its transparent labeling enforcement until May, 2018 to coincide with the USDA implementation date. A class action law suit alleges that *Poland Spring's* natural spring sites do not meet the FDA regulations for bottled spring water. While lawsuits over 'natural' claims fell in 2016 they are on the rise in 2017, with 19 such suits filed in 2017, compared to 27 for all of 2016. The USDA is forecasting that corn, soybean & wheat harvests will exceed original expectations. Also per the USDA, Americans now consume 9.1 pounds of avocados per capita. Organic milk prices have fallen 8% to 10% due to oversupply, the first significant price drop since 2009/2010. Dairy co-ops are reducing output volume as the price of hundredweight has fallen \$4. Canada is working to grow the number of quinoa farmers.

**Market News:** Markets rose this week with strong economic news. The President announced an aggressive tax reform plan that will clearly benefit the American working middle class & both small & corporate businesses, calling for bipartisan Congressional support. GDP for 2<sup>nd</sup> QTR was revised upward to 3%, a figure not reached in any of the 8 years of the previous administration. Low inflation numbers coupled with good July consumer spending reports gave investors comfort that the bull market remains intact & that the FED might delay a December rate hike. Citi forecasted that 3<sup>rd</sup> QTR growth would be 0.1% lower due to Hurricane Harvey. The job market continues to tighten as employers ramp up hiring.

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

The Litchfield Fund

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